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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 FOREST LAND

The Board of Directors of the Company announces that on 19 July 2007, Beijing Wan Fu Chun Forest Resources Development Company Limited has entered into 4 Transfer Agreements for acquiring leasehold forest land in the PRC with total land area of 172,424 Chinese Mu at a total cash consideration of RMB137,492,500.

THE TRANSFER AGREEMENTS

1) Chongqing City Transfer Agreement

- Date: 19 July 2007
- Vendor: FeiFei SenWang Resource Group Co., Ltd. (菲菲森旺資源集團有限公司)
- 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 Chongqing City with total land area of 33,023 Chinese Mu
- Lease term: Pursuant to the Chongqing City Transfer Agreement, the Purchaser is entitled to exercise the Rights of the Leasehold Forest Land for a term of 70 years from 19 July 2007 to 18 July 2077
- Consideration: RMB34,978,700.

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 in respect of the forest land.

* For identification purpose only

Terms of the payment

- (a) RMB14,000,000 as initial deposit payable to the Vendor within 7 days of signing of the Chongqing City Transfer Agreement
- (b) RMB 20,978,700, being the balance of the consideration, will be paid within 10 days after completion of the acquisition under the Chongqing City Transfer Agreement when the forest ownership certificate is issued to the Purchaser.

The consideration of the acquisition under the Chongqing City Transfer Agreement was determined after arm's length negotiation between the Vendor and the Purchaser.

2) Hubei Province Transfer Agreement

Date: 19 July 2007

Vendor: FeiFei SenWang Resource Group Co., Ltd. (菲菲森旺資源集團有限公司)

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 Hubei Province with total land area of 27,997 Chinese Mu

Lease term: Pursuant to the Hubei Province Transfer Agreement, the Purchaser is entitled to exercise the Rights of the Leasehold Forest Land for a term of 50 years from 19 July 2007 to 18 July 2057

Consideration: RMB25,577,400.

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 in respect of the forest land.

Terms of the payment

- (a) RMB10,230,000 as initial deposit payable to the Vendor within 7 days of signing of the Hubei Province Transfer Agreement
- (b) RMB 15,347,400, being the balance of the consideration will be paid within 10 days upon completion of the acquisition under the Hubei Province Transfer Agreement when the forest ownership certificate is issued to the Purchaser.

The consideration of the acquisition under the Hubei Province Transfer Agreement was determined after arm's length negotiation between the Vendor and the Purchaser.

3) Hunan Province Transfer Agreement

- Date: 19 July 2007
- Vendor: FeiFei SenWang Resource Group Co., Ltd. (菲菲森旺資源集團有限公司)
- 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 Hunan Province with total land area of 34,735 Chinese Mu
- Lease term: Pursuant to the Hunan Province Transfer Agreement, the Purchaser is entitled to exercise the Rights of the Leasehold Forest Land for a term of 50 years from 19 July 2007 to 18 July 2057
- Consideration: RMB37,342,600.

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 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 in respect of the forest land.

Terms of the payment

- (a) RMB14,937,000 as initial deposit payable to the Vendor within 7 days of signing of the Hunan Province Transfer Agreement
- (b) RMB 22,405,600, being the balance of the consideration will be paid within 10 days upon completion of the acquisition under the Hunan Province Transfer Agreement when the forest ownership certificate is issued to the Purchaser.

The consideration of the acquisition under the Hunan Province Transfer Agreement was determined after arm's length negotiation between the Vendor and the Purchaser.

4) Shanxi Province Transfer Agreement

- Date: 19 July 2007
- Vendor: FeiFei SenWang Resource Group Co., Ltd. (菲菲森旺資源集團有限公司)
- 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 Shanxi Province with total land area of 76,669 Chinese Mu
- Lease term: Pursuant to the Shanxi Province Transfer Agreement, the Purchaser is entitled to exercise the Rights of the Leasehold Forest Land for a term of 50 years from 19 July 2007 to 18 July 2057
- Consideration: RMB39,593,800

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 in respect of the forest land.

Terms of the payment

- (a) RMB15,840,000 as initial deposit payable to the Vendor within 7 days of signing of the Shanxi Province Transfer Agreement
- (b) RMB 23,753,800, being the balance of the consideration, will be paid within 10 days upon completion of the acquisition under the Shanxi Province Transfer Agreement when the forest ownership certificate is issued to the Purchaser.

The consideration of the acquisition under the Shanxi Province Transfer Agreement 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 certificates 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:

“Acquisitions”	the acquisitions of the 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 of Hong Kong
“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
“Vendor”	FeiFei SenWang Resource Group Co., Ltd. (菲菲森旺資源集團有限公司)

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

Hong Kong, 19 July 2007

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