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GOOD FELLOW GROUP LIMITED
金威集團控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 910)

**CLARIFICATION ANNOUNCEMENT ON PROGRESS
OF
VARIOUS FOREST LAND ACQUISITION**

The Board clarifies that at the date of this announcement, out of all Agreements entered during the period from 14 September 2006 to 6 December 2006 for the acquisition of forest land, formal transfer contract has been made for the portion of 89,697.5 Chinese Mu by area. Negotiations are underway for the remaining forest land to be transferred which is subject to the Formal Agreements and the finalization of the terms and conditions thereof.

As the Proposed Cooperation is subject to the Formal Agreement, Shareholders and investors are advised to exercise caution when dealing in the Shares.

Reference is made to the Company's various announcement made during the period from 14 September 2006 to 6 December 2006 regarding a number of cooperative framework agreements / letter of intents (collectively the "Agreements") in accordance with which Beijing WFC shall acquire leasehold interests in forest lands located in various provinces in the PRC for the plantation of the genetically modified tree specie *Broussonetia papyrifera*. The enforcement of the Agreements is subject to the Formal Agreements. The Company made this announcement for the purpose of clarification to Shareholders and investors regarding the progress of the Agreements.

PROGRESS OF FOREST LAND ACQUISITION

Set out below is a summary of the referred Agreements and the progress to date. Terms identifying the counterparties have the same meaning as defined in the Company's respective previous announcement for the forest land acquisition.

| Date of Agreement | Counterparty | Forest land area to be acquired (Chinese Mu) | Forest land area contracted to date (Chinese Mu) |
|-------------------|---------------------------------|---|---|
| 14 September 2006 | Xianyou Government | 400,000 | — |
| 23 September 2006 | He Zhou City Forestry Bureau | 3,000,000 | — |
| 9 October 2006 | XiangFan City Government | 1,000,000 | — |
| 12 October 2006 | Pengshui County Forestry Bureau | 300,000 | — |
| 1 November 2006 | Yong Zhou City Forestry Bureau | 2,000,000 | 30,797.5 (note 1) |
| 17 November 2006 | Xiushan County Forestry Bureau | 500,000 | — |
| 21 November 2006 | Hechi City Forestry Bureau | 3,000,000 | — |
| 6 December 2006 | Ruicheng Government | 200,000 | 58,900 (note 2) |
| | | <u>10,400,000</u> | <u>89,697.5</u> |

Note:

1. The contracted acquisition was made with the State-run forest of Bai Yun Shan, Ning Yuan County. The PRC Ning Yuan County is located in Yong Zhou City of the Hunan Province, the PRC. Details of the acquisition were set out in the Company's announcement of 14 December 2006
2. The contracted acquisition was made with the State-run forest of Ruicheng County. Details of the acquisition were set out in the Company's announcement of 18 December 2006

REASONS FOR AND BENEFITS OF THE AGREEMENTS

The Group is principally engaged in design, manufacture and sale of quality men's and ladies' wear and apparel items, manufacture uniforms for government authorities, state enterprises and other corporate customers, and investment holding.

In order to complement with the highly competitive apparel market, the Directors consider the diversification of business into new areas of high-growth potential will be in the best interest of its shareholders. The Company takes initiative in identifying business opportunities in new emerging industries that will broaden its revenue sources. In the second quarter of 2006, the Company has successfully diversify its business into ecology forestry business in PRC through the acquisition of Beijing WFC, details of such acquisition has been set out in the Company's circular to Shareholders dated 18 April 2006. The Directors consider the Proposed Cooperation would enlarge the portfolio in the Company's diversified ecological forestry business and improve the Group's earning's base and asset quality.

REASONS FOR THE PROLONGED DELAY IN FOREST LAND ACQUISITION

The acquisition of the forest lands involves, amongst other things, the identification of site locations of suitable soil quality; the survey of the volume of harvestable flocks being grown on the site; the negotiation of the land premium payable; the approval of the forest land transfer by relevant governmental authorities in charge of the PRC forestry industry; and the issuance of forestry ownership certificate. These processes require considerable time to complete and accordingly there has been prolonged delay in the transfer of the forest lands. The Board however is of the opinion that the entering into of the Agreements is in the best interests of the Group in securing future available land resources in carrying out the plantation of its patented genetically modified tree specie.

The reform of the PRC forestry industry has reached the final stage of lifting previous confinements to participation. The Board is of the opinion that the Group stands to benefit from opportunities arising from the new development of the conversion of State-owned forest fields and the incentives provided to encourage domestic and foreign participation in the industry. The inceptions of the various Agreements enable the Group to mark its territory and erect a barrier to competition to the land resources, thereby secure the benefits conferred by the new development.

Negotiations are underway for the remaining forest land to be transferred which is subject to the Formal Agreements and the finalization of the terms and conditions thereof. In the event that the negotiation cannot proceed to satisfactory completion and render the Agreements ineffective, the Company shall make further announcement to inform Shareholders and investors. **As the Proposed Cooperation is subject to the Formal Agreement, Shareholders and investors are advised to exercise caution when dealing in the Shares.**

GENERAL

This announcement is made pursuant to Rule 13.09 of the Listing Rules. Should the Proposed Cooperation constitute any notifiable transaction under Chapter 14 of the Listing Rules, a further announcement will be made by the Company in compliance with the Listing Rules.

As at the date of this announcement, the Directors of the Company comprises of Mr. Ng Leung Ho, Ms. Lee Ming Hin, Mr. Hu Xiaoming and Mr. Ge Wen Hong being the executive Directors, and Mr. Lo Chung Kin, Mr. Zhou Zi Ping and Mr. Zhu Jian Hong being the independent non-executive Directors.

DEFINITIONS

In this announcement, the following terms have the following meanings:

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|--------------------|---|
| “Beijing WFC” | 北京萬富春森林資源發展有限公司(Beijing Wan Fu Chun Forest Resources Development Company Limited), a 70% owned subsidiary of the Company |
| “Board” | the board of Directors |
| “Company” | Good Fellow Group Limited, a company incorporated in Bermuda and the shares of which are listed on the Stock Exchange |
| “Directors” | the directors of the Company |
| “Formal Agreement” | any legally binding agreement that may be entered into between Beijing WFC and the respective counter-parties and / or affiliated parties in due course in relation to the procurement of forest land by Beijing WFC and other contractual arrangements pursuant to the Proposed Cooperation. |
| “Group” | the Company and its subsidiaries |

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|------------------------|--|
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited |
| “PRC” | the People’s Republic of China |
| “Proposed Cooperation” | the proposed arrangement contemplated under the Agreements whereby the respective counterparties will provide assistance to Beijing WFC in the procurement of forest land for the purpose of field plantation; and Beijing WFC provide the genetically modified tree specie <i>Broussonetia payriferalvent</i> and technical support for plantation of the tree specie in the respective province in the PRC |
| “Shareholder(s)” | shareholders of the Company |
| “Shares” | shares of the Company |

By Order of the Board
Good Fellow Group Limited
Ng Leung Ho
Chairman

Hong Kong, 18 December 2006

** For identification purpose only*

Please also refer to the published version of this announcement in The Standard.