

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 2 LEASEHOLD INTEREST IN FOREST LAND

The Board of Directors of the Company announces that on 12 June 2007, Beijing WFC has entered into 2 Transfer Agreements for acquiring leasehold forest land in the PRC with total land area of 346,480 Chinese MU at a total cash consideration of RMB109,555,600.

#### THE TRANSFER AGREEMENTS

##### 1) Fu Jia Tian Xia Transfer Agreement

Date: 12 June 2007

Vendor: Fu Jia Tian Xia Wood Industry (Shenzhen) Company Limited (富甲天下木業(深圳)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 Shuangbai County of Yunnan Province with total land area of 213,192 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 11 June 2007 to 11 June 2057

Consideration: RMB68,598,000

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 21,000,000 as initial deposit payable to the Vendor within 10 days of signing of the Transfer Agreement

(b) RMB 47,598,000 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.

\* For identification purpose only

## **2) Hunan Shengtai Transfer Agreement**

Date: 12 June 2007

Vendor: Hunan Shengtai Forest Development Company Limited (湖南盛泰林業發展有限公司)

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 Shuangbai County of Yunnan Province with total land area of 133,288 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 12 June 2007 to 11 June 2057

Consideration: RMB40,957,600

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 Company had also acquired a leasehold interest in a forest land on 28 June 2006 from the Vendor for a consideration of RMB200,000,000, details of such acquisition has been set out in the Company's announcement of the same date. The consideration aggregation of the transaction and the acquisition of leasehold interest in forest land on 28 June 2006 amounted to RMB60,957,600 which does not constitute a notifiable transaction (as defined under the Listing Rules).

Save as disclosed above, 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 13,000,000 as initial deposit payable to the Vendor within 10 days of signing of the Transfer Agreement
- (b) RMB 27,957,000 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 Agreements**

The completion of these Transfer Agreements are subjected to the issuance of the forest ownership certificate to the Purchaser. The forest ownership certificates are expected to be available to the Purchaser in 6 months' time.

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

The Directors consider the Acquisitions 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 2 Leasehold Forest Land
“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
“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

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

Hong Kong, 12 June 2007

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