

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

ACQUISITION OF LEASEHOLD INTEREST IN A FOREST LAND – YONGREN COUNTY, YUNNAN PROVINCE

The Board of Directors of the Company announces that on 5 June 2007, Beijing WFC has entered into the Transfer Agreement for acquiring a leasehold forest land in the PRC at a cash consideration of RMB70,550,000.

THE TRANSFER AGREEMENT

Date : 5 June 2007

Vendor : Yunnan Shenyu Xin Neng Yuan Company Ltd. (雲南神宇新能源有限公司)

Purchaser : Beijing Wan Fu Chun Forest Resources Development Company Limited (北京萬富春森林資源發展有限公司), a wholly owned subsidiary of the Company

Leasehold : Leasehold interest in forest land in Yongren County of Yunnan Province with total land area of 231,705.3 Chinese Mu

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 5 June 2007 to 4 June 2057

Consideration: RMB70,550,000

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). In addition, the transaction is independent to previous acquisitions of leasehold interest in forest lands, no relationship among the previous vendors and no aggregation of consideration with all previous acquisitions of leasehold interest in forest lands is required. The Vendor possesses a valid forest ownership certification respect of the forest land.

Terms of the payment

(a) RMB 20,000,000 as initial deposit payable to the Vendor within 10 days of signing of the Transfer Agreement

(b) RMB 50,550,000 as the balance of the consideration will be paid within 10 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 subjected to the issuance of the forest ownership certificate to the Purchaser. The forest ownership certificate is expected to be available to the Purchaser in 6 months' time.

REASONS FOR AND BENEFITS OF THE TRANSFER AGREEMENT

The Directors consider the Acquisition would increase the area of forest land and timber resources in the Company's diversified ecological forestry business and improve the Group's earning's base and asset quality.

GENERAL

As at the date of this announcement, the Directors of the Company comprises of Mr. Ng Leung Ho, Ms. Cao Chuan, 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.

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 5 June 2007 to 4 June 2057
"Board"	the board of Directors
"Company"	China Grand Forestry Resources Group Limited, a company incorporated in Bermuda and the shares of which are listed on the Stock Exchange
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"Leasehold Forest Land"	Leasehold interest in forest land in Yongren County Yunnan Province with total land area of 231,705.3 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
"Purchaser"	Beijing Wan Fu Chun Forest Resources Development Company Limited (北京萬富春森林資源發展有限公司), a wholly owned subsidiary of the Company

“Rights”	Forest Land Use Right (林地使用權), Forest Tree Ownership Right (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 5 June 2007 entered into between the Purchaser and the Vendor for the Acquisition

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

Hong Kong, 5 June 2007

** For identification purpose only*

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