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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Grand Forestry Resources Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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CHINA GRAND FORESTRY RESOURCES GROUP LIMITED

中國林大資源集團有限公司*

(Formerly known as Good Fellow Group Limited 金威集團控股有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 910)

PROPOSED CHANGE OF AUDITORS

A notice convening the special general meeting of China Grand Forestry Resources Group Limited to be held at Unit 1906, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong on Friday, 26 January 2007 at 11:00 a.m. or any adjournment thereof is set out on page 5 and 6 of this circular.

A form of proxy for use at the special general meeting of China Grand Forestry Resources Group Limited is enclosed with this circular. Whether or not you are able to attend and vote at the special general meeting, please complete and return the enclosed proxy form in accordance with the instructions printed thereon and return the same to China Grand Forestry Resources Group Limited's branch share registrar in Hong Kong, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the special general meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the special general meeting or any adjournment thereof should you so wish.

* For identification purpose only

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“Change of Auditors”	the proposed appointment of Horwath Hong Kong CPA Limited, as new auditors of the Company following the resignation of Johnny Chan & Co. Limited, the former auditors of the Company, on ground of cessation of business
“Company”	China Grand Forestry Resources Group Limited, a limited liability company incorporated in Bermuda, whose shares are listed on The Stock Exchange of Hong Kong Limited
“Director(s)”	the director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“SGM”	the special general meeting of the Company to be convened and held at Unit 1906, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong on Friday, 26 January 2007 at 11:00 a.m. (or any adjournment thereof), the notice of which is set out on page 5 to 6 of this circular
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Share(s)

LETTER FROM THE BOARD



CHINA GRAND FORESTRY RESOURCES GROUP LIMITED 中國林大資源集團有限公司*

(Formerly known as Good Fellow Group Limited 金威集團控股有限公司*)

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(Stock Code: 910)

Executive Directors:

Mr. Ng Leung Ho (*Chairman*)
Ms. Lee Ming Hin
Mr. Mr. Hu Xiaoming
Mr. Ge Wen Hong

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent Non-executive Directors:

Mr. Zou Zi Ping
Mr. Lo Cheung Kin
Mr. Zhu Jian Hong

*Head Office and principal place of
business in Hong Kong:*

Unit 3405, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road
Central
Hong Kong

4 January 2007

To the Shareholders

Dear Sir or Madam,

PROPOSED CHANGE OF AUDITORS

INTRODUCTION

On 3 January 2007, the Board announced the proposal for the Change of Auditors.

The purposes of this circular are to provide the Shareholders with (i) further information on the Change of Auditors; and (ii) the notice of the SGM to be convened and held for the purpose of considering and, if thought fit, approving the necessary resolution to implement the proposal for the Change of Auditors.

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LETTER FROM THE BOARD

PROPOSED CHANGE OF AUDITORS

On 31 October 2006, the Company received a letter of resignation from Johnny Chan & Co. Limited (“JCC”), on ground of JCC’s cessation of business. For that reason, Horwath Hong Kong CPA Limited, is proposed to be appointed as new auditors of the Company following the resignation of JCC, upon the passing of an ordinary resolution by the Shareholders at the SGM and to hold office until the conclusion of the next annual general meeting of the Company.

The Board and Audit Committee of the Company confirms that there is no disagreement between the Company and JCC and there are no circumstances in respect of the Change of Auditors that it considers should be brought to the attention of the Shareholders and creditors of the Company. In its letter of resignation, JCC confirmed that there were no circumstances or matters that need to be brought to the attention of the shareholders and creditors of the Company in relation to its resignation as auditors of the Company.

SGM

Set out on page 5 and 6 of this circular is a notice convening the SGM to consider and, if thought fit, to approve the ordinary resolution relating to the Change of Auditors.

A form of proxy for use at the SGM is enclosed herewith. Whether or not you are able to attend and vote at the SGM, please complete the enclosed form of proxy and return it to the Company’s branch share registrar in Hong Kong, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

PROCEDURES FOR DEMANDING A POLL

Pursuant to the bye-laws of the Company, a poll may be demanded in relation to any resolution put to the vote of the SGM before or on the declaration of the result on the show of hands or on the withdrawal of any other demand for a poll:

- (a) by the chairman of such meeting; or
- (b) by at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or

LETTER FROM THE BOARD

- (d) by a Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right; or
- (e) if required by the rules of the stock exchange in the relevant territory, by any director or directors who, individually or collectively, hold proxies in respect of Shares representing five per cent. (5%) or more of the total voting rights at such meeting.

RECOMMENDATION

Having considered the circumstances set out herein, the Board considers that the proposed ordinary resolution for the Change of Auditors is fair and reasonable and is in the best interest of the Company and, accordingly, recommend all Shareholders to vote in favour of the ordinary resolution at the SGM.

MISCELLANEOUS

The English version of this circular shall prevail over its Chinese version in case of any inconsistency.

On behalf of the Board
China Grand Forestry Resources Group Limited
Ng Leung Ho
Chairman

NOTICE OF SGM



CHINA GRAND FORESTRY RESOURCES GROUP LIMITED

中國林大資源集團有限公司*

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NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (the “Meeting”) of China Grand Forestry Resources Group Limited (the “Company”) will be held at Unit 1906, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong at 11:00 a.m. on Friday, 26 January 2007 (or any adjournment thereof) for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** Horwath Hong Kong CPA Limited, be and is hereby appointed as auditors of the Company to fill the vacancy following the resignation of Johnny Chan & Co. Limited, and to hold office until the conclusion of the next annual general meeting of the Company and that the board of directors of the Company be authorized to fix their remuneration.”

By order of the Board of
China Grand Forestry Resources Group Limited
Ng Leung Ho
Chairman

Hong Kong, 3 January 2007

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of
business in Hong Kong:*
Unit 3405, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road
Central
Hong Kong

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NOTICE OF SGM

Notes:

1. Any shareholder entitled to attend and vote at the meeting convened by the above notice shall be entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
2. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of such power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong at Tengis Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or any adjournment(s) thereof.
3. Completion and deposit of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or any adjourned meeting and in such event, the form of proxy will be deemed to be revoked.
4. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled to vote, whether in person or by proxy. For the purpose, seniority shall be determined by the order in which the name stands first on the registrar of members of the company in respect of the joint holding.