



Cathay Forest Products Corp.

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Cathay Forest Announces Partial Exercise of Over-Allotment Option

TORONTO, CANADA – December 23, 2009 – Cathay Forest Products Corp. (“Cathay Forest” or the “Company”) (TSX Venture: CFZ) announced today in connection with its previously announced bought deal offering that the Underwriters have partially exercised their over-allotment option and purchased an additional 562,100 common shares. The Underwriters can exercise the remainder of the over-allotment option, being 3,187,900 common shares, on or prior to January 15, 2010.

About Cathay Forest

Cathay Forest is a forest products company that manages approximately 1,000,000 hectares of standing timber properties and fast-growth, high-yield poplar plantations in China and Russia. Cathay Forest is building a world-class forest products company through a customer base that includes the domestic Chinese pulp and paper industry and other wood products customers in the Japanese market.

Forward-Looking Statements

All statements, other than statements of historical fact, in this news release are forward-looking statements that involve various risks and uncertainties, including, without limitation, statements regarding the future plans and objectives of the Company. Actual results and future events could differ materially from those anticipated in such statements. Except as required by applicable securities laws, the Company assumes no obligation to update forward-looking statements should circumstances or management’s estimates or opinions change.

FOR FURTHER INFORMATION PLEASE CONTACT:

CATHAY FOREST PRODUCTS CORP.

Luc Perron, C.A.
Chief Financial Officer
Tel: (416) 226-7269
Email: luc.perron@cathayforest.com

or

Ermo Ou, C.F.A.
Vice President, Corporate Planning
Tel: (416) 226-7269
Email: Ermo.ou@cathayforest.com