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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)

### **ACQUISITION OF LEASEHOLD INTEREST IN A FOREST LAND -RUICHENG COUNTY**

The Board of Directors of the Company announces that on 18 December 2006, Beijing WFC has entered into the Transfer Agreement for acquiring a leasehold forest land in the PRC at a cash consideration of RMB 22,300,000. The Transfer Agreement was entered pursuant to the Proposed Cooperation, as previously announced by the Company on 6 December 2006.

Pursuant to Rule 14.04 (6) of the Listing Rules, the Transfer Agreement does not fall into any classification of a notifiable transaction (as defined under the Listing Rules) as all relevant percentage ratios are less than 5% and therefore, the requirements of notification, publication and/or shareholders' approval under Rule 14.33 of the Listing Rules is not applicable.

#### **THE TRANSFER AGREEMENT**

Date: 18 December 2006

Vendor: State-run forest of Ruicheng County (芮城縣國有林場)

Purchaser: 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

Leasehold : Leasehold interest in forest land in Ruicheng  
Forest Land County with total land area of 58,900 Chinese Mu. Ruicheng County is located in the Shanxi province, the PRC

Lease term: Pursuant to the Transfer Agreement, the Purchaser is entitled to exercise the Rights of the Leasehold Forest Land for a term of 50 years from 20 December 2006 to 19 December 2056

Consideration: RMB22,300,000

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an independent third party not connected with the Company and its connected person (as defined under the Listing Rules).

#### **Terms of the payment**

- (a) RMB 5,000,000 as initial deposit payable to the Vendor upon signing of the Transfer Agreement.
- (b) RMB 17,300,000 as the remaining balance of the consideration will be paid within 7 days upon completion of the Acquisition when the forest ownership certificate is issued to the Purchaser.

The consideration of the Acquisition was determined after arm's length negotiation between the Vendor and the Purchaser.

#### **Completion of the Transfer Agreement**

The completion of the Transfer Agreement is subject to the issuance of the forest ownership certificate to the Purchaser.

#### **REASONS FOR AND BENEFITS OF THE TRANSFER AGREEMENT**

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.

On 6 December 2006, the Company announced the Proposed Cooperation with Ruicheng Government. In accordance with the Proposed Cooperation, Beijing WFC will provide the genetically modified tree specie *Broussonetia papyrifera* and technical support for plantation of the tree specie in the Ruicheng County; and the Ruicheng Government will provide assistance to Beijing WFC in the procurement

of forest land of no less than 200,000 Chinese Mu by area for the purpose of field plantation. 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. The Transfer Agreement was entered pursuant to the Proposed Cooperation for the formal transfer of partial of the forest land contemplated under the Proposed Cooperation. Negotiation and other processes for identifying suitable locations are underway for the remaining forest land to be transferred which is subject to formal agreements and the finalization of the terms and conditions thereof.

## **GENERAL**

Pursuant to Rule 14.04 (6) of the Listing Rules, the Transfer Agreement does not fall into any classifications of a notifiable transaction (as defined under the Listing Rules) as all relevant percentage ratios are less than 5% and therefore, the requirements of notification, publication and/or shareholders' approval under Rule 14.33 of the Listing Rules is not applicable.

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:

“Acquisition”	the acquisition of the Leasehold Forest Land for a term of 50 years from 20 December 2006 to 19 December 2056
“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 of Hong Kong Limited
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Leasehold Forest Land”	Leasehold interest in State-run forest of Ruicheng County with a total area of 58,900 Chinese Mu
“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 under the letter of intent of 6 December 2006 whereby the Ruicheng Government will provide assistance to Beijing WFC in the procurement of forest land of no less than 200,000 Chinese Mu by area for the purpose of field plantation; and Beijing WFC provide the genetically modified tree specie <i>Broussonetia papyrifera</i> and technical support for plantation of the tree specie in the Ruicheng County
“Purchaser”	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
“Rights”	Forest Land Use Right (林地使用權), Forest Tree Ownership (林木所有權) and Forest Tree Use Right (林木使用權)
“Shareholder(s)”	shareholders of the Company
“Shares”	shares of the Company
“Transfer Agreement”	the agreement of 18 December 2006 entered into between the Purchaser and the Vendor for the Acquisition
“Ruicheng County”	the Ruicheng county of the Shanxi province; the PRC
“Ruicheng Government”	the People’s Government of the Ruicheng County

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.