



# CHINA GRAND FORESTRY RESOURCES GROUP LIMITED

## 中國林大資源集團有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock code: 910)

### FINANCIAL PERFORMANCE UPDATE

The Board wishes to inform shareholders of the Company and investors that the Group may record a significant increase in its unaudited consolidated financial results for the six months ended 31st December 2006.

**Shareholders and investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

This announcement is made in accordance with paragraph (1) of rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

It is expected that the unaudited consolidated financial results for China Grand Forestry Resources Group Limited (the "Company") and its subsidiaries (together with the Company, the "Group") for the six months ended 31st December 2006 may experience a significant increase for reasons set out below.

- (i) The business development of ecological forestry is better than our expectation and market estimates after result consolidation for 6 months period of our subsidiary, Beijing Wan Fu Chun Forest Resources Development Company Limited;
- (ii) After enhance management team, the cost of ecological forestry business is effective controlled;
- (iii) The ecological forestry business improved the Group's earning's base and asset quality; and
- (iv) The selling price of timber are increased by approximately 10% during the six months ended 31st December 2006.

The Group's net profit and earnings per share for the last corresponding period ended 31st December 2005 amounted to approximately HK\$2,453,000 and HK0.08 cent per share, respectively.

After preliminary calculations by the Company's management based on the unaudited management accounts of the Company, it is expected that the Group may experience a significant increase in its unaudited consolidated financial results for the six months ended 31st December 2006 in contrast with the results for the last corresponding period, due to various factors including but not limited to (i), (ii), (iii) and (iv).

This financial performance update announcement is only based on the preliminary calculations by the Company's management according to the unaudited management accounts of the Company. Shareholders and investors should read the Company's results announcement for the six months ended 31st December 2006 carefully, which is expected to be published before the end of March 2007. The Company did not issue financial performance update in its announcement of results for the year ended 30th June 2006 dated 23rd October 2006.

This announcement is made in accordance with paragraph (1) of rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**Shareholders and investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board,  
China Grand Forestry Resource Group Limited  
Ng Leung Ho  
Chairman

Hong Kong, 8 March 2007

\* For identification purposes only

As at the date of this announcement, the Board 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 Cheung Kin, Mr. Zou Zi Ping and Mr. Zhu Jian Hong being the independent non-executive Directors.

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