



Sino-Forest Net Income Reached US\$111 million in 2006

- Revenues increased 47% in fourth quarter and 31% year to date (“YTD”)
- Net income rose 54% in Q4 and 36% YTD
- Diluted EPS was up 53% to \$0.30 in Q4, 34% to \$0.80 YTD

TORONTO, CANADA – March 19, 2007 - Sino-Forest Corporation (“Sino-Forest”) (TSX:TRE and TRE.S) announced today its financial results for the fourth quarter and year-ended December 31, 2006. All dollar amounts in this release are expressed in U.S. dollars unless otherwise indicated.

Financial Highlights

<i>(US\$ millions, except margins and per share amounts)</i>	Three months ended December 31, 2006			Twelve months ended December 31, 2006		
	2006	2005	Change	2006	2005	Change
Revenue	\$250.3	\$170.4	47%	\$645.0	\$493.3	31%
Gross Profit ⁽¹⁾	\$84.9	\$44.8	90%	\$194.5	\$136.9	42%
Gross Profit Margin	33.9%	26.3%	7.6% pts	30.2%	27.7%	2.5% pts
EBITDA ⁽²⁾	\$148.7	\$96.1	55%	\$334.3	\$255.9	31%
Net Income	\$42.5	\$27.5	54%	\$111.5	\$81.7	36%
Diluted Earnings Per Share	\$0.30	\$0.20	53%	\$0.80	\$0.59	34%
Cash Flow From Operating Activities	\$126.9	\$58.8	116%	\$289.3	\$196.5	47%

Note: (1) and (2) are at the end of this release

Revenue growth was strong in both the fourth quarter and full year 2006 primarily due to increased sales of standing timber and imported wood products, partly offset by a decrease in the sales of wood chips and logs. Our 2006 diluted earnings per share for the fourth quarter reached \$0.30 and for the year end \$0.80 per share.

“2006 was both a challenging and exciting year for us as we seized opportunities to enter new markets by acquiring access to significant volumes of fibre, and as we continued to refine our strategy to adapt to changing market conditions”, said Allen Chan, Sino-Forest’s Chairman and CEO. “With our experience and business relations in China’s vast, evolving market, we managed to deliver record earnings to shareholders for the twelfth consecutive year.”

Wood Fibre Operations

Our wood fibre operations generated 96% of total revenues in 2006, as the annual fibre output reached approximately 10 million cubic metres (m³), an increase of 25% from the previous year’s total of approximately 8 million m³.

Standing Timber

Standing timber continued to be the most significant segment of our business in 2006, with revenue increasing 46% to \$352.6 million (selling 111,367 hectares of standing timber), compared to \$240.8 million (selling 108,013 hectares) in the previous year. In the fourth quarter 2006, revenue increased 75% to \$167.9 million (selling 45,576 hectares), compared to \$95.8 million (selling 41,544 hectares) in 2005. The average selling price per hectare increased 42% as we sold 81% more high-yielding trees from purchased tree plantations. Our standing timber gross profit margin increased 10 percentage-points in Q4 2006 and 6 percentage-points for the year.

	Year ended December, 31 2006			Year ended December 31, 2005		
	Hectares	Sales per hectare	Total revenue	Hectares	Sales per hectare	Total revenue
		\$	\$'000		\$	\$'000
Purchased plantations	73,665	3,959	291,650	40,718	3,302	134,458
Heyuan Pine Undertaking	32,426	1,692	54,864	64,189	1,602	102,833
Planted plantations	5,276	1,149	6,060	3,106	1,139	3,538
Total	111,367	3,166	352,574	108,013	2,230	240,829

The total area of standing timber under Sino-Forest management increased 9% to 352,000 hectares as at December 31, 2006, compared to 324,000 hectares the previous year. Total plantation tree area acquired in 2006 decreased 26% to 129,276 hectares, yet the capital expenditure was up 43% to \$383.2 million. The increase in cost was mainly due to the higher yielding trees acquired, with a yield of 90 to 120 m³ per hectare from both Hunan and other purchased tree plantations, compared to 45 m³ per hectare mainly from the Heyuan Pine Undertaking acquired in 2005.

According to the recent forest asset valuation conducted by independent forestry consultants, Poyry, Sino-Forest's merchantable standing timber increased 15% to approximately 27.5 million m³, excluding trees less than 4 years of age. The valuation of our forest assets as at December 31, 2006, based on a single rotation, was \$919.0 million, and on a perpetual rotation, was \$1,427.6 million (using a pre-tax discount rate of 11.5%), representing increases of 26% and 47%, respectively, from the 2005 valuations. A full copy of the valuation report will be posted on our website www.sinoforest.com under "Filings" and also filed on www.sedar.com on or before March 31, 2007.

Wood Chips and Logs

Revenue from sales of wood chips and logs in the fourth quarter declined 56% to \$17.1 million, mainly due to a 54% decrease in shipments to 151,490 bone dry metric tonnes ("BDMT"). In 2006, the total revenue under this segment decreased 42% to \$90.0 million as the volume of wood chips dropped 43%; this was offset by a 4% increase in the average selling price per BDMT of \$109.9 in 2006. Sales volume declined during the year for two reasons. First, in Q4 2005, one of the two authorized intermediaries who processed wood chip for Sino-Forest was acquired and ceased to provide wood chipping services to us. Second, in Q4 2006, the volume of wood chips processed by the remaining authorized intermediary decreased as its wood chipping capacity was not available to us. Management is of the view that the wood chip revenue will continue to decline over the next few quarters if we are not able to access the wood chipping capacity. We still retain the ability to acquire the same volume of fibre that was previously processed into wood chips and we plan to utilize the fibre in our own manufacturing facilities in the future to maximize the profitability of our downstream operations.

	Year ended December, 31 2006			Year ended December, 31 2005		
	BDMT	Average selling price	Revenue	BDMT	Average selling price	Revenue
		\$	\$'000		\$	\$'000
Wood chips	763,440	109.9	83,894	1,348,840	105.5	142,301
Wood logs			495			3,829
Commission	368,640	15.2	5,605	657,830	14.8	9,740
Total			89,994			155,870

Imported Wood Products

Revenues from imported wood products increased 96% to \$55.5 million in the fourth quarter and 112% to \$178.4 million in the year ended 2006. These increases were primarily attributable to higher demand for large-diameter logs, which Sino-Forest imports from countries such as Russia, Papua New Guinea and neighbouring countries. The Russian government announced early this year that it will significantly increase the export tax on logs from the current level of 6.5% to 20% in July 2007, 25% in April 2008 and 80% in January 2009. As tax levied will be passed on to our customers, we do expect logs imported from Russia will drop significantly in the second half of 2007. We intend to expand our sourcing network globally.

Manufacturing and Other Operations

An increase in revenue from this segment of 93% to \$24.0 million in 2006 was attributable to sales of engineered-wood flooring from our new facility that commenced operation in the second half of 2006. The second-phase expansion of the facility is scheduled to be built in 2007, subject to production utilization and profitability of the first phase.

Expansion of the particleboard facility in Gaoyao continued to be behind schedule as delivery of parts of the third line were delayed and other parts were sent back for further customization. We expect the particleboard line to be fully operational in 2007.

In addition, we acquired processing facilities, primarily producing finger-joint boards, with a total annual capacity of 68,000 m³ for \$1.3 million in Hunan Province. Our strategy in Hunan is to maximize the value of our wood fibre through value-added processing.

Selling, General and Administration Expenses

These expenses increased 79% to \$37.9 million in 2006, due primarily to increased compensation costs as a result of a \$5.4 million termination payment made to an officer in December 2006 pursuant to his employment contract and additional staff compliment.

Capital Expenditures

Sino-Forest continued to dedicate most of its capital expenditures in 2006 to the acquisition of plantation trees to ensure an annual sustainable harvestable cut. Total expenditures of \$416.8 million increased 39% from 2005; spending on trees rose 43% to \$383.2 million, and spending on re-planting and maintenance increased 55% last year to \$24.0 million.

Capital expenditures in 2007 are expected to exceed \$300.0 million for plantations acquisition and replanting and maintenance, and approximately \$30.0 million for the development of our manufacturing operations.

	Three months ended December 31, 2006		Twelve months ended December 31, 2006	
	Hectares	\$' millions	Hectares	\$' millions
Tree acquisition – Purchased plantations	40,485	155.6	113,411	365.5
Tree acquisition – Heyuan Pine Undertaking	—	—	15,865	17.7
Re-planting and maintenance of plantations		4.9		24.0
Panel manufacturing and other operations		1.8		9.6
Total		162.3		416.8

Outlook

We are confident that the amount of wood fibre we locked in last year with long-term agreements in Inner Mongolia and Hunan Province will provide Sino-Forest and its business partners with continued growth in sales and the creation of added value through our downstream operations. We foresee selling prices of our standing timber and engineered wood products rising with strong demand.

In the first quarter of 2007, the Russian government announced its plan to increase the export tax on logs in three phases from the current level of 6.5% to 80% by 2009, effective from July 2007 onwards to encourage development of domestic processing of logs. Since China imports most of the logs from

Russia, we believe the increased tax will push prices up for domestically grown plantation logs as customers will source alternate wood fibre within China or from other countries. We therefore intend to expand our sourcing network globally for our imported wood-based products. And as our oriented strand board facility in Heilongjiang is located close to the Russian border, we are considering the prospect of installing a processing facility right across the border to benefit from an abundant supply of lower-cost fibre.

In summary, the long-term prospects for Sino-Forest are exciting as demand for wood fibre in China continues to exceed supply, leading to escalating wood-product prices. We will continue to draw upon our expertise and business relations to expand our inventory of plantation trees geographically, increase the yield from our plantations under management, and deliver greater value to our stakeholders.

Notice of Conference Call

Sino-Forest will hold an investor conference call to further discuss its fourth quarter and year-end financial results on Monday, March 19, 2007 at 8:30 am EST / 8:30 pm HKT. To join the call, dial (416) 644-3416. Alternatively, to join the live webcast and replay in a listen-only mode, log on to Sino-Forest website under "Earnings Release" or go directly to <http://www.sinoforest.com/earningsreleases.asp>.

About Sino-Forest Corporation

Sino-Forest Corporation, a Canadian company, is a leading commercial forestry plantations operator in China. The company started its operations in 1994 and is the first foreign and privately managed operator involved in forest products in China. Its principal businesses include the ownership and management of forestry plantation trees and sales of standing timber, wood chips and logs, and complementary manufacturing of downstream engineered-wood products.

Note (1) to the Financial Highlights table: Gross profit for any period is defined as total revenue less cost of sales. Gross profit is presented as additional information because we believe that it is a useful measure for certain investors to determine our operating performance. Gross profit is not a recognized term under Canadian GAAP and should not be considered as an alternative to net income as an indicator of our operating performance or any other measure of performance derived in accordance with Canadian GAAP. Because it is not a Canadian GAAP measure, gross profit may not be comparable to similar measures presented by other companies.

Note (2) to the Financial Highlights table: EBITDA for any period is defined as income from operations for the period after adding back depreciation and amortization and depletion of timber holdings from cost of sales, for the period. EBITDA is presented as additional information because we believe that it is a useful measure for certain investors to determine our operating cash flow and historical ability to meet debt service and capital expenditure requirements. EBITDA is not a measure of financial performance under Canadian GAAP and should not be considered as an alternative to cash flows from operating activities, a measure of liquidity or an alternative to net income as indicators of our operating performance or any other measures of performance derived in accordance with Canadian GAAP.

No stock exchange or regulatory authority has approved or disapproved of information contained herein. Certain information included in this news release is forward-looking and is subject to important risks and uncertainties. When used in this news release, the words "believe", "intend", "estimate", "expect", "plan" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words. These forward-looking statements are based on current expectations. The results or events predicted in these statements may differ materially from actual results or events and are no guarantees of future performance of Sino-Forest. Factors which could cause results or events to differ from current expectations include, among other things: our ability to acquire rights to additional standing timber, our ability to meet our expected plantation yields, the cyclical nature of the forest products industry and price fluctuation in and the demand and supply of logs, our reliance on joint venture partners, authorized intermediaries, key customers, suppliers and third party service providers, our ability to operate our production facilities on a profitable basis, changes in currency exchange rates and interest rates, and PRC economic, political and social conditions and government policy, and stock market volatility, other factors not currently viewed as material could cause actual results to differ materially from those described in the forward-looking statements. For additional information with respect to certain of these and other factors, see the reports filed by Sino-Forest Corporation with applicable Canadian securities administrators. Sino-Forest Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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CONSOLIDATED BALANCE SHEETS
[Expressed in thousands of United States dollars]

As at December 31,

	2006	2005
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	152,887	108,418
Short-term deposits	18,550	30,268
Accounts receivable	125,307	119,989
Due from PRC CJV partners	2,771	3,842
Inventories	15,178	7,622
Prepaid expenses and other	18,916	7,201
Total current assets	333,609	277,340
Timber holdings	752,783	513,412
Capital assets, net	87,939	81,077
Other assets	32,924	23,442
	1,207,255	895,271
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	70,958	41,312
Accounts payable and accrued liabilities	79,517	85,212
Income taxes payable	1,121	738
Total current liabilities	151,596	127,262
Long-term debts	450,000	300,000
Total liabilities	601,596	427,262
Commitments and Contingencies		
Shareholders' equity		
Share capital	143,511	142,815
Contributed surplus	4,726	1,804
Cumulative translation adjustment	33,972	11,396
Retained earnings	423,450	311,994
Total shareholders' equity	605,659	468,009
	1,207,255	895,271

On behalf of the Board:

Allen T.Y. Chan
Director

James M.E. Hyde
Director

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

[Expressed in thousands of United States dollars, except for earnings per share information]

Years ended December 31,

	2006 \$	2005 \$
Revenue	644,979	493,301
Costs and expenses		
Cost of sales	450,481	356,430
Selling, general and administration	37,908	21,165
Depreciation and amortization	3,975	3,099
	492,364	380,694
Income from operations before the undernoted	152,615	112,607
Interest expense	(37,340)	(28,994)
Interest income	6,486	4,179
Other exchange gains	3,676	1,253
Amortization of deferred financing costs	(1,819)	(1,338)
Other income	1,312	1,236
Income before income taxes	124,930	88,943
Provision for income taxes	(13,474)	(7,256)
Net income for the year	111,456	81,687
Retained earnings, beginning of year	311,994	230,307
Retained earnings, end of year	423,450	311,994
Earnings per share		
Basic	0.81	0.59
Diluted	0.80	0.59

CONSOLIDATED STATEMENTS OF CASH FLOWS

[Expressed in thousands of United States dollars]

Years ended December 31,

	2006 \$	2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	111,456	81,687
Add (deduct) items not affecting cash		
Depletion of timber holdings included in cost of sales	177,730	140,204
Depreciation and amortization	3,975	3,099
Stock-based compensation	3,105	2,672
Amortization of deferred financing costs	1,819	1,338
Write-off of capital assets	877	—
Interest income from Mandra	(300)	(767)
Other	(150)	(153)
	298,512	228,080
Net change in non-cash working capital balances	(9,224)	(31,625)
Cash flows from operating activities	289,288	196,455
CASH FLOWS USED IN INVESTING ACTIVITIES		
Additions to timber holdings	(415,087)	(265,158)
Increase in other assets	(10,000)	(14,501)
Additions to capital assets	(9,649)	(16,584)
Decrease (increase) in non-pledged short-term deposits	11,912	(5,155)
Cash flows used in investing activities	(422,824)	(301,398)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in long-term debt	150,000	—
Increase in bank indebtedness	29,175	12,532
Issuance of shares, net of issue costs	513	—
Decrease (increase) in pledged short-term deposits	385	(1,024)
Increase in deferred financing costs	(3,001)	—
Cash flows from financing activities	177,072	11,508
Effect of exchange rate changes on cash and cash equivalents	933	687
Net increase (decrease) in cash and cash equivalents	44,469	(92,748)
Cash and cash equivalents, beginning of year	108,418	201,166
Cash and cash equivalents, end of year	152,887	108,418
Supplemental cash flow information		
Cash payment for interest charged to income	35,642	28,994