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January 11, 2013

**SENT TO EMAIL**

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THE SERVICE LIST

Dear Sirs/Mesdams:

**Re: Sino-Forest Corporation (“SFC”): Court File #CV-12-9667-00CL**

We refer to SFC’s plan of compromise and reorganization dated December 3, 2012 (as the same may be amended, varied or supplemented from time to time in accordance with its terms, the “**Plan**”) and the Plan Sanction Order dated December 10, 2012 (the “**Sanction Order**”) and hereby give notice to the Service List of the matters concerning the Plan. Capitalized terms used herein but not defined have the meaning given to them in the Plan.

SFC today announced that the Plan Implementation Date, which was expected to be January 15, 2013, is expected to be January 17, 2013. This date has been selected by SFC with the consent of the Monitor and the Initial Consenting Noteholders.

In addition, pursuant to and in accordance with Section 11.2(a) of the Plan, Allen Chan and Kai Kit Poon have become “Named Third Party Defendants” under the Plan and a revised “Schedule A” to the Plan is attached to this letter. In accordance with Section 7.1(n) of the Plan, as a result of becoming Named Third Party Defendants under the Plan, Mr. Chan and Mr. Poon shall not be entitled to receive any distributions under the Plan.

In addition, on the consent of SFC, the Monitor, the Initial Consenting Noteholders, counsel to the Ontario Class Action Plaintiffs, and in accordance with section 1.1 of the Plan, the “Indemnified Noteholder Class Action Limit” under the Plan has been reduced to \$25 million as it relates to David Horsley. The reduction of the Indemnified Noteholder Class Action Limit to \$25 million as it relates to Mr. Horsely has been incorporated into and forms a part of the Plan as approved by the Sanction Order.

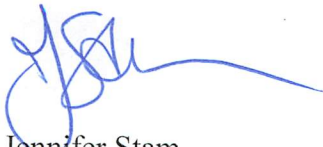
As a result of the parties added to the Plan as “Named Third Party Defendants” and the reduction of the Indemnified Noteholder Class Action Limit to \$25 million as it relates to Mr. Horsely, the Unresolved Claims Reserve has been correspondingly reduced to an aggregate amount of \$28,500,000, which consists of (a) Class Action Indemnity Claims in the amount of \$25 million; (b) Claims in respect of Defence Costs in the amount of \$3 million; and (c) other Affected Creditor Claims that have been identified by the Monitor as Unresolved Claims in an amount up to \$500,000. The reduction of the Unresolved Claims Reserve to an aggregate amount of \$28,500,000 has occurred with the consent of the Monitor and the Initial Consenting Noteholders in accordance with

section 1.1 of the Plan, and has been incorporated into and forms a part of the Plan as approved by the Sanction Order.

The establishment of the Unresolved Claims Reserve is not an admission by SFC, the Monitor or any other party (including the Initial Consenting Noteholders) as to the validity of any such Claims and all rights to dispute such Claims are reserved. Likewise, the reduction of the Indemnified Noteholder Class Action Limit as it relates to Mr. Horsely to \$25 million does not constitute an admission by SFC, the Monitor or any other party (including the Initial Consenting Noteholders) as to the validity of any indemnity Claims by Mr. Horsely and all rights to dispute any such Claims by Mr. Horsely have been and are reserved.

Sincerely,

**GOWLING LAFLEUR HENDERSON LLP**



Jennifer Stam

JS

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## **SCHEDULE A**

### **NAMED THIRD PARTY DEFENDANTS**

1. The Underwriters, together with their respective present and former affiliates, partners, associates, employees, servants, agents, contractors, directors, officers, insurers and successors, administrators, heirs and assigns, excluding any Director or Officer and successors, administrators, heirs and assigns of any Director or Officer in their capacity as such.
2. Ernst & Young LLP (Canada), Ernst & Young Global Limited and all other member firms thereof, together with their respective present and former affiliates, partners, associates, employees, servants, agents, contractors, directors, officers, insurers and successors, administrators, heirs and assigns, excluding any Director or Officer and successors, administrators, heirs and assigns of any Director or Officer in their capacity as such, in the event that the Ernst & Young Settlement is not completed.
3. BDO Limited, together with its respective present and former affiliates, partners, associates, employees, servants, agents, contractors, directors, officers, insurers and successors, administrators, heirs and assigns, excluding any Director or Officer and successors, administrators, heirs and assigns of any Director or Officer in their capacity as such.
4. Allen Chan, together with his successors, administrators, heirs, assigns and insurers.
5. Kai Kit Poon, together with his successors, administrators, heirs, assigns and insurers.