


THIS IS EXHIBIT "U" TO  
THE AFFIDAVIT OF W. JUDSON MARTIN  
SWORN MARCH 30, 2012

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A Commissioner, etc.

  
LEE HONG KIU KILDARIA  
Solicitor, Hong Kong SAR



Sino-Forest Corporation

## **Sino-Forest Corporation Receives Notice of Default and Forms Special Restructuring Committee**

**TORONTO, CANADA – December 18, 2011** - Sino-Forest Corporation (“Sino-Forest” or the “Company”) (TSX:TRE) today announced that it has received written notices of default dated December 16, 2011 in respect of its Senior Notes due 2014 and its Senior Notes due 2017. The notices, which were sent by the Trustee under the Senior Note Indentures, reference the Company’s previously disclosed failure to release its 2011 third quarter financial results (the “Q3 Results”) on a timely basis. An “Event of Default” under the Senior Note Indentures will have occurred if the Company fails to cure or otherwise fails to address the breach of indenture giving rise to the notices of default within 30 days following receipt of the notices. The Company does not expect to be able to file the Q3 Results and cure the default within the 30 day cure period.

The Company and its advisors met on December 14, 2011 with an ad hoc committee of note holders and their legal counsel. The Company was informed by the ad hoc committee’s legal counsel that the note holders attending and others represented at the meeting by legal counsel hold a substantial portion of the Company’s four series of senior and convertible notes. As there is no registry of beneficial holders for the notes, the Company cannot independently verify the holdings of those who attended or were represented by counsel. The note holders and their legal counsel expressed a willingness to work cooperatively with the Company in an effort to preserve value for the benefit of the Company’s stakeholders. The Company has since been informed that the note holders present at the meeting or represented by counsel did not initiate or support the issuance of the notices of default that the Company has received from the Trustee.

The Company’s breach of the Senior Note Indentures relating to the Q3 Results can be waived for a series of Senior Notes by the holders of at least a majority in principal amount of that series. The Company has begun discussions with its note holders with a view to obtaining waivers under the two relevant series of Senior Notes or with a view to having the Trustee withdraw the notices of default. There can be no assurance that the notices of default will be withdrawn or that any such waivers will be obtained.

If the notices are not withdrawn and the required waivers are not obtained within the 30 day cure period, and the Q3 Results are not filed within the 30 day cure period, an Event of Default will have occurred under each series of Senior Notes. Under the Senior Note Indentures, if such an Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of a series of Senior Notes may by written notice declare the principal of, premium, if any, and accrued and unpaid interest on that series of Senior Notes to be immediately due and payable. Upon a declaration of acceleration, such amount would become immediately due and payable. Also, the trustee under the Senior Note Indentures may pursue any

available remedy to collect the payment of principal of and interest on the Senior Notes or to enforce the performance of any provision of the Senior Notes or the Senior Note Indentures. In addition, the trustee under the Senior Note Indentures may instruct the "Security Trustee" to foreclose on the collateral pledged by the Company and its affiliates in respect of the Senior Notes.

As the Company has previously disclosed, the Board has determined that it must consider all strategic options available to the Company. Those options may include the recapitalization of the company, the sale of some or all of its business or assets, as well as creditor-protection or other insolvency-related proceedings in jurisdictions in which the Company and its subsidiaries carry on business.

On December 16, 2011 the Board of Directors established a Special Restructuring Committee of the Board, comprised exclusively of directors independent of management of the Company, for the purpose of supervising, analyzing and managing the strategic options available to the Company. The members of the Committee are Mr. William Ardell, Chair of the Board of Directors, who will be Chair of the Committee, and Mr. Garry West.

The Company has commenced discussions with its stakeholders, and the success of these discussions will be a key element in determining the future of the Company and the courses of action available to it.

The aggregate amount of principal owing under the four series of outstanding senior and convertible notes is approximately US \$1.8 billion. In addition to its outstanding senior and convertible notes, as of September 30, 2011, the Company has loan facilities in China totaling US \$70.5 million (unaudited).

### **About Sino-Forest Corporation**

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

Cautionary notes: No stock exchange or regulatory authority has approved or disapproved of information contained herein. Certain information included in this news release is forward-looking and is subject to important risks and uncertainties. When used in this news release, the words "believe", "intend", "estimate", "expect", "plan", "consider", "may", and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words. These forward-looking statements are based on current expectations. The results or events predicted in these statements may differ materially from actual results or events and are no guarantees of future

performance of Sino-Forest. Factors which could cause results or events to differ from current expectations include, among other things: our ability to cure our default under our notes, actions taken by note holders, other lenders, other creditors, shareholders, regulators, governmental agencies and other stakeholders to enforce their rights, the outcome of examinations currently underway by the Independent Committee and securities regulatory authorities, the outcome of class action proceedings initiated against the Company as a result of allegations made in the 'report' issued by Muddy Waters LLC, our reliance on key employees, our ability to acquire rights to additional standing timber, our ability to meet our expected plantation yields, the cyclical nature of the forest products industry and price fluctuation in and the demand and supply of logs, our reliance on the relationship with local plantation land owners and/or plantation land use rights holders, authorized intermediaries, key customers, suppliers and third party service providers, our ability to operate our production facilities on a profitable basis, changes in currency exchange rates and interest rates, the evaluation of our provision for income and related taxes, economic, political and social conditions and government policy in China, the Republic of Suriname and New Zealand, and stock market volatility, and other factors not currently viewed as material that could cause actual results to differ materially from those described in the forwarding-looking statements. For additional information with respect to certain of these and other factors, see the reports filed by Sino-Forest Corporation with applicable Canadian securities administrators. Sino-Forest Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

**FOR FURTHER INFORMATION PLEASE CONTACT: BRUNSWICK GROUP LIMITED**  
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