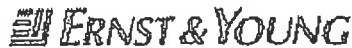


TAB C2

**July 4, 2008 offering memorandum engagement letter for
Convertible Senior Notes due 2013**



Ernst & Young LLP
Chartered Accountants
Pacific Centre
700 West Georgia Street
P.O. Box 10101
Vancouver, British Columbia V7Y 1E7
Tel: 604 891 8200
Fax: 604 643 5422
ey.com/ca

July 4, 2008

Mr. Jamie Hyde
Chair of the Audit Committee
Sino-Forest Corporation
90 Burnhamthorpe Rd W., Suite 1208
Mississauga, ON, L5B 3C3

Dear Sirs:

Re: Offering Memorandum

This will confirm the engagement of Ernst & Young LLP ("we" or "EY") to perform services in respect of the offering memorandum for convertible senior notes of Sino-Forest Corporation (the "Company"). Our partner, Linda Zhu, will have primary responsibility for this engagement.

Management of the Company and the underwriter bear the primary responsibility to ensure the offering memorandum contains no misrepresentations. Our procedures with respect to this engagement will be performed in accordance with our professional standards as set out in CICA Section 7110 – *Auditor Involvement with Offering Documents of Public and Private Entities*, and other requirements as set out hereunder. These procedures are designed to enable us to issue our consent to the use of our auditors' report to demonstrate to readers that we have been involved with the offering document.

Audited financial statements

Pursuant to Canadian securities laws, the comparative annual financial statements for the most recently completed financial year are included in the offering memorandum.

- Balance sheets as at the end of the three most recently completed years; and
- Statements of income and retained earnings, comprehensive income and cash flows for each of the last three years.

We have audited the balance sheet of the Company as at December 31, 2007, and the statements of income and retained earnings, comprehensive income and cash flows for the year then ended. Our report to the shareholders on the annual financial statements for the year ended December 31, 2007 was dated March 12, 2008 and is to be included in the offering memorandum relating to the offering and issue of convertible senior notes of the Company, to be filed by the Company under the securities legislations of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Quebec and Newfoundland and Labrador.

A handwritten signature in dark ink, appearing to be the name of a representative of Ernst & Young.

A member firm of Ernst & Young Global Limited



In order to provide our consent to the use of our auditors' report in the offering memorandum, it will be necessary for us to perform subsequent events review procedures with respect to the preliminary and final offering memorandum and the closing of the offering. This work is expected to be comprised of limited enquiry and review procedures designed to provide assurance that management has identified events arising after the date of the auditors' report in the offering memorandum that may require an adjustment to, or disclosure in, the audited financial statements or other information in the offering memorandum that is derived from such financial statements. We are also required to update our communications with the Company's legal counsel and obtain representations from management similar to those we customarily receive as part of our annual audit.

Unaudited interim financial statements

Securities legislation requires that the offering memorandum includes comparative unaudited interim financial statements for the current fiscal year. In order to consent to the use of our auditors' report in the offering memorandum described above, our professional standards require that we carry out certain procedures including a review of the Company's interim financial statements for the three months ended March 31, 2008 to be included in the offering memorandum.

The period covered by the interim financial information is specified by securities legislation. If the final offering memorandum is delayed, it may be necessary to update the interim financial statements. If such is the case, then we would have to perform additional review procedures on the updated unaudited interim financial statements.

The review procedures we carry out are significantly less extensive than an audit and would not necessarily reveal matters requiring adjustments to or disclosures in the interim financial information. Further, adjustments and disclosures may later be determined to be necessary as a result of our subsequent audit of the 2008 financial statements that include such interim periods. Accordingly, the review procedures do not result in the expression of an audit opinion on the interim financial statements.

If information comes to our attention which leads us to question whether the interim financial statements are materially in error or not in accordance with generally accepted accounting principles, we will inform you and discuss what further action is required.

If as a result of our work we are required to express a reservation in our report on our review of the unaudited interim financial statements to be included in the offering memorandum, we will provide a written report on our review thereof to be included in the offering memorandum.



Other information in the offering memorandum

In addition to financial statements, an offering memorandum includes other financial information and information of a non-financial nature. As such other information may be relevant to the financial statements and our audit or review thereof, we will perform procedures to determine whether this other financial and non-financial information is consistent with the audited and unaudited financial statements in the offering memorandum in accordance with the guidance in CICA Section 7500.

If we become aware of information that, although not inconsistent with the financial statements, appears to constitute a misrepresentation when reading the offering memorandum, we will discuss the matter with management or with the Company's legal counsel, with the consent of management. We may wish to receive written confirmation from legal counsel of their view on the matter. In the event that the apparent inconsistency is not resolved to our satisfaction, we will advise the Audit Committee and consider whether our consent may be provided.

Communications required by other parties

We are required by provincial securities legislation and upon the request of the underwriter to issue the following letters:

Upon filing the preliminary offering memorandum:

- An unsigned comfort letter addressed to the Directors of the Company and the underwriter expressing assurances with respect to specified financial information included in the offering memorandum.

Upon filing the final offering memorandum:

- A comfort letter addressed to the Directors of the Company and the underwriter expressing assurances with respect to specified financial information included in the offering memorandum.

Upon closing of the offering:

- A bring-down letter addressed to the Directors of the Company and the underwriter.



Auditor assistance to the underwriter

As indicated above, in connection with the proposed offering of convertible senior notes, we understand that the underwriting agreement will provide that we perform certain procedures for the purpose of issuing a comfort letter to Merrill Lynch International (the "underwriter"). The comfort letter would make reference to our auditors' report and our review of the unaudited interim financial statements included in the offering memorandum, and set out the procedures performed at the underwriter's request and the results of performing those procedures. In addition, we understand that the underwriter may request that we attend a meeting (the "due diligence meeting") at which the underwriter and the underwriter's legal counsel may wish to ask us certain questions, and that you have agreed to grant such a request. We understand that the underwriter is an experienced underwriter and will be carrying out other procedures it deems appropriate to obtain whatever information it believes is necessary to complete its investigation of the financial affairs of the Company. Our audits of the Company's financial statements referred to above were not carried out for the purpose of such investigation, and our auditors' reports, our comfort letter, and the answers that we may give at the due diligence meeting are not to be relied upon for that purpose.

We will provide a comfort letter to the underwriter which we will prepare in accordance with the guidance contained in CICA Section 7200. We will advise you of the matters on which the underwriter is seeking comfort and the procedures they are requesting. As the Company, not the underwriter, will bear the cost of preparing the comfort letter, we will discuss with you the practicality and effectiveness of the requested procedures in providing the desired comfort.

In accordance with professional standards, our audit was carried out solely for the purpose of providing us with sufficient appropriate audit evidence to support our opinion on the financial statements referred to above. There is no assurance that the procedures we perform for purposes of the comfort letter and our responses at the due diligence meeting will address all of the questions that the underwriter and the underwriter's legal counsel may have. You should be aware that there could be sensitive matters that the underwriter and the underwriter's legal counsel may ask us to address either in the comfort letter or during the due diligence meeting that could affect the outcome of the proposed offering of the convertible senior notes. At due diligence meetings we will not respond to underwriters' questions dealing with matters that are generally management's concern or that involve predictions about future events or which are beyond the scope of our practice and personal knowledge. Unless otherwise instructed by you, we shall attempt to perform all of the requested procedures and answer all questions asked at the due diligence meeting.

You acknowledge that we have no responsibility to you if the results of our procedures or our answers to the questions asked at the due diligence meeting result in termination of, or change in, the proposed offering or in misuse of any confidential information discussed at the meeting. You also acknowledge that you have requested us to cooperate in every way with the underwriter and the underwriter's legal counsel, by performing the requested procedures and by answering any questions they may ask in the due diligence meeting.



You also agree to indemnify and hold harmless all members of the engagement team and Ernst & Young LLP from any claim by the underwriter and the underwriter's legal counsel, or any other third party, that arises as a result of our comfort letter or our attendance at the due diligence meeting and our responses to questions asked at such meeting.

We shall advise the underwriter that information acquired by them in our comfort letter or as a result of our responses to their questions at the due diligence meeting is confidential and is to be used only in connection with the securities offering referred to above. In addition, we will notify the underwriter of our professional standards for participation in a due diligence meeting.

Fees

Our fees will be billed as work progresses are based on the amount of time required, at our billing rates, ranging from \$200 to \$500 per hour, plus out-of-pocket expenses. Payment in full should be made within 30 days of the date each billing is received.

Our estimated fees and schedule of performance are based upon, among other things, the assumption that all necessary information will be available to us on a timely basis and that the scope of our services is not expanded beyond those described herein. Should our assumptions with respect to these matters be incorrect or should the condition of the records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates.

We very much appreciate the opportunity to provide services to the Company in respect of the offering memorandum and would be pleased to furnish any additional information you may request concerning our responsibilities and functions. Please let us know immediately if you have any concerns about the terms of engagement as described in this letter.

Additional terms and conditions are attached and form an integral part of this engagement letter; they govern our respective rights and obligations arising out of this engagement.

To confirm these arrangements as outlined are in accordance with your requirements and are acceptable, please sign one copy of this letter in the space provided and return it to us.

Yours very truly,

Ernst & Young LLP

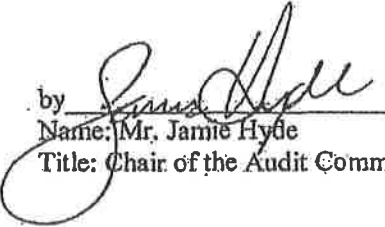
Chartered Accountants



Agreed:
Sino-Forest Corporation

Acknowledged on behalf of the
Company's Audit Committee:

by _____
Name: Mr. David Horsley
Title: Chief Financial Officer

by 
Name: Mr. Jamie Hyde
Title: Chair of the Audit Committee

I have the authority to bind the Company.



Terms and Conditions

Except as otherwise specifically provided in the engagement letter or contract to which these terms and conditions are attached (collectively, the "Agreement") the following additional terms and conditions shall apply. As used herein "EY" refers to the Canadian firm of Ernst & Young LLP. "EY Entities" means EY, all members of the global Ernst & Young network, Ernst & Young Global Limited, and any of their respective affiliates (and "EY Entity" means any one of them).

1. **Services** - EY shall exercise due professional care and competence in the performance of the services provided pursuant to this Agreement (the "Services").
2. **Unexpected Events** - If changes to the scope or timing of any Services are required because of a change in applicable law or professional standards or events beyond a party's reasonable control, but not involving its fault or negligence (any of which, a "Change"), the parties agree to adjust the fees for, and/or timing of, the Services appropriately and, if necessary, client will obtain Audit Committee approval of such adjustments. Each party shall be excused from default or delay in the performance of its obligations (other than payment obligations) under this Agreement to the extent caused by a Change.
3. **Client Data & Information** - Client will provide, or cause to be provided, to EY in a timely manner complete and accurate data and information ("Client Data") and access to resources as may be reasonably required by EY to perform the Services. EY may disclose Client Data, including personal information, to other EY Entities for the purposes of (i) rendering the Services, (ii) fulfilling EY Entities' professional obligations to manage conflicts of interest and to maintain auditor independence and (iii) implementing standardized performance recording and documentation systems within the global Ernst & Young network. EY Entities or their service providers may process and store Client Data, which may include personal information, outside of Canada.
4. **Confidentiality** - Subject to the other terms of this Agreement, both client and EY agree that they will take reasonable steps to maintain the confidentiality of any proprietary or confidential information of the other.
5. **EY Waiver Re: Tax Advice** - Notwithstanding any confidentiality obligations or other restrictions on disclosure contained in this Agreement, with regard to:
 - (a) any oral or written statement or advice related to taxes provided by EY with regard to a person or entity that:
 - (i) has any filing obligation with the US Internal Revenue Service, or
 - (ii) qualifies as a US Controlled Foreign Corporation (i.e., a non-US corporation that has US shareholders (US persons that directly or indirectly own 10% or more of the total combined voting power of all of the classes of stock of such non-US corporation) that own in the aggregate more than 50% of the total vote or value of such non-US corporation);
 - (b) any oral or written statement or advice regarding US taxes or tax advice related to a transaction that could affect a US tax; or
 - (c) where SEC audit independence restrictions apply to the relationship between client and any EY Entity, any oral or written statement or advice to client as to any potential tax consequences that may result from a transaction or the tax treatment of an item,(together, (a), (b) and (c) referred to as "Tax Advice"),



EY expressly authorizes client to disclose to any and all persons, without limitation of any kind, any such Tax Advice, including any fact that may be relevant to understanding such Tax Advice, and all materials of any kind (including opinions and other tax analyses) provided to client in relation to such Tax Advice. However, because the Tax Advice is solely for the benefit of client and is not to be relied upon by any other person or entity, client shall inform those to whom it discloses any such information that they may not rely upon any of it for any purpose without EY's prior written consent.

6. **Privacy** - Client confirms to EY that it has obtained any consents that may be required under applicable privacy legislation for any collection, use or disclosure of personal information that is necessary in order for EY to provide the Services. EY shall adhere to applicable privacy legislation when dealing with personal information that was obtained from client. Personal information is collected, used and disclosed by EY in accordance with EY's privacy policy, which is available at <http://www.ey.com/ca>.
7. **Auditor Oversight** - Client hereby acknowledges that EY may from time to time receive requests or orders from the Canadian Public Accountability Board or from professional, securities or other regulatory or governmental authorities that fulfill similar functions (both in Canada and abroad) to provide them with information and copies of documents in EY's files including EY's working papers, and other work-product relating to client's affairs. Client consents to EY providing or producing, as applicable, these documents and information without further reference to, or authority from, client. Except where prohibited by law, if a request or order is directly related to an inspection or investigation of EY's audit of client, EY will advise client of the request or order.

When a regulatory authority requests access to EY's working papers and other work-product relating to client's affairs, EY will, on a reasonable efforts basis, refuse access to any document over which client has expressly informed EY that client asserts privilege, except where disclosure of documents is required by law or requested by a provincial Institute/Order of Chartered Accountants pursuant to its statutory authority. Client must mark any document over which it asserts privilege as privileged and inform EY of the grounds for client's assertion of privilege (such as whether it claims solicitor-client privilege or litigation privilege).

EY will also be required to provide information relating to the fees that EY collects from client for the provision of audit services, other accounting services and non-audit services.

8. **Internet Communications** - Unless otherwise agreed with client, EY and other EY Entities may correspond by means of the Internet or other electronic media or provide information to client in electronic form. There are inherent risks associated with the electronic transmission of information on the Internet or otherwise. EY cannot guarantee the security and integrity of any electronic communications sent or received in relation to this engagement and cannot guarantee that transmissions or other electronic information will be free from infection by viruses or other forms of malicious software.
9. **Right to Terminate Services** - Subject to any applicable professional standards and legislation, either party may terminate this Agreement, with or without cause, by providing written notice to the other party. In the event of early termination, for whatever reason, client will be invoiced for time and expenses incurred up to the end of the notice period together with reasonable time and expenses incurred to bring the engagement to a close in a prompt and orderly manner. EY shall also have the right, upon 7 days prior notice, to suspend performance of the Services in the event client fails to pay any amount required to be paid under this Agreement.



10. **Expenses** - Client shall reimburse EY for all reasonable expenses incurred in connection with the performance of the Services. The costs of administrative items such as telephone, research material, facsimile, overnight mail, messenger, administrative support, among others will be billed to client at 11.5% of EY's fees for professional services. Reasonable and customary out-of-pocket expenses for items such as travel, meals, accommodations and other expenses specifically related to this engagement will also be charged.
11. **Billing & Taxes** - Bills including expenses will be rendered on a regular basis as the assignment progresses. Accounts are due when rendered. Interest on overdue accounts is calculated at the rate noted on the invoice commencing 30 days following the date of the invoice. The fees, expenses and other charges payable pursuant to this Agreement do not include taxes or duties. All applicable taxes or duties, whether presently in force or imposed in the future, shall be assumed and paid by client without deduction from the fees, expenses and charges hereunder.
12. **Governing Law** - This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to principles of conflicts of law. The parties hereby irrevocably and unconditionally submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario in connection with any dispute, claim or other matter arising out of or relating to this Agreement or the Services.
13. **EY Reports** - EY retains all copyright and other intellectual property rights in everything developed, designed or created by EY either before or during the course of an engagement including systems, methodologies, software, know-how and working papers. EY also retains all copyright and other intellectual property rights in all reports, advice or other communications of any kind provided to client in any form (written or otherwise) during the course of an engagement ("Reports"), although client shall have the full right to use any Reports within its own organization. Any Reports are provided solely for the purpose of this engagement. Subject to "EY Waiver Re: Tax Advice" above, no Report (and no portion, summary or abstract thereof) may be disclosed to any third party without EY's prior written consent. Without limitation, except as otherwise specifically agreed in the engagement letter into which these terms and conditions are incorporated client agrees that it will not, and will not permit others to, refer to EY or reproduce, quote or refer to any Report (or any portion, summary or abstract thereof) in any document filed or distributed in connection with (i) a purchase or sale of securities or (ii) continuous disclosure obligations under applicable securities laws. EY does not assume any duties or obligations to third parties who may obtain access to any Reports. Any services or procedures performed for client will not be planned or conducted (i) in contemplation of reliance by particular third parties (ii) with respect to any specific transaction contemplated by a third party or (iii) with respect to the interests or requirements of particular third parties. Client may not rely on any draft Report.
14. **Limitation of Liability** - To the fullest extent permitted by law and regardless of whether such liability is based on breach of contract, tort (including negligence), breach of statute, strict liability, failure of essential purpose or otherwise,
 - (a) EY's liability shall be several and not joint and several, solidary or *in solidum* and EY shall only be liable for its proportionate share of any total liability based on degree of fault having regard to the contribution to any loss or damage in question of any other persons responsible and/or liable for such loss and damage;
 - (b) in no event shall either party be liable to the other for any consequential, incidental, indirect, punitive or special damages (including loss of profits, data, business or goodwill) in connection with the



performance of the Services or otherwise under this Agreement, even if the relevant party has been advised of the likelihood of such damages; and

- (c) in any case the total aggregate liability of EY arising out of or relating to this Agreement or the Services shall be limited to the greater of (i) the total fees paid to EY for the Services and (ii) \$1,000,000. This paragraph (c) shall not limit liability for death, bodily injury, physical damage to tangible property, fraud or wilful misconduct.

For the purposes of this section ("*Limitation of Liability*"), the term EY includes all other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity.

15. **Global Resources** - EY may use the services of personnel from other EY Entities to assist it in providing the Services. EY shall be solely responsible for the performance of the Services and all of the other liabilities and obligations of EY under this Agreement whether or not performed, in whole or part, by EY, any other EY Entity, or any subcontractor or personnel of any EY Entity. Client and its affiliates or other persons or entities for or in respect of which any of the Services are provided shall have no recourse, and shall bring no claim, against any EY Entity other than EY, or against any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity, or any of their respective assets, in connection with the performance of the Services or otherwise under the Agreement. Other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity shall have the express benefit of this section and shall have the right to rely on and enforce any of its terms.
16. **No Application** - The preceding two sections (*Limitation of Liability*, *Global Resources*) shall not apply to the extent prohibited by applicable law or regulation (including for these purposes applicable rules and interpretations of the US Securities and Exchange Commission relating to auditor independence and any applicable rules or guidance from a provincial Institute/Order of Chartered Accountants having jurisdiction).
17. **Solicitation & Hiring of EY Personnel** - EY's independence could be compromised if client were to hire certain EY personnel. Without the prior written consent of EY, client shall not solicit for employment or for a position on its Board of Directors, nor hire, any current or former partner or professional employee of any of EY, any affiliate thereof or any other EY Entity, if such partner or professional employee has been involved in the performance of any audit, review, attest or assurance service for or relating to client at any time since the date of filing of client's most recent financial statements with the relevant securities regulator(s) or stock exchange(s) (or, if client has not previously filed such financial statements, since the beginning of the most recent fiscal year to be covered by client's first such financial statements), or in the 12 months preceding that date.
18. **Severability** - In the event any provision of this Agreement is determined to be invalid, illegal or unenforceable, in whole or in part, such provision shall be deemed severed from this Agreement to the extent required and the remainder of this Agreement shall remain in full force and effect.
19. **Legal Proceedings** - In the event EY is requested by client or is required by government regulation, subpoena, or other legal process to produce documents or personnel as witnesses with respect to the engagement for client, and provided that EY is not a party to the legal proceedings, client shall reimburse EY for professional time and expenses, as well as the fees and expenses of counsel, incurred in responding to such requests.



20. **LLP Status** - EY is a registered limited liability partnership ("LLP") continued under the laws of the province of Ontario and is registered as an extra-provincial LLP in Quebec and other Canadian provinces. Generally, a partner of an LLP has a degree of limited liability protection in that he or she is not personally liable for any debts, obligations or liabilities of the LLP that arise from the negligence of another partner or any person under that partner's direct supervision or control. As an LLP, EY is required to maintain certain insurance. EY's insurance exceeds the mandatory professional liability insurance requirements established by any provincial Institute/Order of Chartered Accountants.
21. **Miscellaneous** - EY shall provide all Services as an independent contractor and nothing shall be construed to create a partnership, joint venture or other relationship between EY and client. Neither party shall have the right, power or authority to obligate or bind the other in any manner. This Agreement shall not be modified except by written agreement signed by the parties. This Agreement may not be assigned in whole or in part by client without EY's prior written consent, not to be unreasonably withheld. Any terms and provisions of this Agreement that by their nature operate beyond the term or expiry of this Agreement shall survive the termination or expiry of this Agreement, including without limitation those provisions headed *Client Data & Information, Confidentiality, EY Waiver Re: Tax Advice, Auditor Oversight, Limitation of Liability, Global Resources, Solicitation & Hiring of EY Personnel, and Legal Proceedings*. This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns. The provisions of this Agreement shall operate for the benefit of, and may be enforced by, other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity. This Agreement constitutes the entire agreement between the parties relating to its subject matter and supersedes all prior representations, negotiations and understandings.

May 17, 2009 short form prospectus engagement letter



Ernst & Young LLP
Chartered Accountants
Pacific Centre
700 West Georgia Street
P.O. Box 10101
Vancouver, British Columbia V7Y 1C7
Tel: 604 691 8200
Fax: 604 643 5422
ey.com/ca

May 17, 2009

Mr. David Horsley
Chief Financial Officer
Sino-Forest Corporation
90 Burnhamthorpe Rd W., Suite 1208
Mississauga, ON, L5B 3C3

Re: Short Form Prospectus

This will confirm the engagement of Ernst & Young LLP ("we" or "EY") to perform services in respect of the prospectus for Sino-Forest Corporation (the "Company"). Our partner, Linda Zhu, will have primary responsibility for this engagement.

Management of the Company and the underwriter bear the primary responsibility to ensure the prospectus contains no misrepresentations. Our procedures with respect to this engagement will be performed in accordance with our professional standards as set out in CICA Section 7110 – *Auditor Involvement with Offering Documents of Public and Private Entities*, and other requirements as set out hereunder. These procedures are designed to enable us to issue our consent to the use of our auditors' report to demonstrate to readers that we have been involved with the prospectus. Our consent is to be included in the prospectus.

Audited financial statements

Pursuant to Canadian securities laws, the comparative annual financial statements for the most recently completed financial year are incorporated by reference in the prospectus.

We have audited the balance sheets of the Company as at December 31, 2008 and 2007, and the statements of income and retained earnings, comprehensive income and cash flows for the years then ended. Our report to the shareholders on the comparative annual financial statements for the year ended December 31, 2008 was dated March 13, 2009 and is to be incorporated by reference in the prospectus relating to the offering of common shares of the Company, to be filed by the Company under the Securities Acts of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador (the "Acts").

In order to provide our consent to the use of our auditors' report in the prospectus, it will be necessary for us to perform subsequent events review procedures with respect to the preliminary and final prospectuses and the closing of the offering. This work is expected to be comprised of limited enquiry and review procedures designed to provide assurance that management has identified events arising after the date of the auditors' report in the prospectus that may require an adjustment to, or disclosure in, the audited financial

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statements or other information in the prospectus that is derived from such financial statements. We are also required to update our communications with the Company's legal counsel and obtain representations from management similar to those we customarily receive as part of our annual audit.

Unaudited interim financial statements

Pursuant to Canadian securities laws, comparative interim financial statements for the most recently completed financial period are incorporated by reference in the prospectus. In order to consent to the use of our auditors' report in the prospectus described above, our professional standards require that we carry out certain procedures including a review of the Company's interim financial statements for the three months ended March 31, 2009 and 2008 and any other interim financial statements that may be issued and incorporated by reference in the prospectus. We have reviewed the interim consolidated financial statement for the three month periods ended March 31, 2009 and 2008 and provided our report thereon to the audit committee of Sino-Forest Corporation. In order for the interim financial statements for the three months period ended March 31, 2009 and 2008 to be incorporated by reference in the short form prospectus, we will have to complete additional subsequent event review procedures.

The period covered by the interim financial information is specified by securities legislation. If the final prospectus is delayed, it may be necessary to update the interim financial statements. If such is the case, then we would have to perform additional review procedures on the updated unaudited interim financial statements.

The review procedures we carry out are significantly less extensive than an audit and would not necessarily reveal matters requiring adjustments to or disclosures in the interim financial information. Further, adjustments and disclosures may later be determined to be necessary as a result of our subsequent audit of the 2009 financial statements that include such interim periods. Accordingly, the review procedures do not result in the expression of an audit opinion on the interim financial statements.

If information comes to our attention which leads us to question whether the interim financial statements are materially in error or not in accordance with generally accepted accounting principles, we will inform you and discuss what further action is required.

If as a result of our work we are required to express a reservation in our report on our review of the unaudited interim financial statements to be incorporated by reference in the prospectus, we will provide a written report on our review thereof to be included in the prospectus.



Other Information in the prospectus

In addition to financial statements, a prospectus includes other financial information and information of a non-financial nature. As such other information may be relevant to the financial statements and our audit or review thereof, we will perform procedures to determine whether this other financial and non-financial information is consistent with the audited and unaudited financial statements in the prospectus in accordance with the guidance in CICA Section 7500.

If we become aware of information that, although not inconsistent with the financial statements, appears to constitute a misrepresentation when reading the prospectus, we will discuss the matter with management or with the Company's legal counsel, with the consent of management. We may wish to receive written confirmation from legal counsel of their view on the matter. In the event that the apparent inconsistency is not resolved to our satisfaction, we will advise the Audit Committee and consider whether our consent may be provided.

Communications required by securities commissions and other parties

We are required by provincial securities legislation to issue the following letters:

Upon filing the preliminary prospectus:

- (i) An unsigned comfort letter addressed to the Directors of the Company and the underwriter expressing assurances with respect to specified financial information included in the prospectus;

Upon filing the final prospectus:

- (i) Consent letters addressed to the securities commissions, in which we give our consent to the use of our report in the prospectus;
- (ii) A comfort letter addressed to the securities regulatory authorities expressing negative assurance with respect to unaudited interim financial statements incorporated by reference in the prospectus;
- (iii) A comfort letter addressed to the Directors of the Company and the underwriter expressing assurances with respect to specified financial information included in the prospectus;

Upon closing of the prospectus:

- (i) An updated comfort letter addressed to the Directors of the Company and the underwriter.



Auditor assistance to the underwriter

As indicated above, in connection with the proposed offering of securities, we understand that the underwriting agreement will provide that we perform certain procedures for the purpose of issuing a comfort letter to Credit Suisse Securities (Canada) Inc. (the "underwriter"). The comfort letter would make reference to our auditors' report and our review of the unaudited interim financial statements incorporated by reference in the prospectus, and set out the procedures performed at the underwriter's request and the results of performing those procedures. In addition, we understand that the underwriter may request that we attend a meeting (the "due diligence meeting") at which the underwriter and the underwriter's legal counsel may wish to ask us certain questions, and that you have agreed to grant such a request. We understand that the underwriter is an experienced underwriter and will be carrying out other procedures it deems appropriate to obtain whatever information it believes is necessary to complete its investigation of the financial affairs of the Company. Our audits of the Company's financial statements referred to above were not carried out for the purpose of such investigation, and our auditors' reports, our comfort letter, and the answers that we may give at the due diligence meeting are not to be relied upon for that purpose.

We will provide a comfort letter to the underwriter which we will prepare in accordance with the guidance contained in CICA Section 7200. We will advise you of the matters on which the underwriter is seeking comfort and the procedures they are requesting. As the Company, not the underwriter, will bear the cost of preparing the comfort letter, we will discuss with you the practicality and effectiveness of the requested procedures in providing the desired comfort.

In accordance with professional standards, our audit was carried out solely for the purpose of providing us with sufficient appropriate audit evidence to support our opinion on the financial statements referred to above. There is no assurance that the procedures we perform for purposes of the comfort letter and our responses at the due diligence meeting will address all of the questions that the underwriter and the underwriter's legal counsel may have. You should be aware that there could be sensitive matters that the underwriter and the underwriter's legal counsel may ask us to address either in the comfort letter or during the due diligence meeting that could affect the outcome of the proposed offering of securities. At due diligence meetings we will not respond to underwriters' questions dealing with matters that are generally management's concern or that involve predictions about future events or which are beyond the scope of our practice and personal knowledge. Unless otherwise instructed by you, we shall attempt to perform all of the requested procedures and answer all questions asked at the due diligence meeting.

You acknowledge that we have no responsibility to you if the results of our procedures or our answers to the questions asked at the due diligence meeting result in termination of, or change in, the proposed securities offering or in misuse of any confidential information discussed at the meeting. You also acknowledge that you have requested us to cooperate in



every way with the underwriter and the underwriter's legal counsel, by performing the requested procedures and by answering any questions they may ask in the due diligence meeting.

You also agree to indemnify and hold harmless all members of the engagement team and Ernst & Young LLP from any claim by the underwriter and the underwriter's legal counsel, or any other third party, that arises as a result of our comfort letter or our attendance at the due diligence meeting and our responses to questions asked at such meeting.

We shall advise the underwriter that information acquired by them in our comfort letter or as a result of our responses to their questions at the due diligence meeting is confidential and is to be used only in connection with the securities offering referred to above. In addition, we will notify the underwriter of our professional standards for participation in a due diligence meeting.

Fees

Our fees will be billed as work progresses are based on the amount of time required. Payment in full should be made within 30 days of the date each billing is received. Hourly rates for our professionals for this engagement, in Canadian dollars, are set out below. All fees and rates quoted excluded applicable taxes. Direct out-of-pocket expenses will be invoiced to you at our cost.

Level	Hourly rate
Partner	\$650
Senior Manager	\$450
Manager	\$350
Senior	\$225
Staff	\$150

Our estimated fees and schedule of performance are based upon, among other things, the assumption that all necessary information will be available to us on a timely basis and that the scope of our services is not expanded beyond those described herein. Should our assumptions with respect to these matters be incorrect or should the condition of the records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates.

We very much appreciate the opportunity to provide services to the Company in respect of the prospectus and would be pleased to furnish any additional information you may request concerning our responsibilities and functions. Please let us know immediately if you have any concerns about the terms of engagement as described in this letter.



Additional terms and conditions are attached and form an integral part of this engagement letter; they govern our respective rights and obligations arising out of this engagement.

To confirm these arrangements as outlined are in accordance with your requirements and are acceptable, please sign one copy of this letter in the space provided and return it to us.

Yours very truly,

Ernst + Young LLP

Chartered Accountants

Agreed:
Sino-Forest Corporation

Acknowledged on behalf of the
Company's Audit Committee:

by *David Horsley*
Name: Mr. David Horsley
Title: Chief Financial Officer

by *James Hyde*
Name: Mr. Jamie Hyde
Title: Chair of the Audit Committee



Terms and conditions

Except as otherwise specifically provided in the engagement letter or contract to which these terms and conditions are attached (collectively, the "Agreement") the following additional terms and conditions shall apply. As used herein "EY" refers to the Canadian firm of Ernst & Young LLP. "EY Entities" means EY, all members of the global Ernst & Young network, Ernst & Young Global Limited, and any of their respective affiliates (and "EY Entity" means any one of them).

1. **Services** - EY shall exercise due professional care and competence in the performance of the services provided pursuant to this Agreement (the "Services").
2. **Unexpected events** - If changes to the scope or timing of any Services are required because of a change in applicable law or professional standards or events beyond a party's reasonable control, but not involving its fault or negligence (any of which, a "Change"), the parties agree to adjust the fees for, and/or timing of, the Services appropriately and, if necessary, Client will obtain Audit Committee approval of such adjustments. Each party shall be excused from default or delay in the performance of its obligations (other than payment obligations) under this Agreement to the extent caused by a Change.
3. **Client data and information** - Client will provide, or cause to be provided, to EY in a timely manner complete and accurate data and information ("Client Data") and access to resources as may be reasonably required by EY to perform the Services. EY may disclose Client Data, including personal information, to other EY Entities for the purposes of (i) rendering the Services, (ii) fulfilling EY Entities' professional obligations to manage conflicts of interest and to maintain auditor independence and (iii) implementing standardized performance recording and documentation systems within the global Ernst & Young network. EY Entities or their service providers may process and store Client Data, which may include personal information, outside of Canada.
4. **Confidentiality** - Subject to the other terms of this Agreement, both Client and EY agree that they will take reasonable steps to maintain the confidentiality of any proprietary or confidential information of the other.
5. **Privacy** - Client confirms to EY that it has obtained any consents that may be required under applicable privacy legislation for any collection, use or disclosure of personal information that is necessary in order for EY to provide the Services. EY shall adhere to applicable privacy legislation when dealing with personal information that was obtained from Client. Personal information is collected, used and disclosed by EY in accordance with EY's privacy policy, which is available at <http://www.ey.com/ca>.



6. **Auditor oversight** - Client hereby acknowledges that EY may from time to time receive requests or orders from the Canadian Public Accountability Board or from professional, securities or other regulatory or governmental authorities that fulfill similar functions (both in Canada and abroad) to provide them with information and copies of documents in EY's files including EY's working papers, and other work-product relating to Client's affairs. Client consents to EY providing or producing, as applicable, these documents and information without further reference to, or authority from, Client. Except where prohibited by law, if a request or order is directly related to an inspection or investigation of EY's audit of Client, EY will advise Client of the request or order.

When a regulatory authority requests access to EY's working papers and other work-product relating to Client's affairs, EY will, on a reasonable efforts basis, refuse access to any document over which Client has expressly informed EY that Client asserts privilege, except where disclosure of documents is required by law or requested by a provincial Institute/Order of Chartered Accountants pursuant to its statutory authority. Client must mark any document over which it asserts privilege as privileged and inform EY of the grounds for Client's assertion of privilege (such as whether it claims solicitor-Client privilege or litigation privilege).

EY will also be required to provide information relating to the fees that EY collects from Client for the provision of audit services, other accounting services and non-audit services.

7. **Internet communications** - Unless otherwise agreed with Client, EY and other EY Entities may correspond by means of the Internet or other electronic media or provide information to Client in electronic form. There are inherent risks associated with the electronic transmission of information on the Internet or otherwise. EY cannot guarantee the security and integrity of any electronic communications sent or received in relation to this engagement and cannot guarantee that transmissions or other electronic information will be free from infection by viruses or other forms of malicious software.
8. **Right to terminate services** - Subject to any applicable professional standards and legislation, either party may terminate this Agreement, with or without cause, by providing written notice to the other party. In the event of early termination, for whatever reason, Client will be invoiced for time and expenses incurred up to the end of the notice period together with reasonable time and expenses incurred to bring the engagement to a close in a prompt and orderly manner. EY shall also have the right, upon 7 days prior notice, to suspend performance of the Services in the event Client fails to pay any amount required to be paid under this Agreement.



9. **Expenses** - Client shall reimburse EY for all reasonable expenses incurred in connection with the performance of the Services. The costs of administrative items such as telephone, research material, facsimile, overnight mail, messenger, administrative support, among others will be billed to Client at 11.5% of EY's fees for professional services. Reasonable and customary out-of-pocket expenses for items such as travel, meals, accommodations and other expenses specifically related to this engagement will also be charged.
10. **Billing and taxes** - Bills including expenses will be rendered on a regular basis as the assignment progresses. Accounts are due when rendered. Interest on overdue accounts is calculated at the rate noted on the invoice commencing 30 days following the date of the invoice. The fees, expenses and other charges payable pursuant to this Agreement do not include taxes or duties. All applicable taxes or duties, whether presently in force or imposed in the future, shall be assumed and paid by Client without deduction from the fees, expenses and charges hereunder.
11. **Governing law** - This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to principles of conflicts of law. The parties hereby irrevocably and unconditionally submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario in connection with any dispute, claim or other matter arising out of or relating to this Agreement or the Services.
12. **EY reports** - EY retains all copyright and other intellectual property rights in everything created by EY before or during the course of an engagement, including all EY reports, advice or other EY communications of any kind ("EY Reports") and all methodologies, tools, systems, software and working papers created by EY. Any EY Reports are intended solely for the purpose described in the engagement letter or contract to which these terms and conditions are attached. Except as otherwise specifically agreed in such engagement letter or contract Client shall not refer to EY or reproduce, quote or refer to any EY Report (or any portion, summary or abstract thereof) in any document filed or distributed in connection with (i) a purchase or sale of securities or (ii) continuous disclosure obligations under applicable securities laws. EY assumes no duty, obligation or responsibility whatsoever to any third parties that obtain access to an EY Report (i.e. parties other than those to whom an EY Report is addressed). Any services or procedures performed for Client will not be planned or conducted (i) in contemplation of reliance by third parties (ii) with respect to any specific transactions contemplated by third parties or (iii) with respect to the interests or requirements of third parties. Client may not rely on any draft EY Report.



13. **Limitation of liability** - To the fullest extent permitted by law and regardless of whether such liability is based on breach of contract, tort (including negligence), breach of statute, strict liability, failure of essential purpose or otherwise,

- (a) EY's liability shall be several and not joint and several, solidary or in solidum and EY shall only be liable for its proportionate share of any total liability based on degree of fault having regard to the contribution to any loss or damage in question of any other persons responsible and/or liable for such loss and damage;
- (b) in no event shall either party be liable to the other for any consequential, incidental, indirect, punitive or special damages (including loss of profits, data, business or goodwill) in connection with the performance of the Services or otherwise under this Agreement, even if the relevant party has been advised of the likelihood of such damages; and
- (c) in any case the total aggregate liability of EY arising out of or relating to this Agreement or the Services shall be limited to the greater of (i) the total fees paid to EY for the Services and (ii) \$1,000,000. This paragraph (c) shall not limit liability for death, bodily injury, physical damage to tangible property, fraud or wilful misconduct.

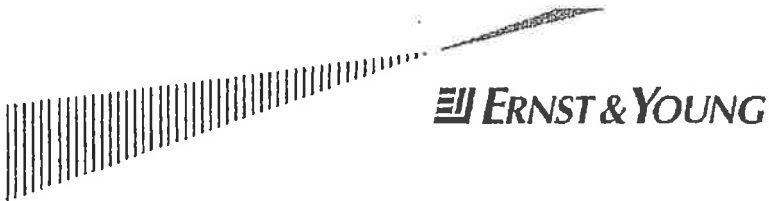
For the purposes of this section ("Limitation of Liability"), the term EY includes all other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity.

14. **Global resources** - EY may use the services of personnel from other EY Entities to assist it in providing the Services. EY shall be solely responsible for the performance of the Services and all of the other liabilities and obligations of EY under this Agreement whether or not performed, in whole or part, by EY, any other EY Entity, or any subcontractor or personnel of any EY Entity. Client and its affiliates or other persons or entities for or in respect of which any of the Services are provided shall have no recourse, and shall bring no claim (whether in contract, tort, or otherwise) against any EY Entity other than EY, or against any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity, or any of their respective assets, in connection with the performance of the Services or otherwise under the Agreement. Other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity shall have the express benefit of this section and shall have the right to rely on and enforce any of its terms.

15. **No application** - The preceding two sections (Limitation of Liability, Global Resources) shall not apply to the extent prohibited by applicable law or regulation (including for these purposes applicable rules and interpretations of the US Securities and Exchange Commission relating to auditor independence and any applicable rules or guidance from a provincial Institute/Order of Chartered Accountants having jurisdiction).



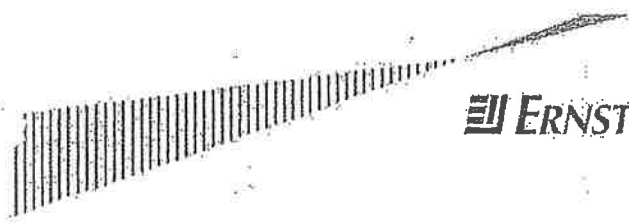
16. **Solicitation and hiring of EY personnel** - EY's independence could be compromised if Client were to hire certain EY personnel. Without the prior written consent of EY, Client shall not solicit for employment or for a position on its Board of Directors, nor hire, any current or former partner or professional employee of any of EY, any affiliate thereof or any other EY Entity, if such partner or professional employee has been involved in the performance of any audit, review, attest or assurance service for or relating to Client at any time since the date of filing of Client's most recent financial statements with the relevant securities regulator(s) or stock exchange(s) (or, if Client has not previously filed such financial statements, since the beginning of the most recent fiscal year to be covered by Client's first such financial statements), or in the 12 months preceding that date.
17. **Severability** - In the event any provision of this Agreement is determined to be invalid, illegal or unenforceable, in whole or in part, such provision shall be deemed severed from this Agreement to the extent required and the remainder of this Agreement shall remain in full force and effect.
18. **Legal proceedings** - In the event EY is requested by Client or is required by government regulation, subpoena, or other legal process to produce documents or personnel as witnesses with respect to the engagement for Client, and provided that EY is not a party to the legal proceedings, Client shall reimburse EY for professional time and expenses, as well as the fees and expenses of counsel, incurred in responding to such requests.
19. **LLP status** - EY is a registered limited liability partnership ("LLP") continued under the laws of the province of Ontario and is registered as an extra-provincial LLP in Quebec and other Canadian provinces. Generally, a partner of an LLP has a degree of limited liability protection in that he or she is not personally liable for any debts, obligations or liabilities of the LLP that arise from the negligence of another partner or any person under that partner's direct supervision or control. As an LLP, EY is required to maintain certain insurance. EY's insurance exceeds the mandatory professional liability insurance requirements established by any provincial Institute/Order of Chartered Accountants.



20. **Miscellaneous** - EY shall provide all Services as an independent contractor and nothing shall be construed to create a partnership, joint venture or other relationship between EY and Client. Neither party shall have the right, power or authority to obligate or bind the other in any manner. This Agreement shall not be modified except by written agreement signed by the parties. This Agreement may not be assigned in whole or in part by Client without EY's prior written consent, not to be unreasonably withheld. Any terms and provisions of this Agreement that by their nature operate beyond the term or expiry of this Agreement shall survive the termination or expiry of this Agreement, including without limitation those provisions headed Client Data & Information, Confidentiality, Auditor Oversight, Limitation of Liability, Global Resources, Solicitation & Hiring of EY Personnel, and Legal Proceedings. This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns. The provisions of this Agreement shall operate for the benefit of, and may be enforced by, other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity. This Agreement constitutes the entire agreement between the parties relating to its subject matter and supersedes all prior representations, negotiations and understandings.

**June 22, 2009 offering memorandum engagement letter for
Exchange of Guaranteed Senior Notes due 2011**

JUN 29 2009



Ernst & Young LLP
Chartered Accountants
Pacific Centre
700 West Georgia Street
P.O. Box 10101
Vancouver, British Columbia V7Y 1C7
Tel: 604 891 8200
Fax: 604 643 5422
ey.com/ca

Mr. David Horsley
Chief Financial Officer
Sino-Forest Corporation
90 Burnhamthorpe Rd W., Suite 1208
Mississauga, ON, L5B 3C3

22 June 2009

Exchange Offer Memorandum ("Offering Memorandum")

This will confirm the engagement of Ernst & Young LLP ("we" or "EY") to perform services in respect of the Offering Memorandum for Sino-Forest Corporation (the "Company") for the offer to exchange any and all outstanding US\$300,000,000 9.125% Guaranteed Senior Notes Due 2011 (the "Exchange Notes") issued by the Company. Our partner, Linda Zhu, will have primary responsibility for this engagement.

Management of the Company and Credit Suisse Securities (USA) LLC (the "Deal Manager") bear the primary responsibility to ensure the Offering Memorandum contains no misrepresentations. Our procedures with respect to this engagement will be performed in accordance with our professional standards as set out in CICA Section 7110 - *Auditor Involvement with Offering Documents of Public and Private Entities*, and other requirements as set out hereunder. These procedures are designed to enable us to issue our consent to the use of our auditors' report to demonstrate to readers that we have been involved with the Offering Memorandum. Our consent is to be included in the Offering Memorandum.

Audited financial statements

We have audited the balance sheets of the Company as at December 31, 2008 and 2007, and the statements of income and retained earnings, comprehensive income and cash flows for the years then ended. Our report to the shareholders on the comparative annual financial statements for the year ended December 31, 2008 was dated March 13, 2009 and is to be incorporated by reference in the Offering Memorandum. Our report to the directors of the company on the 2007 financial statements dated March 12, 2008 except as to notes 2, 18 and 23 which are as of July 17, 2008 will also be incorporated by reference in the Offering Memorandum.

In order to provide our consent to the use of our auditors' reports in the Offering Memorandum, it will be necessary for us to perform subsequent events review procedures with respect to the Offering Memorandum and any updates thereof, and the closing of the offering. This work is expected to be comprised of limited enquiry and review procedures designed to provide assurance that management has identified events arising after the date of the auditors' reports in the Offering Memorandum that may require an adjustment to, or disclosure in, the audited financial statements or other information in the Offering

[Handwritten signature]
6/29/09 JUN 29 2009



Memorandum that is derived from such financial statements. We are also required to update our communications with the Company's legal counsel and obtain representations from management similar to those we customarily receive as part of our annual audit.

Unaudited Interim financial statements

Comparative interim financial statements for the most recently completed financial period are incorporated by reference in the Offering Memorandum. In order to consent to the use of our auditors' report in the Offering Memorandum described above, our professional standards require that we carry out certain procedures including a review of the Company's interim financial statements for the three months ended March 31, 2009 and 2008 and any other interim financial statements that may be issued and incorporated by reference in the Offering Memorandum. We have reviewed the interim consolidated financial statement for the three month periods ended March 31, 2009 and 2008 and provided our report thereon to the audit committee of the Company. In order for the interim financial statements for the three months period ended March 31, 2009 and 2008 to be incorporated by reference in the Offering Memorandum, we will have to complete additional subsequent event review procedures.

If the final Offering Memorandum is delayed, the Company may determine that it is necessary to update the interim financial statements. If such is the case, then we would have to perform additional review procedures on the updated unaudited interim financial statements.

The review procedures we carry out are significantly less extensive than an audit and would not necessarily reveal matters requiring adjustments to or disclosures in the interim financial information. Further, adjustments and disclosures may later be determined to be necessary as a result of our subsequent audit of the 2009 financial statements that include such interim periods. Accordingly, the review procedures do not result in the expression of an audit opinion on the interim financial statements.

If information comes to our attention which leads us to question whether the interim financial statements are materially in error or not in accordance with generally accepted accounting principles, we will inform you and discuss what further action is required.

If as a result of our work we are required to express a reservation in our report on our review of the unaudited interim financial statements to be incorporated by reference in the Offering Memorandum, we will provide a written report on our review thereof to be incorporated by reference in the Offering Memorandum.



Other information in the Offering Memorandum

In addition to financial statements, the Offering Memorandum includes other financial information and information of a non-financial nature. As such other information may be relevant to the financial statements and our audit or review thereof, we will perform procedures to determine whether this other financial and non-financial information is consistent with the audited and unaudited financial statements in the Offering Memorandum in accordance with the guidance in CICA Section 7500.

If we become aware of information that, although not inconsistent with the financial statements, appears to constitute a misrepresentation when reading the Offering Memorandum, we will discuss the matter with management or with the Company's legal counsel, with the consent of management. We may wish to receive written confirmation from legal counsel of their view on the matter. In the event that the apparent inconsistency is not resolved to our satisfaction, we will advise the Audit Committee and consider whether our consent may be provided.

Communications required by other parties

We are required upon the request of the Deal Manager to issue the following letters:

Upon completion of the Offering Memorandum:

- A comfort letter addressed to the Directors of the Company and the Deal Manager expressing assurances with respect to specified financial information included or incorporated by reference in the offering memorandum.

Upon closing of the offering:

- A bring-down letter addressed to the Directors of the Company and the Deal Manager.



Auditor assistance to the Deal Manager

As indicated above, in connection with the proposed offering of Exchange Notes, we understand that the Deal Manager request that we perform certain procedures for the purpose of issuing a comfort letter to the Deal Manager. The comfort letter would make reference to our auditors' report and our review of the unaudited interim financial statements incorporated by reference in the Offering Memorandum, and set out the procedures performed at the Deal Manager's request and the results of performing those procedures. In addition, we understand that the Deal Manager may request that we attend a meeting (the "due diligence meeting") at which the Deal Manager and the Deal Manager's legal counsels may wish to ask us certain questions, and that you have agreed to grant such a request. We understand that the Deal Manager is an experienced agent and will be carrying out other procedures it deems appropriate to obtain whatever information it believes is necessary to complete its investigation of the financial affairs of the Company. Our audits of the Company's financial statements referred to above were not carried out for the purpose of such investigation, and our auditors' reports, our comfort letter, and the answers that we may give at the due diligence meeting are not to be relied upon for that purpose.

We will attend a due diligence meeting and provide a comfort letter to the Deal Manager which we will prepare in accordance with the guidance contained in CICA Section 7200, subject to our receipt of a letter of representation from the Deal Manager regarding the Offering Memorandum which is satisfactory to us. We will advise you of the matters on which the Deal Manager is seeking comfort and the procedures they are requesting. As the Company, not the Deal Manager, will bear the cost of preparing the comfort letter, we will discuss with you the practicality and effectiveness of the requested procedures in providing the desired comfort.

Our comfort letter is not to be relied upon, quoted or referred to by the addressees or any of their registered broker-dealer foreign affiliates in connection with the offer, sale or exchange of the securities outside of Canada and the United States. For greater certainty, our comfort letter is not to be relied upon, quoted or referred to by the addressees or any of their registered broker-dealer foreign affiliates in connection with the offer, sale or exchange of the securities in foreign jurisdictions, including, without limitation, any offer or sale of such securities on an exempt basis outside of Canada and the United States under any applicable registration exemptions referred to in the Offering Memorandum.

In accordance with professional standards, our audit was carried out solely for the purpose of providing us with sufficient appropriate audit evidence to support our opinion on the financial statements referred to above. There is no assurance that the procedures we perform for purposes of the comfort letter and our responses at the due diligence meeting will address all of the questions that the Deal Manager and the Deal Manager's legal counsels may have.



You should be aware that there could be sensitive matters that the Deal Manager and the Deal Manager's legal counsels may ask us to address either in the comfort letter or during the due diligence meeting that could affect the outcome of the proposed offering of the Exchange Notes. At the due diligence meetings we will not respond to Deal Manager's questions dealing with matters that are generally management's concern or that involve predictions about future events or which are beyond the scope of our practice and personal knowledge. Unless otherwise instructed by you, we shall attempt to perform all of the requested procedures and answer all questions asked at the due diligence meeting.

You acknowledge that we have no responsibility to you if the results of our procedures or our answers to questions asked at the due diligence meeting result in termination of, or change in, the proposed offering or in misuse of any confidential information discussed at the meeting. You also acknowledge that you have requested us to cooperate in every way with the Deal Manager and the Deal Manager's legal counsels, by performing the requested procedures and by answering any questions they may ask in the due diligence meeting.

You also agree to indemnify and hold harmless all members of the engagement team and Ernst & Young LLP from any claim by the Deal Manager and the Deal Manager's legal counsel, or any other third party, that arises as a result of our comfort letter or our attendance at the due diligence meeting and our responses to questions asked at such meeting.

We shall advise the Deal Manager that information acquired by them in our comfort letter or as a result of our responses to their questions at the due diligence meeting is confidential and is to be used only in connection with the Exchange Notes offering referred to above. In addition, we will notify the Deal Manager of our professional standards for participation in a due diligence meeting.

Fees

Our fees which will be billed as work progresses are based on the amount of time required. Payment in full should be made within 30 days of the date each billing is received. Hourly rates for our professionals for this engagement, in Canadian dollars, are set out below. All fees and rates quoted exclude applicable taxes. Direct out-of-pocket expenses will be invoiced to you at our cost.

Level	Hourly rate
Partner	\$650
Senior Manager	\$450
Manager	\$350
Senior	\$225
Staff	\$150



We very much appreciate the opportunity to provide services to the Company in respect of the Offering Memorandum and would be pleased to furnish any additional information you may request concerning our responsibilities and functions. Please let us know immediately if you have any concerns about the terms of engagement as described in this letter.

Additional terms and conditions are attached and form an integral part of this engagement letter; they govern our respective rights and obligations arising out of this engagement.

To confirm these arrangements as outlined are in accordance with your requirements and are acceptable, please sign one copy of this letter in the space provided and return it to us.

Yours very truly,


Ernst & Young LLP

Chartered Accountants

Agreed:
Sino-Forest Corporation

by 
Name: Mr. David Horsley
Title: Chief Financial Officer

Acknowledged on behalf of the
Company's Audit Committee:

by 
Name: Mr. Jamie Hyde
Title: Chair of the Audit Committee



Terms and conditions

Except as otherwise specifically provided in the engagement letter or contract to which these terms and conditions are attached (collectively, the "Agreement") the following additional terms and conditions shall apply. As used herein "EY" refers to the Canadian firm of Ernst & Young LLP. "EY Entities" means EY, all members of the global Ernst & Young network, Ernst & Young Global Limited, and any of their respective affiliates (and "EY Entity" means any one of them).

1. **Services** - EY shall exercise due professional care and competence in the performance of the services provided pursuant to this Agreement (the "Services").
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3. **Client data and information** - Client will provide, or cause to be provided, to EY in a timely manner complete and accurate data and information ("Client Data") and access to resources as may be reasonably required by EY to perform the Services. EY may disclose Client Data, including personal information, to other EY Entities for the purposes of (i) rendering the Services, (ii) fulfilling EY Entities' professional obligations to manage conflicts of interest and to maintain auditor independence and (iii) implementing standardized performance recording and documentation systems within the global Ernst & Young network. EY Entities or their service providers may process and store Client Data, which may include personal information, outside of Canada.
4. **Confidentiality** - Subject to the other terms of this Agreement, both Client and EY agree that they will take reasonable steps to maintain the confidentiality of any proprietary or confidential information of the other.
5. **Privacy** - Client confirms to EY that it has obtained any consents that may be required under applicable privacy legislation for any collection, use or disclosure of personal information that is necessary in order for EY to provide the Services. EY shall adhere to applicable privacy legislation when dealing with personal information that was obtained from Client. Personal information is collected, used and disclosed by EY in accordance with EY's privacy policy, which is available at <http://www.ey.com/ca>.



6. **Auditor oversight** - Client hereby acknowledges that EY may from time to time receive requests or orders from the Canadian Public Accountability Board or from professional, securities or other regulatory or governmental authorities that fulfill similar functions (both in Canada and abroad) to provide them with information and copies of documents in EY's files including EY's working papers, and other work-product relating to Client's affairs. Client consents to EY providing or producing, as applicable, these documents and information without further reference to, or authority from, Client. Except where prohibited by law, if a request or order is directly related to an inspection or investigation of EY's audit of Client, EY will advise Client of the request or order.

When a regulatory authority requests access to EY's working papers and other work-product relating to Client's affairs, EY will, on a reasonable efforts basis, refuse access to any document over which Client has expressly informed EY that Client asserts privilege, except where disclosure of documents is required by law or requested by a provincial Institute/Order of Chartered Accountants pursuant to its statutory authority. Client must mark any document over which it asserts privilege as privileged and inform EY of the grounds for Client's assertion of privilege (such as whether it claims solicitor-Client privilege or litigation privilege).

EY will also be required to provide information relating to the fees that EY collects from Client for the provision of audit services, other accounting services and non-audit services.

7. **Internet communications** - Unless otherwise agreed with Client, EY and other EY Entities may correspond by means of the Internet or other electronic media or provide information to Client in electronic form. There are inherent risks associated with the electronic transmission of information on the Internet or otherwise. EY cannot guarantee the security and integrity of any electronic communications sent or received in relation to this engagement and cannot guarantee that transmissions or other electronic information will be free from infection by viruses or other forms of malicious software.
8. **Right to terminate services** - Subject to any applicable professional standards and legislation, either party may terminate this Agreement, with or without cause, by providing written notice to the other party. In the event of early termination, for whatever reason, Client will be invoiced for time and expenses incurred up to the end of the notice period together with reasonable time and expenses incurred to bring the engagement to a close in a prompt and orderly manner. EY shall also have the right, upon 7 days prior notice, to suspend performance of the Services in the event Client fails to pay any amount required to be paid under this Agreement.



9. **Expenses** - Client shall reimburse EY for all reasonable expenses incurred in connection with the performance of the Services. The costs of administrative items such as telephone, research material, facsimile, overnight mail, messenger, administrative support, among others will be billed to Client at 11.5% of EY's fees for professional services. Reasonable and customary out-of-pocket expenses for items such as travel, meals, accommodations and other expenses specifically related to this engagement will also be charged.
10. **Billing and taxes** - Bills including expenses will be rendered on a regular basis as the assignment progresses. Accounts are due when rendered. Interest on overdue accounts is calculated at the rate noted on the invoice commencing 30 days following the date of the invoice. The fees, expenses and other charges payable pursuant to this Agreement do not include taxes or duties. All applicable taxes or duties, whether presently in force or imposed in the future, shall be assumed and paid by Client without deduction from the fees, expenses and charges hereunder.
11. **Governing law** - This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to principles of conflicts of law. The parties hereby irrevocably and unconditionally submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario in connection with any dispute, claim or other matter arising out of or relating to this Agreement or the Services.
12. **EY reports** - EY retains all copyright and other intellectual property rights in everything created by EY before or during the course of an engagement, including all EY reports, advice or other EY communications of any kind ("EY Reports") and all methodologies, tools, systems, software and working papers created by EY. Any EY Reports are intended solely for the purpose described in the engagement letter or contract to which these terms and conditions are attached. Except as otherwise specifically agreed in such engagement letter or contract Client shall not refer to EY or reproduce, quote or refer to any EY Report (or any portion, summary or abstract thereof) in any document filed or distributed in connection with (i) a purchase or sale of securities or (ii) continuous disclosure obligations under applicable securities laws. EY assumes no duty, obligation or responsibility whatsoever to any third parties that obtain access to an EY Report (i.e. parties other than those to whom an EY Report is addressed). Any services or procedures performed for Client will not be planned or conducted (i) in contemplation of reliance by third parties (ii) with respect to any specific transactions contemplated by third parties or (iii) with respect to the interests or requirements of third parties. Client may not rely on any draft EY Report.



13. **Limitation of liability** - To the fullest extent permitted by law and regardless of whether such liability is based on breach of contract, tort (including negligence), breach of statute, strict liability, failure of essential purpose or otherwise,

- (a) EY's liability shall be several and not joint and several, solidary or in solidum and EY shall only be liable for its proportionate share of any total liability based on degree of fault having regard to the contribution to any loss or damage in question of any other persons responsible and/or liable for such loss and damage;
- (b) in no event shall either party be liable to the other for any consequential, incidental, indirect, punitive or special damages (including loss of profits, data, business or goodwill) in connection with the performance of the Services or otherwise under this Agreement, even if the relevant party has been advised of the likelihood of such damages; and
- (c) in any case the total aggregate liability of EY arising out of or relating to this Agreement or the Services shall be limited to the greater of (i) the total fees paid to EY for the Services and (ii) \$1,000,000. This paragraph (c) shall not limit liability for death, bodily injury, physical damage to tangible property, fraud or wilful misconduct.

For the purposes of this section ("Limitation of Liability"), the term EY includes all other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity.

14. **Global resources** - EY may use the services of personnel from other EY Entities to assist it in providing the Services. EY shall be solely responsible for the performance of the Services and all of the other liabilities and obligations of EY under this Agreement whether or not performed, in whole or part, by EY, any other EY Entity, or any subcontractor or personnel of any EY Entity. Client and its affiliates or other persons or entities for or in respect of which any of the Services are provided shall have no recourse, and shall bring no claim (whether in contract, tort, or otherwise) against any EY Entity other than EY, or against any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity, or any of their respective assets, in connection with the performance of the Services or otherwise under the Agreement. Other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity shall have the express benefit of this section and shall have the right to rely on and enforce any of its terms.



15. **No application** - The preceding two sections (Limitation of Liability, Global Resources) shall not apply to the extent prohibited by applicable law or regulation (including for these purposes applicable rules and interpretations of the US Securities and Exchange Commission relating to auditor independence and any applicable rules or guidance from a provincial Institute/Order of Chartered Accountants having jurisdiction).
16. **Solicitation and hiring of EY personnel** - EY's independence could be compromised if Client were to hire certain EY personnel. Without the prior written consent of EY, Client shall not solicit for employment or for a position on its Board of Directors; nor hire, any current or former partner or professional employee of any of EY, any affiliate thereof or any other EY Entity, if such partner or professional employee has been involved in the performance of any audit, review, attest or assurance service for or relating to Client at any time since the date of filing of Client's most recent financial statements with the relevant securities regulator(s) or stock exchange(s) (or, if Client has not previously filed such financial statements, since the beginning of the most recent fiscal year to be covered by Client's first such financial statements), or in the 12 months preceding that date.
17. **Severability** - In the event any provision of this Agreement is determined to be invalid, illegal or unenforceable, in whole or in part, such provision shall be deemed severed from this Agreement to the extent required and the remainder of this Agreement shall remain in full force and effect.
18. **Legal proceedings** - In the event EY is requested by Client or is required by government regulation, subpoena, or other legal process to produce documents or personnel as witnesses with respect to the engagement for Client, and provided that EY is not a party to the legal proceedings, Client shall reimburse EY for professional time and expenses, as well as the fees and expenses of counsel, incurred in responding to such requests.
19. **LLP status** - EY is a registered limited liability partnership ("LLP") continued under the laws of the province of Ontario and is registered as an extra-provincial LLP in Quebec and other Canadian provinces. Generally, a partner of an LLP has a degree of limited liability protection in that he or she is not personally liable for any debts, obligations or liabilities of the LLP that arise from the negligence of another partner or any person under that partner's direct supervision or control. As an LLP, EY is required to maintain certain insurance. EY's insurance exceeds the mandatory professional liability insurance requirements established by any provincial Institute/Order of Chartered Accountants.



20. **Miscellaneous** - EY shall provide all Services as an independent contractor and nothing shall be construed to create a partnership, joint venture or other relationship between EY and Client. Neither party shall have the right, power or authority to obligate or bind the other in any manner. This Agreement shall not be modified except by written agreement signed by the parties. This Agreement may not be assigned in whole or in part by Client without EY's prior written consent, not to be unreasonably withheld. Any terms and provisions of this Agreement that by their nature operate beyond the term or expiry of this Agreement shall survive the termination or expiry of this Agreement, including without limitation those provisions headed Client Data & Information, Confidentiality, Auditor Oversight, Limitation of Liability, Global Resources, Solicitation & Hiring of EY Personnel, and Legal Proceedings. This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns. The provisions of this Agreement shall operate for the benefit of, and may be enforced by, other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity. This Agreement constitutes the entire agreement between the parties relating to its subject matter and supersedes all prior representations, negotiations and understandings.

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November 17, 2009 short form prospectus engagement letter



Ernst & Young LLP
Chartered Accountants
Pacific Centre
700 West Georgia Street
P.O. Box 20101
Vancouver, British Columbia V7Y 1C7
Tel: 604 891 8200
Fax: 604 643 5422
ey.com/ca

November 17, 2009

Mr. James Hyde
Chair of the Audit Committee
Sino-Forest Corporation
90 Burnhamthorpe Rd W., Suite 1208
Mississauga, ON, L5B 3C3

Re: Short Form Prospectus

This will confirm the engagement of Ernst & Young LLP ("we" or "EY") to perform services in respect of the prospectus for Sino-Forest Corporation (the "Company"). Our partner, Linda Zhu, will have primary responsibility for this engagement.


Management of the Company and the underwriter bear the primary responsibility to ensure the prospectus contains no misrepresentations. Our procedures with respect to this engagement will be performed in accordance with our professional standards as set out in CICA Section 7110 – *Auditor Involvement with Offering Documents of Public and Private Entities*, and other requirements as set out hereunder. These procedures are designed to enable us to issue our consent to the use of our auditors' report to demonstrate to readers that we have been involved with the prospectus. Our consent is to be included in the prospectus.

Audited financial statements

Pursuant to Canadian securities laws, the comparative annual financial statements for the most recently completed financial year are incorporated by reference in the prospectus.

We have audited the balance sheets of the Company as at December 31, 2008 and 2007, and the statements of income and retained earnings, comprehensive income and cash flows for the years then ended. Our report to the shareholders on the comparative annual financial statements for the year ended December 31, 2008 was dated March 13, 2009 and is to be incorporated by reference in the prospectus relating to the offering of common shares of the Company, to be filed by the Company under the Securities Acts of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Quebec and Newfoundland and Labrador (the "Acts").

In order to provide our consent to the use of our auditors' report in the prospectus, it will be necessary for us to perform subsequent events review procedures with respect to the preliminary and final prospectuses and the closing of the offering. This work is expected to be comprised of limited enquiry and review procedures designed to provide assurance that management has identified events arising after the date of the auditors' report in the prospectus that may require an adjustment to, or disclosure in, the audited financial


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statements or other information in the prospectus that is derived from such financial statements. We are also required to update our communications with the Company's legal counsel and obtain representations from management similar to those we customarily receive as part of our annual audit.

Unaudited interim financial statements

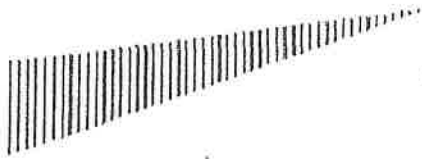
Pursuant to Canadian securities laws, comparative interim financial statements for the most recently completed financial period are incorporated by reference in the prospectus. In order to consent to the use of our auditors' report in the prospectus described above, our professional standards require that we carry out certain procedures including a review of the Company's interim financial statements for the three and nine months ended September 30, 2009 and 2008 and any other interim financial statements that may be issued and incorporated by reference in the prospectus. We have reviewed the interim consolidated financial statement for the three and nine month period ended September 30, 2009 and 2008 and provided our report thereon to the audit committee of Sino-Forest Corporation. In order for the interim financial statements for the three and nine months period ended September 30, 2009 and 2008 to be incorporated by reference in the short form prospectus, we will have to complete additional subsequent event review procedures.

The period covered by the interim financial information is specified by securities legislation. If the final prospectus is delayed, it may be necessary to update the interim financial statements. If such is the case, then we would have to perform additional review procedures on the updated unaudited interim financial statements.

The review procedures we carry out are significantly less extensive than an audit and would not necessarily reveal matters requiring adjustments to or disclosures in the interim financial information. Further, adjustments and disclosures may later be determined to be necessary as a result of our subsequent audit of the 2009 financial statements that include such interim periods. Accordingly, the review procedures do not result in the expression of an audit opinion on the interim financial statements.

If information comes to our attention which leads us to question whether the interim financial statements are materially in error or not in accordance with generally accepted accounting principles, we will inform you and discuss what further action is required.

If as a result of our work we are required to express a reservation in our report on our review of the unaudited interim financial statements to be incorporated by reference in the prospectus, we will provide a written report on our review thereof to be included in the prospectus.

**Other information in the prospectus**

In addition to financial statements, a prospectus includes other financial information and information of a non-financial nature. As such other information may be relevant to the financial statements and our audit or review thereof, we will perform procedures to determine whether this other financial and non-financial information is consistent with the audited and unaudited financial statements in the prospectus in accordance with the guidance in CICA Section 7500.

If we become aware of information that, although not inconsistent with the financial statements, appears to constitute a misrepresentation when reading the prospectus, we will discuss the matter with management or with the Company's legal counsel, with the consent of management. We may wish to receive written confirmation from legal counsel of their view on the matter. In the event that the apparent inconsistency is not resolved to our satisfaction, we will advise the Audit Committee and consider whether our consent may be provided.

Communications required by securities commissions and other parties

We are required by provincial securities legislation to issue the following letters:

Upon filing the preliminary prospectus:

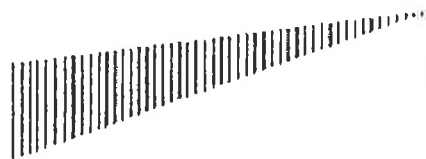
- (i) An unsigned comfort letter addressed to the Directors of the Company and the underwriter expressing assurances with respect to specified financial information included in the prospectus;

Upon filing the final prospectus:

- (i) Consent letters addressed to the securities commissions and the underwriter, in which we give our consent to the use of our report in the prospectus;
- (ii) A comfort letter addressed to the Directors of the Company and the underwriter expressing assurances with respect to specified financial information included in the prospectus;

Upon closing of the prospectus:

- (i) An updated comfort letter addressed to the Directors of the Company and the underwriter.



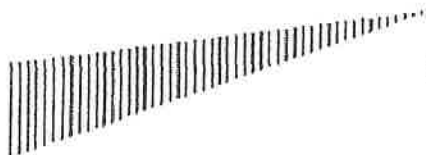
Auditor assistance to the underwriter

As indicated above, in connection with the proposed offering of securities, we understand that the underwriting agreement will provide that we perform certain procedures for the purpose of issuing a comfort letter to the underwriter. The comfort letter would make reference to our auditors' report and our review of the unaudited interim financial statements incorporated by reference in the prospectus, and set out the procedures performed at the underwriter's request and the results of performing those procedures. In addition, we understand that the underwriter may request that we attend a meeting (the "due diligence meeting") at which the underwriter and the underwriter's legal counsel may wish to ask us certain questions, and that you have agreed to grant such a request. We understand that the underwriter is an experienced underwriter and will be carrying out other procedures it deems appropriate to obtain whatever information it believes is necessary to complete its investigation of the financial affairs of the Company. Our audits of the Company's financial statements referred to above were not carried out for the purpose of such investigation, and our auditors' reports, our comfort letter, and the answers that we may give at the due diligence meeting are not to be relied upon for that purpose.

We will provide a comfort letter to the underwriter which we will prepare in accordance with the guidance contained in CICA Section 7200. We will advise you of the matters on which the underwriter is seeking comfort and the procedures they are requesting. As the Company, not the underwriter, will bear the cost of preparing the comfort letter, we will discuss with you the practicality and effectiveness of the requested procedures in providing the desired comfort.

In accordance with professional standards, our audit was carried out solely for the purpose of providing us with sufficient appropriate audit evidence to support our opinion on the financial statements referred to above. There is no assurance that the procedures we perform for purposes of the comfort letter and our responses at the due diligence meeting will address all of the questions that the underwriter and the underwriter's legal counsel may have. You should be aware that there could be sensitive matters that the underwriter and the underwriter's legal counsel may ask us to address either in the comfort letter or during the due diligence meeting that could affect the outcome of the proposed offering of securities. At due diligence meetings we will not respond to underwriters' questions dealing with matters that are generally management's concern or that involve predictions about future events or which are beyond the scope of our practice and personal knowledge. Unless otherwise instructed by you, we shall attempt to perform all of the requested procedures and answer all questions asked at the due diligence meeting.

You acknowledge that we have no responsibility to you if the results of our procedures or our answers to the questions asked at the due diligence meeting result in termination of, or change in, the proposed securities offering or in misuse of any confidential information discussed at the meeting. You also acknowledge that you have requested us to cooperate in



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every way with the underwriter and the underwriter's legal counsel, by performing the requested procedures and by answering any questions they may ask in the due diligence meeting.

You also agree to indemnify and hold harmless all members of the engagement team and Ernst & Young LLP from any claim by the underwriter and the underwriter's legal counsel, or any other third party, that arises as a result of our comfort letter or our attendance at the due diligence meeting and our responses to questions asked at such meeting.

We shall advise the underwriter that information acquired by them in our comfort letter or as a result of our responses to their questions at the due diligence meeting is confidential and is to be used only in connection with the securities offering referred to above. In addition, we will notify the underwriter of our professional standards for participation in a due diligence meeting.

Fees

Our fees will be billed as work progresses are based on the amount of time required. Payment in full should be made within 30 days of the date each billing is received. Hourly rates for our professionals for this engagement, in Canadian dollars, are set out below. All fees and rates quoted excluded applicable taxes. Direct out-of-pocket expenses will be invoiced to you at our cost.

Level	Hourly rate
Partner	\$650
Senior Manager	\$450
Manager	\$350
Senior	\$225
Staff	\$150

Our estimated fees and schedule of performance are based upon, among other things, the assumption that all necessary information will be available to us on a timely basis and that the scope of our services is not expanded beyond those described herein. Should our assumptions with respect to these matters be incorrect or should the condition of the records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates.

We very much appreciate the opportunity to provide services to the Company in respect of the prospectus and would be pleased to furnish any additional information you may request concerning our responsibilities and functions. Please let us know immediately if you have any concerns about the terms of engagement as described in this letter.



Additional terms and conditions are attached and form an integral part of this engagement letter, they govern our respective rights and obligations arising out of this engagement.

To confirm these arrangements as outlined are in accordance with your requirements and are acceptable, please sign one copy of this letter in the space provided and return it to us:

Yours very truly,

Ernst & Young U.K.

Chartered Accountants

Agreed:
Sino-Forest Corporation

by *[Signature]*
Name: Mr. David Forsley
Title: Chief Financial Officer

Acknowledged on behalf of the
Company's Audit Committee:

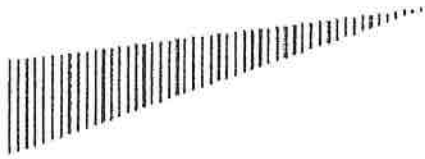
by *[Signature]*
Name: Mr. Jamie Hyde
Title: Chair of the Audit Committee



Terms and conditions

Except as otherwise specifically provided in the engagement letter or contract to which these terms and conditions are attached (collectively, the "Agreement") the following additional terms and conditions shall apply. As used herein "EY" refers to the Canadian firm of Ernst & Young LLP. "EY Entities" means EY, all members of the global Ernst & Young network, Ernst & Young Global Limited, and any of their respective affiliates (and "EY Entity" means any one of them).

1. **Services** - EY shall exercise due professional care and competence in the performance of the services provided pursuant to this Agreement (the "Services").
2. **Unexpected events** - If changes to the scope or timing of any Services are required because of a change in applicable law or professional standards or events beyond a party's reasonable control, but not involving its fault or negligence (any of which, a "Change"), the parties agree to adjust the fees for, and/or timing of, the Services appropriately and, if necessary, Client will obtain Audit Committee approval of such adjustments. Each party shall be excused from default or delay in the performance of its obligations (other than payment obligations) under this Agreement to the extent caused by a Change.
3. **Client data and information** - Client will provide, or cause to be provided, to EY in a timely manner complete and accurate data and information ("Client Data") and access to resources as may be reasonably required by EY to perform the Services. EY may disclose Client Data, including personal information, to other EY Entities for the purposes of (i) rendering the Services, (ii) fulfilling EY Entities' professional obligations to manage conflicts of interest and to maintain auditor independence and (iii) implementing standardized performance recording and documentation systems within the global Ernst & Young network. EY Entities or their service providers may process and store Client Data, which may include personal information, outside of Canada.
4. **Confidentiality** - Subject to the other terms of this Agreement, both Client and EY agree that they will take reasonable steps to maintain the confidentiality of any proprietary or confidential information of the other.
5. **Privacy** - Client confirms to EY that it has obtained any consents that may be required under applicable privacy legislation for any collection, use or disclosure of personal information that is necessary in order for EY to provide the Services. EY shall adhere to applicable privacy legislation when dealing with personal information that was obtained from Client. Personal information is collected, used and disclosed by EY in accordance with EY's privacy policy, which is available at <http://www.ey.com/ca>.

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6. **Auditor oversight** - Client hereby acknowledges that EY may from time to time receive requests or orders from the Canadian Public Accountability Board or from professional, securities or other regulatory or governmental authorities that fulfill similar functions (both in Canada and abroad) to provide them with information and copies of documents in EY's files including EY's working papers, and other work-product relating to Client's affairs. Client consents to EY providing or producing, as applicable, these documents and information without further reference to, or authority from, Client. Except where prohibited by law, if a request or order is directly related to an inspection or investigation of EY's audit of Client, EY will advise Client of the request or order.

When a regulatory authority requests access to EY's working papers and other work-product relating to Client's affairs, EY will, on a reasonable efforts basis, refuse access to any document over which Client has expressly informed EY that Client asserts privilege, except where disclosure of documents is required by law or requested by a provincial Institute/Order of Chartered Accountants pursuant to its statutory authority. Client must mark any document over which it asserts privilege as privileged and inform EY of the grounds for Client's assertion of privilege (such as whether it claims solicitor-Client privilege or litigation privilege).

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9. **Expenses** - Client shall reimburse EY for all reasonable expenses incurred in connection with the performance of the Services. The costs of administrative items such as telephone, research material, facsimile, overnight mail, messenger, administrative support, among others will be billed to Client at 11.5% of EY's fees for professional services. Reasonable and customary out-of-pocket expenses for items such as travel, meals, accommodations and other expenses specifically related to this engagement will also be charged.
10. **Billing and taxes** - Bills including expenses will be rendered on a regular basis as the assignment progresses. Accounts are due when rendered. Interest on overdue accounts is calculated at the rate noted on the invoice commencing 30 days following the date of the invoice. The fees, expenses and other charges payable pursuant to this Agreement do not include taxes or duties. All applicable taxes or duties, whether presently in force or imposed in the future, shall be assumed and paid by Client without deduction from the fees, expenses and charges hereunder.
11. **Governing law** - This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to principles of conflicts of law. The parties hereby irrevocably and unconditionally submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario in connection with any dispute, claim or other matter arising out of or relating to this Agreement or the Services.
12. **EY reports** - EY retains all copyright and other intellectual property rights in everything created by EY before or during the course of an engagement, including all EY reports, advice or other EY communications of any kind ("EY Reports") and all methodologies, tools, systems, software and working papers created by EY. Any EY Reports are intended solely for the purpose described in the engagement letter or contract to which these terms and conditions are attached. Except as otherwise specifically agreed in such engagement letter or contract Client shall not refer to EY or reproduce, quote or refer to any EY Report (or any portion, summary or abstract thereof) in any document filed or distributed in connection with (i) a purchase or sale of securities or (ii) continuous disclosure obligations under applicable securities laws. EY assumes no duty, obligation or responsibility whatsoever to any third parties that obtain access to an EY Report (i.e. parties other than those to whom an EY Report is addressed). Any services or procedures performed for Client will not be planned or conducted (i) in contemplation of reliance by third parties (ii) with respect to any specific transactions contemplated by third parties or (iii) with respect to the interests or requirements of third parties. Client may not rely on any draft EY Report.



13. Limitation of liability - To the fullest extent permitted by law and regardless of whether such liability is based on breach of contract, tort (including negligence), breach of statute, strict liability, failure of essential purpose or otherwise,

- (a) EY's liability shall be several and not joint and several, solidary or in solidum and EY shall only be liable for its proportionate share of any total liability based on degree of fault having regard to the contribution to any loss or damage in question of any other persons responsible and/or liable for such loss and damage;
- (b) in no event shall either party be liable to the other for any consequential, incidental, indirect, punitive or special damages (including loss of profits, data, business or goodwill) in connection with the performance of the Services or otherwise under this Agreement, even if the relevant party has been advised of the likelihood of such damages; and
- (c) in any case the total aggregate liability of EY arising out of or relating to this Agreement or the Services shall be limited to the greater of (i) the total fees paid to EY for the Services and (ii) \$1,000,000. This paragraph (c) shall not limit liability for death, bodily injury, physical damage to tangible property, fraud or wilful misconduct.

For the purposes of this section ("Limitation of Liability"), the term EY includes all other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity.

14. Global resources - EY may use the services of personnel from other EY Entities to assist it in providing the Services. EY shall be solely responsible for the performance of the Services and all of the other liabilities and obligations of EY under this Agreement whether or not performed, in whole or part, by EY, any other EY Entity, or any subcontractor or personnel of any EY Entity. Client and its affiliates or other persons or entities for or in respect of which any of the Services are provided shall have no recourse, and shall bring no claim (whether in contract, tort, or otherwise) against any EY Entity other than EY, or against any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity, or any of their respective assets, in connection with the performance of the Services or otherwise under the Agreement. Other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity shall have the express benefit of this section and shall have the right to rely on and enforce any of its terms.

15. No application - The preceding two sections (Limitation of Liability, Global Resources) shall not apply to the extent prohibited by applicable law or regulation (including for these purposes applicable rules and interpretations of the US Securities and Exchange Commission relating to auditor independence and any applicable rules or guidance from a provincial Institute/Order of Chartered Accountants having jurisdiction).



16. **Solicitation and hiring of EY personnel** - EY's independence could be compromised if Client were to hire certain EY personnel. Without the prior written consent of EY, Client shall not solicit for employment or for a position on its Board of Directors, nor hire, any current or former partner or professional employee of any of EY, any affiliate thereof or any other EY Entity, if such partner or professional employee has been involved in the performance of any audit, review, attest or assurance service for or relating to Client at any time since the date of filing of Client's most recent financial statements with the relevant securities regulator(s) or stock exchange(s) (or, if Client has not previously filed such financial statements, since the beginning of the most recent fiscal year to be covered by Client's first such financial statements), or in the 12 months preceding that date.
17. **Severability** - In the event any provision of this Agreement is determined to be invalid, illegal or unenforceable, in whole or in part, such provision shall be deemed severed from this Agreement to the extent required and the remainder of this Agreement shall remain in full force and effect.
18. **Legal proceedings** - In the event EY is requested by Client or is required by government regulation, subpoena, or other legal process to produce documents or personnel as witnesses with respect to the engagement for Client, and provided that EY is not a party to the legal proceedings, Client shall reimburse EY for professional time and expenses, as well as the fees and expenses of counsel, incurred in responding to such requests.
19. **LLP status** - EY is a registered limited liability partnership ("LLP") continued under the laws of the province of Ontario and is registered as an extra-provincial LLP in Quebec and other Canadian provinces. Generally, a partner of an LLP has a degree of limited liability protection in that he or she is not personally liable for any debts, obligations or liabilities of the LLP that arise from the negligence of another partner or any person under that partner's direct supervision or control. As an LLP, EY is required to maintain certain insurance. EY's insurance exceeds the mandatory professional liability insurance requirements established by any provincial Institute/Order of Chartered Accountants.



20. **Miscellaneous** - EY shall provide all Services as an independent contractor and nothing shall be construed to create a partnership, joint venture or other relationship between EY and Client. Neither party shall have the right, power or authority to obligate or bind the other in any manner. This Agreement shall not be modified except by written agreement signed by the parties. This Agreement may not be assigned in whole or in part by Client without EY's prior written consent, not to be unreasonably withheld. Any terms and provisions of this Agreement that by their nature operate beyond the term or expiry of this Agreement shall survive the termination or expiry of this Agreement, including without limitation those provisions headed Client Data & Information, Confidentiality, Auditor Oversight, Limitation of Liability, Global Resources, Solicitation & Hiring of EY Personnel, and Legal Proceedings. This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns. The provisions of this Agreement shall operate for the benefit of, and may be enforced by, other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity. This Agreement constitutes the entire agreement between the parties relating to its subject matter and supersedes all prior representations, negotiations and understandings.

**November 17, 2009 offering memorandum engagement letter for
Convertible Senior Notes due 2016**



Ernst & Young LLP
Chartered Accountants
Pacific Centre
700 West Georgia Street
P.O. Box 10101
Vancouver, British Columbia V7Y 1C7
Tel: 604 891 3205
Fax: 604 643 6422
ey.com/ca

November 17, 2009

Mr. James Hyde
Chair of the Audit Committee
Sino-Forest Corporation
90 Burnhamthorpe Rd W., Suite 1208
Mississauga, ON, L5B 3C3

Re: Offering Memorandum

This will confirm the engagement of Ernst & Young LLP ("we" or "EY") to perform services in respect of the offering memorandum for convertible senior notes of Sino-Forest Corporation (the "Company"). Our partner, Linda Zhu, will have primary responsibility for this engagement.

Management of the Company and the underwriter bear the primary responsibility to ensure the offering memorandum contains no misrepresentations. Our procedures with respect to this engagement will be performed in accordance with our professional standards as set out in CICA Section 7110 – *Auditor Involvement with Offering Documents of Public and Private Entities*, and other requirements as set out hereunder. These procedures are designed to enable us to issue our consent to the use of our auditors' report to demonstrate to readers that we have been involved with the offering document.

Audited financial statements

We have audited the balance sheets of the Company as at December 31, 2008 and 2007, and the statements of income and retained earnings, comprehensive income and cash flows for the years then ended. Our report to the shareholders on the comparative annual financial statements for the year ended December 31, 2008 was dated March 13, 2009 and is to be incorporated by reference in the offering memorandum relating to the offering and issue of convertible senior notes of the Company. Our report to the directors of the company on the 2007 financial statements dated March 12, 2008 except as to notes 2, 18 and 23 which are as of July 17, 2008 will also be incorporated by reference in the offering memorandum, to be filed by the Company under the securities legislations of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

In order to provide our consent to the use of our auditors' report in the offering memorandum, it will be necessary for us to perform subsequent events review procedures with respect to the preliminary and final offering memorandum and the closing of the offering. This work is expected to be comprised of limited enquiry and review procedures designed to provide assurance that management has identified events arising after the date of the auditors' report in the offering memorandum that may require an adjustment to, or disclosure in, the audited financial statements or other information in the offering memorandum that is derived from such financial statements. We are also required to update our communications with the Company's legal counsel and obtain representations from management similar to those we customarily receive as part of our annual audit.

Ernst & Young LLP

FEB 10 2010



Unaudited interim financial statements

Comparative interim financial statements for the most recently completed financial period are incorporated by reference in the offering memorandum. In order to consent to the use of our auditors' report in the offering memorandum described above, our professional standards require that we carry out certain procedures including a review of the Company's interim financial statements for the three and nine months ended September 30, 2009 and 2008 and any other interim financial statements that may be issued and incorporated by reference in the offering memorandum. We have reviewed the interim consolidated financial statement for the three and nine month period ended September 30, 2009 and 2008 and provided our report thereon to the audit committee of Sino-Forest Corporation. In order for the interim financial statements for the three and nine months period ended September 30, 2009 and 2008 to be incorporated by reference in the offering memorandum, we will have to complete additional subsequent event review procedures.

If the final offering memorandum is delayed, the company may determine that it is necessary to update the interim financial statements. If such is the case, then we would have to perform additional review procedures on the updated unaudited interim financial statements.

The review procedures we carry out are significantly less extensive than an audit and would not necessarily reveal matters requiring adjustments to or disclosures in the interim financial information. Further, adjustments and disclosures may later be determined to be necessary as a result of our subsequent audit of the 2009 financial statements that include such interim periods. Accordingly, the review procedures do not result in the expression of an audit opinion on the interim financial statements.

If information comes to our attention which leads us to question whether the interim financial statements are materially in error or not in accordance with generally accepted accounting principles, we will inform you and discuss what further action is required.

If as a result of our work we are required to express a reservation in our report on our review of the unaudited interim financial statements to be incorporated by reference in the offering memorandum, we will provide a written report on our review thereof to be included in the offering memorandum.

Other information in the offering memorandum

In addition to financial statements, the offering memorandum includes other financial information and information of a non-financial nature. As such other information may be relevant to the financial statements and our audit or review thereof, we will perform procedures to determine whether this other financial and non-financial information is consistent with the audited and unaudited financial statements in the offering memorandum in accordance with the guidance in CICA Section 7500.

If we become aware of information that, although not inconsistent with the financial statements, appears to constitute a misrepresentation when reading the offering memorandum, we will discuss the matter with management or with the Company's legal counsel, with the consent of management. We may wish to receive written confirmation from legal counsel of their view on the matter. In the



event that the apparent inconsistency is not resolved to our satisfaction, we will advise the Audit Committee and consider whether our consent may be provided.

Communications required by other parties

Upon the request of the underwriter, we will issue the following letters:

Upon filing the preliminary offering memorandum:

- An unsigned comfort letter addressed to the Directors of the Company and the underwriter expressing assurances with respect to specified financial information included in the offering memorandum.

Upon filing the final offering memorandum:

- Consent letters addressed to the underwriter, in which we give our consent to the use of our report in the offering memorandum.
- A comfort letter addressed to the Directors of the Company and the underwriter expressing assurances with respect to specified financial information included in the offering memorandum.

Upon closing of the offering:

- An updated comfort letter addressed to the Directors of the Company and the underwriter.

**Auditor assistance to the underwriter**

We understand that the underwriter wishes for us to perform certain procedures for the purpose of issuing a comfort letter to the underwriter relating to the offering memorandum. The comfort letter would make reference to our auditors' report and our review of the unaudited interim financial statements incorporated by reference in the offering memorandum, and set out the procedures performed at the underwriter's request and the results of performing those procedures.

We will provide a comfort letter to the underwriter which we will prepare in accordance with the guidance contained in CICA Section 7200, subject to our receipt of a letter of representation from the underwriter regarding the offering memorandum which is satisfactory to us. We will advise you of the matters on which the underwriter is seeking comfort and the procedures they are requesting. As the Company, not the underwriter, will bear the cost of preparing the comfort letter, we will discuss with you the practicality and effectiveness of the requested procedures in providing the desired comfort.

In accordance with professional standards, our audit was carried out solely for the purpose of providing us with sufficient appropriate audit evidence to support our opinion on the financial statements referred to above. There is no assurance that the procedures we perform for purposes of the comfort letter will address all of the questions that the underwriter and the underwriter's legal counsel may have. You should be aware that there could be sensitive matters that the underwriter and the underwriter's legal counsel may ask us to address in the comfort letter that could affect the outcome of the proposed offering of the convertible senior notes.

You acknowledge that we have no responsibility to you if the results of our procedures result in termination of, or change in, the proposed convertible senior notes offering. You also acknowledge that you have requested us to cooperate in every way with the underwriter and the underwriter's legal counsel, by performing the requested procedures.

You also agree to indemnify and hold harmless all members of the engagement team and Ernst & Young LLP from any claim by the underwriter and the underwriter's legal counsel, or any other third party, that arises as a result of our comfort letter.

We shall advise the underwriter that information acquired by them in our comfort letter is confidential and is to be used only in connection with the convertible senior notes offering referred to above.



Fees

Our fees will be billed as work progresses are based on the amount of time required. Payment in full should be made within 30 days of the date each billing is received. Hourly rates for our professionals for this engagement, in Canadian dollars, are set out below. All fees and rates quoted excluded applicable taxes. Direct out-of-pocket expenses will be invoiced to you at our cost.

Level	Hourly rate
Partner	\$650
Senior Manager	\$450
Manager	\$350
Senior	\$225
Staff	\$150

Our estimated fees and schedule of performance are based upon, among other things, the assumption that all necessary information will be available to us on a timely basis and that the scope of our services is not expanded beyond those described herein. Should our assumptions with respect to these matters be incorrect or should the condition of the records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates.

We very much appreciate the opportunity to provide services to the Company in respect of the offering memorandum and would be pleased to furnish any additional information you may request concerning our responsibilities and functions. Please let us know immediately if you have any concerns about the terms of engagement as described in this letter.

Additional terms and conditions are attached and form an integral part of this engagement letter; they govern our respective rights and obligations arising out of this engagement.



INTERNATIONAL EXEMPT OFFERING MEMORANDUM

To confirm these arrangements as outlined are in accordance with your requirements and are acceptable, please sign one copy of this letter in the space provided and return it to us.

Yours very truly,

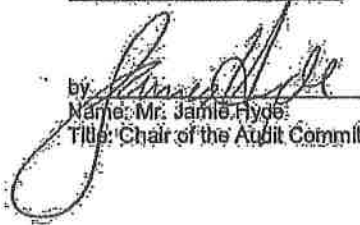
Ernst & Young LLP

Chartered Accountants

Agreed:
Sino-Forest Corporation

by 
Name: Mr. David Horsley
Title: Chief Financial Officer

Acknowledged on behalf of the
Company's Audit Committee:

by 
Name: Mr. Jamie Hyde
Title: Chair of the Audit Committee



Terms and Conditions

Except as otherwise specifically provided in the engagement letter or contract to which these terms and conditions are attached (collectively, the "Agreement") the following additional terms and conditions shall apply. As used herein "EY" refers to the Canadian firm of Ernst & Young LLP. "EY Entities" means EY, all members of the global Ernst & Young network, Ernst & Young Global Limited, and any of their respective affiliates (and "EY Entity" means any one of them).

1. **Services** - EY shall exercise due professional care and competence in the performance of the services provided pursuant to this Agreement (the "Services").
2. **Unexpected events** - If changes to the scope or timing of any Services are required because of a change in applicable law or professional standards or events beyond a party's reasonable control, but not involving its fault or negligence (any of which, a "Change"), the parties agree to adjust the fees for, and/or timing of, the Services appropriately and, if necessary, Client will obtain Audit Committee approval of such adjustments. Each party shall be excused from default or delay in the performance of its obligations (other than payment obligations) under this Agreement to the extent caused by a Change.
3. **Client data and information** - Client will provide, or cause to be provided, to EY in a timely manner complete and accurate data and information ("Client Data") and access to resources as may be reasonably required by EY to perform the Services. EY may disclose Client Data, including personal information, to other EY Entities for the purposes of (i) rendering the Services, (ii) fulfilling EY Entities' professional obligations to manage conflicts of interest and to maintain auditor independence and (iii) implementing standardized performance recording and documentation systems within the global Ernst & Young network. EY Entities or their service providers may process and store Client Data, which may include personal information, outside of Canada.
4. **Confidentiality** - Subject to the other terms of this Agreement, both Client and EY agree that they will take reasonable steps to maintain the confidentiality of any proprietary or confidential information of the other.
5. **Privacy** - Client confirms to EY that it has obtained any consents that may be required under applicable privacy legislation for any collection, use or disclosure of personal information that is necessary in order for EY to provide the Services. EY shall adhere to applicable privacy legislation when dealing with personal information that was obtained from Client. Personal information is collected, used and disclosed by EY in accordance with EY's privacy policy, which is available at <http://www.ey.com/ca>.
6. **Auditor oversight** - Client hereby acknowledges that EY may from time to time receive requests or orders from the Canadian Public Accountability Board or from professional, securities or other regulatory or governmental authorities that fulfill similar functions (both in Canada and abroad) to provide them with information and copies of documents in EY's files including EY's working papers, and other work-product relating to Client's affairs. Client consents to EY providing or producing, as applicable, these documents and information without further reference to, or

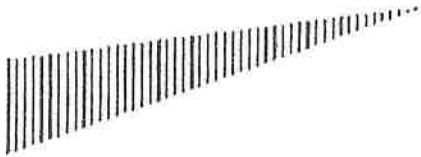


authority from, Client. Except where prohibited by law, if a request or order is directly related to an inspection or investigation of EY's audit of Client, EY will advise Client of the request or order.

When a regulatory authority requests access to EY's working papers and other work-product relating to Client's affairs, EY will, on a reasonable efforts basis, refuse access to any document over which Client has expressly informed EY that Client asserts privilege, except where disclosure of documents is required by law or requested by a provincial Institute/Order of Chartered Accountants pursuant to its statutory authority. Client must mark any document over which it asserts privilege as privileged and inform EY of the grounds for Client's assertion of privilege (such as whether it claims solicitor-Client privilege or litigation privilege).

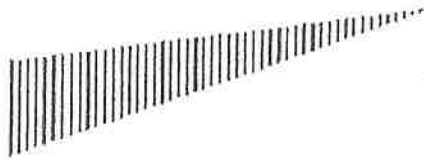
EY will also be required to provide information relating to the fees that EY collects from Client for the provision of audit services, other accounting services and non-audit services.

7. **Internet communications** - Unless otherwise agreed with Client, EY and other EY Entities may correspond by means of the Internet or other electronic media or provide information to Client in electronic form. There are inherent risks associated with the electronic transmission of information on the Internet or otherwise. EY cannot guarantee the security and integrity of any electronic communications sent or received in relation to this engagement and cannot guarantee that transmissions or other electronic information will be free from infection by viruses or other forms of malicious software.
8. **Right to terminate services** - Subject to any applicable professional standards and legislation, either party may terminate this Agreement, with or without cause, by providing written notice to the other party. In the event of early termination, for whatever reason, Client will be invoiced for time and expenses incurred up to the end of the notice period together with reasonable time and expenses incurred to bring the engagement to a close in a prompt and orderly manner. EY shall also have the right, upon 7 days prior notice, to suspend performance of the Services in the event Client fails to pay any amount required to be paid under this Agreement.
9. **Expenses** - Client shall reimburse EY for all reasonable expenses incurred in connection with the performance of the Services. The costs of administrative items such as telephone, research material, facsimile, overnight mail, messenger, administrative support, among others will be billed to Client at 11.5% of EY's fees for professional services. Reasonable and customary out-of-pocket expenses for items such as travel, meals, accommodations and other expenses specifically related to this engagement will also be charged.
10. **Billing and taxes** - Bills including expenses will be rendered on a regular basis as the assignment progresses. Accounts are due when rendered. Interest on overdue accounts is calculated at the rate noted on the invoice commencing 30 days following the date of the invoice. The fees, expenses and other charges payable pursuant to this Agreement do not include taxes or duties. All applicable taxes or duties, whether presently in force or imposed in the future, shall be assumed and paid by Client without deduction from the fees, expenses and charges hereunder.



11. **Governing law** - This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to principles of conflicts of law. The parties hereby irrevocably and unconditionally submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario in connection with any dispute, claim or other matter arising out of or relating to this Agreement or the Services.
12. **EY reports** - EY retains all copyright and other intellectual property rights in everything created by EY before or during the course of an engagement, including all EY reports, advice or other EY communications of any kind ("EY Reports") and all methodologies, tools, systems, software and working papers created by EY. Any EY Reports are intended solely for the purpose described in the engagement letter or contract to which these terms and conditions are attached. Except as otherwise specifically agreed in such engagement letter or contract Client shall not refer to EY or reproduce, quote or refer to any EY Report (or any portion, summary or abstract thereof) in any document filed or distributed in connection with (i) a purchase or sale of securities or (ii) continuous disclosure obligations under applicable securities laws. EY assumes no duty, obligation or responsibility whatsoever to any third parties that obtain access to an EY Report (i.e. parties other than those to whom an EY Report is addressed). Any services or procedures performed for Client will not be planned or conducted (i) in contemplation of reliance by third parties (ii) with respect to any specific transactions contemplated by third parties or (iii) with respect to the interests or requirements of third parties. Client may not rely on any draft EY Report.
13. **Limitation of liability** - To the fullest extent permitted by law and regardless of whether such liability is based on breach of contract, tort (including negligence), breach of statute, strict liability, failure of essential purpose or otherwise,
- (a) EY's liability shall be several and not joint and several, solidary or in solidum and EY shall only be liable for its proportionate share of any total liability based on degree of fault having regard to the contribution to any loss or damage in question of any other persons responsible and/or liable for such loss and damage;
 - (b) in no event shall either party be liable to the other for any consequential, incidental, indirect, punitive or special damages (including loss of profits, data, business or goodwill) in connection with the performance of the Services or otherwise under this Agreement, even if the relevant party has been advised of the likelihood of such damages; and
 - (c) in any case the total aggregate liability of EY arising out of or relating to this Agreement or the Services shall be limited to the greater of (i) the total fees paid to EY for the Services and (ii) \$1,000,000. This paragraph (c) shall not limit liability for death, bodily injury, physical damage to tangible property, fraud or wilful misconduct.

For the purposes of this section ("Limitation of Liability"), the term EY includes all other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity.



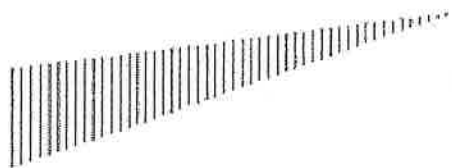
14. **Global resources** - EY may use the services of personnel from other EY Entities to assist it in providing the Services. EY shall be solely responsible for the performance of the Services and all of the other liabilities and obligations of EY under this Agreement whether or not performed, in whole or part, by EY, any other EY Entity, or any subcontractor or personnel of any EY Entity. Client and its affiliates or other persons or entities for or in respect of which any of the Services are provided shall have no recourse, and shall bring no claim (whether in contract, tort, or otherwise) against any EY Entity other than EY, or against any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity, or any of their respective assets, in connection with the performance of the Services or otherwise under the Agreement. Other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity shall have the express benefit of this section and shall have the right to rely on and enforce any of its terms.
15. **No application** - The preceding two sections (Limitation of Liability, Global Resources) shall not apply to the extent prohibited by applicable law or regulation (including for these purposes applicable rules and interpretations of the US Securities and Exchange Commission relating to auditor independence and any applicable rules or guidance from a provincial Institute/Order of Chartered Accountants having jurisdiction).
16. **Solicitation and hiring of EY personnel** - EY's independence could be compromised if Client were to hire certain EY personnel. Without the prior written consent of EY, Client shall not solicit for employment or for a position on its Board of Directors, nor hire, any current or former partner or professional employee of any of EY, any affiliate thereof or any other EY Entity, if such partner or professional employee has been involved in the performance of any audit, review, attest or assurance service for or relating to Client at any time since the date of filing of Client's most recent financial statements with the relevant securities regulator(s) or stock exchange(s) (or, if Client has not previously filed such financial statements, since the beginning of the most recent fiscal year to be covered by Client's first such financial statements), or in the 12 months preceding that date.
17. **Severability** - In the event any provision of this Agreement is determined to be invalid, illegal or unenforceable, in whole or in part, such provision shall be deemed severed from this Agreement to the extent required and the remainder of this Agreement shall remain in full force and effect.
18. **Legal proceedings** - In the event EY is requested by Client or is required by government regulation, subpoena, or other legal process to produce documents or personnel as witnesses with respect to the engagement for Client, and provided that EY is not a party to the legal proceedings, Client shall reimburse EY for professional time and expenses, as well as the fees and expenses of counsel, incurred in responding to such requests.
19. **LLP status** - EY is a registered limited liability partnership ("LLP") continued under the laws of the province of Ontario and is registered as an extra-provincial LLP in Quebec and other Canadian provinces. Generally, a partner of an LLP has a degree of limited liability protection in that he or she is not personally liable for any debts, obligations or liabilities of the LLP that arise from the negligence of another partner or any person under that partner's direct supervision or control. As an LLP, EY is required to maintain certain insurance. EY's insurance exceeds the



mandatory professional liability insurance requirements established by any provincial Institute/Order of Chartered Accountants.

20. **Miscellaneous** - EY shall provide all Services as an independent contractor and nothing shall be construed to create a partnership, joint venture or other relationship between EY and Client. Neither party shall have the right, power or authority to obligate or bind the other in any manner. This Agreement shall not be modified except by written agreement signed by the parties. This Agreement may not be assigned in whole or in part by Client without EY's prior written consent, not to be unreasonably withheld. Any terms and provisions of this Agreement that by their nature operate beyond the term or expiry of this Agreement shall survive the termination or expiry of this Agreement, including without limitation those provisions headed Client Data & Information, Confidentiality, Auditor Oversight, Limitation of Liability, Global Resources, Solicitation & Hiring of EY Personnel, and Legal Proceedings. This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns. The provisions of this Agreement shall operate for the benefit of, and may be enforced by, other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity. This Agreement constitutes the entire agreement between the parties relating to its subject matter and supersedes all prior representations, negotiations and understandings.

**November 17, 2009 International Exempt Offering
Memorandum engagement letter**



ERNST & YOUNG

Ernst & Young LLP
Chartered Accountants
Pacific Centre
700 West Georgia Street
P.O. Box 20101
Vancouver, British Columbia V7Y 1C7
Tel: 604 891 2200
Fax: 604 643 3422
ey.com/ca

November 17, 2009

Mr. James Hyde
Chair of the Audit Committee
Sino-Forest Corporation
90 Burnhamthorpe Rd W., Suite 1208
Mississauga, ON, L5B 3C3

Re: International Exempt Offering Memorandum ("Offering Memorandum")


This will confirm the engagement of Ernst & Young LLP ("we" or "EY") to perform services in respect of the Offering Memorandum for Sino-Forest Corporation (the "Company") for the purposes of the international offering of common shares outside of Canada (the "Offering Memorandum"). Our partner, Linda Zhu, will have primary responsibility for this engagement.

Management of the Company and the underwriter bear the primary responsibility to ensure the Offering Memorandum contains no misrepresentations. Our procedures with respect to this engagement will be performed in accordance with our professional standards as set out in CICA Section 7110 – *Auditor Involvement with Offering Documents of Public and Private Entities*, and other requirements as set out hereunder. These procedures are designed to enable us to issue our consent to the use of our auditors' report to demonstrate to readers that we have been involved with the Offering Memorandum. Our consent is to be included in the Offering Memorandum.

Audited financial statements

We have audited the balance sheets of the Company as at December 31, 2008 and 2007, and the statements of income and retained earnings, comprehensive income and cash flows for the years then ended. Our report to the shareholders on the comparative annual financial statements for the year ended December 31, 2008 was dated March 13, 2009 and is to be incorporated by reference in the Offering Memorandum. Our report to the directors of the company on the 2007 financial statements dated March 12, 2008 except as to notes 2, 18 and 23 which are as of July 17, 2008 will also be incorporated by reference in the Offering Memorandum.

In order to provide our consent to the use of our auditors' reports in the Offering Memorandum, it will be necessary for us to perform subsequent events review procedures with respect to the Offering Memorandum and any updates thereof, and the closing of the offering. This work is expected to be comprised of limited enquiry and review procedures designed to provide assurance that management has identified events arising after the date of the auditors' reports in the Offering Memorandum that may require an adjustment to, or disclosure in, the audited financial statements or other information in the Offering


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Approved for use of Ernst & Young LLP
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Memorandum that is derived from such financial statements. We are also required to update our communications with the Company's legal counsel and obtain representations from management similar to those we customarily receive as part of our annual audit.

Unaudited interim financial statements

Comparative interim financial statements for the most recently completed financial period are incorporated by reference in the Offering Memorandum. In order to consent to the use of our auditors' report in the Offering Memorandum described above, our professional standards require that we carry out certain procedures including a review of the Company's interim financial statements for the three and nine months ended September 30, 2009 and 2008 and any other interim financial statements that may be issued and incorporated by reference in the Offering Memorandum. We have reviewed the interim consolidated financial statement for the three and nine month period ended September 30, 2009 and 2008 and provided our report thereon to the audit committee of Sino-Forest Corporation. In order for the interim financial statements for the three and nine months period ended September 30, 2009 and 2008 to be incorporated by reference in the Offering Memorandum, we will have to complete additional subsequent event review procedures.

If the final Offering Memorandum is delayed, the company may determine that it is necessary to update the interim financial statements. If such is the case, then we would have to perform additional review procedures on the updated unaudited interim financial statements.

The review procedures we carry out are significantly less extensive than an audit and would not necessarily reveal matters requiring adjustments to or disclosures in the interim financial information. Further, adjustments and disclosures may later be determined to be necessary as a result of our subsequent audit of the 2009 financial statements that include such interim periods. Accordingly, the review procedures do not result in the expression of an audit opinion on the interim financial statements.

If information comes to our attention which leads us to question whether the interim financial statements are materially in error or not in accordance with generally accepted accounting principles, we will inform you and discuss what further action is required.

If as a result of our work we are required to express a reservation in our report on our review of the unaudited interim financial statements to be incorporated by reference in the Offering Memorandum, we will provide a written report on our review thereof to be included in the Offering Memorandum.



Other information in the Offering Memorandum

In addition to financial statements, the Offering Memorandum includes other financial information and information of a non-financial nature. As such other information may be relevant to the financial statements and our audit or review thereof, we will perform procedures to determine whether this other financial and non-financial information is consistent with the audited and unaudited financial statements in the Offering Memorandum in accordance with the guidance in CICA Section 7500.

If we become aware of information that, although not inconsistent with the financial statements, appears to constitute a misrepresentation when reading the Offering Memorandum, we will discuss the matter with management or with the Company's legal counsel, with the consent of management. We may wish to receive written confirmation from legal counsel of their view on the matter. In the event that the apparent inconsistency is not resolved to our satisfaction, we will advise the Audit Committee and consider whether our consent may be provided.

Communications required by other parties

Upon the request of the underwriter, we will issue the following letters:

Upon filing the preliminary prospectus:

- (i) An unsigned comfort letter addressed to the Directors of the Company and the underwriter expressing assurances with respect to specified financial information included in the Offering Memorandum;

Upon filing the final prospectus:

- (i) Consent letters addressed to the underwriter, in which we give our consent to the use of our report in the Offering Memorandum;
- (ii) A comfort letter addressed to the Directors of the Company and the underwriter expressing assurances with respect to specified financial information included in the Offering Memorandum;

Upon closing of the prospectus:

- (i) An updated comfort letter addressed to the Directors of the Company and the underwriter.



Auditor assistance to the underwriter

We understand that the underwriter wishes for us to perform certain procedures for the purpose of issuing a comfort letter to the underwriter relating to the Offering Memorandum. The comfort letter would make reference to our auditors' report and our review of the unaudited interim financial statements incorporated by reference in the Offering Memorandum, and set out the procedures performed at the underwriter's request and the results of performing those procedures.

We will provide a comfort letter to the underwriter which we will prepare in accordance with the guidance contained in CICA Section 7200, subject to our receipt of a letter of representation from the underwriter regarding the Offering Memorandum which is satisfactory to us. We will advise you of the matters on which the underwriter is seeking comfort and the procedures they are requesting. As the Company, not the underwriter, will bear the cost of preparing the comfort letter, we will discuss with you the practicality and effectiveness of the requested procedures in providing the desired comfort.

In accordance with professional standards, our audit was carried out solely for the purpose of providing us with sufficient appropriate audit evidence to support our opinion on the financial statements referred to above. There is no assurance that the procedures we perform for purposes of the comfort letter will address all of the questions that the underwriter and the underwriter's legal counsel may have. You should be aware that there could be sensitive matters that the underwriter and the underwriter's legal counsel may ask us to address in the comfort letter that could affect the outcome of the proposed offering of securities.

You acknowledge that we have no responsibility to you if the results of our procedures result in termination of, or change in, the proposed securities offering. You also acknowledge that you have requested us to cooperate in every way with the underwriter and the underwriter's legal counsel, by performing the requested procedures.

You also agree to indemnify and hold harmless all members of the engagement team and Ernst & Young LLP from any claim by the underwriter and the underwriter's legal counsel, or any other third party, that arises as a result of our comfort letter.

We shall advise the underwriter that information acquired by them in our comfort letter is confidential and is to be used only in connection with the securities offering referred to above.



Fees

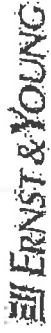
Our fees will be billed as work progresses are based on the amount of time required. Payment in full should be made within 30 days of the date each billing is received. Hourly rates for our professionals for this engagement, in Canadian dollars, are set out below. All fees and rates quoted excluded applicable taxes. Direct out-of-pocket expenses will be invoiced to you at our cost.

Level	Hourly rate
Partner	\$650
Senior Manager	\$450
Manager	\$350
Senior	\$225
Staff	\$150

Our estimated fees and schedule of performance are based upon, among other things, the assumption that all necessary information will be available to us on a timely basis and that the scope of our services is not expanded beyond those described herein. Should our assumptions with respect to these matters be incorrect or should the condition of the records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates.

We very much appreciate the opportunity to provide services to the Company in respect of the Offering Memorandum and would be pleased to furnish any additional information you may request concerning our responsibilities and functions. Please let us know immediately if you have any concerns about the terms of engagement as described in this letter.

Additional terms and conditions are attached and form an integral part of this engagement letter; they govern our respective rights and obligations arising out of this engagement.



Offering Memorandum


To confirm these arrangements as outlined are in accordance with your requirements and are acceptable, please sign one copy of this letter in the space provided and return it to us.

Yours very truly,

Ernst & Young LLP

Chartered Accountants

Agreed:
Sino-Forest Corporation

by 
Name: Mr David Horsley
Title: Chief Financial Officer

I have the authority to bind the Company.

Acknowledged on behalf of the
Company's Audit Committee:

by 
Name: Mr. Jamie Hyde
Title: Chair of the Audit Committee


NOV 23 2009



Terms and conditions

Except as otherwise specifically provided in the engagement letter or contract to which these terms and conditions are attached (collectively, the "Agreement") the following additional terms and conditions shall apply. As used herein "EY" refers to the Canadian firm of Ernst & Young LLP. "EY Entities" means EY, all members of the global Ernst & Young network, Ernst & Young Global Limited, and any of their respective affiliates (and "EY Entity" means any one of them).

1. **Services** - EY shall exercise due professional care and competence in the performance of the services provided pursuant to this Agreement (the "Services").
2. **Unexpected events** - If changes to the scope or timing of any Services are required because of a change in applicable law or professional standards or events beyond a party's reasonable control, but not involving its fault or negligence (any of which, a "Change"), the parties agree to adjust the fees for, and/or timing of, the Services appropriately and, if necessary, Client will obtain Audit Committee approval of such adjustments. Each party shall be excused from default or delay in the performance of its obligations (other than payment obligations) under this Agreement to the extent caused by a Change.
3. **Client data and information** - Client will provide, or cause to be provided, to EY in a timely manner complete and accurate data and information ("Client Data") and access to resources as may be reasonably required by EY to perform the Services. EY may disclose Client Data, including personal information, to other EY Entities for the purposes of (i) rendering the Services, (ii) fulfilling EY Entities' professional obligations to manage conflicts of interest and to maintain auditor independence and (iii) implementing standardized performance recording and documentation systems within the global Ernst & Young network. EY Entities or their service providers may process and store Client Data, which may include personal information, outside of Canada.
4. **Confidentiality** - Subject to the other terms of this Agreement, both Client and EY agree that they will take reasonable steps to maintain the confidentiality of any proprietary or confidential information of the other.
5. **Privacy** - Client confirms to EY that it has obtained any consents that may be required under applicable privacy legislation for any collection, use or disclosure of personal information that is necessary in order for EY to provide the Services. EY shall adhere to applicable privacy legislation when dealing with personal information that was obtained from Client. Personal information is collected, used and disclosed by EY in accordance with EY's privacy policy, which is available at <http://www.ey.com/ca>.



6. **Auditor oversight** - Client hereby acknowledges that EY may from time to time receive requests or orders from the Canadian Public Accountability Board or from professional, securities or other regulatory or governmental authorities that fulfill similar functions (both in Canada and abroad) to provide them with information and copies of documents in EY's files including EY's working papers, and other work-product relating to Client's affairs. Client consents to EY providing or producing, as applicable, these documents and information without further reference to, or authority from, Client. Except where prohibited by law, if a request or order is directly related to an inspection or investigation of EY's audit of Client, EY will advise Client of the request or order.

When a regulatory authority requests access to EY's working papers and other work-product relating to Client's affairs, EY will, on a reasonable efforts basis, refuse access to any document over which Client has expressly informed EY that Client asserts privilege, except where disclosure of documents is required by law or requested by a provincial Institute/Order of Chartered Accountants pursuant to its statutory authority. Client must mark any document over which it asserts privilege as privileged and inform EY of the grounds for Client's assertion of privilege (such as whether it claims solicitor-Client privilege or litigation privilege).

EY will also be required to provide information relating to the fees that EY collects from Client for the provision of audit services, other accounting services and non-audit services.

7. **Internet communications** - Unless otherwise agreed with Client, EY and other EY Entities may correspond by means of the Internet or other electronic media or provide information to Client in electronic form. There are inherent risks associated with the electronic transmission of information on the Internet or otherwise. EY cannot guarantee the security and integrity of any electronic communications sent or received in relation to this engagement and cannot guarantee that transmissions or other electronic information will be free from infection by viruses or other forms of malicious software.
8. **Right to terminate services** - Subject to any applicable professional standards and legislation, either party may terminate this Agreement, with or without cause, by providing written notice to the other party. In the event of early termination, for whatever reason, Client will be invoiced for time and expenses incurred up to the end of the notice period together with reasonable time and expenses incurred to bring the engagement to a close in a prompt and orderly manner. EY shall also have the right, upon 7 days prior notice, to suspend performance of the Services in the event Client fails to pay any amount required to be paid under this Agreement.



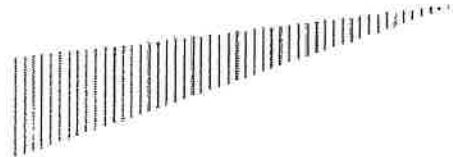
9. **Expenses** - Client shall reimburse EY for all reasonable expenses incurred in connection with the performance of the Services. The costs of administrative items such as telephone, research material, facsimile, overnight mail, messenger, administrative support, among others will be billed to Client at 11.5% of EY's fees for professional services. Reasonable and customary out-of-pocket expenses for items such as travel, meals, accommodations and other expenses specifically related to this engagement will also be charged.
10. **Billing and taxes** - Bills including expenses will be rendered on a regular basis as the assignment progresses. Accounts are due when rendered. Interest on overdue accounts is calculated at the rate noted on the invoice commencing 30 days following the date of the invoice. The fees, expenses and other charges payable pursuant to this Agreement do not include taxes or duties. All applicable taxes or duties, whether presently in force or imposed in the future, shall be assumed and paid by Client without deduction from the fees, expenses and charges hereunder.
11. **Governing law** - This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to principles of conflicts of law. The parties hereby irrevocably and unconditionally submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario in connection with any dispute, claim or other matter arising out of or relating to this Agreement or the Services.
12. **EY reports** - EY retains all copyright and other intellectual property rights in everything created by EY before or during the course of an engagement, including all EY reports, advice or other EY communications of any kind ("EY Reports") and all methodologies, tools, systems, software and working papers created by EY. Any EY Reports are intended solely for the purpose described in the engagement letter or contract to which these terms and conditions are attached. Except as otherwise specifically agreed in such engagement letter or contract Client shall not refer to EY or reproduce, quote or refer to any EY Report (or any portion, summary or abstract thereof) in any document filed or distributed in connection with (i) a purchase or sale of securities or (ii) continuous disclosure obligations under applicable securities laws. EY assumes no duty, obligation or responsibility whatsoever to any third parties that obtain access to an EY Report (i.e. parties other than those to whom an EY Report is addressed). Any services or procedures performed for Client will not be planned or conducted (i) in contemplation of reliance by third parties (ii) with respect to any specific transactions contemplated by third parties or (iii) with respect to the interests or requirements of third parties. Client may not rely on any draft EY Report.



13. **Limitation of liability** - To the fullest extent permitted by law and regardless of whether such liability is based on breach of contract, tort (including negligence), breach of statute, strict liability, failure of essential purpose or otherwise,
- (a) EY's liability shall be several and not joint and several, solidary or in solidum and EY shall only be liable for its proportionate share of any total liability based on degree of fault having regard to the contribution to any loss or damage in question of any other persons responsible and/or liable for such loss and damage;
 - (b) in no event shall either party be liable to the other for any consequential, incidental, indirect, punitive or special damages (including loss of profits, data, business or goodwill) in connection with the performance of the Services or otherwise under this Agreement, even if the relevant party has been advised of the likelihood of such damages; and
 - (c) in any case the total aggregate liability of EY arising out of or relating to this Agreement or the Services shall be limited to the greater of (i) the total fees paid to EY for the Services and (ii) \$1,000,000. This paragraph (c) shall not limit liability for death, bodily injury, physical damage to tangible property, fraud or wilful misconduct.

For the purposes of this section ("Limitation of Liability"), the term EY includes all other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity.

14. **Global resources** - EY may use the services of personnel from other EY Entities to assist it in providing the Services. EY shall be solely responsible for the performance of the Services and all of the other liabilities and obligations of EY under this Agreement whether or not performed, in whole or part, by EY, any other EY Entity, or any subcontractor or personnel of any EY Entity. Client and its affiliates or other persons or entities for or in respect of which any of the Services are provided shall have no recourse, and shall bring no claim (whether in contract, tort, or otherwise) against any EY Entity other than EY, or against any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity, or any of their respective assets, in connection with the performance of the Services or otherwise under the Agreement. Other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity shall have the express benefit of this section and shall have the right to rely on and enforce any of its terms.
15. **No application** - The preceding two sections (Limitation of Liability, Global Resources) shall not apply to the extent prohibited by applicable law or regulation (including for these purposes applicable rules and interpretations of the US Securities and Exchange Commission relating to auditor independence and any applicable rules or guidance from a provincial Institute/Order of Chartered Accountants having jurisdiction).

**ERNST & YOUNG**

16. **Solicitation and hiring of EY personnel** - EY's independence could be compromised if Client were to hire certain EY personnel. Without the prior written consent of EY, Client shall not solicit for employment or for a position on its Board of Directors, nor hire, any current or former partner or professional employee of any of EY, any affiliate thereof or any other EY Entity, if such partner or professional employee has been involved in the performance of any audit, review, attest or assurance service for or relating to Client at any time since the date of filing of Client's most recent financial statements with the relevant securities regulator(s) or stock exchange(s) (or, if Client has not previously filed such financial statements, since the beginning of the most recent fiscal year to be covered by Client's first such financial statements), or in the 12 months preceding that date.
17. **Severability** - In the event any provision of this Agreement is determined to be invalid, illegal or unenforceable, in whole or in part, such provision shall be deemed severed from this Agreement to the extent required and the remainder of this Agreement shall remain in full force and effect.
18. **Legal proceedings** - In the event EY is requested by Client or is required by government regulation, subpoena, or other legal process to produce documents or personnel as witnesses with respect to the engagement for Client, and provided that EY is not a party to the legal proceedings, Client shall reimburse EY for professional time and expenses, as well as the fees and expenses of counsel, incurred in responding to such requests.
19. **LLP status** - EY is a registered limited liability partnership ("LLP") continued under the laws of the province of Ontario and is registered as an extra-provincial LLP in Quebec and other Canadian provinces. Generally, a partner of an LLP has a degree of limited liability protection in that he or she is not personally liable for any debts, obligations or liabilities of the LLP that arise from the negligence of another partner or any person under that partner's direct supervision or control. As an LLP, EY is required to maintain certain insurance. EY's insurance exceeds the mandatory professional liability insurance requirements established by any provincial Institute/Order of Chartered Accountants.



EY ERNST & YOUNG

20. **Miscellaneous** - EY shall provide all Services as an independent contractor and nothing shall be construed to create a partnership, joint venture or other relationship between EY and Client. Neither party shall have the right, power or authority to obligate or bind the other in any manner. This Agreement shall not be modified except by written agreement signed by the parties. This Agreement may not be assigned in whole or in part by Client without EY's prior written consent, not to be unreasonably withheld. Any terms and provisions of this Agreement that by their nature operate beyond the term or expiry of this Agreement shall survive the termination or expiry of this Agreement, including without limitation those provisions headed Client Data & Information, Confidentiality, Auditor Oversight, Limitation of Liability, Global Resources, Solicitation & Hiring of EY Personnel, and Legal Proceedings. This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns. The provisions of this Agreement shall operate for the benefit of, and may be enforced by, other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity. This Agreement constitutes the entire agreement between the parties relating to its subject matter and supersedes all prior representations, negotiations and understandings.

**September 28, 2010 offering memorandum engagement letter for
Guaranteed Senior Notes due 2017**



Ernst & Young LLP
Chartered Accountants
Ernst & Young Tower
222 Bay Street, P.O. Box 251
Toronto, Ontario M5K 1J7
Tel: 416 864 1234
Fax: 416 864 1174
ey.com/ca

28 September 2010

Mr. David Horsley
Chief Financial Officer
Sino-Forest Corporation
90 Burnhamthorpe Rd. W., Suite 1208
Mississauga, Ontario L5B 3C3

Offering Memorandum

Dear Mr. Horsley:

This will confirm the engagement of Ernst & Young LLP ("we" or "EY") to perform services in respect of the Offering Memorandum for Sino-Forest Corporation (the "Company") for the offer to issue \$500,000,000 Guaranteed Senior Notes due 2017 (the "Senior Notes"). Our partners, Fred Clifford and Josephine Man, will have primary responsibility for this engagement.

Management of the Company and the underwriter bear the primary responsibility to ensure the Offering Memorandum contains no misrepresentations. Our procedures with respect to this engagement will be performed in accordance with our professional standards as set out in CICA Section 7110 - *Auditor Involvement with Offering Documents of Public and Private Entities*, and other requirements as set out hereunder. These procedures are designed to enable us to issue our consent to the use of our auditors' report to demonstrate to readers that we have been involved with the Offering Memorandum. Our consent is to be included in the Offering Memorandum.

Audited financial statements

We have audited the balance sheets of the Company as at 31 December 2009, 2008 and 2007, and the statements of income, retained earnings and cash flows for each of the years then ended. Our reports to the shareholders was dated 15 March 2010 on the financial statements for the years ended 31 December 2009 and 2008, and 13 March 2009 on the financial statements for the years ended 31 December 2008 and 2007. Our auditors' report for the years ended 31 December 2009 and 2008 and for the years ended 31 December 2008 and 2007 are to be incorporated by reference in the Offering Memorandum.

In order to provide our consent to the use of our auditors' report in the Offering Memorandum, it will be necessary for us to perform subsequent events review procedures with respect to the Offering Memorandum and any updates thereof, and the closing of the offering. This work is expected to be comprised of limited enquiry and review procedures designed to provide assurance that management has identified events arising after the date of the auditors' report in the Offering Memorandum that may require an adjustment to, or disclosure in, the audited financial statements or other information in the Offering Memorandum that is derived from such financial statements.

JCC
Sept 28/10

We are also required to update our communications with the Company's legal counsel and obtain representations from management similar to those we customarily receive as part of our annual audit.

Unaudited Interim financial statements

Comparative Interim financial statements for the most recently completed financial period are incorporated by reference in the Offering Memorandum. In order to consent to the use of our auditors' report in the Offering Memorandum described above, our professional standards require that we carry out certain procedures including a review of the Company's Interim financial statements for the three and six month periods ended 30 June 2010 and 2009 and any other interim financial statements that may be issued and incorporated by reference in the Offering Memorandum. We have reviewed the interim consolidated financial statements for the three and six month periods ended 30 June 2010 and 2009 and provided our report thereon to the audit committee of the Company. In order for the interim financial statements for the three and six month periods ended 30 June 2010 and 2009 to be incorporated by reference in the Offering Memorandum, we will have to complete additional subsequent event review procedures.

If the Offering Memorandum is delayed, the Company may determine that it is necessary to update the interim financial statements. If such is the case, then we would have to perform additional review procedures on the updated unaudited interim financial statements.

The review procedures we carry out are significantly less extensive than an audit and would not necessarily reveal matters requiring adjustments to or disclosures in the interim financial information. Further, adjustments and disclosures may later be determined to be necessary as a result of our subsequent audit of the 2010 financial statements that include such interim periods. Accordingly, the review procedures do not result in the expression of an audit opinion on the interim financial statements.

If information comes to our attention which leads us to question whether the interim financial statements are materially in error or not in accordance with generally accepted accounting principles, we will inform you and discuss what further action is required.

If as a result of our work we are required to express a reservation in our report on our review of the unaudited interim financial statements to be incorporated by reference in the Offering Memorandum, we will provide a written report on our review thereof to be included in the Offering Memorandum.

Other information in the Offering Memorandum

In addition to financial statements, the Offering Memorandum includes other financial information and information of a non-financial nature. As such other information may be relevant to the financial statements and our audit or review thereof, we will perform procedures to determine whether this other financial and non-financial information is consistent with the audited and unaudited financial statements in the Offering Memorandum in accordance with the guidance in CICA Section 7500.

JP
Sept 20/10

If we become aware of information that, although not inconsistent with the financial statements, appears to constitute a misrepresentation when reading the Offering Memorandum, we will discuss the matter with management or with the Company's legal counsel, with the consent of management. We may wish to receive written confirmation from legal counsel of their view on the matter. In the event that the apparent inconsistency is not resolved to our satisfaction, we will advise the Audit Committee and consider whether our consent may be provided.

Communications required by other parties

Upon the request of the underwriter, we will issue the following letters:

Upon completion of the Offering Memorandum:

- A consent letter addressed to the underwriter, in which we give our consent to the use of our report in the Offering Memorandum.
- A comfort letter addressed to the Directors of the Company and the underwriter expressing assurances with respect to specified financial information included or incorporated by reference in the Offering Memorandum.

Upon closing of the offering:

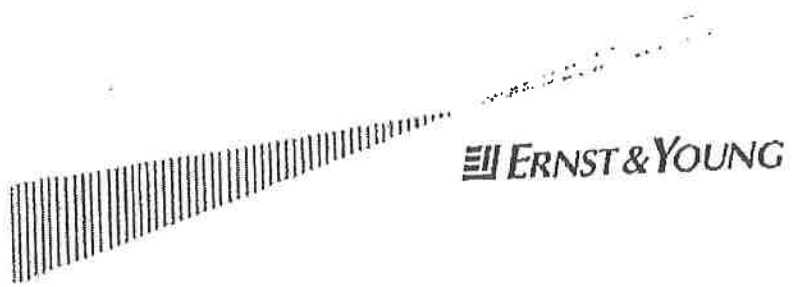
- A bring-down letter addressed to the Directors of the Company and the underwriter.

Auditor assistance to the underwriter

We understand that the underwriter wishes for us to perform certain procedures for the purpose of issuing a comfort letter to the underwriter relating to the Offering Memorandum. The comfort letter would make reference to our auditors' report and our review of the unaudited interim financial statements incorporated by reference in the Offering Memorandum, and set out the procedures performed at the underwriter's request and the results of performing those procedures.

We will provide a comfort letter to the underwriter which we will prepare in accordance with the guidance contained in CICA Section 7200, subject to our receipt of a letter of representation from the underwriter regarding the Offering Memorandum which is satisfactory to us. We will advise you of the matters on which the underwriter is seeking comfort and the procedures they are requesting. As the Company, not the underwriter, will bear the cost of preparing the comfort letter, we will discuss with you the practicality and effectiveness of the requested procedures in providing the desired comfort.

[Handwritten signature]
28 Sept 2010



28 September 2010 4

In accordance with professional standards, our audit was carried out solely for the purpose of providing us with sufficient appropriate audit evidence to support our opinion on the financial statements referred to above. There is no assurance that the procedures we perform for purposes of the comfort letter will address all of the questions that the underwriter and the underwriter's legal counsel may have. You should be aware that there could be sensitive matters that the underwriter and the underwriter's legal counsel may ask us to address in the comfort letter that could affect the outcome of the proposed offering of the convertible senior notes.

You acknowledge that we have no responsibility to you if the results of our procedures result in termination of, or change in, the proposed convertible senior notes offering. You also acknowledge that you have requested us to cooperate in every way with the underwriter and the underwriter's legal counsel, by performing the requested procedures.

You also agree to indemnify and hold harmless all members of the engagement team and Ernst & Young LLP from any claim by the underwriter and the underwriter's legal counsel, or any other third party, that arises as a result of our comfort letter.

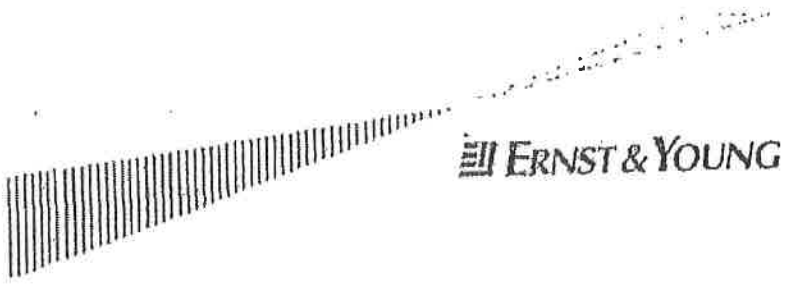
We shall advise the underwriter that information acquired by them in our comfort letter is confidential and is to be used only in connection with the convertible senior notes offering referred to above.

Fees

Our fees which will be billed as work progresses are based on the amount of time required. Payment in full should be made within 30 days of the date each billing is received. Hourly rates for our professionals for this engagement, in Canadian dollars, are set out below. All fees and rates quoted exclude applicable taxes. Direct out-of-pocket expenses will be invoiced to you at our cost.

<u>Level</u>	<u>Hourly rate</u>
Partner	\$650
Senior Manager	\$450
Manager	\$350
Senior	\$225
Staff	\$150

We very much appreciate the opportunity to provide services to the Company in respect of the Offering Memorandum and would be pleased to furnish any additional information you may request concerning our responsibilities and functions. Please let us know immediately if you have any concerns about the terms of engagement as described in this letter.



ERNST & YOUNG

28 September 2010 5

Additional terms and conditions are attached and form an integral part of this engagement letter; they govern our respective rights and obligations arising out of this engagement.

To confirm these arrangements as outlined are in accordance with your requirements and are acceptable, please sign one copy of this letter in the space provided and return it to us.

Sincerely,


Ernst + Young LLP

Chartered Accountants
Licensed Public Accountants

Agreed:
Sino-Forest Corporation

Acknowledged on behalf of the
Company's Audit Committee:

By: 
Name: Mr. David Horsley
Title: Chief Financial Officer

By: 
Name: Mr. James Hyde
Title: Chair of the Audit Committee

*AD
Sent 29/10*



28 September 2010 6

General Terms and Conditions

Our relationship with you

1. We are a member of the global network of Ernst & Young firms ("EY Firms"), each of which is a separate legal entity.
2. We may subcontract portions of the Services to other EY Firms, who may deal with you directly. Nevertheless, we alone will be responsible to you for the Report(s), the performance of the Services, and our other obligations under this Agreement.

Your responsibilities

3. You shall be responsible for your personnel's compliance with your obligations under this Agreement.

Our reports

4. You may not rely on any draft Report.

Notice re: Québec

5. From time to time, we may have individual partners and employees performing the Services within the Province of Québec who are members of the *Ordre des comptables agréés du Québec*. Any individual member of the *Ordre des comptables agréés du Québec* performing professional services hereunder assumes full personal civil liability arising from the practice of his or her profession, regardless of his or her status within our partnership. He or she may not invoke the liability of our partnership as a ground for excluding or limiting his or her own liability. The limitations that follow below under the heading "Limitations" shall therefore not apply to limit the personal civil liability of members of the *Ordre des comptables agréés du Québec* (and with respect to such members, such limitations shall be deemed to not be included in this Agreement).

Limitations

6. You (and any others for whom Services are provided) may not recover from us, in contract or tort (including negligence), under statute or otherwise, any amount with respect to loss of profit, data or goodwill, or any other consequential, incidental, indirect, punitive or special damages in connection with claims arising out of this Agreement or otherwise relating to the Services, whether or not the likelihood of such loss or damage was contemplated.
7. You (and any others for whom Services are provided) may not recover from us, in contract or tort (including negligence), under statute or otherwise, aggregate damages in excess of the greater of (i) the total fees paid to us for the Services and (ii) \$1,000,000. This limitation will not apply to losses caused by our fraud or willful misconduct or to the extent prohibited by applicable law or professional regulations.

AP

8. If we are liable to you (or to any others for whom Services are provided) under this Agreement or otherwise in connection with the Services, for loss or damage to which any other persons have also contributed, our liability to you shall be several and not joint and several, solidary or *in solidum*, with such others, and shall be limited to our fair share of that total loss or damage, based on our contribution to the loss and damage relative to the others' contributions. No exclusion or limitation on the liability of other responsible persons imposed or agreed at any time shall affect any assessment of our proportionate liability hereunder, nor shall settlement of or difficulty enforcing any claim, or the death, dissolution or insolvency of any such other responsible persons or their ceasing to be liable for the loss or damage or any portion thereof, affect any such assessment.
9. You shall make any claim relating to the Services or otherwise under this Agreement no later than one year after you became aware (or ought reasonably to have become aware) of the facts giving rise to any alleged such claim and in any event, no later than two years after the completion of the particular Services (and the parties agree that the limitation periods established by the *Limitations Act, 2002* (Ontario) or any other applicable legislation shall be varied and/or excluded accordingly). This limitation will not apply to the extent prohibited by applicable law or professional regulations.
10. You may not make a claim or bring proceedings relating to the Services or otherwise under this Agreement against any other EY Firm or our or its subcontractors, members, shareholders, directors, officers, partners, principals or employees ("EY Persons"). You shall make any claim or bring proceedings only against us. The limitations in Sections 6 through 9 and this Section 10 are intended to benefit the other EY Firms and all EY Persons, who shall be entitled to rely on and enforce them.

Indemnity

11. To the fullest extent permitted by applicable law and professional regulations, you shall indemnify us, the other EY Firms and the EY Persons against all claims by third parties (including your affiliates) and resulting liabilities, losses, damages, costs and expenses (including reasonable external and internal legal costs) arising out of or relating to the Services or this Agreement. On behalf of yourself and your affiliates, you release us, the other EY Firms and the EY Persons from all claims and causes of action (together, "Claims"), pending or threatened, that you or they may have arising out of the Services or this Agreement to the extent such Claims result from or arise out of any misrepresentation or fraudulent act or omission by you, your employees or agents on your behalf.

Confidentiality

12. We follow professional standards of confidentiality and will treat information related to you disclosed to us by you or on your behalf ("Client Information") as set forth in the Rules of Professional Conduct of provincial Institutes of Chartered Accountants or the Code of Ethics of the *Ordre des comptables agréés du Québec* (as applicable).



TAB C3

**April 16, 2008 audit engagement letter for Sino-Panel Asia Inc. for
year ended December 31, 2007**



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

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

April 16, 2008

Sino-Forest Corporation

90 Burnhamthorpe Road W., Suite 1208

Mississauga, ON

L5B 3C3

Attention: Mr. Jamie Hyde, Chairman of the Audit Committee

Dear Mr. Hyde:

1. This engagement letter, including any additional terms that are attached, (collectively, the "Agreement") confirms the terms upon which Ernst & Young LLP ("we" or "EY") has been engaged to perform an audit and report on the consolidated financial statements of **Sino-Panel Asia Inc.** (the "Company") for the year ended December 31, 2007. The services described in this paragraph may hereafter be referred to as either "Audit Service" or "Audit Services."

Audit Responsibilities and Limitations

2. The objective of our audit is to express an opinion on whether the consolidated financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in conformity with Canadian generally accepted accounting principles.
3. We will conduct our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable rather than absolute assurance that the consolidated financial statements taken as a whole are free of material misstatement whether caused by error, fraud or illegal acts whose consequences have a material effect on the consolidated financial statements. There are inherent limitations in the audit process, including, for example, the use of judgment and selective testing of the data underlying the financial statements, the inherent limitations of internal controls, and the fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature. Furthermore, because of the nature of fraud, including attempts at concealment through collusion and forgery, an audit designed and executed in accordance with Canadian generally accepted auditing standards may not detect a material fraud. Further, while effective internal control reduces the likelihood that misstatements will occur and remain undetected, it does not eliminate the possibility. For these reasons, we cannot guarantee that fraud, error and illegal acts, if present, will be detected when conducting an audit in accordance with Canadian generally accepted auditing standards. Also, an audit is not designed to detect error or fraud that is immaterial to the consolidated financial statements.



4. As part of our audit, we will consider, solely for the purpose of planning our audit and determining the nature, timing, and extent of our audit procedures, the Company's internal controls over financial reporting. This consideration will not be sufficient to enable us to provide assurance on the effectiveness of internal controls over financial reporting or to identify all significant weaknesses.
5. If we determine that there is evidence that misstatements, resulting from error, other than trivial errors, or that fraud or illegal or possibly illegal acts may exist or have occurred (other than illegal acts that are considered inconsequential), we will bring such matters to the attention of an appropriate level of management. The type and significance of the matter to be communicated will determine the level of management to which the communication is directed and whether the communication is also made to the Audit Committee. If we become aware of fraud involving senior management or fraud (whether caused by senior management or other employees) that causes a material misstatement of the consolidated financial statements, we will report this matter directly to the Audit Committee. We will also determine that the Audit Committee is adequately informed of misstatements, resulting from error, other than trivial errors and illegal or possibly illegal acts that come to our attention unless they are clearly inconsequential. In addition, we will inform the Audit Committee and appropriate members of management of significant audit adjustments and significant weaknesses in the design or implementation of internal controls to prevent or detect fraud or error noted during our audit procedures, as well as related party transactions identified by us that are not in the normal course of operations and that involve significant judgments made by management concerning measurement and disclosure.
6. We also may communicate to the appropriate levels of management other opportunities we observe for economies in or improved controls over the Company's operations. The matters communicated will be those that we identify during the course of our audit. Audits do not usually identify all matters that may be of interest to management in discharging its responsibilities.
7. In accordance with CICA Handbook Section 5751, *Communications with Those Having Oversight of the Financial Reporting Process*, we will communicate in writing to the Audit Committee any relationships between Ernst & Young LLP, its partners and professional employees and **Sino-Panel Asia Inc.** (including related entities) that, in our professional judgment, may reasonably be thought to bear on our independence. Further, we will confirm our independence with respect to **Sino-Panel Asia Inc.**

Management's Responsibilities and Representations

8. The preparation and fair presentation of the consolidated financial statements in accordance with Canadian generally accepted accounting principles are the responsibility of the management of the Company. Management also is responsible for establishing and maintaining effective internal controls, for properly recording transactions in the accounting records, for safeguarding assets, and for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.
9. The design and implementation of internal controls to prevent and detect fraud and error are the responsibility of the Company's management, as is an assessment of the risk that the consolidated financial statements may be materially misstated as a result of fraud. Management of the Company is responsible for apprising us of all known instances of fraud, suspected fraud, illegal or possibly illegal acts and allegations involving financial improprieties received by management or the Audit Committee (regardless of the source or form and including, without limitation, allegations by "whistle-blowers," employees, former employees, analysts, regulators or others), and for providing us full access to information and facts relating to these instances and allegations and any internal investigations of them, on a timely basis. Allegations of financial improprieties include allegations of manipulation of financial results by management or employees, misappropriation of assets by management or employees, intentional circumvention of internal controls, inappropriate influence on related party transactions by related parties, intentionally misleading EY, or other allegations of illegal acts or fraud that could have a non-trivial effect on the financial statements or otherwise affect the financial reporting of the Company. If the Company limits the information otherwise available to us under this paragraph (based on the Company's claims of solicitor/ client privilege, litigation privilege, or otherwise), the Company will immediately inform us of the fact that certain information is being withheld from us. Any such withholding of information could be considered a restriction on the scope of our Audit Services and may alter the form of report we may issue on the Company's financial statements; prevent us from consenting to the inclusion of previously issued auditor's reports in future Company filings; or otherwise affect our ability to continue as the Company's auditors. The Company and we will disclose any such withholding of information to the Audit Committee.
10. Management of the Company is responsible for providing us with and making available complete financial records and related data and copies of all minutes of meetings of shareholders, directors and committees of directors; information relating to any known or probable instances of non-compliance with legislative or regulatory requirements, including financial reporting requirements; information relating to any illegal or possibly illegal acts, and all facts related thereto; and information regarding all related parties and related party transactions. Failure to provide this information on a timely basis may cause us to delay our report, modify our procedures or even terminate the engagement.

11. Management of the Company is responsible for adjusting the consolidated financial statements to correct material misstatements and for affirming to us in its representation letter that the effects of any unrecorded audit differences accumulated by us during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole.
12. As required by Canadian generally accepted auditing standards, we will make specific inquiries of management about the representations contained in the consolidated financial statements. Management is responsible for affirming to us in its representation letter and providing us with information regarding the recognition, measurement and disclosure of specific items, including but not limited to the following:
 - its assessment of the reasonableness of significant assumptions underlying fair value measurements and disclosures in the consolidated financial statements or used to support amounts in the consolidated financial statements;
 - any plans or intentions that may affect the carrying value or classification of assets and liabilities;
 - information relating to the measurement and disclosure of transactions with related parties;
 - an assessment of all areas of measurement uncertainty known to management that are required to be disclosed in accordance with CICA Handbook Section 1508, *Measurement Uncertainty*;
 - information relating to claims and possible claims, whether or not they have been discussed with the Company's legal counsel;
 - information relating to other liabilities and contingent gains or losses, including those associated with guarantees, whether written or oral, under which the Company is contingently liable;
 - information on whether the Company has satisfactory title to assets, whether liens or encumbrances on assets exist, or whether assets are pledged as collateral;
 - information relating to compliance with aspects of contractual agreements that may affect the consolidated financial statements; and
 - information concerning subsequent events.
13. At the conclusion of the audit, we obtain representation letters from certain members of management to confirm significant representations on matters that are directly related to items that are material, either individually or in the aggregate, to the consolidated financial statements; matters that are not directly related to items that are material to the consolidated financial statements but are significant, either individually or in the aggregate to the engagement; and those that are relevant to your judgments or estimates that are material, either individually or in the aggregate, to the consolidated financial statements. The responses to the inquiries of management, the written representations from management and the results of our audit tests comprise the evidential matter we will rely upon in forming an opinion on the consolidated financial statements.



14. Management of the Company is responsible for advising us of any documents or other information provided during the course of the audit over which it intends to assert a claim of privilege and should mark any such documentation accordingly, as further described in the attached additional Terms and Conditions (refer to the provision captioned "*Auditor Oversight*").

Fees and Billings

15. Our fees will be billed as work progresses are based on the time required at our billing rate, being \$220 per hour, plus expenses. However, our actual fee may exceed the top of this range. Payment of our invoices will be made upon receipt.
16. Our estimated fees and schedule of performance are based upon, among other things, our preliminary review of the Company's records and the representations Company personnel have made to us and are dependent upon the Company's personnel providing a reasonable level of assistance. Should our assumptions with respect to these matters be incorrect or should the condition of the records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates. In addition, fees for any special audit-related projects, such as proposed business combinations or research and/or consultation on special business or financial issues, will be billed separately from the audit fee referred to above and may be the subject of other written agreements.

Other Matters

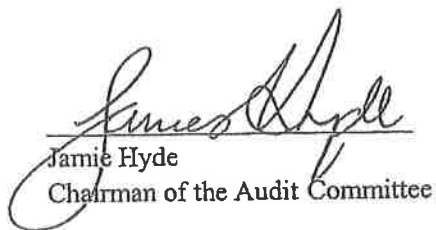
17. By your signature below, you confirm that the Company, through its Board of Directors, has expressly authorized you to enter into this Agreement with us on behalf of, and to bind, the Company.
18. The attached additional Terms and Conditions form an integral part of this engagement letter and govern our respective rights and obligations arising therefrom.

EY appreciates the opportunity to be of assistance to the Company. If this Agreement accurately reflects the terms on which the Company has agreed to engage EY, please sign below on behalf of the Company and return it to Linda Zhu, Engagement Partner, 700 West Georgia Street, P.O. Box 10101, Vancouver BC, V7Y 1C7.

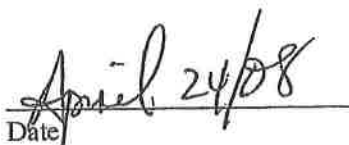
Yours very truly,

Ernst + Young LLP

Acknowledged and agreed:
Sino-Forest Corporation



Jamie Hyde
Chairman of the Audit Committee



Date

Terms and Conditions

Except as otherwise specifically provided in the engagement letter or contract to which these terms and conditions are attached (collectively, the "Agreement") the following additional terms and conditions shall apply. As used herein "EY" refers to the Canadian firm of Ernst & Young LLP. "EY Entities" means EY, all members of the global Ernst & Young network, Ernst & Young Global Limited, and any of their respective affiliates (and "EY Entity" means any one of them).

1. **Services** - EY shall exercise due professional care and competence in the performance of the services provided pursuant to this Agreement (the "Services").
2. **Unexpected Events** - If changes to the scope or timing of any Services are required because of a change in applicable law or professional standards or events beyond a party's reasonable control, but not involving its fault or negligence (any of which, a "Change"), the parties agree to adjust the fees for, and/or timing of, the Services appropriately and, if necessary, client will obtain Audit Committee approval of such adjustments. Each party shall be excused from default or delay in the performance of its obligations (other than payment obligations) under this Agreement to the extent caused by a Change.
3. **Client Data & Information** - Client will provide, or cause to be provided, to EY in a timely manner complete and accurate data and information ("Client Data") and access to resources as may be reasonably required by EY to perform the Services. EY may disclose Client Data to other EY Entities for the purpose of rendering the Services. EY may also disclose Client Data to other EY Entities for the purposes of fulfilling its professional obligations to manage conflicts of interest and to maintain auditor independence as well as to implement standardized performance recording and documentation systems within the global Ernst & Young network. EY Entities or their service providers may store Client Data, which may include personal information, outside of Canada.
4. **Confidentiality** - Subject to the other terms of this Agreement, both client and EY agree that they will take reasonable steps to maintain the confidentiality of any proprietary or confidential information of the other.
5. **EY Waiver Re: Tax Advice** - Notwithstanding any confidentiality obligations or other restrictions on disclosure contained in this Agreement, with regard to:
 - (a) any oral or written statement or advice related to taxes provided by EY with regard to a person or entity that:
 - (i) has any filing obligation with the US Internal Revenue Service, or
 - (ii) qualifies as a US Controlled Foreign Corporation (i.e., a non-US corporation that has US shareholders (US persons that directly or indirectly own 10% or more of the total combined voting power of all of the classes of stock of such non-US corporation) that own in the aggregate more than 50% of the total vote or value of such non-US corporation);
 - (b) any oral or written statement or advice regarding US taxes or tax advice related to a transaction that could affect a US tax; or



- (c) where SEC audit independence restrictions apply to the relationship between client and any EY Entity, any oral or written statement or advice to client as to any potential tax consequences that may result from a transaction or the tax treatment of an item, (together, (a), (b) and (c) referred to as "Tax Advice"),

EY expressly authorizes client to disclose to any and all persons, without limitation of any kind, any such Tax Advice, including any fact that may be relevant to understanding such Tax Advice, and all materials of any kind (including opinions and other tax analyses) provided to client in relation to such Tax Advice. However, because the Tax Advice is solely for the benefit of client and is not to be relied upon by any other person or entity, client shall inform those to whom it discloses any such information that they may not rely upon any of it for any purpose without EY's prior written consent.

6. **Privacy** - Client confirms to EY that it has obtained any consents that may be required under applicable privacy legislation for any collection, use or disclosure of personal information that is necessary in order for EY to provide the Services. EY shall adhere to applicable privacy legislation when dealing with personal information that was obtained from client.
7. **Auditor Oversight** - Client hereby acknowledges that EY may from time to time receive requests or orders from the Canadian Public Accountability Board or from professional, securities or other regulatory or governmental authorities that fulfill similar functions (both in Canada and abroad) to provide them with information and copies of documents in EY's files including EY's working papers, and other work-product relating to client's affairs. Client consents to EY providing or producing, as applicable, these documents and information without further reference to, or authority from, client. Except where prohibited by law, if a request or order is directly related to an inspection or investigation of EY's audit of client, EY will advise client of the request or order. When a regulatory authority requests access to EY's working papers and other work-product relating to client's affairs, EY will, on a reasonable efforts basis, refuse access to any document over which client has expressly informed EY that client asserts privilege, except where disclosure of documents is required by law or requested by a provincial Institute/Order of Chartered Accountants pursuant to its statutory authority. Client must mark any document over which it asserts privilege as privileged and inform EY of the grounds for client's assertion of privilege (such as whether it claims solicitor-client privilege or litigation privilege). EY will also be required to provide information relating to the fees that EY collects from client for the provision of audit services, other accounting services and non-audit services.
8. **Internet Communications** - Unless otherwise agreed with client, EY and other EY Entities may correspond by means of the Internet or other electronic media or provide information to client in electronic form. There are inherent risks associated with the electronic transmission of information on the Internet or otherwise. EY cannot guarantee the security and integrity of any electronic communications sent or received in relation to this engagement and cannot guarantee that transmissions or other electronic information will be free from infection by viruses or other forms of malicious software.
9. **Right to Terminate Services** - Subject to any applicable professional standards and legislation, either party may terminate this Agreement, with or without cause, by providing written notice to the other party. In the event of early termination, for whatever reason, client will be invoiced for time



and expenses incurred up to the end of the notice period together with reasonable time and expenses incurred to bring the engagement to a close in a prompt and orderly manner. EY shall also have the right, upon 7 days prior notice, to suspend performance of the Services in the event client fails to pay any amount required to be paid under this Agreement.

10. **Expenses** - Client shall reimburse EY for all reasonable expenses incurred in connection with the performance of the Services. The costs of administrative items such as telephone, research material, facsimile, overnight mail, messenger, administrative support, among others will be billed to client at 11.5% of EY's fees for professional services. Reasonable and customary out-of-pocket expenses for items such as travel, meals, accommodations and other expenses specifically related to this engagement will also be charged.
11. **Billing & Taxes** - Bills including expenses will be rendered on a regular basis as the assignment progresses. Accounts are due when rendered. Interest on overdue accounts is calculated at the rate noted on the invoice commencing 30 days following the date of the invoice. The fees, expenses and other charges payable pursuant to this Agreement do not include taxes or duties. All applicable taxes or duties, whether presently in force or imposed in the future, shall be assumed and paid by client without deduction from the fees, expenses and charges hereunder.
12. **Governing Law** - This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to principles of conflicts of law. The parties hereby irrevocably and unconditionally submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario in connection with any dispute, claim or other matter arising out of or relating to this Agreement or the Services.
13. **EY Reports** - EY retains all copyright and other intellectual property rights in everything developed, designed or created by EY either before or during the course of an engagement including systems, methodologies, software, know-how and working papers. EY also retains all copyright and other intellectual property rights in all reports, advice or other communications of any kind provided to client in any form (written or otherwise) during the course of an engagement ("Reports"), although client shall have the full right to use any Reports within its own organization. Any Reports are provided solely for the purpose of this engagement. Subject to "*EY Waiver Re: Tax Advice*" above, no Report (and no portion, summary or abstract thereof) may be disclosed to any third party without EY's prior written consent. Without limitation, except as otherwise specifically agreed in the engagement letter into which these terms and conditions are incorporated client agrees that it will not, and will not permit others to, refer to EY or reproduce, quote or refer to any Report (or any portion, summary or abstract thereof) in any document filed or distributed in connection with (i) a purchase or sale of securities or (ii) continuous disclosure obligations under applicable securities laws. EY does not assume any duties or obligations to third parties who may obtain access to any Reports. Any services or procedures performed for client were not planned or conducted (i) in contemplation of reliance by particular third parties (ii) with respect to any specific transaction contemplated by a third party or (iii) with respect to the interests or requirements of particular third parties. Client may not rely on any draft Report.



14. **Limitation of Liability** - To the fullest extent permitted by law and regardless of whether such liability is based on breach of contract, tort (including negligence), strict liability, failure of essential purpose or otherwise,

- (a) EY's liability shall be several and not joint and several, solidary or *in solidum* and EY shall only be liable for its proportionate share of any total liability based on degree of fault having regard to the contribution to any loss or damage in question of any other persons responsible and/or liable for such loss and damage;
- (b) in no event shall either party be liable to the other for any consequential, incidental, indirect, punitive or special damages (including loss of profits, data, business or goodwill) in connection with the performance of the Services or otherwise under this Agreement, even if the relevant party has been advised of the likelihood of such damages; and
- (c) in any case the total aggregate liability of EY arising out of or relating to this Agreement or the Services shall be limited to the greater of (i) the total fees paid to EY for the Services and (ii) \$1,000,000. This paragraph shall not limit EY's liability for death, bodily injury or physical damage to tangible property caused by the negligent acts or omissions of EY, and shall not limit EY's liability for loss or damage caused by the fraud or wilful misconduct of EY.

For the purposes of this section ("*Limitation of Liability*"), the term EY includes all other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity.

15. **Global Resources** - EY may use the services of personnel from other EY Entities to assist it in providing the Services. EY shall be solely responsible for the performance of the Services and all of the other liabilities and obligations of EY under this Agreement whether or not performed, in whole or part, by EY, any other EY Entity, or any subcontractor or personnel of any EY Entity. Client and its affiliates or other persons or entities for or in respect of which any of the Services are provided shall have no recourse, and shall bring no claim, against any EY Entity other than EY, or against any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity, or any of their respective assets, in connection with the performance of the Services or otherwise under the Agreement. Other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity shall have the express benefit of this section and shall have the right to rely on and enforce any of its terms.

16. **No Application** - The preceding two sections (*Limitation of Liability*, *Global Resources*) shall not apply to the extent prohibited by applicable law or regulation (including for these purposes applicable rules and interpretations of the US Securities and Exchange Commission relating to auditor independence and any applicable rules or guidance from a provincial Institute/Order of Chartered Accountants having jurisdiction).

17. **Solicitation & Hiring of EY Personnel** - EY's independence could be compromised if client were to hire certain EY personnel. Without the prior written consent of EY, client shall not solicit for employment or for a position on its Board of Directors, nor hire, any current or former partner or professional employee of any of EY, any affiliate thereof or any other EY entity, if such partner or professional employee has been involved in the performance of any audit, review, attest or assurance service for or relating to client at any time since the date of filing of client's most recent financial statements with the relevant securities regulator(s) or stock exchange(s) (or, if client has not



previously filed such financial statements, since the beginning of the most recent fiscal year to be covered by client's first such financial statements), or in the 12 months preceding that date.

18. **Severability** - In the event any provision of this Agreement is determined to be invalid, illegal or unenforceable, in whole or in part, such provision shall be deemed severed from this Agreement to the extent required and the remainder of this Agreement shall remain in full force and effect.
19. **Legal Proceedings** - In the event EY is requested by client or is required by government regulation, subpoena, or other legal process to produce documents or personnel as witnesses with respect to the engagement for client, and provided that EY is not a party to the legal proceedings, client shall reimburse EY for professional time and expenses, as well as the fees and expenses of counsel, incurred in responding to such requests.
20. **LLP Status** - EY is a registered limited liability partnership ("LLP") continued under the laws of the province of Ontario and is registered as an extra-provincial LLP in Quebec and other Canadian provinces. Generally, a partner of an LLP has a degree of limited liability protection in that he or she is not personally liable for any debts, obligations or liabilities of the LLP that arise from the negligence of another partner or any person under that partner's direct supervision or control. As an LLP, EY is required to maintain certain insurance. EY's insurance exceeds the mandatory professional liability insurance requirements established by any provincial Institute/Order of Chartered Accountants.
21. **Miscellaneous** - EY shall provide all Services as an independent contractor and nothing shall be construed to create a partnership, joint venture or other relationship between EY and client. Neither party shall have the right, power or authority to obligate or bind the other in any manner. This Agreement shall not be modified except by written agreement signed by the parties. This Agreement may not be assigned in whole or in part by client without EY's prior written consent, not to be unreasonably withheld. Any terms and provisions of this Agreement that by their nature operate beyond the term or expiry of this Agreement shall survive the termination or expiry of this Agreement, including without limitation those provisions headed *Client Data & Information, Confidentiality, EY Waiver Re: Tax Advice, Auditor Oversight, Limitation of Liability, Global Resources, Solicitation & Hiring of EY Personnel, and Legal Proceedings*. The provisions of this Agreement shall operate for the benefit of, and may be enforced by, other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity. This Agreement constitutes the entire agreement between the parties relating to its subject matter and supersedes all prior representations, negotiations and understandings.

**April 16, 2008 audit engagement letter for Sino-Wood Partners,
Limited for year ended December 31, 2007**



Ernst & Young LLP

Phone: 604 891-8200

Chartered Accountants

Fax: 604 643-5422

Pacific Centre

700 West Georgia Street

P.O. Box 10101

Vancouver, British Columbia V7Y 1C7

April 16, 2008

Sino-Forest Corporation

90 Burnhamthorpe Road W., Suite 1208

Mississauga, ON

L5B 3C3

Attention: Mr. Jamie Hyde, Chairman of the Audit Committee

Dear Mr. Hyde:

1. This engagement letter, including any additional terms that are attached, (collectively, the "Agreement") confirms the terms upon which Ernst & Young LLP ("we" or "EY") has been engaged to perform an audit and report on the consolidated financial statements of **Sino-Wood Partners, Limited** (the "Company") for the year ended December 31, 2007. The services described in this paragraph may hereafter be referred to as either "Audit Service" or "Audit Services."

Audit Responsibilities and Limitations

2. The objective of our audit is to express an opinion on whether the consolidated financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in conformity with Canadian generally accepted accounting principles.
3. We will conduct our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable rather than absolute assurance that the consolidated financial statements taken as a whole are free of material misstatement whether caused by error, fraud or illegal acts whose consequences have a material effect on the consolidated financial statements. There are inherent limitations in the audit process, including, for example, the use of judgment and selective testing of the data underlying the financial statements, the inherent limitations of internal controls, and the fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature. Furthermore, because of the nature of fraud, including attempts at concealment through collusion and forgery, an audit designed and executed in accordance with Canadian generally accepted auditing standards may not detect a material fraud. Further, while effective internal control reduces the likelihood that misstatements will occur and remain undetected, it does not eliminate the possibility. For these reasons, we cannot guarantee that fraud, error and illegal acts, if present, will be detected when conducting an audit in accordance with Canadian generally accepted

auditing standards. Also, an audit is not designed to detect error or fraud that is immaterial to the consolidated financial statements.

4. As part of our audit, we will consider, solely for the purpose of planning our audit and determining the nature, timing, and extent of our audit procedures, the Company's internal controls over financial reporting. This consideration will not be sufficient to enable us to provide assurance on the effectiveness of internal controls over financial reporting or to identify all significant weaknesses.
5. If we determine that there is evidence that misstatements, resulting from error, other than trivial errors, or that fraud or illegal or possibly illegal acts may exist or have occurred (other than illegal acts that are considered inconsequential), we will bring such matters to the attention of an appropriate level of management. The type and significance of the matter to be communicated will determine the level of management to which the communication is directed and whether the communication is also made to the Audit Committee. If we become aware of fraud involving senior management or fraud (whether caused by senior management or other employees) that causes a material misstatement of the consolidated financial statements, we will report this matter directly to the Audit Committee. We will also determine that the Audit Committee is adequately informed of misstatements, resulting from error, other than trivial errors and illegal or possibly illegal acts that come to our attention unless they are clearly inconsequential. In addition, we will inform the Audit Committee and appropriate members of management of significant audit adjustments and significant weaknesses in the design or implementation of internal controls to prevent or detect fraud or error noted during our audit procedures, as well as related party transactions identified by us that are not in the normal course of operations and that involve significant judgments made by management concerning measurement and disclosure.
6. We also may communicate to the appropriate levels of management other opportunities we observe for economies in or improved controls over the Company's operations. The matters communicated will be those that we identify during the course of our audit. Audits do not usually identify all matters that may be of interest to management in discharging its responsibilities.
7. In accordance with CICA Handbook Section 5751, *Communications with Those Having Oversight of the Financial Reporting Process*, we will communicate in writing to the Audit Committee any relationships between Ernst & Young LLP, its partners and professional employees and **Sino-Wood Partners, Limited** (including related entities) that, in our professional judgment, may reasonably be thought to bear on our independence. Further, we will confirm our independence with respect to **Sino-Wood Partners, Limited**.

Management's Responsibilities and Representations

8. The preparation and fair presentation of the consolidated financial statements in accordance with Canadian generally accepted accounting principles are the responsibility of the management of the Company. Management also is responsible for establishing and maintaining effective internal controls, for properly recording transactions in the accounting records, for safeguarding assets, and for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.
9. The design and implementation of internal controls to prevent and detect fraud and error are the responsibility of the Company's management, as is an assessment of the risk that the consolidated financial statements may be materially misstated as a result of fraud. Management of the Company is responsible for apprising us of all known instances of fraud, suspected fraud, illegal or possibly illegal acts and allegations involving financial improprieties received by management or the Audit Committee (regardless of the source or form and including, without limitation, allegations by "whistle-blowers," employees, former employees, analysts, regulators or others), and for providing us full access to information and facts relating to these instances and allegations and any internal investigations of them, on a timely basis. Allegations of financial improprieties include allegations of manipulation of financial results by management or employees, misappropriation of assets by management or employees, intentional circumvention of internal controls, inappropriate influence on related party transactions by related parties, intentionally misleading EY, or other allegations of illegal acts or fraud that could have a non-trivial effect on the financial statements or otherwise affect the financial reporting of the Company. If the Company limits the information otherwise available to us under this paragraph (based on the Company's claims of solicitor/ client privilege, litigation privilege, or otherwise), the Company will immediately inform us of the fact that certain information is being withheld from us. Any such withholding of information could be considered a restriction on the scope of our Audit Services and may alter the form of report we may issue on the Company's financial statements; prevent us from consenting to the inclusion of previously issued auditor's reports in future Company filings; or otherwise affect our ability to continue as the Company's auditors. The Company and we will disclose any such withholding of information to the Audit Committee.
10. Management of the Company is responsible for providing us with and making available complete financial records and related data and copies of all minutes of meetings of shareholders, directors and committees of directors; information relating to any known or probable instances of non-compliance with legislative or regulatory requirements, including financial reporting requirements; information relating to any illegal or possibly illegal acts, and all facts related thereto; and information regarding all related parties and related party transactions. Failure to provide this information on a timely basis may cause us to delay our report, modify our procedures or even terminate the engagement.

11. Management of the Company is responsible for adjusting the consolidated financial statements to correct material misstatements and for affirming to us in its representation letter that the effects of any unrecorded audit differences accumulated by us during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole.
12. As required by Canadian generally accepted auditing standards, we will make specific inquiries of management about the representations contained in the consolidated financial statements. Management is responsible for affirming to us in its representation letter and providing us with information regarding the recognition, measurement and disclosure of specific items, including but not limited to the following:
 - its assessment of the reasonableness of significant assumptions underlying fair value measurements and disclosures in the consolidated financial statements or used to support amounts in the consolidated financial statements;
 - any plans or intentions that may affect the carrying value or classification of assets and liabilities;
 - information relating to the measurement and disclosure of transactions with related parties;
 - an assessment of all areas of measurement uncertainty known to management that are required to be disclosed in accordance with CICA Handbook Section 1508, *Measurement Uncertainty*;
 - information relating to claims and possible claims, whether or not they have been discussed with the Company's legal counsel;
 - information relating to other liabilities and contingent gains or losses, including those associated with guarantees, whether written or oral, under which the Company is contingently liable;
 - information on whether the Company has satisfactory title to assets, whether liens or encumbrances on assets exist, or whether assets are pledged as collateral;
 - information relating to compliance with aspects of contractual agreements that may affect the consolidated financial statements; and
 - information concerning subsequent events.
13. At the conclusion of the audit, we obtain representation letters from certain members of management to confirm significant representations on matters that are directly related to items that are material, either individually or in the aggregate, to the consolidated financial statements; matters that are not directly related to items that are material to the consolidated financial statements but are significant, either individually or in the aggregate to the engagement; and those that are relevant to your judgments or estimates that are material, either individually or in the aggregate, to the consolidated financial statements. The responses to the inquiries of management, the written representations from management and the results of our audit tests comprise the evidential matter we will rely upon in forming an opinion on the consolidated financial statements.

14. Management of the Company is responsible for advising us of any documents or other information provided during the course of the audit over which it intends to assert a claim of privilege and should mark any such documentation accordingly, as further described in the attached additional Terms and Conditions (refer to the provision captioned "*Auditor Oversight*").

Fees and Billings

15. Our fees will be billed as work progresses are based on the time required at our billing rate, being \$220 per hour, plus expenses. However, our actual fee may exceed the top of this range. Payment of our invoices will be made upon receipt.
16. Our estimated fees and schedule of performance are based upon, among other things, our preliminary review of the Company's records and the representations Company personnel have made to us and are dependent upon the Company's personnel providing a reasonable level of assistance. Should our assumptions with respect to these matters be incorrect or should the condition of the records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates. In addition, fees for any special audit-related projects, such as proposed business combinations or research and/or consultation on special business or financial issues, will be billed separately from the audit fee referred to above and may be the subject of other written agreements.

Other Matters

17. By your signature below, you confirm that the Company, through its Board of Directors, has expressly authorized you to enter into this Agreement with us on behalf of, and to bind, the Company.
18. The attached additional Terms and Conditions form an integral part of this engagement letter and govern our respective rights and obligations arising therefrom.

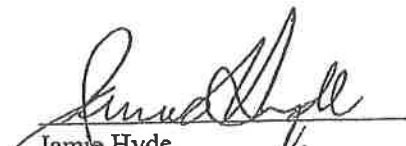


EY appreciates the opportunity to be of assistance to the Company. If this Agreement accurately reflects the terms on which the Company has agreed to engage EY, please sign below on behalf of the Company and return it to Linda Zhu, Engagement Partner, 700 West Georgia Street, P.O. Box 10101, Vancouver BC, V7Y 1C7.

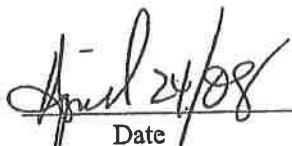
Yours very truly,

Ernst & Young LLP

Acknowledged and agreed:
Sino-Forest Corporation



Jamie Hyde
Chairman of the Audit Committee



Date



Terms and Conditions

Except as otherwise specifically provided in the engagement letter or contract to which these terms and conditions are attached (collectively, the "Agreement") the following additional terms and conditions shall apply. As used herein "EY" refers to the Canadian firm of Ernst & Young LLP. "EY Entities" means EY, all members of the global Ernst & Young network, Ernst & Young Global Limited, and any of their respective affiliates (and "EY Entity" means any one of them).

1. **Services** - EY shall exercise due professional care and competence in the performance of the services provided pursuant to this Agreement (the "Services").
2. **Unexpected Events** - If changes to the scope or timing of any Services are required because of a change in applicable law or professional standards or events beyond a party's reasonable control, but not involving its fault or negligence (any of which, a "Change"), the parties agree to adjust the fees for, and/or timing of, the Services appropriately and, if necessary, client will obtain Audit Committee approval of such adjustments. Each party shall be excused from default or delay in the performance of its obligations (other than payment obligations) under this Agreement to the extent caused by a Change.
3. **Client Data & Information** - Client will provide, or cause to be provided, to EY in a timely manner complete and accurate data and information ("Client Data") and access to resources as may be reasonably required by EY to perform the Services. EY may disclose Client Data to other EY Entities for the purpose of rendering the Services. EY may also disclose Client Data to other EY Entities for the purposes of fulfilling its professional obligations to manage conflicts of interest and to maintain auditor independence as well as to implement standardized performance recording and documentation systems within the global Ernst & Young network. EY Entities or their service providers may store Client Data, which may include personal information, outside of Canada.
4. **Confidentiality** - Subject to the other terms of this Agreement, both client and EY agree that they will take reasonable steps to maintain the confidentiality of any proprietary or confidential information of the other.
5. **EY Waiver Re: Tax Advice** - Notwithstanding any confidentiality obligations or other restrictions on disclosure contained in this Agreement, with regard to:
 - (a) any oral or written statement or advice related to taxes provided by EY with regard to a person or entity that:
 - (i) has any filing obligation with the US Internal Revenue Service, or
 - (ii) qualifies as a US Controlled Foreign Corporation (i.e., a non-US corporation that has US shareholders (US persons that directly or indirectly own 10% or more of the total combined voting power of all of the classes of stock of such non-US corporation) that



own in the aggregate more than 50% of the total vote or value of such non-US corporation);

- (b) any oral or written statement or advice regarding US taxes or tax advice related to a transaction that could affect a US tax; or
- (c) where SEC audit independence restrictions apply to the relationship between client and any EY Entity, any oral or written statement or advice to client as to any potential tax consequences that may result from a transaction or the tax treatment of an item, (together, (a), (b) and (c) referred to as "Tax Advice"),

EY expressly authorizes client to disclose to any and all persons, without limitation of any kind, any such Tax Advice, including any fact that may be relevant to understanding such Tax Advice, and all materials of any kind (including opinions and other tax analyses) provided to client in relation to such Tax Advice. However, because the Tax Advice is solely for the benefit of client and is not to be relied upon by any other person or entity, client shall inform those to whom it discloses any such information that they may not rely upon any of it for any purpose without EY's prior written consent.

6. **Privacy** - Client confirms to EY that it has obtained any consents that may be required under applicable privacy legislation for any collection, use or disclosure of personal information that is necessary in order for EY to provide the Services. EY shall adhere to applicable privacy legislation when dealing with personal information that was obtained from client.
7. **Auditor Oversight** - Client hereby acknowledges that EY may from time to time receive requests or orders from the Canadian Public Accountability Board or from professional, securities or other regulatory or governmental authorities that fulfill similar functions (both in Canada and abroad) to provide them with information and copies of documents in EY's files including EY's working papers, and other work-product relating to client's affairs. Client consents to EY providing or producing, as applicable, these documents and information without further reference to, or authority from, client. Except where prohibited by law, if a request or order is directly related to an inspection or investigation of EY's audit of client, EY will advise client of the request or order. When a regulatory authority requests access to EY's working papers and other work-product relating to client's affairs, EY will, on a reasonable efforts basis, refuse access to any document over which client has expressly informed EY that client asserts privilege, except where disclosure of documents is required by law or requested by a provincial Institute/Order of Chartered Accountants pursuant to its statutory authority. Client must mark any document over which it asserts privilege as privileged and inform EY of the grounds for client's assertion of privilege (such as whether it claims solicitor-client privilege or litigation privilege). EY will also be required to provide information relating to the fees that EY collects from client for the provision of audit services, other accounting services and non-audit services.
8. **Internet Communications** - Unless otherwise agreed with client, EY and other EY Entities may correspond by means of the Internet or other electronic media or provide information to client in



electronic form. There are inherent risks associated with the electronic transmission of information on the Internet or otherwise. EY cannot guarantee the security and integrity of any electronic communications sent or received in relation to this engagement and cannot guarantee that transmissions or other electronic information will be free from infection by viruses or other forms of malicious software.

9. **Right to Terminate Services** - Subject to any applicable professional standards and legislation, either party may terminate this Agreement, with or without cause, by providing written notice to the other party. In the event of early termination, for whatever reason, client will be invoiced for time and expenses incurred up to the end of the notice period together with reasonable time and expenses incurred to bring the engagement to a close in a prompt and orderly manner. EY shall also have the right, upon 7 days prior notice, to suspend performance of the Services in the event client fails to pay any amount required to be paid under this Agreement.
10. **Expenses** - Client shall reimburse EY for all reasonable expenses incurred in connection with the performance of the Services. The costs of administrative items such as telephone, research material, facsimile, overnight mail, messenger, administrative support, among others will be billed to client at 11.5% of EY's fees for professional services. Reasonable and customary out-of-pocket expenses for items such as travel, meals, accommodations and other expenses specifically related to this engagement will also be charged.
11. **Billing & Taxes** - Bills including expenses will be rendered on a regular basis as the assignment progresses. Accounts are due when rendered. Interest on overdue accounts is calculated at the rate noted on the invoice commencing 30 days following the date of the invoice. The fees, expenses and other charges payable pursuant to this Agreement do not include taxes or duties. All applicable taxes or duties, whether presently in force or imposed in the future, shall be assumed and paid by client without deduction from the fees, expenses and charges hereunder.
12. **Governing Law** - This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to principles of conflicts of law. The parties hereby irrevocably and unconditionally submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario in connection with any dispute, claim or other matter arising out of or relating to this Agreement or the Services.
13. **EY Reports** - EY retains all copyright and other intellectual property rights in everything developed, designed or created by EY either before or during the course of an engagement including systems, methodologies, software, know-how and working papers. EY also retains all copyright and other intellectual property rights in all reports, advice or other communications of any kind provided to client in any form (written or otherwise) during the course of an engagement ("Reports"), although client shall have the full right to use any Reports within its own organization. Any Reports are provided solely for the purpose of this engagement. Subject to "*EY Waiver Re: Tax Advice*" above, no Report (and no portion, summary or abstract thereof) may be disclosed to



any third party without EY's prior written consent. Without limitation, except as otherwise specifically agreed in the engagement letter into which these terms and conditions are incorporated client agrees that it will not, and will not permit others to, refer to EY or reproduce, quote or refer to any Report (or any portion, summary or abstract thereof) in any document filed or distributed in connection with (i) a purchase or sale of securities or (ii) continuous disclosure obligations under applicable securities laws. EY does not assume any duties or obligations to third parties who may obtain access to any Reports. Any services or procedures performed for client were not planned or conducted (i) in contemplation of reliance by particular third parties (ii) with respect to any specific transaction contemplated by a third party or (iii) with respect to the interests or requirements of particular third parties. Client may not rely on any draft Report.

14. **Limitation of Liability** - To the fullest extent permitted by law and regardless of whether such liability is based on breach of contract, tort (including negligence), strict liability, failure of essential purpose or otherwise,
- (a) EY's liability shall be several and not joint and several, solidary or *in solidum* and EY shall only be liable for its proportionate share of any total liability based on degree of fault having regard to the contribution to any loss or damage in question of any other persons responsible and/or liable for such loss and damage;
 - (b) in no event shall either party be liable to the other for any consequential, incidental, indirect, punitive or special damages (including loss of profits, data, business or goodwill) in connection with the performance of the Services or otherwise under this Agreement, even if the relevant party has been advised of the likelihood of such damages; and
 - (c) in any case the total aggregate liability of EY arising out of or relating to this Agreement or the Services shall be limited to the greater of (i) the total fees paid to EY for the Services and (ii) \$1,000,000. This paragraph shall not limit EY's liability for death, bodily injury or physical damage to tangible property caused by the negligent acts or omissions of EY, and shall not limit EY's liability for loss or damage caused by the fraud or wilful misconduct of EY.

For the purposes of this section ("*Limitation of Liability*"), the term EY includes all other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity.

15. **Global Resources** - EY may use the services of personnel from other EY Entities to assist it in providing the Services. EY shall be solely responsible for the performance of the Services and all of the other liabilities and obligations of EY under this Agreement whether or not performed, in whole or part, by EY, any other EY Entity, or any subcontractor or personnel of any EY Entity. Client and its affiliates or other persons or entities for or in respect of which any of the Services are provided shall have no recourse, and shall bring no claim, against any EY Entity other than EY, or against any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity, or any of their respective assets, in connection with the performance of the Services or otherwise under the Agreement. Other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY



This Agreement shall not be modified except by written agreement signed by the parties. This Agreement may not be assigned in whole or in part by client without EY's prior written consent, not to be unreasonably withheld. Any terms and provisions of this Agreement that by their nature operate beyond the term or expiry of this Agreement shall survive the termination or expiry of this Agreement, including without limitation those provisions headed *Client Data & Information*, *Confidentiality*, *EY Waiver Re: Tax Advice*, *Auditor Oversight*, *Limitation of Liability*, *Global Resources*, *Solicitation & Hiring of EY Personnel*, and *Legal Proceedings*. The provisions of this Agreement shall operate for the benefit of, and may be enforced by, other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity. This Agreement constitutes the entire agreement between the parties relating to its subject matter and supersedes all prior representations, negotiations and understandings.



or any other EY Entity shall have the express benefit of this section and shall have the right to rely on and enforce any of its terms.

16. **No Application** - The preceding two sections (*Limitation of Liability, Global Resources*) shall not apply to the extent prohibited by applicable law or regulation (including for these purposes applicable rules and interpretations of the US Securities and Exchange Commission relating to auditor independence and any applicable rules or guidance from a provincial Institute/Order of Chartered Accountants having jurisdiction).
17. **Solicitation & Hiring of EY Personnel** - EY's independence could be compromised if client were to hire certain EY personnel. Without the prior written consent of EY, client shall not solicit for employment or for a position on its Board of Directors, nor hire, any current or former partner or professional employee of any of EY, any affiliate thereof or any other EY entity, if such partner or professional employee has been involved in the performance of any audit, review, attest or assurance service for or relating to client at any time since the date of filing of client's most recent financial statements with the relevant securities regulator(s) or stock exchange(s) (or, if client has not previously filed such financial statements, since the beginning of the most recent fiscal year to be covered by client's first such financial statements), or in the 12 months preceding that date.
18. **Severability** - In the event any provision of this Agreement is determined to be invalid, illegal or unenforceable, in whole or in part, such provision shall be deemed severed from this Agreement to the extent required and the remainder of this Agreement shall remain in full force and effect.
19. **Legal Proceedings** - In the event EY is requested by client or is required by government regulation, subpoena, or other legal process to produce documents or personnel as witnesses with respect to the engagement for client, and provided that EY is not a party to the legal proceedings, client shall reimburse EY for professional time and expenses, as well as the fees and expenses of counsel, incurred in responding to such requests.
20. **LLP Status** - EY is a registered limited liability partnership ("LLP") continued under the laws of the province of Ontario and is registered as an extra-provincial LLP in Quebec and other Canadian provinces. Generally, a partner of an LLP has a degree of limited liability protection in that he or she is not personally liable for any debts, obligations or liabilities of the LLP that arise from the negligence of another partner or any person under that partner's direct supervision or control. As an LLP, EY is required to maintain certain insurance. EY's insurance exceeds the mandatory professional liability insurance requirements established by any provincial Institute/Order of Chartered Accountants.
21. **Miscellaneous** - EY shall provide all Services as an independent contractor and nothing shall be construed to create a partnership, joint venture or other relationship between EY and client. Neither party shall have the right, power or authority to obligate or bind the other in any manner.

TAB C4

2007



Sino-Forest Corporation

March 14, 2008

Ernst & Young LLP
Chartered Accountants

In connection with your audit of the consolidated financial statements of Sino-Forest Corporation (the "Company") as of December 31, 2007 and for year then ended, we recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion whether the consolidated financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of Sino-Forest Corporation in accordance with Canadian generally accepted accounting principles.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and your audit was conducted in accordance with Canadian generally accepted auditing standards, which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances. It is not designed to identify, nor can it necessarily be expected to disclose, fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of financial statement information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Accordingly, we make the following representations, as of March 14, 2008 which are true to the best of our knowledge and belief:

A. Financial Statements and Financial Records

1. We acknowledge that, as members of management of the Company, we are responsible for the fair presentation of the consolidated financial statements. We believe the consolidated financial statements referred to above present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with Canadian generally accepted accounting principles.
2. The significant accounting policies adopted in the preparation of the consolidated financial statements are fully and fairly described in the financial statements.
3. As members of management of the Company, we believe that the Company has a system of internal controls adequate to permit the preparation of accurate financial statements in accordance with Canadian generally accepted accounting principles.

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90 Burnhamthorpe Road West, Suite 1208 Mississauga, Ontario, L5B 3C3, Canada
www.sinoforest.com

Tel: (852) 2887 0078 Fax: (852) 2877 0062
Tel: (905) 281 8889 Fax: (905) 281 3338
E-mail: info@sinoforest.com

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Sino-Forest Corporation

B. Fraud and Error

1. We acknowledge that we are responsible for the design and implementation of internal controls to prevent and detect fraud and error.
2. We have assessed the risk that the consolidated financial statements may be materially misstated as a result of fraud and have determined such risk to be low.

We have no knowledge of any fraud or suspected fraud affecting the entity involving management; employees who have significant roles in internal control; or others, where the fraud could have a non-trivial effect on the consolidated financial statements over the preceding three year period. We have no knowledge of any allegations of fraud or suspected fraud affecting the Company's consolidated financial statements received in communications from employees, former employees, analysts, regulators, or others. In addition, all "whistle-blower" allegations coming to our attention have been disclosed to you. No irregularities or shortages have occurred and nothing has come to light which might reflect upon the honesty or integrity of any employee, agent or officer of the Company.

3. We believe that the effects of those unrecorded financial statement misstatements aggregated by you during your audit, as summarized in the accompanying schedule, are immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole. In addition, to the extent that audit differences have been subsequently identified in the current period that affect prior year financial statements, we have evaluated the effect of correcting prior year consolidated financial statements and believe that the effects of the unrecorded audit differences are immaterial, both individually and in the aggregate, to the prior year consolidated financial statements taken as a whole.

C. Illegal Acts

1. We are not aware of any illegal or possibly illegal acts, as defined in CICA Handbook Section 5136.

D. Independence and Conflicts of Interest

1. Based on inquiries we have made of our officers, directors, and substantial shareholders, except as described below, we are not aware of any business relationship between any such officer, director, or substantial stockholder (or any entity for or of which such an officer or director acts in a similar capacity) and Ernst & Young LLP or any other member firm of the global Ernst & Young organization (any of which, an "EY Entity"), other than one pursuant to which an EY Entity performs professional services. For this purpose, a "substantial shareholder" is a person or entity (excluding mutual funds) that owns five percent or more in the Company.

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**Sino-Forest Corporation**

2. We are not aware of any reason that Ernst & Young LLP would not be considered to be independent for purposes of the Company's audit.

E. Completeness of Information

1. We have made available to you all financial records and related data and all minutes of the meetings of shareholders, directors and committees of directors (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on December 20, 2007.
2. We also have made available to you all significant contracts and agreements and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that would have a material effect on the consolidated financial statements in the event of noncompliance.
3. There are no transactions of a material nature, individually or in the aggregate, that have not been properly recorded in the accounting records underlying the consolidated financial statements.
4. We have disclosed to you all known related parties and related party transactions, including compensation payments, sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the year ended, as well as related balances due to or from such parties at the year end. These transactions have been properly measured and disclosed in the consolidated financial statements.
5. As it relates to share-based payments, we have made available to your representatives all plan documents and data related to granting, vesting, exercising, canceling, and forfeiting share-based payments, including modifications to existing plans or previously granted awards.

F. Recognition, Measurement and Disclosure

1. We believe that the significant assumptions underlying the fair value measurements and disclosures used in the preparation of the consolidated financial statements are reasonable and appropriate in the circumstances.
2. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the consolidated financial statements.

**G. Risks and Measurement Uncertainties**

1. The nature of all material measurement uncertainties has been appropriately disclosed in the consolidated financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the consolidated financial statements.
2. The Company believes that the judgements and estimates used in calculating the income tax provision represent the appropriate likelihood of various outcomes occurring.

H. Ownership of Assets

1. The Company has satisfactory title to all assets appearing in the consolidated balance sheet, and there are no liens or encumbrances on the Company's assets, nor has any asset been pledged except as disclosed in the consolidated financial statements. All assets to which the Company has satisfactory title appear in the balance sheets.

I. Receivables and Revenues

1. Receivables represent valid claims against the debtors indicated and do not include amounts for goods shipped or services provided subsequent to the balance sheet date, goods shipped on consignment or approval, or other types of arrangements not constituting sales. All revenue recognized as of the balance sheet date has been realized (or is realizable) and earned. Revenue has not been recognized before (1) persuasive evidence of an arrangement exists, (2) goods have been delivered or services rendered, (3) consideration to be received is fixed or determinable, and (4) collectibility is reasonably assured.
2. Adequate provision has been made for losses, costs, and expenses that may be incurred subsequent to the balance sheet date in respect of sales and services rendered prior to that date and for uncollectible accounts, discounts, returns, and allowances, etc., that may be incurred in the collection of receivables at that date.
4. We have disclosed to you all sales terms (both express and implied), including all rights of return or price adjustments and warranty provisions. We have made available to you all significant contracts, communications (either written or oral), and other relevant information pertaining to arrangements with our customers, including distributors and resellers.
5. We have adequately disclosed a description of our major revenue generating products and services, the types of arrangements (including multiple-element arrangements) used to deliver these products or services, and a description of the revenue recognition policies applicable to these products or services.
6. We believe that the deposits for the purchase of logs in Inner Mongolia are fully recoverable through future timber purchases.

**J. Inventories**

1. Inventories were priced at the lower of cost and market as follows:
 - Raw materials and expense materials - at the lower of cost and replacement cost.
 - Work-in-process and finished goods - at the lower of cost (including material and labour costs and overhead costs based on actual rates) and market (i.e., estimated realizable value less costs to complete and sell).

In arriving at such values, full allowance was made for defective, slow-moving, excess, unusable or obsolete stock. Adequate provision has been made for losses under firm purchase commitments for goods for inventory. There have been no reductions of the selling prices of finished goods subsequent to the year end and none are contemplated.

2. Physical counts and measurement of inventories were made by competent employees under the supervision of the management as at the year end, and the quantities were determined by actual count, weight or measurement.
3. Inventory does not include items not paid for and for which no liability has been recorded in the accounts at the year end; goods on consignment from others; or goods invoiced to customers.

K. Financial Instruments

The Company has properly classified financial assets with readily determinable fair values as either held for trading, held-to-maturity, loans and receivables or available-for-sale. The Company has the positive intent and ability to hold to maturity all financial assets that are classified as held-to-maturity.

The Company has properly classified financial liabilities with readily determinable fair values as either held for trading or other financial liabilities.

Our valuation methodologies have been consistently applied from period to period and we believe that the methods and significant assumptions used are reasonable, reflect those we believe would be used by market participants, and result in a measure of fair value that is appropriate for financial statement measurement and disclosure purposes. In addition, our disclosures related to fair value measurement are complete and adequate.

L. Long-term Investments

1. These investments are valued at cost.
2. Appropriate loss provisions have been provided in the accounts for any other than temporary declines in the value of investments.
3. All income for the year on the investments has been recorded in the accounts.

**M. Investments in Subsidiaries and Affiliates**

1. We have appropriately consolidated all entities for which we directly or indirectly have a controlling financial interest.
2. We have appropriately accounted for all freestanding (or embedded) rights and/or obligations to repurchase the shares of a subsidiary that are held by outsiders as a financial liability in accordance with CICA Handbook Section 3061.

N. Variable Interests and Variable Interest Entities

1. We have appropriately identified and disclosed all variable interests and variable interest entities ("VIEs"). The Company has reconsidered the initial determination of whether an entity is a variable interest entity and/or whether it is the variable interest entity's primary beneficiary, as required by Accounting Guideline 15.

O. Deferred Charges

1. We believe that all material expenditures that have been deferred to future periods are recoverable.

P. Property, Plant and Equipment

1. All charges to fixed asset accounts and additions under capital leases during the year represent actual additions and no expenditures of a capital nature have been charged to expense during the year.
2. All property, plant and equipment sold or dismantled during the year have been properly accounted for in the accounts.
3. Appropriate rates have been used to depreciate and amortize these assets over our estimation of their useful lives.

Q. Long-Lived Assets

1. Long-lived assets to be held and used, have been reviewed for impairment whenever events or changes in circumstances have indicated that their carrying amounts may not be recoverable. Where appropriate under CICA Handbook Section 3063, such assets have been written down to fair value. Our estimates of future cash flows used to assess recoverability of such assets are based on reasonable and supportable assumptions regarding the cash flows expected to result from the use of the assets and their eventual disposition. Assets classified as held for sale under CICA Handbook Section 3475 are measured at the lower of carrying amount or fair value less cost to sell.



Sino-Forest Corporation

R. Events of Default under Debt Agreements

1. No events of default have occurred with respect to any of the Company's debt agreements.

S. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated financial statements.
2. We have informed you of all outstanding and possible claims, whether or not they have been discussed with legal counsel.
3. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no internal investigations or communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance..
4. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the consolidated financial statements or as the basis of recording a contingent loss.

T. Oral or Written Guarantees

1. There are no oral or written guarantees including guarantees of the debt of others.

U. Share Capital

1. Share capital repurchase options or agreements, or share capital reserved for options, warrants, conversion, or other requirements have been properly recorded or disclosed in the consolidated financial statements.

V. Purchase Commitments

1. At the year end, the Company had no unusual commitments or contractual obligations of any sort which were not in the ordinary course of business and which might have an adverse effect upon the Company (e.g., contracts or purchase agreements above market price; repurchase or other agreements not in the ordinary course of business; material commitments for the purchase of property, plant and equipment; significant foreign exchange commitments; open balances on letters of credit; purchase commitments for

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Sino-Forest Corporation

inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices; losses from fulfillment of, or inability to fulfill, sales commitments, etc.).

2. The master purchase timber contracts signed were all for prices that approximated market value at the outset of the contract. The Company has neither the ability nor intention to settle any of these contracts on a net basis.
3. The imported wood log contracts are negotiated in Hong Kong.

W. Employee Future Benefits

1. The Company has no employee future benefits as defined in CICA Handbook Section 3461.

X. Consolidated Accounts and Equity-Accounted Investments

1. All significant intercompany transactions have been disclosed to you and properly eliminated in the consolidated financial statements (intercompany profits in inventories and property, plant and equipment, intercompany balances, etc.).
2. The cost of acquisition of investments has been assigned in the financial statements to the purchased assets (including goodwill, after adjustment for minority interest) and liabilities in accordance with their values as at the dates of acquisition.
3. The intercompany loans and current accounts represent a permanent investment in the associated subsidiary.

Y. Segment Information

1. The information about operating segments included in the notes to the consolidated financial statements has been prepared and presented in conformity with CICA Handbook Section 1701. We have appropriately identified our operating segments based on the information used by our chief operating decision maker to evaluate operating performance of and make resource allocation decisions among business units. For reportable operating segments that are the result of the aggregation of multiple operating segments, (1) the aggregation is consistent with the objective of CICA Handbook Section 1701, (2) the aggregated operating segments have similar economic characteristics, and (3) the aggregated operating segments are similar in each of the following areas:
 1. The nature of the products and services
 2. The nature of the production processes



Sino-Forest Corporation

3. The type or class of customer for their products and services
4. The methods used to distribute their products or provide their services
5. If applicable, the nature of the regulatory environment, for example, banking, insurance, or public utilities.

Differences between the measurements used in reporting operating segment information and those used in the consolidated financial statements are adequately disclosed in the notes to the financial statements.

Z. Share-Based Payments

1. All grants of share-based payments have been properly approved by the Board of Directors or its delegated representatives on or prior to the grant date, and are in compliance with the terms of the plan from which they were granted.
2. The Company has properly determined the appropriate grant dates or measurement dates for all share-based payments in accordance with CICA 3870. We have recognized compensation cost, as well as liabilities for income taxes, payroll taxes, minimum tax withholding obligations, penalties and interest, as appropriate, under the applicable accounting standards.
3. We are responsible for the estimation methods and assumptions used in accounting for the Company's share-based payments in accordance with CICA 3870. Fair value and intrinsic value measurements are based on the grant date or measurement date share price as specified in CICA 3870. The assumptions used in fair value measurements made in accordance with CICA 3870, represent our best estimates as of the measurement date of expectations of future conditions.

AA. Discontinued Operations

1. The operations and cash flows of the wood chip line of business have been eliminated from the ongoing operations of the Company as a result of the disposal transaction, and the Company will not have any significant continuing involvement in the operations of the component.
2. No significant events have occurred or circumstances have arisen that would require the reassessment of the classification of the wood chip line of business as discontinued operations.

BB. Use of the Work of a Specialist

1. We agree with the findings of specialists in evaluating the valuation of standing timber and valuation of manufacturing capital assets and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated financial statements and the underlying accounting records. We did not

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Sino-Forest Corporation

give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

CC. Elective Change in Accounting Policy

1. We believe that the recognition and measurement principles of FIN 48 are preferable to the guidance available under Canadian GAAP and provide a more structured framework to account for uncertainties in income tax.

DD. Income Tax Matters

1. We have disclosed to you all significant tax planning strategies that were put in place during the current year or prior years that could materially affect the current year provision for income taxes, or the recorded amount of tax assets or liabilities.
2. We recognize that we are responsible for the Company's compliance with jurisdictional tax laws and regulations that are applicable to it. We have identified and disclosed to your representatives all significant methods of accounting used under the applicable jurisdictional tax laws and regulations that materially affect the determination of financial statement amounts.
3. We have provided you all tax opinions or memoranda of law that serve as support for material tax accruals (including tax uncertainties and determinations of the application of interest and penalties) as well as any tax opinions or memoranda of law that contradicted, or provided lower levels of assurance than, the opinions or memoranda of law ultimately used by the company to support its tax positions.
4. All standing timber sales contracts entered into by Suri-Wood Inc. ("SWI") and Sino-Forest Resources Inc. ("SFRI") have been negotiated and signed in the PRC by Allen Chan, CEO. All contracts related to the acquisition of standing timbers/plantations by SWI and SFRI are negotiated and signed outside of Hong Kong. As well, all imported wood log sales contracts (both purchasing and selling) entered into by SFRI have been negotiated by Alfred Hung, VP of Corporate Finance, by telephone while Alfred Hung is in Hong Kong and signed in Hong Kong by Allen Chan. The instruction with respect to the range of profit margin on the imported wood log sales is given by Allen Chan to Alfred Hung orally in Hong Kong.
5. Contracts and agreements entered into by SWI and SFRI with Authorized Intermediaries ("AI") with respect to the wood chip business including the sale of wood chips are negotiated and signed outside Hong Kong.
6. Management by SWI and SFRI of cash and amounts receivable from Authorized Intermediaries is carried on outside Hong Kong.



Sino-Forest Corporation

7. The Company does not intend to repatriate to Canada earnings of its foreign subsidiaries that exist at December 31, 2007 in the foreseeable future.
8. All or substantially all of the administrative costs incurred by the Company (the legal entity) including investor relation costs relate to stewardship of the Company and its subsidiaries.

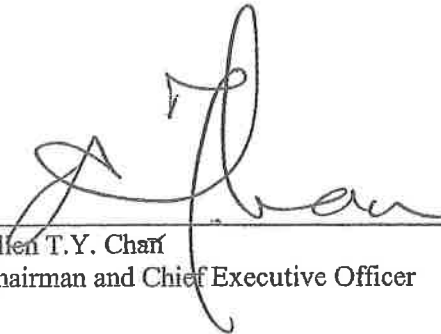
EE. Subsequent Events

1. Subsequent to December 31, 2007, no events or transactions have occurred or are pending that would have a material effect on the consolidated financial statements at that date or for the year then ended, or that are of such significance in relation to the Company's affairs to require mention in a note to the consolidated financial statements in order to make them not misleading regarding the consolidated financial position, results of operations, or cash flows of the Company.

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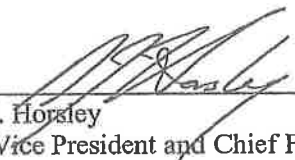
Sino-Forest Corporation



Allen T.Y. Chan
Chairman and Chief Executive Officer

3/14/08


Date



David J. Horstey
Senior Vice President and Chief Financial Officer

3/14/08

Date



Alvin Lim
Vice President Finance and Group Financial Controller

3/14/08

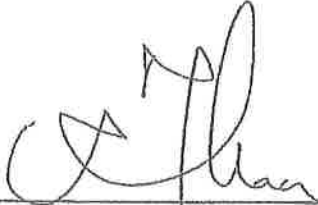
Date

Tom Maradin
Vice President Risk Management

Date




Sino-Forest Corporation




Allen T.Y. Chan
Chairman and Chief Executive Officer

_____ 3/14/08
Date



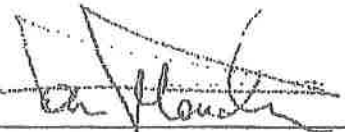
David J. Horsley
Senior Vice President and Chief Financial Officer

_____ 3/14/08
Date



Alvin Lim
Vice President Finance and Group Financial Controller

_____ 3/14/08
Date



Tom Maradin
Vice President Risk Management

_____ 3/14/08
Date

Printed Time: Wed Mar 05, 2008

Summary of Audit Differences

Client: **Sho-Forest Co**

Audit Date: **3/12/2007**
 Nominal Amount: **370,000**

Currency: **USD**
 SAD Consultation Limit: **7,400,000**

No.	W/P Ref.	Related Entities	Account <i>(Audit differences are recorded as journal entries.)</i>	Assets		Liabilities (Current)		Liabilities (Non-current)		Income / Expenses		Equity Debit/(Credit)
				Current Debit/(Credit)	Non-current Debit/(Credit)	Current Debit/(Credit)	Non-current Debit/(Credit)	Current Period Debit/(Credit)	Prior Period Debit/(Credit)	Current Period Debit/(Credit)	Prior Period Debit/(Credit)	
Unrecorded Audit Differences:												
1	UC-01-GL	SFC	To reverse over-recognition of interest income in 2007 re Mandira loan Adjustment: Equity									(900,000)
			Adjustment: Interest Income									No
2	UB-01-GL	SFC	To account for under-recognition of realized foreign exchange gains Adjustment: Cash	1,284,000								No
			Adjustment: Exchange Gains									No
3	E-04-AMER	Showin	Being adjustment of sales cut-off error by the end of Dec 31, 2007. Adjustment: Accounts receivable	1,619,560		(499,478)						No
			Adjustment: Accrued liabilities									No
			Adjustment: Cost of sales									No
			Adjustment: Inventory									No
			Adjustment: Sales									No
4	UA-03	Showin	Being adjustment of sales cut-off of opening balance as at Dec 31, 2006. Adjustment: Cost of sales									No
			Adjustment: Retained Earning							1,890,936		No
			Adjustment: Sales							(2,588,131)		No
5	UA-02-GL	JF	Being adjustment of under accrued consumption tax and sales rebate in 2006 but recorded in 2007 Adjustment: Retained Earning									No
			Adjustment: Sales							(461,000)		No
6		SFC	To reverse understatement of derivative loss (2006 amount corrected in 2007) Adjustment: Loss on FV of derivative instrument									No
			Adjustment: Retained Earning							594,000		No
Balance Sheet Totals				2,507,423	0	(499,478)	0					
Financial Statement Amounts				527,028,000	0	197,003,000	0					
Effect of unrecorded audit differences on F/S amounts				0.48%	0.00%	-0.25%	0.00%					
Income effect of unrecorded audit differences (before tax)										(874,945)		(697,195)
Income effect of unrecorded audit differences (after tax)										0		0
Memo: Non-taxable items (marked "Yes" above)										0		0
Less: Tax effect at current year marginal rate										(874,945)		(697,195)
Cumulative effect of unrecorded audit differences before turn-around effect										697,195		697,195
Turn-around effect of prior-period unrecorded audit differences (after tax)										(277,750)		(277,750)
Cumulative effect of unrecorded audit differences, after turn-around effect										152,273,000		152,273,000
Current year net income												100.00%

2008



Sino-Forest Corporation

March 16, 2009

Ernst & Young LLP
Chartered Accountants

In connection with your audit of the consolidated financial statements of Sino-Forest Corporation (the "Company") as of December 31, 2008 and 2007, and for the years then ended, we recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion whether the consolidated financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of Sino-Forest Corporation in accordance with Canadian generally accepted accounting principles.

We understand that the purpose of your audits of our financial statements is to express an opinion thereon and your audits were conducted in accordance with Canadian generally accepted auditing standards, which involve an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances. It is not designed to identify, nor can it necessarily be expected to disclose, fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of financial statement information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Accordingly, we make the following representations, as of March 13 2009, which are true to the best of our knowledge and belief:

Financial statements and financial records

1. We acknowledge that, as members of management of the Company, we are responsible for the fair presentation of the consolidated financial statements. We believe the consolidated financial statements referred to above present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with Canadian generally accepted accounting principles.
2. The significant accounting policies adopted in the preparation of the consolidated financial statements are fully and fairly described in the financial statements.
3. As members of management of the Company, we believe that the Company has a system of internal controls adequate to permit the preparation of accurate financial statements in accordance with Canadian generally accepted accounting principles.

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MAR 16 2009

MAR 16 2009



Sino-Forest Corporation

Fraud and error

1. We acknowledge that we are responsible for the design and implementation of internal controls to prevent and detect fraud and error.
2. We have assessed the risk that the consolidated financial statements may be materially misstated as a result of fraud and have determined such risk to be low.

We have no knowledge of any fraud or suspected fraud affecting the entity involving management; employees who have significant roles in internal control; or others, where the fraud could have a non-trivial effect on the consolidated financial statements. We have no knowledge of any allegations of fraud or suspected fraud affecting the Company's consolidated financial statements received in communications from employees, former employees, analysts, regulators, or others. In addition, all "whistle-blower" allegations coming to our attention have been disclosed to you. No irregularities or shortages have occurred and nothing has come to light which might reflect upon the honesty or integrity of any employee, agent or officer of the Company.

3. We believe that the effects of those unrecorded financial statement misstatements aggregated by you during your audit, as summarized in the accompanying schedule, are immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole. In addition, to the extent that audit differences have been subsequently identified in the current period that affect prior year financial statements, we have evaluated the effect of correcting prior year consolidated financial statements and believe that the effects of the unrecorded audit differences are immaterial, both individually and in the aggregate, to the prior year consolidated financial statements taken as a whole.

Illegal acts

1. We are not aware of any illegal or possibly illegal acts, as defined in CICA Handbook Section 5136.

Independence

1. Based on inquiries we have made of our officers, directors, and substantial shareholders, we are not aware of any business relationship between any such officer, director, or substantial stockholder (or any entity for or of which such an officer or director acts in a similar capacity) and Ernst & Young LLP or any other member firm of the global Ernst & Young organization (any of which, an "EY Entity"), other than one pursuant to which an EY Entity performs professional services. For this purpose, a "substantial shareholder" is a person or entity (excluding mutual funds) that owns five percent or more in the Company.
2. We are not aware of any reason that Ernst & Young LLP would not be considered to be independent for purposes of the Company's audit.



Sino-Forest Corporation

Conflicts of interest

1. There are no instances where any officer or employee of the Company has an interest in a company with which the Company does business that would be considered a "conflict of interest." Such an interest would be contrary to Company policy.

Completeness of information

1. We have made available to you all financial records and related data and all minutes of the meetings of shareholders, directors and committees of directors (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on January 19, 2009.
2. We also have made available to you all significant contracts and agreements and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that would have a material effect on the consolidated financial statements in the event of noncompliance.
3. There are no transactions of a material nature, individually or in the aggregate, that have not been properly recorded in the accounting records underlying the consolidated financial statements.
4. We have disclosed to you all known related parties and related party transactions, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been properly measured and disclosed in the consolidated financial statements.
5. As it relates to share-based payments, we have made available to your representatives all plan documents and data related to granting, vesting, exercising, cancelling, and forfeiting share-based payments, including modifications to existing plans or previously granted awards.

Recognition, measurement and disclosure

1. We believe that the significant assumptions underlying the fair value measurements and disclosures used in the preparation of the consolidated financial statements are reasonable and appropriate in the circumstances.
2. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the consolidated financial statements.

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Risks and measurement uncertainties

1. The nature of all material measurement uncertainties has been appropriately disclosed in the consolidated financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the consolidated financial statements.
2. The Company believes that the judgements and estimates used in calculating the income tax provision represent the appropriate likelihood of various outcomes occurring.

Ownership of assets

1. The Company has satisfactory title to all assets appearing in the consolidated balance sheet, and there are no liens or encumbrances on the Company's assets, nor has any asset been pledged except as disclosed in the consolidated financial statements. All assets to which the Company has satisfactory title appear in consolidated the balance sheet.

Receivables and revenues

1. Receivables represent valid claims against the debtors indicated and do not include amounts for goods shipped or services provided subsequent to the balance sheet date, goods shipped on consignment or approval, or other types of arrangements not constituting sales. All revenue recognized as of the balance sheet date has been realized or is realizable and earned. Revenue has not been recognized before (1) persuasive evidence of an arrangement exists, (2) goods have been delivered or services rendered, (3) consideration to be received is fixed or determinable, and (4) collectibility is reasonably assured.
2. Adequate provision has been made for losses, costs, and expenses that may be incurred subsequent to the balance sheet dates in respect of sales and services rendered prior to that those dates and for uncollectible accounts, discounts, returns, and allowances, etc., that may be incurred in the collection of receivables at that date.
3. We have disclosed to you all sales terms (both express and implied), including all rights of return or price adjustments and warranty provisions. We have made available to you all significant contracts, communications (either written or oral), and other relevant information pertaining to arrangements with our customers, including distributors and resellers.
4. We have adequately disclosed a description of our major revenue generating products and services, the types of arrangements (including multiple-element arrangements) used to deliver these products or services, and a description of the revenue recognition policies applicable to these products or services.
5. We believe that the \$0.5 million deposits for the purchase of logs paid to Inner Mongolian Forest and Timber Resources Company Limited and \$9.5 million deposit paid to Elderbridge Ltd. are fully recoverably through future timber purchases and cash refund.

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6. We are not aware of any indication of impairment on the subordinated loan due from Mandra Forestry Holdings Limited.
7. During the year, settlements of trade receivables by the customers totalling US\$569 million were made by way of making direct payments on behalf of the Suri-Wood Inc. ("SWI"), Sino-Panel (Yunnan) Limited ("SP Yunnan") and Sino-Forest Resources Inc. ("SFR" to the plantation owners in relation to the purchases of tree plantations. We confirm that these fund redirection transactions were genuine and complete.
8. During the year, trade receivables of US\$60.3 million were settled through cash deposits credited directly to bank accounts of the Sino-Forest Resources Inc. by the remitting agents of the customers, which are not related parties to the Company or to the management or officers of the Company as listed below:

Name of Remitting Agents		USD '000
Winner Max Int'l Ltd.	\$	14,866
Suifenhe Longjiang Shanglian Co.,Ltd	\$	1,002
Imported and Exported Timber Exchange	\$	1,749
Sino Richly International Ltd.	\$	14,194
Lifan Trading Ltd.	\$	18,033
Marubeni Corporation	\$	21
Oji Forest & Products Co., Ltd.	\$	8
Unnamed agents	\$	10,468
	\$	<u>60,341</u>

Inventories

1. Inventories were priced at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
 - Raw materials and expense materials - at the lower of cost and replacement cost.
 - Work-in-process and finished goods - at the lower of cost (including material and labour costs and overhead costs based on actual rates) and net realizable value.

In arriving at such values, full allowance was made for defective, slow-moving, excess, unusable or obsolete stock. Adequate provision has been made for losses under firm purchase commitments for goods for inventory. There have been no reductions of the selling prices of finished goods subsequent to the year end and none are contemplated.
2. Physical counts and measurement of inventories were made by competent employees under the supervision of the management as at the year end, and the quantities were determined by actual count, weight or measurement.

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Sino-Forest Corporation

3. Inventory does not include items not paid for and for which no liability has been recorded in the accounts at the year end; goods on consignment from others; or goods invoiced to customers.

Financial instruments

1. The Company has properly classified financial assets with readily determinable fair values as either held for trading, held-to-maturity, loans and receivables or available-for-sale. The Company has the positive intent and ability to hold to maturity all financial assets that are classified as held-to-maturity.
2. The Company has properly classified financial liabilities with readily determinable fair values as either held for trading or other financial liabilities.
3. Our valuation methodologies have been consistently applied from period to period and we believe that the methods and significant assumptions used are reasonable, reflect those we believe would be used by market participants, and result in a measure of fair value that is appropriate for financial statement measurement and disclosure purposes. In addition, our disclosures related to fair value measurement are complete and adequate.

Arrangements with financial institutions

1. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements have been properly recorded or disclosed in the consolidated financial statements.

Long-term investments

1. These investments are valued at cost.
2. Appropriate loss provisions have been provided in the accounts for any other than temporary declines in the value of investments.
3. All income for the year on the investments has been recorded in the accounts.
4. The cost method is used to account for the Company's investment in the share capital of Greenheart Resources Holdings Limited as such investment does not have a quoted market price and the Company does not have the ability to exercise significant influence over the investee's operating and financial policies.

Investments in subsidiaries and affiliates

1. We have appropriately consolidated all entities for which we directly or indirectly have a controlling financial interest.

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2. We have appropriately accounted for all freestanding (or embedded) rights and/or obligations to repurchase the shares of a subsidiary that are held by outsiders as a financial liability in accordance with CICA Handbook Section 3863.

Variable interests and variable interest entities

1. We have appropriately identified variable interest entities (VIEs) and disclosed all variable interests in VIEs. The Company has considered its related parties and de factor agents in making the determination as to whether a VIE should be consolidated. The Company has reconsidered the initial determination of whether an entity is a VIE and/or whether it is the VIE's primary beneficiary, as required by Accounting Guideline 15.

Deferred charges

1. We believe that all material expenditures that have been deferred to future periods are recoverable.

Property, plant and equipment and assets under capital leases

1. All charges to fixed asset accounts and additions under capital leases during the year represent actual additions and no expenditures of a capital nature have been charged to expense during the year.
2. All property, plant and equipment sold or dismantled and all capital lease terminations during the year have been properly accounted for in the accounts.
3. Appropriate rates have been used to depreciate and amortize these assets over our estimation of their useful lives.

Long-lived assets to be held and used, including amortizable intangible assets

1. Long-lived assets to be held and used, including intangible assets that are subject to amortization, have been reviewed for impairment whenever events or changes in circumstances have indicated that their carrying amounts may not be recoverable. Our estimates of future cash flows used to assess recoverability of such assets are based on reasonable and supportable assumptions regarding the cash flows expected to result from the use of the assets and their eventual disposition. Where appropriate under CICA Handbook Section 3063, such assets have been written down to fair value.

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2. Subsequent to the year end, the Company finalized an agreement to sell the particleboard production lines located in Gaoyao, the People's Republic of China (the "PRC"), for approximately \$29.7 million (included relevant sales tax). The agreement has been approved by the Board of Directors. As a result, the particleboard production lines were written down to the amount equal to the selling price less cost to sell, being approximately \$26 million as of December 31, 2008.
3. Further, the Company is negotiating with the buyer of the particleboard production lines for leasing the land and building in existing Gaoyao manufacturing facility. Therefore, we do not believe there are any indicators of impairment on the remaining assets, other than the particleboard production machinery and equipment, in the Gaoyao manufacturing facility as of December 31, 2008.

Events of default under debt agreements

1. No events of default have occurred with respect to any of the Company's debt agreements.

Liabilities and contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated financial statements.
2. We have informed you of all outstanding and possible claims, whether or not they have been discussed with legal counsel.
3. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no internal investigations or communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance.
4. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the consolidated financial statements or as the basis of recording a contingent loss.
5. The Company addressed the corporate governance allegation raised by a shareholder in 2004 and an investigation was carried out by a Special Committee appointed by the Board of Directors. The investigation was completed in September 2004 and the allegation was determined to be without merit. The Company believed that no litigation will be commenced by the shareholder that initiated the allegation. The Company has never received other correspondence from the said shareholder other than the initial corporate governance allegation issued in 2004.



Sino-Forest Corporation

6. We consider the notice of court hearing dated January 19, 2009 received by Sino-Panel (Guangzhou) Trading Company Limited ("SP Guangzhou") in relation to the acquisition of a private entity in the PRC by Sino-Panel (Fujian) Company Limited has been improperly brought against SP (Guangzhou). Given the amount of the legal claim is immaterial, we consider it is appropriate to not disclose this litigation in the consolidated financial statements.
7. The potential severance payment and penalty, if any, calculated pursuant to the applicable PRC Labour Law and payable to employees who may be laid off as a result of the sale of the particleboard production lines in Gaoyao, is insignificant as of December 31, 2008.

Oral or written guarantees

1. There are no oral or written guarantees including guarantees of the debt of others.

Share capital

1. Share capital repurchase options or agreements, or share capital reserved for options, warrants, conversion, or other requirements have been properly recorded or disclosed in the consolidated financial statements.

Purchase commitments

1. At the year end, the Company had no unusual commitments or contractual obligations of any sort which were not in the ordinary course of business and which might have an adverse effect upon the company (e.g., contracts or purchase agreements above market price; repurchase or other agreements not in the ordinary course of business; material commitments for the purchase of property, plant and equipment; significant foreign exchange commitments; open balances on letters of credit; purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices; losses from fulfillment of, or inability to fulfill, sales commitments, etc.).
2. The master purchase timber contracts signed were all for prices that approximated market value at the outset of the contract. The Company has neither the ability nor intention to settle any of these contracts on a net basis.
3. The decision on entering into the imported wood log transactions and the signing of sales and purchase of wood log contracts for Sino-Forest Resources Inc. are all in Hong Kong.

Employee future benefits

1. The Company does not have employee future benefits as defined in CICA Handbook Section 3461.



Sino-Forest Corporation

Consolidated accounts

1. All significant intercompany transactions have been disclosed to you and properly eliminated in the consolidated financial statements (intercompany profits in inventories and property, plant and equipment, intercompany balances, etc.).
2. The cost of acquisition of investments has been assigned in the financial statements to the purchased assets (including goodwill, after adjustment for minority interest) and liabilities in accordance with their values as at the dates of acquisition.

Segment information

1. The information about operating segments included in the notes to the consolidated financial statements has been prepared and presented in conformity with CICA Handbook Section 1701. We have appropriately identified our operating segments based on the information used by our chief operating decision maker to evaluate operating performance of and make resource allocation decisions among business units. For reportable operating segments that are the result of the aggregation of multiple operating segments, (1) the aggregation is consistent with the objective of CICA Handbook Section 1701, (2) the aggregated operating segments have similar economic characteristics, and (3) the aggregated operating segments are similar in each of the following areas:

- (a) The nature of the products and services
- (b) The nature of the production processes
- (c) The type or class of customer for their products and services
- (d) The methods used to distribute their products or provide their services
- (e) The nature of the regulatory environment.

Differences between the measurements used in reporting operating segment information and those used in the consolidated financial statements are adequately disclosed in the notes to the financial statements.

Share-based payments

1. All grants of share-based payments have been properly approved by the Board of Directors or its delegated representatives on or prior to the grant date, and are in compliance with the terms of the plan from which they were granted.
2. The Company has properly determined the appropriate grant dates or measurement dates for all share-based payments in accordance with CICA Handbook Section 3870. We have recognized compensation cost, as well as liabilities for income taxes, payroll taxes, minimum tax withholding

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EY-HC-2008-000110/11



Sino-Forest Corporation

obligations, penalties and interest, as appropriate, under the applicable accounting standards.

- 3. We are responsible for the estimation methods and assumptions used in accounting for the Company's share-based payments in accordance with CICA Handbook Section 3870. Fair value and intrinsic value measurements are based on the grant date or measurement date share price as specified in CICA Handbook Section 3870. The assumptions used in fair value measurements made in accordance with CICA Handbook Section 3870, represent our best estimates as of the measurement date of expectations of future conditions.

Derivative financial instruments

The Company has one currency SWAP contract which is held for trading purpose.

The Company's records reflect all transactions involving derivative financial instruments, all embedded derivatives have been identified and the assumptions and methodologies used in the valuation models applied to derivative financial instruments are reasonable. All transactions involving derivative financial instruments have been conducted at arm's length and at fair values.

Use of the work of a specialist

When the company has used the work of a specialist, the following representation is included:

We agree with the findings of specialists in evaluating the valuation of standing timber and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated financial statements and the underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

Transaction gains and losses attributable to intercompany transactions

Transaction gains and losses attributable to intercompany foreign currency transactions that are of a long-term-investment nature (that is, settlement is not planned or anticipated in the foreseeable future) have been reported in other comprehensive income. Transaction gains and losses attributable to other intercompany foreign currency transactions have been included in net income for the period in which the exchange rates change.



Sino-Forest Corporation

Effects of new accounting principles

We have not completed the process of evaluating the effects that will result from adopting CICA Handbook Section 1582 Business Combinations, Section 1601 Consolidated Financial Statements, Section 1602 Non-Controlling Interests and EIC 173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, as discussed in Note 2. The Company is therefore unable to disclose the effects that adopting Section 1582, Section 1601, Section 1602 and EIC 173 will have on its financial position and the results of its operations when such Section is adopted.

Income Tax Matters

1. We have disclosed to you all significant tax planning strategies that were put in place during the current year or prior years that could materially affect the current year provision for income taxes, or the recorded amount of tax assets or liabilities.
2. We recognize that we are responsible for the Company's compliance with jurisdictional tax laws and regulations that are applicable to it. We have identified and disclosed to your representatives all significant methods of accounting used under the applicable jurisdictional tax laws and regulations that materially affect the determination of financial statement amounts.
3. We have provided you all tax opinions or memoranda of law that serve as support for our assessment of material tax positions (including tax uncertainties and determinations of the application of interest and penalties) as well as any tax opinions or memoranda of law that contradicted, or provided lower levels of assurance than, the opinions or memoranda of law ultimately used by the company to support its tax positions.
4. In the books of companies incorporated in the British Virgin Islands at the consolidation level, Sino-Forest (China) Investment Inc. ("SFCI") has a payable of USD50.78million (i.e. RMB347,038,395) to SFR which has been outstanding for over two years as of December 31, 2008 and a receivable of USD49.13million (i.e. RMB335,814,050) from SWI. The cash flow into SFCI in RMB was generated by SFR's operation of standing timber sales in the PRC, and then such RMB cash was paid on behalf of SWI to the forestry owner in the PRC for purchasing forestry by SWI. As such, SFR was lending money of USD49.13million to SWI and SFCI was a payment agent in this regard.

In the local books of SFCI, there has been no accounting entries/record showing the payable of USD50.78million to SFR. There is no evidence in the audited financial statements, in the related party transaction forms of annual Corporate Income Tax return, in the annual foreign exchange inspection report or in other documents of SFCI which could have suggested the existence of such USD50.78million payable to SFR by SFCI.

The books of BVI companies and consolidated accounts as of December 31, 2008 will be amended to correct the accounting mistake and reflect that SFR has lent USD49.13million to SWI and USD1.65million to SFCI.



Sino-Forest Corporation

5. All standing timber sales contracts entered into by SWI and SP Yunnan have been negotiated and signed by Allen Chan, CEO, in the PRC.
6. The decision on all imported wood log sales transactions conducted by SFR, and the signing of all imported wood log sales and purchases have been done by Allen Chan, CEO, in Hong Kong. The instruction with respect to the range of profit margin on the imported wood log sales is given by Allen Chan to Alfred Hung verbally in Hong Kong.
7. Contracts and agreements entered into by SWI and SFR with Authorized Intermediaries ("AI") with respect to the wood chips business including the sale of wood chips, while that business was carried on, were negotiated and signed outside Hong Kong.
8. Management by SWI and SFR of cash and amounts receivable from Authorized Intermediaries is carried on outside Hong Kong.
9. The Company does not intend to repatriate to Canada earnings of its foreign subsidiaries that exist at December 31, 2008 in the foreseeable future.
10. All or substantially all of the administrative costs incurred by the Company (the legal entity) including investor relation costs relate to stewardship of the Company and its subsidiaries.

Subsequent events

1. Subsequent to December 31, 2008, no events or transactions, except for the investment in the shares and convertible bonds of Omicorp Limited and the disposal of particleboard production lines located in Gaoyao, the PRC, have occurred or are pending that would have a material effect on the consolidated financial statements at that date or for the period then ended, or that are of such significance in relation to the Company's affairs to require mention in a note to the consolidated financial statements in order to make them not misleading regarding the consolidated financial position, results of operations, or cash flows of the Company.

Comparative figures

1. In connection with your audit of the comparative consolidated financial statements for the year ended December 31, 2008, we represent, to the best of our knowledge and belief, the following:

There have been no significant errors or misstatements, or changes in accounting policies that would require a restatement of the amounts from the financial statements for the year ended December 31, 2007, which are shown as comparative amounts in the financial statements for the year ended December 31, 2008. Any differences in the comparative amounts from the amounts in the financial statements for the year ended December 31, 2007 are solely the result of reclassifications for comparative purposes.

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Sino-Forest Corporation

Allen T.Y. Chan
Chairman and Chief Executive Officer

16 MAR 2009

Date

David J. Horsley
Senior Vice President and Chief Financial Officer

16 MAR 2009

Date

Thomas Maradin
Vice President Risk Management

16 MAR 2009

Date

Sino-Forest Corporation

Summary of Audit Differences

Client: Sino-Forest Corporation

Audit date: 31-Dec-2008

Currency: USD

No.	W/P ref.	Accounts	Assets		Liabilities		Income Effect of Correcting the Balance Sheet as of the End of the		Other - Specify	
			Current	Non-current	Current	Non-current	Current period	Prior period		
Unrecorded Audit Differences:			Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Taxable	Taxable	Debit/(Credit)	
1	JF (P14) UAS	Dr Acc Receivable Cr Revenue (To record understatement in project revenues based on % completion of method using actual cost and total estimated project cost)	1,059,141				(1,059,141)			
2	SP Yunnan (025) VE	Dr: Operator related earnings Cr: AOCI (To record the effect of functional currency change for SP Yunnan)			(940,000)			940,000	X	411,941 (411,941)
3	SF China Investment	Dr. Income Tax Expense Cr. Accrued Liabilities (Income tax expense on payable outstanding for more than 2 years)						500,000		
4	SFC (C04) H	Dr. Interest Expenses Cr. Long-term Prepayment (To adjust for the difference between face value and present value for prepayment with MF1)		(500,000)						
5	JF (P14) VB	Dr. Social Benefit Expense Cr. Other Liability (To record the underpaid social benefit)			(465,773)			465,773		
6	SFR	Dr. Retained Earnings Cr. Income tax expense Cr. Accrued Liabilities (Penalty on non-filing of incorporated by income)						(1,300,000)	X	2,300,000
7	SP Guangxi	Dr. Income Tax Expenses Cr. Income Tax Payable (Being deferred tax on foreign exchange gain)						230,000	X	
8	Gaoyao	Dr. Impairment Loss Cr. Capital Assets (Impairment of participation and limitation lines in Gaoyao)		(3,700,000)				3,700,000		

Sino-Forest Corporation

No.	W/P ref.	Account	Analysis of audit differences Debit/(Credit)				Income Effect of Correcting the Balance Sheet at the End of the		Other - Specity
			Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Current period Debit/(Credit)	Non Taxable	
Unrecorded Audit Differences:		(Audit differences are recorded as journal entries and description of the entry)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Prior period Debit/(Credit)	Debit/(Credit)	
Errors:									
9	SFC	Dr. Retained Earnings						721,137	
	(C01) VO	Cr. Donation Expenses				(721,137)			
		(F07) donation expenses were recorded in FOB)							
Judgmental Differences:									
10	JF (P14) F6	Dr. Inventory Impairment Loss							
		Cr. Provision for Inventory Impairment	(225,520)			225,520			
		(Inventory cost recorded is higher than net realizable value)							
11	Jiannu (P15) F4	Dr. Inventory Impairment Loss							
		Cr. Provision for Inventory Impairment	(250,086)			250,086			
		(Inventory cost recorded is higher than net realizable value)							
Turnarounds from 2007:									
12		Sales cut off error at Dec 31, 2007 where 2007 PL was understated as a result					(723,945)		
13		Exchange gains					(1,284,000)		
Balance sheet totals			582,522	(4,200,000)	(2,855,775)	0		3,021,137	
Financial statement amounts			783,882,000	1,820,055,000	(285,478,000)	(719,682,000)		(1,589,784,000)	
Effect of unrecorded audit differences on F/S amounts			0.07%	-0.23%	0.93%	0.00%		-0.19%	
Income effect of unrecorded audit differences (before tax)							(2,007,845)		
Memo: Non-taxable items (marked 'X' above)									
Less: Tax effect at current year marginal rate			25,00%					501,966	
Cumulative effect of unrecorded audit differences before turn-around effect								(1,505,959)	
Turn-around effect of prior-period unrecorded audit differences (after tax)									
Cumulative effect of unrecorded audit differences, after turn-around effect									
Current year net income									
Judgmental differences:									
All errors:									
All errors:			1.05%						
Judgmental differences:			1,505,959						
Judgmental differences:			0						
Judgmental differences:			1.71%						
Judgmental differences:			229,593,000						

the *in vitro* and *in vivo* studies. The *in vitro* studies were performed with the following conditions:

1. The *in vitro* studies were performed with the following conditions:

2. The *in vitro* studies were performed with the following conditions:

3. The *in vitro* studies were performed with the following conditions:

4. The *in vitro* studies were performed with the following conditions:

5. The *in vitro* studies were performed with the following conditions:

6. The *in vitro* studies were performed with the following conditions:

7. The *in vitro* studies were performed with the following conditions:

8. The *in vitro* studies were performed with the following conditions:

9. The *in vitro* studies were performed with the following conditions:

10. The *in vitro* studies were performed with the following conditions:

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24. The *in vitro* studies were performed with the following conditions:

25. The *in vitro* studies were performed with the following conditions:

26. The *in vitro* studies were performed with the following conditions:

27. The *in vitro* studies were performed with the following conditions:

March 31, 09



Sino-Forest Corporation

March 31, 2009

Ernst & Young LLP
Chartered Accountants

In connection with the Sino-Forest Corporation's (the "Company") consolidated balance sheets as at December 31, 2008 and 2007, and the consolidated statements of income and retained earnings, comprehensive income and cash flows for the years then ended included in the Company's annual report for the year ended December 31, 2008 to be filed with the Canadian securities regulatory authorities on March 31, 2009, and in connection with your consent to the use of your audit report on the abovementioned consolidated financial statements in the annual report, the representations made to you in our letter of March 16, 2008 remain current.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

In addition to the foregoing, we also confirm, to the best of our knowledge and belief, the following representations made to you in connection with the procedures performed by you to enable you to provide a written consent.

General

We have responded fully to all inquiries made to us by you during the completion of your procedures.

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

The revised unrecorded summary of audit difference for the year ended December 31, 2008 is attached in Appendix I.

Unaudited Financial Information

No consolidated financial statements are available for any period subsequent to December 31, 2008.

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MAR 31 2009

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Sino-Forest Corporation

Minutes

The dates of meetings of shareholders, directors, committees of directors and important management committees from January 19, 2009 to the date of this letter are as follows:

Compensation and Nominating Committee – February 5, 2009, March 10, 2009

We have made available to you the minutes of these meetings and such minutes are complete and authentic records of such meetings. The minutes of the above meetings have not yet been completed or circulated to the Board of Directors or the applicable committees for approval. However, in our opinion, the continuous disclosure documents (e.g. press releases, financial statements, MD&A, annual information form, etc.) filed by the Company on SEDAR since January 19, 2009 contain all of the necessary material information discussed at such meetings that is required to be disclosed under Canadian securities legislation.

Contracts

We have made available to you all significant contracts and agreements. We have complied with all aspects of the contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Share-based Payments


All grants of share-based payments have been properly approved by the Board of Directors or its delegated representatives on or prior to the grant date, and are in compliance with the terms of the plans from which they were granted.

The Company has properly determined the appropriate grant dates or measurement dates for all share-based payments in accordance with CICA 3870. We have recognized compensation cost, as well as liabilities for income taxes, payroll taxes, minimum tax withholding obligations, penalties and interest, as appropriate, under the applicable accounting standards.

We are responsible for the estimation methods and assumptions used in accounting for the Company's share-based payments in accordance with CICA 3870. Fair value and intrinsic value measurements are based on the grant date or measurement date share price as specified in CICA 3870. The assumptions used in fair value measurements made in accordance with CICA 3870, represent our best estimates as of the measurement date of expectations of future conditions.

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Sino-Forest Corporation

Subsequent Events

No events, transactions or changes in accounting policies and presentation have occurred since the date of our previous letter or are pending that would have a material effect on the audited financial statements included in the Company's annual report or that are of such significance in relation to the Company's affairs to require mention in a note to the audited financial statements, in each case in order to make them not misleading regarding the financial position, results of operations, or cash flows of the Company and in accordance with generally accepted accounting principles as of the date of this letter. We have performed procedures to identify subsequent events up to and including March 31, 2009.

Approval of Document

The Annual Report and Annual Information Form have been approved for release by the board of directors of the Company.

Allen T. Y. Chan
Chairman and Chief Executive Officer
Date 31 March 2009

David L. Horsley
Senior Vice President and Chief Financial Officer
Date 3/31/09

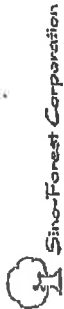
Thomas Maradin
Vice President Risk Management
Date 3/31/09

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MAR 31 2009

Appendix I



Summary of Audit Differences

No.	Description	Audit date: 31 Dec 2008		Currency: USD		Analysis of audit differences (Audit Check)		Impact on financial statements		Other - Specific
		Current	Non-current	Current	Non-current	Unrecorded	Unrecorded	Debit	Credit	
9	Dr. Dividend Income									
10	Dr. Inventory Adjustment									
11	Dr. Inventory Adjustment									
12	Dr. Inventory Adjustment									
13	Dr. Inventory Adjustment									
14	Dr. Inventory Adjustment									
15	Dr. Inventory Adjustment									
16	Dr. Inventory Adjustment									
17	Dr. Inventory Adjustment									
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99	Dr. Inventory Adjustment									
100	Dr. Inventory Adjustment									

MAR 31 2009

NOTE: Due to the consolidated financial statements disclosure on December 31, 2008, the Company had acquired 7,937 and 75,111 hectares of plantation trees for 439,852,449 and 3,425,014,000 in Hunan and Guangxi, respectively, under the transfer agreements. Such disclosure requires the underdevelopment of purchased area and amount by 4,347 hectares and 34.5 million, respectively, for plantations in Hunan and an overstatement of purchased area and amount by 2,208 hectares and 23.7 million, respectively, for plantations in Guangxi, resulting in a net under-statement of commitment by 442 million as of December 31, 2008.

2009



Sino-Forest Corporation

March 16, 2010

Ernst & Young LLP
Chartered Accountants

In connection with your audit of the consolidated financial statements of Sino-Forest Corporation (the "Company") as of December 31, 2009 and 2008, and for the years then ended, we recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion whether the consolidated financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of Sino-Forest Corporation in accordance with Canadian generally accepted accounting principles.

We understand that the purpose of your audits of our financial statements is to express an opinion thereon and your audits were conducted in accordance with Canadian generally accepted auditing standards, which involve an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances. It is not designed to identify, nor can it necessarily be expected to disclose, fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of financial statement information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Accordingly, we make the following representations, as of March 15, 2010, which are true to the best of our knowledge and belief:

Financial statements and financial records

1. We acknowledge that, as members of management of the Company, we are responsible for the fair presentation of the consolidated financial statements. We believe the consolidated financial statements referred to above present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with Canadian generally accepted accounting principles.
2. The significant accounting policies adopted in the preparation of the consolidated financial statements are fully and fairly described in the financial statements.
3. As members of management of the Company, we believe that the Company has a system of internal controls adequate to permit the preparation of accurate financial statements in accordance with Canadian generally accepted accounting principles.

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Sino-Forest Corporation

Fraud and error

1. We acknowledge that we are responsible for the design and implementation of internal controls to prevent and detect fraud and error.
2. We have assessed the risk that the consolidated financial statements may be materially misstated as a result of fraud and have determined such risk to be low.

We have no knowledge of any fraud or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, or others, where the fraud could have a non-trivial effect on the consolidated financial statements. We have no knowledge of any allegations of fraud or suspected fraud affecting the Company's consolidated financial statements received in communications from employees, former employees, analysts, regulators, or others. In addition, all "whistle-blower" allegations coming to our attention have been disclosed to you. No irregularities or shortages have occurred and nothing has come to light which might reflect upon the honesty or integrity of any employee, agent or officer of the Company.

3. We believe that the effects of those unrecorded financial statement misstatements aggregated by you during your audit, as summarized in the accompanying schedule, are immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole. In addition, to the extent that audit differences have been subsequently identified in the current period that affect prior year financial statements, we have evaluated the effect of correcting prior year consolidated financial statements and believe that the effects of the unrecorded audit differences are immaterial, both individually and in the aggregate, to the prior year consolidated financial statements taken as a whole.

Illegal acts

1. We are not aware of any illegal or possibly illegal acts, as defined in CICA Handbook Section 5136.

Independence

1. Based on inquiries we have made of our officers, directors, and substantial shareholders, we are not aware of any business relationship between any such officer, director, or substantial stockholder (or any entity for or of which such an officer or director acts in a similar capacity) and Ernst & Young LLP or any other member firm of the global Ernst & Young organization (any of which, an "EY Entity"), other than one pursuant to which an EY Entity performs professional services. For this purpose, a "substantial shareholder" is a person or entity (excluding mutual funds) that owns five percent or more in the Company.
2. We are not aware of any reason that Ernst & Young LLP would not be considered to be independent for purposes of the Company's audit.

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Sino-Forest Corporation

Conflicts of interest

1. There are no instances where any officer or employee of the Company has an interest in a company with which the Company does business that would be considered a "conflict of interest." Such an interest would be contrary to Company policy.

Completeness of Information

1. We have made available to you all financial records and related data and all minutes of the meetings of shareholders, directors and committees of directors (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on January 25, 2010.
2. We also have made available to you all significant contracts and agreements and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that would have a material effect on the consolidated financial statements in the event of noncompliance.
3. There are no transactions of a material nature, individually or in the aggregate, that have not been properly recorded in the accounting records underlying the consolidated financial statements.
4. We have disclosed to you all known related parties and related party transactions, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been properly measured and disclosed in the consolidated financial statements.
5. As it relates to share-based payments, we have made available to your representatives all plan documents and data related to granting, vesting, exercising, cancelling, and forfeiting share-based payments, including modifications to existing plans or previously granted awards.

Recognition, measurement and disclosure

1. We believe that the significant assumptions underlying the fair value measurements and disclosures used in the preparation of the consolidated financial statements are reasonable and appropriate in the circumstances.
2. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the consolidated financial statements.

Risks and measurement uncertainties

1. The nature of all material measurement uncertainties has been appropriately disclosed in the consolidated financial statements, including all estimates where it is reasonably possible that the

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Sino-Forest Corporation

estimate will change in the near term and the effect of the change could be material to the consolidated financial statements.

2. The Company believes that the judgements and estimates used in calculating the income tax provision represent the appropriate likelihood of various outcomes occurring.

Ownership of assets

1. The Company has satisfactory title to all assets appearing in the consolidated balance sheet, and there are no liens or encumbrances on the Company's assets, nor has any asset been pledged except as disclosed in the consolidated financial statements. All assets to which the Company has satisfactory title appear in consolidated the balance sheet.
2. The Company has proper titles and rights on all timber holdings as recorded on the consolidated balance sheet as of December 31, 2009. There were no natural disasters with respect to any of the Company's plantations during the year ended December 31, 2009. All timber holdings are fully covered by insurance policies. The Company does not have significant asset retirement obligation on its plantations in the People's Republic of China (the "PRC").

Related party transactions

1. Transactions with related parties, as defined in CICA Handbook Section 3840, and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, have been properly recorded and/or disclosed in the consolidated financial statements.
2. Moreover, no related parties have been involved in the settlement process between authorized intermediaries and any subsidiaries of the Company on the balances of accounts receivable and accounts payable. We confirm that these fund redirection transactions were genuine and complete.

Receivables and revenues

1. Receivables represent valid claims against the debtors indicated and do not include amounts for goods shipped or services provided subsequent to the balance sheet dates, goods shipped on consignment, or other types of arrangements not constituting sales. All revenue recognized as of the balance sheet dates has been realized or is realizable and earned. Revenue has not been recognized before (1) persuasive evidence of an arrangement exists, (2) goods have been delivered or services rendered, (3) consideration to be received is fixed or determinable, and (4) collectibility is reasonably assured.
2. Adequate provision has been made for losses, costs, and expenses that may be incurred subsequent to the balance sheet dates in respect of sales and services rendered prior to those dates and for uncollectible accounts, discounts, returns, and allowances, etc., that may be incurred in the collection of receivables at those dates.

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Sino-Forest Corporation

3. We have disclosed to you all sales terms (both express and implied), including all rights of return or price adjustments and warranty provisions. We have made available to you all significant contracts, communications (either written or oral), and other relevant information pertaining to arrangements with our customers, including distributors and resellers.
4. We have adequately disclosed a description of our major revenue generating products and services, the types of arrangements (including multiple-element arrangements) used to deliver these products or services, and a description of the revenue recognition policies applicable to these products or services.
5. We are discussing with Inner Mongolian Forest and Timber Resources Company Limited ("IMFT"), Elderbridge Ltd. and its shareholders on a new repayment schedule for the \$0.5 million deposits for the purchase of logs paid to IMFT and \$9.5 million deposit paid to Elderbridge Ltd. We expect these deposits will be fully recoverable by future timber purchases and/or cash refund.
6. We are not aware of any indication of impairment on the subordinated loan and interest receivable from Mandra Forestry Holdings Limited.
7. During the year, settlements of trade receivables by the customers totalling US\$904 million were made by way of making direct payments on behalf of the Suri-Wood Inc. ("SWI") and Sino-Forest Resources Inc. ("SFR") to the plantation owners in relation to the purchases of tree plantations. We confirm that these fund redirection transactions were genuine and complete.
8. During the year, trade receivables of US\$120.4 million were settled through cash deposits credited directly to bank accounts of the SFR by the remitting agents of the customers, which are not related parties to the Company or to the management or officers of the Company as listed below:

Name of Remitting Agents		USD '000
Winner Max Int'l Ltd.	\$	34,518,656
Imported and Exported Timber Exchange	\$	999,896
Sino Richly International Ltd.	\$	31,791,019
Lifan Trading Ltd.	\$	40,491,241
Unnamed agents	\$	12,696,444
	\$	<u>120,495,256</u>

Inventories

1. Inventories were priced at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
 - Raw materials and expense materials - at the lower of cost and replacement cost.



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- Work-in-process and finished goods - at the lower of cost (including material and labour costs and overhead costs based on actual rates) and net realizable value.

Included in the balance of wood logs, there is approximately \$11 million (9 tons) worth of Hainan Yellow Rose wood logs, which has little movement in the past 2 years. We confirmed that Hainan Yellow Rose is a precious specie and there is no valuation concern. We represented the fair value of the 9 tons of Hainan Yellow Rose wood logs exceeds its carrying value as at the balance sheet date.

In arriving at such values, full allowance was made for defective, slow-moving, excess, unusable or obsolete stock. Adequate provision has been made for firm sales contracts in excess of inventory held and for firm purchase contracts. There have been no reductions of the selling prices of finished goods subsequent to the year end and none are contemplated.

2. Physical counts and measurement of inventories were made by competent employees under the supervision of the management as at the year end, and the quantities were determined by actual count, weight or measurement.
3. Inventory does not include items not paid for and for which no liability has been recorded in the accounts at the year end; goods on consignment from others; or goods invoiced to customers.

Financial Instruments

1. The Company has properly classified financial assets with readily determinable fair values as either held for trading, held-to-maturity, loans and receivables or available-for-sale. The Company has the positive intent and ability to hold to maturity all financial assets that are classified as held-to-maturity. The Company has the positive intent and ability to hold to maturity all financial assets that are classified as held-to-maturity.
2. The Company has properly classified financial liabilities with readily determinable fair values as either held for trading or other financial liabilities.
3. Our valuation methodologies have been consistently applied from period to period and we believe that the methods and significant assumptions used are reasonable, reflect those we believe would be used by market participants, and result in a measure of fair value that is appropriate for financial statement measurement and disclosure purposes. In addition, our disclosures related to fair value measurement are complete and adequate.

Arrangements with financial institutions

1. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements have been properly recorded or disclosed in the consolidated financial statements.



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Long-term investments

1. These investments are valued at cost.
2. Appropriate loss provisions have been provided in the accounts for any other than temporary declines in the value of investments.
3. All income for the year on the investments has been recorded in the accounts.
4. The cost method is used to account for the Company's investment in the share capital of Greenheart Resources Holdings Limited ("Greenheart") and Mandra Forestry Holdings Limited as such investments do not have quoted market prices and the Company does not have the ability to exercise significant influence over the investees' operating and financial policies.

Investments in subsidiaries and affiliates

1. We have appropriately consolidated all entities for which we directly or indirectly have a controlling financial interest.
2. We have appropriately accounted for all freestanding (or embedded) rights and/or obligations to repurchase the shares of a subsidiary that are held by outsiders as a financial liability in accordance with CICA Handbook Section 3863.

Variable interests and variable interest entities

1. We have appropriately identified variable interest entities (VIEs) and disclosed all variable interests in VIEs. The Company has considered its related parties and de facto agents in making the determination as to whether a VIE should be consolidated. The Company has reconsidered the initial determination of whether an entity is a VIE and/or whether it is the VIE's primary beneficiary, as required by Accounting Guideline 15.
2. The Company does not have any representation in the board of directors of Omnicorp Limited ("Omnicorp") nor the ability to participate in policy-making process in Omnicorp. As well, the Company does not have special right to appoint a member of the board and they can only nominate individuals to the board which is subject to election by the shareholders of Omnicorp. The Company is not able to exercise significant influence over financing and operating policies of Omnicorp. Further, the Company does not provide or exchange any managerial personnel or provide technical support to Omnicorp. Moreover, the Company does not have the benefit of obtaining financial information other than that available through public sources.

Deferred charges

1. We believe that all material expenditures that have been deferred to future periods are recoverable.



Sino-Forest Corporation

Property, plant and equipment and assets under capital leases

1. All charges to fixed asset accounts and additions under capital leases during the year represent actual additions and no expenditures of a capital nature have been charged to expense during the year.
2. All property, plant and equipment sold or dismantled and all capital lease terminations during the year have been properly accounted for in the accounts.
3. Appropriate rates have been used to depreciate and amortize these assets over our estimation of their useful lives.

Long-lived assets to be held and used, including amortizable intangible assets

1. Long-lived assets to be held and used, including intangible assets that are subject to amortization, have been reviewed for impairment whenever events or changes in circumstances have indicated that their carrying amounts may not be recoverable. Our estimates of future cash flows used to assess recoverability of such assets are based on reasonable and supportable assumptions regarding the cash flows expected to result from the use of the assets and their eventual disposition. Where appropriate under CICA Handbook Section 3063, such assets have been written down to fair value.
2. Further, the Company entered into lease agreement with the buyer of the particleboard production lines for leasing the remaining undisposed land and building in existing Gaoyao manufacturing facility. We do not believe there is any indicator of impairment on the land and building of the particleboard facility in Gaoyao and the flooring facility in Suzhou, the PRC. We confirm that the Suzhou equipment and machinery are in good condition and expect to operate these equipment and machinery for at least 9 more years from January 1, 2009.

Events of default under debt agreements:

1. No events of default have occurred with respect to any of the Company's debt agreements.

Liabilities and contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated financial statements.
2. We have informed you of all outstanding and possible claims, whether or not they have been discussed with legal counsel.
3. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting and registration requirements, and there have been no internal investigations or communications from regulatory agencies or government representatives concerning investigations or allegations of non-

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compliance.

4. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the consolidated financial statements or as the basis of recording a contingent loss.
5. The Company has assessed the compliance on the debt covenants related to its long-term debts. The Company determined that it has complied with all debt covenants and there is no default on any of the long-term debts.

Oral or written guarantees

1. There are no oral or written guarantees including guarantees of the debt of others.

Share capital

1. Share capital repurchase options or agreements, or share capital reserved for options, warrants, conversion, or other requirements have been properly recorded or disclosed in the consolidated financial statements.

Purchase commitments

1. At the year end, the Company had no unusual commitments or contractual obligations of any sort which were not in the ordinary course of business and which might have an adverse effect upon the company (e.g., contracts or purchase agreements above market price; repurchase or other agreements not in the ordinary course of business; material commitments for the purchase of property, plant and equipment; significant foreign exchange commitments; open balances on letters of credit; purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices; losses from fulfillment of, or inability to fulfill, sales commitments, etc.).
2. The master purchase timber contracts signed were all for prices that approximated market value at the outset of the contract. The Company has neither the ability nor intention to settle any of these contracts on a net basis.
3. The decision on entering into the imported wood log transactions and the signing of sales and purchase of wood log contracts for Sino-Forest Resources Inc. are all in Hong Kong.

Employee future benefits

1. The Company does not have employee future benefits as defined in CICA Handbook Section 3461.



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Consolidated accounts

1. All significant intercompany transactions have been disclosed to you and properly eliminated in the consolidated financial statements (intercompany profits in inventories and property, plant and equipment, intercompany balances, etc.).
2. The cost of acquisition of investments has been assigned in the financial statements to the purchased assets (including goodwill, after adjustment for minority interest) and liabilities in accordance with their values as at the dates of acquisition.

Segment information

1. The information about operating segments included in the notes to the consolidated financial statements has been prepared and presented in conformity with CICA Handbook Section 1701. We have appropriately identified our operating segments based on the information used by our chief operating decision maker to evaluate operating performance of and make resource allocation decisions among business units. For reportable operating segments that are the result of the aggregation of multiple operating segments, (1) the aggregation is consistent with the objective of CICA Handbook Section 1701, (2) the aggregated operating segments have similar economic characteristics, and (3) the aggregated operating segments are similar in each of the following areas:
 - (a) The nature of the products and services
 - (b) The nature of the production processes
 - (c) The type or class of customer for their products and services
 - (d) The methods used to distribute their products or provide their services
 - (e) The nature of the regulatory environment.

Differences between the measurements used in reporting operating segment information and those used in the consolidated financial statements are adequately disclosed in the notes to the financial statements.

Discontinued operations

In 2009, all risks and rewards of the particleboard line operation in Gaoyao, the PRC, have been transferred from the Company to the buyer. We have no significant continuing involvement (as defined in Emerging Issues Committee 153 – Applying the Conditions in CICA 3475.27 in Determining Whether to Report Discontinued Operations). The operations and cash flows of particleboard line operation in Gaoyao, the PRC, have been eliminated from the ongoing operations of the Company as a result of the disposal transaction.

The particleboard line is subject to custom-duty clearance in the PRC but we expect to recover any

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costs relating to custom duty clearance from the buyer. We estimated we will incur value-added tax of approximately \$2.6 million relating to the disposal of the particleboard lines based on the proportion of new and used fixed assets on the Company's book and record. We confirmed that no additional expenses are expected to incur on the particleboard line on going forward basis.

We believe the potential severance payment and penalty, if any, calculated pursuant to the applicable PRC Labour Law and payable to employees who may be laid off as a result of the discontinued operation, is negligible as of December 31, 2009.

No significant events have occurred or circumstances have arisen that would require the reassessment of the classification of the discontinued of wood chips business and particleboard line operation as discontinued operations.

Share-based payments

1. All grants of share-based payments have been properly approved by the Board of Directors or its delegated representatives on or prior to the grant date, and are in compliance with the terms of the plan from which they were granted. Delegation of the authority to grant share-based payments is within the Board's legal rights, and in accordance with the terms of the applicable share-based payment plan(s).
2. The Company has properly determined the appropriate grant dates or measurement dates for all share-based payments in accordance with CICA Handbook Section 3870. We have recognized compensation cost, as well as liabilities for income taxes, payroll taxes, minimum tax withholding obligations, penalties and interest, as appropriate, under the applicable accounting standards.
3. We are responsible for the estimation methods and assumptions used in accounting for the Company's share-based payments in accordance with CICA Handbook Section 3870. Fair value and intrinsic value measurements are based on the grant date or measurement date share price as specified in CICA Handbook Section 3870. The assumptions used in fair value measurements made in accordance with CICA Handbook Section 3870, represent our best estimates as of the measurement date of expectations of future conditions.
4. There are 121,000 stock options granted to Mr. David Horsley with original expiry date on September 9, 2009, and 105,000 stock options granted to Mr. Edmund Mak with original expiry date on May 11, 2009, which are still outstanding at December 31, 2009. The expiry dates of above options were extended because the original expiry dates of these options fell within a blackout period. As a result, pursuant to the terms of the Company's stock option plan, the expiry dates of these options are extended to the 8th business day after the end of the current blackout period which commenced on December 21, 2009.

Derivative financial instruments

The Company has one embedded derivative, being the convertible option of Omnicorp's convertible bonds.

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The Company's records reflect all transactions involving derivative financial instruments, all embedded derivatives have been identified and the assumptions and methodologies used in the valuation models applied to derivative financial instruments are reasonable. All transactions involving derivative financial instruments have been conducted at arm's length and at fair values.

Use of the work of a specialist

We agree with the findings of specialists in evaluating the valuation of standing timber and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated financial statements and the underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

Transaction gains and losses attributable to intercompany transactions:

1. Transaction gains and losses attributable to intercompany foreign currency transactions that are of a long-term investment nature (that is, settlement is not planned or anticipated in the foreseeable future) have been reported in other comprehensive income. Transaction gains and losses attributable to other intercompany foreign currency transactions have been included in net income for the period in which the exchange rates change.
2. All subsidiaries are treated as self-sustaining operations since (1) the cash flows, (2) selling prices and markets of the subsidiaries' products, (3) labour, materials and other costs, and (4) the financing of the day-to-day operations of each entity are insulated from the Company. As well, the subsidiaries operate independently in PRC and do not have other significant inter-company transactions with the Company.
3. Inter-company balance mainly included three categories, which are current account, inter-company interest, and inter-company loan. There are no unusual inter-company transactions and all inter-company loans have been properly eliminated. All inter-company loan and inter-company interest are considered net investments in the subsidiaries.

Effects of new accounting principles

We have not completed the process of evaluating the effects that will result from adopting CICA Handbook Section 1582 Business Combinations, Section 1601 Consolidated Financial Statements, and Section 1602 Non-Controlling Interests as discussed in Note 2 to the consolidated financial statements. The Company is therefore unable to disclose the effects that adopting Section 1582, Section 1601 and Section 1602 will have on its financial position and the results of its operations when such Section is adopted.

Income Tax Matters

1. We have disclosed to you all significant tax planning strategies and transactions that were put in

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place during the current year or prior years that could materially affect the current year provision for income taxes, or the recorded amount of tax assets or liabilities.

2. We recognize that we are responsible for the Company's compliance with jurisdictional tax laws and regulations that are applicable to it. We have identified and disclosed to your representatives all significant methods of accounting used under the applicable jurisdictional tax laws and regulations that materially affect the determination of financial statement amounts.
3. We have provided you all opinions or memoranda of law (tax or other) that serve as support for our assessment of material tax positions (including tax uncertainties and determinations of the application of interest and penalties) as well as any opinions or memoranda of law (tax or other) that contradicted, or provided lower levels of assurance than, the opinions or memoranda of law ultimately used by the company to support its tax positions.
4. All plantation sales contracts entered into by SWI Sino-Panel (Yunnan) Limited ("SP Yunnan") or other subsidiaries incorporated in the British Virgin Islands (the "BVI Subsidiaries") have been negotiated and signed by Allen Chan, CEO, or other members of management in the PRC. All orders or requests associated with approving sale of the PRG plantation were carried out outside of Hong Kong.
5. The decision on all imported wood log sales transactions conducted by SFR, and the signing of all imported wood log sales and purchases have been done by Allen Chan, CEO, in Hong Kong. The instruction with respect to the range of profit margin on the imported wood log sales is given by Allen Chan to Alfred Hung verbally in Hong Kong.
6. Management of cash and amounts receivable from authorized intermediaries by SWI and SFR is carried on outside Hong Kong.
7. All interest bearing loans made by Hong Kong resident companies are to subsidiaries that do not have bank accounts in Hong Kong.
8. The Company does not intend to repatriate to Canada or PRC earnings of its BVI Subsidiaries that exist at December 31, 2009 in the foreseeable future.
9. We have disclosed to you all tax positions and tax uncertainties that could potentially impact the current year tax provision for income taxes, or the recorded amount of tax assets and liabilities.
10. We have filed all applicable income tax and informational returns required by relevant tax authorities for all material operating subsidiaries in Canada, Hong Kong and the PRC.

Others

1. We have assessed the recoverability of the convertible bonds issued by Omnicorp. We considered the fair value on Greenheart's timber concession rights Greenheart, estimated by

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Sino-Forest Corporation

Poyry Forestry Industry Pte Ltd. in 2007 is not significantly different than the fair value in 2009. Based on the fair value of Greenheart's timber concession rights, we represented that there is no impairment on the convertible bonds issued by Omnicorp and the deposit of wood logs paid to Greenheart of approximately \$3 million.

2. We represented that the advances to the subsidiaries of Homix Limited of approximately \$4 million as at December 31, 2009 is non-interest bearing, unsecured and repayable on demand. We expect to fully recover the advances in cash in the future.

Value added tax

1. As at December 31, 2009, we have approximately \$19 million balance of value-added tax recoverable relating to the purchase of plantations. We confirm that we will receive valid value-added tax invoices for the whole amount from the vendors in 2010.
2. We also confirm that for the sale of plantations by SWI and SP Yunnan, the authorized intermediaries are fully responsible for the value-added tax on all sale transactions. The Company does not have any financial liability with respect to the value-added tax under the sale of plantation transactions, under the tax regulations or the contractual relationship between SWI and SP Yunnan and the authorized intermediaries that may need to be accrued as at the balance sheet date.

Subsequent events

Except for the subsequent events disclosed in note 24 to the consolidated financial statements, no events or transactions have occurred since December 31, 2009 or are pending that would have a material effect on the consolidated financial statements as of December 31, 2009 and for the year then ended, or that are of such significance in relation to the Company's affairs to require mention in a note to the financial statements in order to make them not misleading regarding the financial position, results of operations, or cash flows of the Company.

Comparative figures

In connection with your audit of the comparative consolidated financial statements for the year ended December 31, 2009, we represent, to the best of our knowledge and belief, the following:

There have been no significant errors or misstatements, or changes in accounting policies that would require a restatement of the amounts from the financial statements for the year ended December 31, 2008, which are shown as comparative amounts in the financial statements for the year ended December 31, 2009. Any differences in the comparative amounts from the amounts in the financial statements for the year ended December 31, 2008 are solely the result of reclassifications for comparative purposes.



Sino-Forest Corporation

Allen T.Y. Chan
Chairman and Chief Executive Officer

16 MAR 2010

Date

David J. Horsley
Senior Vice President and Chief Financial Officer

16 MAR 2010

Date

Thomas Maradin
Vice President Risk Management

16 MAR 2010

Date



Sino-Forest Corporation

Allen T.Y. Chan
Chairman and Chief Executive Officer

16 MAR 2010

Date

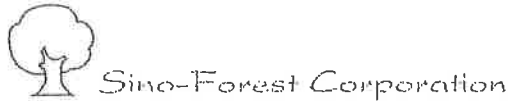
David J. Horsley
Senior Vice President and Chief Financial Officer

Date

Thomas Maradin
Vice President Risk Management

16 MAR 2010

Date



SUMMARY OF UNRECORDED AUDIT DIFFERENCES APPENDIX

1

Client: Sino-Forest Corporation Audit date: 3/15/2010 Currency: US\$

All identified audit differences above nominal amount		Analysis of audit differences Debit/Credit									
No.	V/P ref.	Account (Audit differences are recorded as journal entries and description of the entry.)	Assets		Liabilities		Income Effect of Correcting the Balance Sheet as of the End of the:				Other, Specify
			Current	Non-current	Current	Non-current	Current period	Non-Taxable	Prior period	Non-Taxable	
			Debit/Credit	Debit/Credit	Debit/Credit	Debit/Credit	Debit/Credit	Debit/Credit	Debit/Credit	Debit/Credit	Debit/Credit
Errors											
1-1	H01-01	Discount on non-current deposit						2,000,000			
		Minor assets I IFT disposed		(5,500,000)							
		To record the difference between the tax value and book value of IFT deposit pursuant to Article 25									
1-2		Future Income Tax Assets	2,323,000								
		Accrued liabilities			(1,323,000)						
		Being reversal of taxable benefits recognized on tax loss for 2008 entries									
		Provision for income taxes						1,137,000			
		Accrued liabilities			(1,137,000)						
		Being under-accrued income tax under PHS									
4-3		Impairment loss								1,400,000	
		Termination engagement of Gasylac production lines									
1-2	A102	Foreign exchange gain/loss								3,120,000	
		To record the inter-annual effect of foreign exchange loss that should have been recorded in 2009 due to the change of functional currency.									
Judgmental Differences											
		Advance for non-current assets (Non-IFRS)						3,000,000			
		Non-current deposit from 4975									
		Being judgmental difference on the recoverability of deposit from 4975									
		Balance sheet totals	2,323,000	(6,000,000)	(3,440,000)		0				0
Financial statement amounts											
Effect of unrecorded audit differences on F/S amounts			0.15%	-0.21%	0.93%	0.60%					0.00%
Income effect of unrecorded audit differences (before tax)							6,137,000		6,550,000		
Minor non-taxable items (marked "X" above)							(6,137,000)		(6,550,000)		
Less: Tax effect at current year marginal rate							0		(305,000)		
Cumulative effect of unrecorded audit differences before turn-around effect							2,140		6,137,000		6,244,000
Turn-around effect of prior-period unrecorded audit differences (after tax)											
All errors:							(5,244,000)				
Judgmental differences:									(5,244,000)		
Cumulative effect of unrecorded audit differences, after turn-around effect							0.00%		107,200		
Current year net income									107,200		



Sino-Forest Corporation

SUMMARY OF RECORDED AUDIT DIFFERENCES

All identified audit differences above nominal amount		Analysis of audit differences Debit/(Credit)										
No.	W/P ref.	Account (Audit differences are recorded as journal entries and description of the entry.)	Assets		Liabilities		Income Effect of Correcting the Balance Sheet as of the End of the					Other - Specify
			Current	Non-current	Current	Non-current	Current period	Non Taxable	Prior period	Non Taxable	Other - Specify	
			Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)
818		Omnicorp Convertible Bond	2,482,000									
8100		Gain on modification of Omnicorp Convertible Bond To record the gain on extension of Omnicorp Convertible Bond						(2,482,000)				
213		Future Income Tax Liabilities										
		Accrued Interest										
		Being reclassification of future income tax liabilities										
213		Future Income Tax Liabilities	1,402,000									
		Future Income Tax Assets										
		Being reclassification of tax effect on the gain related to investment in Omnicorp's shares										

3/15/2010

3/15/2010

the *Journal of Applied Behavior Analysis* (1974), and the *Journal of Experimental Psychology* (1975).

There are a number of reasons why the *Journal of Applied Behavior Analysis* is the most widely cited journal in the field.

First, the journal is published by the American Psychological Association, which is the largest and most prestigious organization in the field of psychology.

Second, the journal is published quarterly, which allows for a high volume of research to be published.

Third, the journal is published in English, which is the most widely spoken language in the world.

Fourth, the journal is published in a format that is easy to read and understand.

Fifth, the journal is published in a format that is accessible to a wide range of researchers and practitioners.

Sixth, the journal is published in a format that is affordable for most researchers and practitioners.

Seventh, the journal is published in a format that is easy to search and retrieve.

Eighth, the journal is published in a format that is easy to cite and reference.

Ninth, the journal is published in a format that is easy to read and understand.

Tenth, the journal is published in a format that is accessible to a wide range of researchers and practitioners.

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Twelfth, the journal is published in a format that is easy to search and retrieve.

Thirteenth, the journal is published in a format that is easy to cite and reference.

Fourteenth, the journal is published in a format that is easy to read and understand.

Fifteenth, the journal is published in a format that is accessible to a wide range of researchers and practitioners.

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Seventeenth, the journal is published in a format that is easy to search and retrieve.

Eighteenth, the journal is published in a format that is easy to cite and reference.

Nineteenth, the journal is published in a format that is easy to read and understand.

Twentieth, the journal is published in a format that is accessible to a wide range of researchers and practitioners.

Twenty-first, the journal is published in a format that is affordable for most researchers and practitioners.

Twenty-second, the journal is published in a format that is easy to search and retrieve.

Twenty-third, the journal is published in a format that is easy to cite and reference.

Twenty-fourth, the journal is published in a format that is easy to read and understand.

Twenty-fifth, the journal is published in a format that is accessible to a wide range of researchers and practitioners.



Sino-Forest Corporation

May 11, 2010

Ernst & Young LLP
Chartered Accountants

In connection with the Sino-Forest Corporation's (the "Company") consolidated balance sheets as at December 31, 2009 and 2008, and the consolidated statements of income and retained earnings, comprehensive income and cash flows for the years then ended included in the Company's annual report for the year ended December 31, 2009 to be filed with the Canadian securities regulatory authorities on May 11, 2010, and in connection with your consent to the use of your audit report on the abovementioned consolidated financial statements in the annual report, the representations made to you in our letter of March 16, 2010 remain current.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

In addition to the foregoing, we also confirm, to the best of our knowledge and belief, the following representations made to you in connection with the procedures performed by you to enable you to provide a written consent.

General

We have responded fully to all inquiries made to us by you during the completion of your procedures.

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

Unaudited Financial Information

We recognize that, as members of management of the Company, we are responsible for the preparation and fair presentation of its unaudited consolidated financial statements for the period ended March 31, 2010 made available to you.

MAY 11 2010

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Sino-Forest Corporation

Annual Report

We also recognize that, as members of management of the Company, we are responsible for the preparation and fair presentation of the annual report for the year ended December 31, 2009. Such document is prepared in accordance with relevant Canadian securities legislation.

Minutes

The dates of meetings of shareholders, directors, committees of directors and important management committees from January 25, 2010 to the date of this letter are as follows:

Corporate Governance Committee

February 2, 2010 (signed)

Audit Committee

February 2, 2010 (signed)

March 15, 2010 (draft only)

March 25, 2010 (draft only)

Board of Directors

February 1, 2010 (signed)

March 15, 2010 (approved but unsigned)

March 25, 2010 (approved but unsigned)

April 22, 2010 (draft only)

May 2, 2010 (draft only)

We have made available to you the minutes of these meetings and such minutes are complete and authentic records of such meetings.

Contracts

We have made available to you all significant contracts, including amendments, and agreements. We have complied with all aspects of the contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

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Sino-Forest Corporation

Share-based Payments

All grants of share-based payments have been properly approved by the Board of Directors or its delegated representatives on or prior to the grant date, and are in compliance with the terms of the plans from which they were granted. Delegation of the authority to grant share-based payments is within the Board's legal rights, and in accordance with the terms of the applicable share-based payment plan(s).

The Company has properly determined the appropriate grant dates or measurement dates for all share-based payments in accordance with CICA 3870. We have recognized compensation cost, as well as liabilities for income taxes, payroll taxes, minimum tax withholding obligations, penalties and interest, as appropriate, under the applicable accounting standards.

We are responsible for the estimation methods and assumptions used in accounting for the Company's share-based payments in accordance with CICA 3870. Fair value and intrinsic value measurements are based on the grant date or measurement date share price as specified in CICA 3870. The assumptions used in fair value measurements made in accordance with CICA 3870, represent our best estimates as of the measurement date of expectations of future conditions.

Subsequent Events

No events, transactions or changes in accounting policies and presentation have occurred since the date of our previous letter or are pending that would have a material effect on the audited financial statements included in the Company's annual report or that are of such significance in relation to the Company's affairs to require mention in a note to the audited financial statements, in each case in order to make them not misleading regarding the financial position, results of operations, or cash flows of the Company and in accordance with generally accepted accounting principles as of the date of this letter. We have performed procedures to identify subsequent events up to and including May 11, 2010.

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Approval of Document

The Annual Report has been approved for release by the board of directors of the Company.

Allen T. Y. Chan
Date : 11 MAY 2010
Chairman and Chief Executive Officer

David J. Horsley
Date : 11 MAY 2010
Senior Vice President and Chief Financial Officer

Thomas Maradin
Date : 11 MAY 2010
Vice President Risk Management

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Sino-Forest Corporation

March 15, 2011

Ernst & Young LLP
Chartered Accountants

In connection with your audit of the consolidated financial statements of Sino-Forest Corporation (the "Company") as of December 31, 2010 and 2009, and for the years then ended, we recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion whether the consolidated financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of Sino-Forest Corporation in accordance with Canadian generally accepted accounting principles.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and your audit was conducted in accordance with Canadian generally accepted auditing standards, which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances. It is not designed to identify, nor can it necessarily be expected to disclose, fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of financial statement information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Accordingly, we make the following representations, as of March 14, 2011, which are true to the best of our knowledge and belief:

Financial statements and financial records

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 7, 2010, for the preparation of the consolidated financial statements in accordance with Canadian generally accepted accounting principles.
2. We acknowledge that, as members of management of the Company, we are responsible for the fair presentation of the consolidated financial statements. We believe the consolidated financial statements referred to above present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with Canadian generally accepted accounting principles.
3. The significant accounting policies adopted in the preparation of the consolidated financial statements are fully and fairly described in the financial statements.
4. As members of management of the Company, we believe that the Company has a system of internal controls adequate to permit the preparation of accurate financial statements in accordance with Canadian generally accepted accounting principles.

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Sino-Forest Corporation

5. We have communicated to you all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting. There have been no significant changes in internal control since December 31, 2010.

Fraud and error

1. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud and error.
2. We have assessed the risk that the consolidated financial statements may be materially misstated as a result of fraud and have determined such risk to be low.

We have no knowledge of any fraud or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, or others, where the fraud could have a non-trivial effect on the consolidated financial statements. We have no knowledge of any allegations of fraud or suspected fraud affecting the Company's consolidated financial statements received in communications from employees, former employees, analysts, regulators, or others. In addition, all "whistle-blower" allegations coming to our attention have been disclosed to you. No irregularities or shortages have occurred and nothing has come to light which might reflect upon the honesty or integrity of any employee, agent or officer of the Company.

3. We believe that the effects of those unrecorded financial statement misstatements aggregated by you during your audit, as summarized in the accompanying schedule, are immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole.

Compliance with laws and regulations

1. We have disclosed to you all known actual or suspected non-compliance with laws and regulations whose effects should be considered when preparing the consolidated financial statements.

Independence

1. Based on inquiries we have made of our officers, directors, and substantial shareholders, except as described below, we are not aware of any business relationship between any such officer, director, or substantial stockholder (or any entity for or of which such an officer or director acts in a similar capacity) and Ernst & Young LLP or any other member firm of the global Ernst & Young organization (any of which, an "EY Firm"), other than one pursuant to which an EY Firm performs professional services. For this purpose, a "substantial shareholder" is a person or entity (excluding mutual funds) that owns five percent or more in the Company.
2. We are not aware of any reason that Ernst & Young LLP would not be considered to be independent for purposes of the Company's audit.

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Handwritten signature and date:
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Conflicts of interest

1. There are no instances where any officer or employee of the Company has an interest in a company with which the Company does business that would be considered a "conflict of interest." Such an interest would be contrary to Company policy.

Completeness of information

1. We have provided you with:
 - (a) Access to all information of which we are aware that is relevant to the preparation of the consolidated financial statements such as records, documentation and other matters
 - (b) Additional information that you have requested from us for the purpose of the audit
 - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence
2. We have made available to you all minutes of the meetings of shareholders, directors and committees of directors (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on February 28, 2011.
3. We also have made available to you all significant contracts, including amendments, and agreements and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that would have a material effect on the consolidated financial statements in the event of noncompliance.
4. There are no transactions of a material nature, individually or in the aggregate, that have not been properly recorded in the accounting records underlying the consolidated financial statements.
5. We have disclosed to you all known related parties and related party transactions, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been properly measured and disclosed in the consolidated financial statements.
6. As it relates to share-based payments, we have made available to your representatives all plan documents and data related to granting, vesting, exercising, cancelling, and forfeiting share-based payments, including modifications to existing plans or previously granted awards.

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Recognition, measurement and disclosure

1. We believe that the significant assumptions underlying accounting estimates, including those measured at fair value, disclosures used in the preparation of the consolidated financial statements are reasonable and appropriate in the circumstances.
2. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the consolidated financial statements.

Risks and measurement uncertainties

1. The nature of all material measurement uncertainties has been appropriately disclosed in the consolidated financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the consolidated financial statements.
2. The Company believes that the judgements and estimates used in calculating the income tax provision represent the appropriate likelihood of various outcomes occurring.

Ownership of assets

1. The Company has satisfactory title to all assets appearing in the consolidated balance sheet, and there are no liens or encumbrances on the Company's assets, nor has any asset been pledged except as disclosed in the consolidated financial statements. All assets to which the Company has satisfactory title appear in the consolidated balance sheet.
2. The Company has proper titles and rights on all timber holdings as recorded on the consolidated balance sheet as of December 31, 2010. There were no natural disasters with respect to any of the Company's plantations during the year ended December 31, 2010. All timber holdings are fully covered by insurance policies. The Company does not have significant asset retirement obligation on its plantations in the People's Republic of China (the "PRC"), Republic of Suriname and New Zealand.

Related party transactions

1. Transactions with related parties, as defined in CICA Handbook Section 3840, and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, have been properly recorded and/or disclosed in the consolidated financial statements.
2. Moreover, no related parties have been involved in the settlement process between authorized intermediaries and any subsidiaries of the Company on the balances of accounts receivable and accounts payable. We confirm that these fund redirection transactions were genuine and complete.

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Receivables and revenues

1. Receivables represent valid claims against the debtors indicated and do not include amounts for goods shipped or services provided subsequent to the balance sheet date(s), goods shipped on consignment, or other types of arrangements not constituting sales. All revenue recognized as of the balance sheet dates has been realized (or is realizable) and earned. Revenue has not been recognized before (1) persuasive evidence of an arrangement exists, (2) goods have been delivered or services rendered, (3) consideration to be received is fixed or determinable, and (4) collectibility is reasonably assured.
2. Adequate provision has been made for losses, costs, and expenses that may be incurred subsequent to the balance sheet date(s) in respect of sales and services rendered prior to that those dates and for uncollectible accounts, discounts, returns, and allowances, etc., that may be incurred in the collection of receivables at that those dates.
3. We have disclosed to you all sales terms (both expressed and implied), including all rights of return or price adjustments and warranty provisions. We have made available to you all significant contracts, communications (either written or oral), and other relevant information pertaining to arrangements with our customers, including distributors and resellers.
4. We have adequately disclosed a description of our major revenue generating products and services, the types of arrangements (including multiple-element arrangements) used to deliver these products or services, and a description of the revenue recognition policies applicable to these products or services.
5. We have entered into an agreement with Erlanhot Quande Resources Co., Ltd. ("EQRC") to assume the repayment obligation of the US\$10 million deposit previously made to Inner Mongolian Forest and Timber Resources Company Limited ("IMFT"). We expect that EQRC will begin to make payments in May 2011 as stipulated in the new agreement with an effective date on May 25, 2010, and that these deposits will be fully recoverable by future timber purchases and/or cash refund.
6. During the year, settlements of trade receivables by customers totalling US\$1,179 million were made by way of making direct payments on behalf of the Suri-Wood Inc. ("SWI"), Sino-Forest Resources Inc. ("SFR"), Sino-Panel (Yunnan) Limited ("SPYN"), Sino-Wood Trading Limited ("SWT") to the plantation owners in relation to the purchases of tree plantations by other subsidiaries of the Company. We confirm that these fund redirection transactions were genuine and complete. We confirm that we have the ability and rights to request direct cash payment from our customers to the bank accounts operated by the Company.
7. During the year, trade receivables of US\$236 million were settled through cash deposits credited directly to bank accounts of SFR by remitting agents of the customers, which are not related parties to the Company or to the management or officers of the Company as listed below:

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Name of Remitting Agents		USD '000
Sino Richly International Ltd.	\$	43,347
Lifan Trading Ltd.	\$	49,522
Recent Fortune Group Ltd.	\$	42,627
Winner Max International Ltd.	\$	49,510
Mighty Eagle Holding Group Ltd.	\$	40,830
Trade Allied International Ltd.	\$	3,153
Others	\$	7,122
	\$	<u>236,111</u>

8. During the year, prepayment contracts were entered by Sino-Panel (Hunan) Forest Management Co, Ltd. with certain local vendors with respect to plantation land lease and plantation purchases. As at December 31, 2010, approximately US\$40 million has been recorded as a prepayment and a corresponding payable as this amount is due for payment according to the contracts. We confirm that such contracts are irrevocable and we are liable to pay this US\$40 million as at December 31, 2010 according to the terms and conditions stipulated in the contracts.

Inventories

1. Inventories were priced at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
- Raw materials and expense materials – at the lower of cost and replacement cost.
 - Work-in-progress and finished goods – at the lower of cost (including material and labour costs and overhead costs based on actual rates) and net realizable value.

Included in the balance of wood logs, there is approximately \$11.8 million (9.5 tons) worth of Hainan Yellow Rose wood logs, which has little movement in the past 3 years. We confirm that Hainan Yellow Rose is a precious specie and there is no valuation concern. We represent the fair value of this 9.5 tons of Hainan Yellow Rose wood logs exceeds its carrying value as at December 31, 2010.

In arriving at such values, full allowance was made for defective, slow-moving, excess, unusable or obsolete stock. Adequate provision has been made for firm sales contracts in excess of inventory held and for firm purchase contracts. There have been no reductions of the selling prices of finished goods subsequent to the year end and none are contemplated.

2. Physical counts and measurement of inventories were made by competent employees under the supervision of the management as at the year end, and the quantities were determined by actual count, weight or measurement.

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- Inventory does not include items not paid for and for which no liability has been recorded in the accounts at the year end; goods on consignment from others; or goods invoiced to customers.

Financial instruments

- The Company has properly classified financial assets with readily determinable fair values as either held for trading, held-to-maturity, loans and receivables or available-for-sale. The Company has the positive intent and ability to hold to maturity all financial assets that are classified as held-to-maturity.
- The Company has properly classified financial liabilities with readily determinable fair values as either held for trading or other financial liabilities.
- Our valuation methodologies have been consistently applied from period to period and we believe that the methods and significant assumptions used are reasonable, reflect those we believe would be used by market participants, and result in a measure of fair value that is appropriate for financial statement measurement and disclosure purposes. In addition, our disclosures related to fair value measurement are complete and adequate.

Arrangements with financial institutions

- Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements have been properly recorded or disclosed in the consolidated financial statements.

Investments in subsidiaries and affiliates

- We have appropriately consolidated all entities for which we directly or indirectly have a controlling financial interest.
- We have appropriately accounted for all freestanding (or embedded) rights and/or obligations to repurchase the shares of a subsidiary that are held by outsiders as a financial liability in accordance with CICA Handbook Section 3863.

Deferred Charges

We believe that all material expenditures that have been deferred to future periods are recoverable.

Property, plant and equipment and assets under capital leases

- All charges to fixed asset accounts and additions under capital leases during the year represent actual additions and no expenditures of a capital nature have been charged to expense during the year.

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2. All property, plant and equipment sold or dismantled and all capital lease terminations during the year have been properly accounted for in the accounts.
3. Appropriate rates have been used to depreciate and amortize these assets over our estimation of their useful lives.

Long-lived assets to be held and used, including amortizable intangible assets

1. Long-lived assets to be held and used, including intangible assets that are subject to amortization, have been reviewed for impairment whenever events or changes in circumstances have indicated that their carrying amounts may not be recoverable. Our estimates of future cash flows used to assess recoverability of such assets are based on reasonable and supportable assumptions regarding the cash flows expected to result from the use of the assets and their eventual disposition. Where appropriate under CICA Handbook Section 3063, such assets have been written down to fair value.
2. We do not believe there is any indicator of impairment on the land and building of the flooring facility in Suzhou and manufacturing facility in Beihai, the PRC.

Events of default under debt agreements

1. No events of default have occurred with respect to any of the Company's debt agreements.

Liabilities and contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated financial statements.
2. We have informed you of all outstanding and possible claims, whether or not they have been discussed with legal counsel.
3. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no internal investigations or communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance.
4. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the consolidated financial statements or as the basis of recording a contingent loss.
5. We have assessed the compliance on debt covenants related to the Company's long-term debts and have determined that it has complied with all debt covenants and there is no default on any of the long-term debts.

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Homix Acquisition

1. In connection with the acquisition of Homix Limited, we have identified all the assets and liabilities acquired (including intangible assets).
2. We determined that there are no unidentifiable intangible assets such as trademarks, customer list, and supplier list or unfavourable contracts in connection with this acquisition.
3. We determined that the fair values of the assets and liabilities acquired are an accurate and appropriate reflection of the values at the acquisition date.
4. We determined the goodwill on the acquisition of Homix is negligible.

Mandra Acquisition

1. The amount of contingent consideration for the acquisition of Mandra Forestry Holdings Limited ("Mandra") is US\$5 million as we are unable to determine the final amount of contingent consideration without reasonable doubt. No portion of the deferred financing costs relating to the issue of the US\$187,187,000 10.25% senior notes due 2014 contemplates as the transaction cost for the acquisition of Mandra.
2. Pursuant to the sale and purchase agreement with the vendor of Mandra, the Company is not liable and does not have to pay for the capital gain tax which the PRC tax bureau will levy on the vendor. The MC Loan of US\$1 million as stipulated in the MC Loan agreement dated February 5, 2010 and US\$2.75 million of the amount of US\$3.25 million stated in the Fee Arrangement Agreement dated February 5, 2010 represented costs incurred by Mandra before the acquisition on February 5, 2010 and had not been recorded in the books and records of Mandra prior to the acquisition.
3. The fair value of the timber holding of Mandra as of February 5, 2010 is based on a preliminary valuation report conducted by Poyry (Shanghai) Consulting Company Limited ("Poyry"). The fair value of Mandra's timber holding, according to Poyry's report, is RMB 2,108 million, which has been reflected in the preliminary purchase price allocation. We are in the process of obtaining an updated valuation report which we will use in the final purchase price allocation.
4. We believe that Poyry's report did not account for the cash payment on certain areas of the plantations covered by the Poyry report. We estimate that such cash payment is approximately US\$25 million.
5. We determined that there are no unidentifiable intangible assets such as trademarks, customer list, and supplier list or unfavourable contracts in connection with this acquisition.
6. We determined that the fair values of the assets acquired and liabilities assumed are an accurate and appropriate reflection of the fair values at the acquisition date.

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7. We determined there is no goodwill from the acquisition of Mandra.

Greenheart Acquisition

1. The fair value of the timber concession rights of Greenheart Group Limited ("Greenheart") (formerly Omnicorp Limited) as of August 3, 2010 is based on the final valuation report conducted by Poyry. The fair value of Greenheart's timber concession rights, according to Poyry's report, is US\$143 million which has been reflected in the final purchase price allocation.
2. We determined that 10% income tax rate is the applicable tax rate for income generated from forestry business activities conducted in the Republic of Suriname;
3. We determined that there are no unidentifiable intangible assets such as trademarks, customer list, and supplier list or unfavourable contracts in connection with Greenheart acquisition.
4. We determined that the fair values of the assets acquired and liabilities assumed are an accurate and appropriate reflection of the fair values at the acquisition date.
5. We determined there is no goodwill from the acquisition of Greenheart.

Oral or written guarantees

1. There are no oral or written guarantees including guarantees of the debt of others.

Share capital

1. Share capital repurchase options or agreements, or share capital reserved for options, warrants, conversion, or other requirements have been properly recorded or disclosed in the consolidated financial statements.

Purchase commitments

1. At the year end, the Company had no unusual commitments or contractual obligations of any sort which were not in the ordinary course of business and which might have an adverse effect upon the company (e.g., contracts or purchase agreements above market price; repurchase or other agreements not in the ordinary course of business; material commitments for the purchase of property, plant and equipment; significant foreign exchange commitments; open balances on letters of credit; purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices; losses from fulfillment of, or inability to fulfill, sales commitments, etc.).
2. The master purchase timber contracts signed were all for prices that approximated market value at the outset of the contract. The Company has neither the ability nor intention to settle any of these contracts on a net basis.

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3. The decision on entering into the imported wood log transactions and the signing of sales and purchase of wood log contracts for SFR and SWT are all in Hong Kong.
4. The Company is in the process of revising the contract terms with Trevista International Limited for the 10 year master contract with respect to the supply of Russian logs.

Employee future benefits

1. The Company does not have employee future benefits as defined in CICA Handbook Section 3461.

Consolidated accounts

1. All significant intercompany transactions have been disclosed to you and properly eliminated in the consolidated financial statements (intercompany profits in inventories and property, plant and equipment, intercompany balances, etc.).
2. The cost of acquisition of investments has been assigned in the financial statements to the purchased assets (including goodwill, after adjustment for minority interest) and liabilities in accordance with their values as at the dates of acquisition.

Segment information

1. The information about operating segments included in the notes to the consolidated financial statements has been prepared and presented in conformity with CICA Handbook Section 1701. We have appropriately identified our operating segments based on the information used by our chief operating decision maker to evaluate operating performance of and make resource allocation decisions among business units. For reportable operating segments that are the result of the aggregation of multiple operating segments, (1) the aggregation is consistent with the objective of CICA Handbook Section 1701, (2) the aggregated operating segments have similar economic characteristics, and (3) the aggregated operating segments are similar in each of the following areas:
 - (a) The nature of the products and services
 - (b) The nature of the production processes
 - (c) The type or class of customer for their products and services
 - (d) The methods used to distribute their products or provide their services
 - (e) If applicable, the nature of the regulatory environment, for example, banking, insurance, or public utilities.

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Differences between the measurements used in reporting operating segment information and those used in the consolidated financial statements are adequately disclosed in the notes to the financial statements.

Discontinued operations

1. We note no significant events have occurred or circumstances have arisen that would require the reassessment of the classification of the discontinued of wood chips business and particleboard line operation as discontinued operations.

Share-based payments

1. All grants of share-based payments have been properly approved by the Board of Directors or its delegated representatives on or prior to the grant date, and are in compliance with the terms of the plan from which they were granted. Delegation of the authority to grant share-based payments is within the Board's legal rights, and in accordance with the terms of the applicable share-based payment plan.
2. The Company has properly determined the appropriate grant dates or measurement dates for all share-based payments in accordance with CICA Handbook Section 3870. We have recognized compensation cost, as well as liabilities for income taxes, payroll taxes, minimum tax withholding obligations, penalties and interest, as appropriate, under the applicable accounting standards.
3. We are responsible for the estimation methods and assumptions used in accounting for the Company's share-based payments in accordance with CICA Handbook Section 3870. Fair value and intrinsic value measurements are based on the grant date or measurement date share price as specified in CICA Handbook Section 3870. The assumptions used in fair value measurements made in accordance with CICA Handbook Section 3870, represent our best estimates as of the measurement date of expectations of future conditions.

Use of the work of a specialist

1. We agree with the findings of specialists in evaluating the valuation of plantation and timber concession and cutting rights, and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated financial statements and the underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

Transaction gains and losses attributable to intercompany transactions

1. Transaction gains and losses attributable to intercompany foreign currency transactions that are of a long-term investment nature (that is, settlement is not planned or anticipated in the foreseeable future) have been reported in other comprehensive income. Transaction gains and

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March 2011
March



Sino-Forest Corporation

losses attributable to other intercompany foreign currency transactions have been included in net income for the period in which the exchange rates change.

2. All subsidiaries are treated as self-sustaining operations since (1) the cash flows, (2) selling prices and markets of the subsidiaries' products, (3) labour, materials and other costs, and (4) the financing of the day-to-day operations of each entity are insulated from the Company. As well, the subsidiaries operate independently in the PRC and the Republic of Suriname, and do not have other significant inter-company transactions with the Company.
3. Inter-company balance mainly included three categories, which are current account, inter-company interest, and inter-company loan. There are no unusual inter-company transactions and all inter-company loans have been properly eliminated. All inter-company loan and inter-company interest are considered net investments in the subsidiaries.

Undistributed earnings of a foreign subsidiary

1. We have the ability and intend to indefinitely reinvest the undistributed earnings of SWI, SFR and SPYN and have appropriately documented such plan of reinvestment. In addition, there are no needs for such earnings that would contradict our plan to indefinitely reinvest.

Income Tax Matters

1. We have disclosed to you all significant tax planning strategies and transactions that were put in place during the current year or prior years that could materially affect the current year provision for income taxes, or the recorded amount of tax assets or liabilities.
2. We recognize that we are responsible for the Company's compliance with jurisdictional tax laws and regulations that are applicable to it. We have identified and disclosed to your representatives all significant methods of accounting used under the applicable jurisdictional tax laws and regulations that materially affect the determination of financial statement amounts.
3. We have provided you all opinions or memoranda of law (tax or other) that serve as support for our assessment of material tax positions (including tax uncertainties and determinations of the application of interest and penalties) as well as any opinions or memoranda of law (tax or other) that contradicted, or provided lower levels of assurance than, the opinions or memoranda of law ultimately used by the company to support its tax positions.
4. All plantation purchase and sales negotiations and execution of related contracts (including approvals associated with purchase orders) by Allen Chan, CEO, or other members of management for SWI, SPYN, and other subsidiaries incorporated in the British Virgin Islands (the "BVI Subsidiaries") are at all times carried out in the PRC and not in Hong Kong. All pricing of timber, quantity approvals, orders or requests associated with approving sale of the PRC plantation were carried out outside of Hong Kong.

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Sino-Forest Corporation

5. The decision on all imported wood log sales transactions conducted by SFR, SWT and Sino-Panel (Russia) Limited and the signing of all imported wood log sales and purchases have been done by Allen Chan, CEO, in Hong Kong. The instruction with respect to the range of profit margin on the imported wood log sales is given by Allen Chan to Alfred Hung verbally in Hong Kong.
6. Management of cash and amounts receivable from authorized intermediaries or other related parties by SWI and SFR is carried on outside Hong Kong.
7. All interest bearing loans made by Hong Kong resident companies are to subsidiaries that do not have bank accounts in Hong Kong.
8. There are no future tax liabilities (other than those reported in the consolidated financial statements) and no debts of PRC entities that are unregistered debts for PRC purposes (other than those identified which aggregate to approximately RMB174.6 million). The future tax rates, amount of tax losses carried forward by each of the subsidiaries of Mandra, and the timeline of selling Mandra's timber, represent our best estimate and assumptions used in the calculations of the future tax liability on the difference between the accounting base and tax base of Mandra's timber holding.

There have been no settlements of loans/advances between Sino-Forest Corporation and its subsidiaries during the fiscal year 2010 that would trigger the change in unrealized foreign exchange gain/loss since December 31, 2009.

9. The Company does not intend to repatriate to Canada or PRC any of the earnings of its BVI Subsidiaries generated from transactions with authorized intermediaries and that exist at December 31, 2010 in the foreseeable future.
10. We have not identified any PRC tax decisions, cases, disclosures, memorandums, circulars, administrative materials and interpretations of PRC laws or regulations in Chinese or English that would materially impact the PRC permanent establishment income tax exposure calculations of the Company for BVI Subsidiaries.
11. We have provided to you all information, agreements and communications related to the tax reporting and remittance obligations on the transactions between the authorized intermediaries and the BVI Subsidiaries.
12. We have disclosed to you all tax positions and tax uncertainties that could potentially impact the current year tax provision for income taxes, or the recorded amount of tax assets and liabilities.
13. We have filed all applicable income tax and informational returns required by relevant tax authorities for all material operating subsidiaries in Canada, Hong-Kong and the PRC.

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Sino-Forest Corporation

Value added tax

1. As at December 31, 2010, we have approximately US\$38 million balance of value-added tax recoverable relating to the purchase of plantations in the PRC. Out of the total balance, certain plantations with an aggregate of US\$6.5 million value-added tax recoverable had been sold during December 31, 2010. We confirm that we will receive valid value-added tax invoices, including the invoices relating to plantations that have been disposed of in 2010, from the vendors in 2011.
2. We also confirm that for the sale of plantations by SWI and SPYN, the authorized intermediaries are fully responsible for the value-added tax on all sale transactions. The Company does not have any financial liability with respect to the value-added tax under the sale of plantation transactions, tax regulations or the contractual relationship between SWI and SPYN and the authorized intermediaries that may need to be accrued as at December 31, 2010. The authorized intermediaries do not have recourse to the Company for any claim/penalty charged by the PRC tax authority on any value-added tax underpaid by the authorized intermediaries.

Subsequent events

1. Other than those disclosed in the consolidated financial statements, subsequent to December 31, 2010, no events or transactions have occurred or are pending that would have a material effect on the consolidated financial statements at that date or for the period then ended, or that are of such significance in relation to the Company's affairs to require mention in a note to the consolidated financial statements in order to make them not misleading regarding the consolidated financial position, results of operations, or cash flows of the Company.

Comparative figures

1. In connection with your audit of the comparative consolidated financial statements for the year ended December 31, 2009, we represent, to the best of our knowledge and belief, the following:

There have been no significant errors or misstatements, or changes in accounting policies that would require a restatement of the amounts from the financial statements for the year ended December 31, 2009 which are shown as comparative amounts in the financial statements for the year ended December 31, 2010. Any differences in the comparative amounts from the amounts in the financial statements for the year ended December 31, 2009 are solely the result of reclassifications for comparative purposes.

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MAR 15 2011



Sino-Forest Corporation

[Handwritten signature of Allen T.Y. Chan]

Allen T.Y. Chan
Chief Executive Officer

14 March 2011

Date

[Handwritten signature of David J. Horsley]

David J. Horsley
Senior Vice President and Chief Financial Officer

14 March 2011

Date

[Handwritten signature of Thomas Maradin]

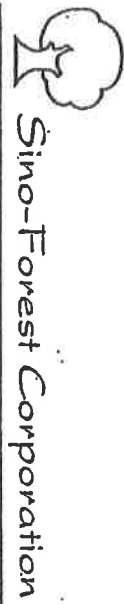
Thomas Maradin
Vice President, Finance

14 March 2011

Date

MAR 15 2011

[Handwritten initials and date]



Summary of Audit Differences

Client: Sino-Forest Corporation

Audit date: 31-Dec-2010

Currency: USD

No.	Vnp	Account	Assets		Liabilities		Income Effect on Correcting the Balance Sheet as of the End of the	Non Taxable	Prior Period	Non Taxable	Other - Specialty
			Current	Non-current	Current	Non-current					
All identified misstatements above nominal amount											
Misstatements are recorded as journal entries and description of the entry.											
Unadjusted misstatements:											
1	H01-G1	Discount on non-current deposit					2,458,231	X	2,000,000	X	
To record the difference between the fair value and book value of EORC deposit pursuant to H9365.											
Judgmental misstatements:											
2		Income tax expense			(7,949,323)		1,943,352	X			
		Income tax liability									
		Understatement of accrued liability on P146 reserve		41,755	(10,443,353)						
Balance sheet totals											
			2,079,225,000	3,629,738,000	755,784,000	1,723,588,000					
			0.00%	0.00%	-1.38%	0.00%					
Effect of uncorrected misstatements on FIS amounts											
Income effect of uncorrected misstatements (before tax)											
Memo: Non-taxable items (marked 'X' above)											
Least Tax effect at current year marginal rate											
Cumulative effect of uncorrected misstatements before turnaround effect											
Turnaround effect of prior period uncorrected misstatements (after tax)											
Cumulative effect of uncorrected misstatements, after turnaround effect											
Current year net income											

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Sino-Forest Corporation

May 9, 2011

Ernst & Young LLP
Chartered Accountants

In connection with the Sino-Forest Corporation's (the "Company") consolidated balance sheets as at December 31, 2010 and 2009, and the consolidated statements of income and retained earnings, comprehensive income and cash flows for the years then ended included in the Company's annual report for the year ended December 31, 2010 to be filed with the Canadian securities regulatory authorities on May 9, 2011, and in connection with your consent to the use of your audit report on the abovementioned consolidated financial statements in the annual report, the representations made to you in our letter of March 15, 2011 remain current.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

In addition to the foregoing, we also confirm, to the best of our knowledge and belief, the following representations made to you in connection with the procedures performed by you to enable you to provide a written consent.

General

We have responded fully to all inquiries made to us by you during the completion of your procedures.

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

Unaudited Financial Information

No consolidated financial statements are available for any period subsequent to December 31, 2010.

Annual Report

We also recognize that, as members of management of the Company, we are responsible for the preparation and fair presentation of the annual report for the year ended December 31, 2010. Such document is prepared in accordance with relevant Canadian securities legislation.

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Sino-Forest Corporation

Minutes

The dates of meetings of shareholders, directors, committees of directors and important management committees from February 23, 2011 to the date of this letter are as follows:

Audit Committee

March 14, 2011 (approved but unsigned);
March 28, 2011 (draft only);
April 10, 2011 (draft only)

Board of Directors

March 14, 2011 (draft only);
March 28, 2011 (draft only);
April 10, 2011 (draft only);
April 25, 2011 (minutes not yet prepared)

We have made available to you the minutes of these meetings and such minutes are complete and authentic records of such meetings. For the meeting which minutes were not yet prepared, our corporate secretary has discussed with you the purpose of such meeting.

Contracts

We have made available to you all significant contracts, including amendments and agreements. We have complied with all aspects of the contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Share-based Payments

All grants of share-based payments have been properly approved by the Board of Directors or its delegated representatives on or prior to the grant date, and are in compliance with the terms of the plans from which they were granted. Delegation of the authority to grant share-based payments is within the Board's legal rights, and in accordance with the terms of the applicable share-based payment plan(s).

The Company has properly determined the appropriate grant dates or measurement dates for all share-based payments in accordance with CICA 3870. We have recognized compensation cost, as well as liabilities for income taxes, payroll taxes, minimum tax withholding obligations, penalties and interest, as appropriate, under the applicable accounting standards.

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Sino-Forest Corporation

We are responsible for the estimation methods and assumptions used in accounting for the Company's share-based payments in accordance with CICA 3870. Fair value and intrinsic value measurements are based on the grant date or measurement date share price as specified in CICA 3870. The assumptions used in fair value measurements made in accordance with CICA 3870, represent our best estimates as of the measurement date of expectations of future conditions.

Subsequent Events

No events, transactions or changes in accounting policies and presentation have occurred since the date of our previous letter or are pending that would have a material effect on the audited financial statements included in the Company's annual report or that are of such significance in relation to the Company's affairs to require mention in a note to the audited financial statements, in each case in order to make them not misleading regarding the financial position, results of operations, or cash flows of the Company and in accordance with generally accepted accounting principles as of the date of this letter. We have performed procedures to identify subsequent events up to and including May 9, 2011.

Approval of Document

The Annual Report has been approved for release by the board of directors of the Company.

Allen T. Y. Chan
Date : May 9, 2011
Chairman and Chief Executive Officer

David J. Horsley
Date : May 9, 2011
Senior Vice President and Chief Financial Officer

Thomas Maradin
Date : May 9, 2011
Vice President, Finance

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Sino-Forest Corporation

We are responsible for the estimation methods and assumptions used in accounting for the Company's share-based payments in accordance with CICA 3870. Fair value and intrinsic value measurements are based on the grant date or measurement date share price as specified in CICA 3870. The assumptions used in fair value measurements made in accordance with CICA 3870, represent our best estimates as of the measurement date of expectations of future conditions.


Subsequent Events

No events, transactions or changes in accounting policies and presentation have occurred since the date of our previous letter or are pending that would have a material effect on the audited financial statements included in the Company's annual report or that are of such significance in relation to the Company's affairs to require mention in a note to the audited financial statements, in each case in order to make them not misleading regarding the financial position, results of operations, or cash flows of the Company and in accordance with generally accepted accounting principles as of the date of this letter. We have performed procedures to identify subsequent events up to and including May 9, 2011.

Approval of Document

The Annual Report has been approved for release by the board of directors of the Company.

Allen T. Y. Chan
Date : May 9, 2011
Chairman and Chief Executive Officer



David J. Horsley
Date : May 9, 2011
Senior Vice President and Chief Financial Officer

Thomas Maradin
Date : May 9, 2011
Vice President, Finance

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MAY - 9 2011

TAB C5

December 10, 2009 – Management Representation Letter
(Offering Memorandum)



Sino-Forest Corporation

December 10, 2009

Ernst & Young LLP
Chartered Accountants

In connection with the Preliminary Offering Memorandum dated December 1, 2009, as supplemented by a pricing term sheet dated December 10, 2009 (together with the Preliminary Offering Memorandum, the "Disclosure Package") and the Final Offering Memorandum dated December 10, 2009 relating to the offering of \$400,000,000 4.25% convertible senior notes due 2016 (collectively referred herein as the "Offering Memoranda") by Sino-Forest Corporation (the "Company"), and your letter delivered to Credit Suisse Securities (USA) LLC, TD Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated on December 10, 2009, pursuant to the Purchase Agreement between Sino-Forest Corporation and the Credit Suisse Securities (USA) LLC dated December 10, 2009, and in connection with your report dated March 13, 2009 with respect to the consolidated financial statements of Sino-Forest Corporation as at December 31, 2008 and 2007 and for the years then ended, and your report to the directors dated March 12, 2008 except as to notes 2, 18 and 23 which are as of July 17, 2008 with respect to the consolidated financial statements of Sino-Forest Corporation as at December 31, 2007 and for the year then ended that are incorporated by reference in the Offering Memoranda, the representations made to you in our letter of March 16, 2009 and July 17, 2008, respectively, remain current.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

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Sino-Forest Corporation

In addition to the foregoing, we also confirm, to the best of our knowledge and belief, the following representations made to you in connection with your post-report review procedures.

Management's responsibilities

We have responded fully to all inquiries made to us by you during the completion of your procedures.

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

Unaudited financial information

We recognize that, as members of management of the Company, we are responsible for the preparation and fair presentation of its unaudited consolidated financial statements for the three and nine-month periods ended September 30, 2009 made available to you incorporated by reference in the Offering Memoranda. Such financial statements were prepared from the books and records of Sino-Forest Corporation in accordance with Canadian generally accepted accounting principles applied on the same basis as that used for the audited consolidated financial statements of Sino-Forest Corporation as at and for the year ended December 31, 2008 and 2007, and reflect all adjustments necessary for a fair presentation of the consolidated financial statements. All material transactions have been properly recorded in the accounting records underlying these financial statements. No material adjustment of such financial statements is required, and no adjustments other than those necessary for fair presentation of the results for those periods have been reflected therein. No consolidated financial statements are available for any period subsequent to September 30, 2009.



Sino-Forest Corporation

Minutes and contracts

We have made available to you all financial records and related data and all minutes of the meetings of shareholders, directors and committees of directors (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on December 8, 2009, except for meetings on November 11, 2009 and November 23, 2009 for which minutes have not been approved.

We have made available to you all significant contracts (including amendments) and agreements, and have communicated to you all significant oral agreements. We have complied with all aspects of the contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Financial statement representations

There have been no significant changes in the capital accounts and long-term debt (including debt covenants and compliance with them, and other than scheduled maturities and repayments) from the audited balance sheet date to the date of this letter. To the best of our knowledge, there was no change in share capital as at December 8, 2009 as compared to the corresponding amount as at September 30, 2009 and there was an increase in long-term debt of US\$3 million as at December 8, 2009 as compared to the corresponding amount as at September 30, 2009, representing the accretion of convertible senior notes and amortization of deferred financing costs on the long-term debt, and (ii) from October 1, 2009 to October 31, 2009, there is an approximate US\$54 million decrease in aggregate sales of standing timber and imported logs of Sino Forest Resources Inc. and Suri-Wood Inc. (collectively referred to as the "Principal Subsidiaries") and an approximate US\$20 million decrease in aggregate cost of sales of standing timber and imported logs of the Principal Subsidiaries as compared to the corresponding period of 2008.

Share-based payments

1. All grants of share-based payments have been properly approved by the Board of Directors or its delegated representatives on or prior to the grant date, and are in compliance with the terms of the plan from which they were granted.

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Sino-Forest Corporation

2. The Company has properly determined the appropriate grant dates or measurement dates for all share-based payments in accordance with CICA Handbook Section 3870. We have recognized compensation cost, as well as liabilities for income taxes, payroll taxes, minimum tax withholding obligations, penalties and interest, as appropriate, under the applicable accounting standards.
3. We are responsible for the estimation methods and assumptions used in accounting for the Company's share-based payments in accordance with CICA Handbook Section 3870. Fair value and intrinsic value measurements are based on the grant date or measurement date share price as specified in CICA Handbook Section 3870. The assumptions used in fair value measurements made in accordance with CICA Handbook Section 3870, represent our best estimates as of the measurement date of expectations of future conditions.

Subsequent Events

No events, transactions or changes in accounting policies and presentation have occurred since the dates of our previous letters or are pending that would have a material effect on the audited financial statements and the unaudited interim financial information incorporated by reference in the Offering Memoranda, or that are of such significance in relation to the Company's affairs to require mention in a note to the audited financial statements or the unaudited interim financial information, in each case in order to make them not misleading and in accordance with generally accepted accounting principles as of the date of this letter. We have performed procedures to identify subsequent events up to and including December 8, 2009.

Approval of document

The Offering Memoranda have been approved by the board of directors of the Company.



Sino-Forest Corporation

Very truly yours,

Allen Chan
Chief Executive Officer

Date

David Horsley
Chief Financial Officer

Date

Tom Maradin
Vice President, Risk Management

Date




Sino-Forest Corporation

Very truly yours,

Allen Chan
Chief Executive Officer

Date



David Horsley
Chief Financial Officer

Date

Tom Maradin
Vice President, Risk Management

Date

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December 17, 2009 – Management Representation Letter
(Preliminary Offering Memorandum)



December 17, 2009

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

In connection with the Preliminary Offering Memorandum dated December 1, 2009, as supplemented by a pricing term sheet dated December 10, 2009 (together with the Preliminary Offering Memorandum, the "Disclosure Package") and the Final Offering Memorandum dated December 10, 2009 relating to the offering of \$400,000,000 4.25% convertible senior notes due 2016 and an additional US\$60,000,000 principal amount of such notes to cover over-allotments (collectively referred herein as the "Offering Memoranda") by Sino-Forest Corporation (the "Company"), we certify to the best of our knowledge and belief that during the period from January 1, 2009 to date, no events have occurred which have a material effect on the consolidated financial statements as of and for the years ended December 31, 2008 and 2007, which should be disclosed in order to keep those statements from being misleading.

With respect to the unaudited consolidated financial statements as at September 30, 2009, we certify to the best of our knowledge and belief that:

- (a) Such unaudited consolidated financial statements were prepared in accordance with accounting principles and practices consistent in all material respects with those followed in the preparation of the audited financial statements for the years ended December 31, 2006, 2007 and 2008 incorporated by reference in the Disclosure Package and the Offering Memoranda;
- (b) Such unaudited consolidated financial statements present fairly the information purported to be shown thereby; and



- (c) No material adjustment of such unaudited consolidated financial statements is required, and no adjustments other than those necessary for fair presentation of the results for those periods have been reflected therein.

Also, to the best of our knowledge and belief, except in all instances for changes that the Disclosure Package and the Offering Memoranda disclose have occurred or may occur:

- (d) At December 15, 2009, there was no change in share capital as at December 15, 2009 as compared to the corresponding amount as at September 30, 2009 and there was an increase in long-term debt of US\$3.6 million as at December 15, 2009 as compared to the corresponding amount as at September 30, 2009, representing the accretion of convertible senior notes and amortization of deferred financing costs on the long-term debt, and (ii) from October 1, 2009 to October 31, 2009, there is an approximate US\$54 million decrease in aggregate sales of standing timber and imported logs of Sino Forest Resources Inc. and Suri-Wood Inc. (collectively referred to as the "Principal Subsidiaries") and an approximate US\$20 million decrease in aggregate cost of sales of standing timber and imported logs of the Principal Subsidiaries as compared to the corresponding period of 2008.

Further, we confirm that:

- (e) No consolidated financial statements of the Company are available as at any date or for any period subsequent to September 30, 2009; and
- (f) The minutes of all meetings of the Shareholders, the Board of Directors, and the Audit Committee are ended up to December 15, 2009 in the minute books, no such meetings have been held since that date. The minutes for the Board of Directors' and the Audit Committee's meetings on November 11, 2009, the Audit Committee's meeting on November 23, 2009 and the Board of Directors' meeting on December 9, 2009 have not yet been approved.



Very truly yours,

Allen T.Y. Chan, Chief Executive Officer

David Horsley, Chief Financial Officer

Thomas Maradin, Vice President Risk Management

December 17, 2009 – Management Representation Letter
(Preliminary Short Form Prospectus)



December 17, 2009

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

In connection with the preliminary short form prospectus dated December 1, 2009 and final short form prospectus dated December 10, 2009 (collectively the "Prospectuses"), and preliminary offering memorandum dated December 1, 2009 and final offering memorandum dated December 10, 2009 (collectively the "Offering Memoranda") issued by Sino-Forest Corporation (the "Company") relating to the offer of 21,850,000 common shares including 2,850,000 common shares to be offered pursuant to the over-allotment option provided by the Underwriting Agreement, we certify to the best of our knowledge and belief that during the period from January 1, 2009 to date, no events have occurred which have a material effect on the consolidated financial statements as of and for the years ended December 31, 2008 and 2007, which should be disclosed in order to keep those statements from being misleading.

With respect to the unaudited consolidated financial statements as at September 30, 2009, we certify to the best of our knowledge and belief that:

- (a) Such unaudited consolidated financial statements were prepared in accordance with accounting principles and practices consistent in all material respects with those followed in the preparation of the audited financial statements for the years ended December 31, 2006, 2007 and 2008 incorporated by reference in the Prospectuses and the Offering Memoranda;
- (b) Such unaudited consolidated financial statements present fairly the information purported to be shown thereby; and



- (c) No material adjustment of such unaudited consolidated financial statements is required, and no adjustments other than those necessary for fair presentation of the results for those periods have been reflected therein.

Also, to the best of our knowledge and belief, except in all instances for changes that the Prospectuses and the Offering Memoranda disclose have occurred or may occur:

- (d) December 15, 2009, there was no change in share capital as at December 15, 2009 as compared to the corresponding amount as at September 30, 2009 and there was an increase in long-term debt of US\$3.6 million as at December 15, 2009 as compared to the corresponding amount as at September 30, 2009, representing the accretion of convertible senior notes and amortization of deferred financing costs on the long-term debt, and (ii) from October 1, 2009 to October 31, 2009, there is an approximate US\$54 million decrease in aggregate sales of standing timber and imported logs of Sino Forest Resources Inc. and Suri-Wood Inc. (collectively referred to as the "Principal Subsidiaries") and an approximate US\$20 million decrease in aggregate cost of sales of standing timber and imported logs of the Principal Subsidiaries as compared to the corresponding period of 2008.

Further, we confirm that:

- (e) No consolidated financial statements of the Company are available as at any date or for any period subsequent to September 30, 2009; and
- (f) The minutes of all meetings of the Shareholders, the Board of Directors, and the Audit Committee are ended up to December 15, 2009 in the minute books, no such meetings have been held since that date. The minutes for the Board of Directors' and the Audit Committee's meetings on November 11, 2009, the Audit Committee's meeting on November 23, 2009 and the Board of Directors' meeting on December 9, 2009 have not yet been approved.



Very truly yours,

Allen T.Y. Chan, Chief Executive Officer

David Horsley, Chief Financial Officer

Thomas Maradin, Vice President Risk Management