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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)**

**DISCLOSEABLE TRANSACTIONS  
IN RESPECT OF**

- (1) ACQUISITION OF LEASEHOLD INTEREST IN A FOREST LAND –  
QIUBEI COUNTY, GUIZHOU PROVINCE;**
- (2) ACQUISITION OF LEASEHOLD INTEREST IN A FOREST LAND –  
WENSHAN COUNTY, GUIZHOU PROVINCE; AND**
- (3) RESUMPTION OF TRADING**

**Financial adviser to the Company**



**KINGSTON CORPORATE FINANCE LIMITED**

**THE ACQUISITIONS**

The Board announces that 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, has entered into the Transfer Agreement I for acquiring the Qiubei Leasehold Forest Land in the PRC at a cash consideration of RMB157,982,900 from Yunnan Shenyu Xin Neng Yuan Company Ltd. (雲南神宇新能源有限公司) on 22 July 2007; and the Transfer Agreement II for acquiring the Wenshan Leasehold Forest Land in the PRC at a cash consideration of RMB159,592,880 from Furuisen (Beijing) Forest Development Company Limited (富瑞森(北京)林業發展有限公司) on 23 July 2007.

**RESUMPTION OF TRADING**

Trading in the Shares was suspended with effect from 9:30 a.m. on Tuesday, 24 July 2007 at the request of the Company pending the issue and publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on

Wednesday, 25 July

2007.

This announcement is issued pursuant to Rules 13.09(1) of the Listing Rules.

#### **THE TRANSFER AGREEMENT I**

**Date** : 22 July 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

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Yunnan Shenyu and its ultimate beneficial owner(s) are Independent Third Parties.

Yunnan Shenyu is principally engaged in plantation of tree.

#### **Interest to be acquired**

Subject to the issuance of the relevant forest ownership certificate to the Purchaser, the Purchaser is entitled to exercise the Rights of the Qiubei Leasehold Forest Land with total land area of 245,190 Chinese Mu for a term of 50 years from the date of the Transfer Agreement I.

#### **Consideration**

The aggregate consideration for the Acquisition I is RMB157,982,900 which shall be satisfied as the following manner:—

- (a) as to RMB63,200,000 in cash as the initial payment payable within 7 days upon the entering into of the Transfer Agreement I; and
- (b) as to RMB94,782,900 in cash as the balance of the consideration payable within 10 days upon completion of the transfer of the relevant forest ownership certificate.

The consideration of the Acquisition I was determined after arm's length negotiation between Yunnan Shenyu and the Purchaser with reference to (i) the full entitlement right and ownership to utilise all natural resources originated from such land premises; (ii) the synergistic benefit from the existing land premises owned by the Company; and the practical value of the land premises thereby increasing the productivity in the tree-planting business of the Company.

The consideration will be financed by  
the internal resources of the Company

### **Completion**

The completion of the Acquisition I is subject to the issuance of the relevant forest ownership certificate to the Purchaser. The forest ownership certificate is expected to be available to the Purchaser within six months.

### **THE TRANSFER AGREEMENT II**

**Date** : 23 July 2007

**Vendor** : Furuisen (Beijing) Forest Development Company Limited (富瑞森(北京)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

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Furuisen and its ultimate beneficial owner(s) are Independent Third Parties.

Furuisen is principally engaged in plantation of tree.

### **Interest to be acquired**

Subject to the issuance of the relevant forest ownership certificate to the Purchaser, the Purchaser is entitled to exercise the Rights of the Wenshan Leasehold Forest Land with total land area of 252,252 Chinese Mu for a term of 50 years from the date of the Transfer Agreement II.

### **Consideration**

The aggregate consideration for the Acquisition II is RMB159,592,880 which shall be satisfied as the following manner:—

- (a) as to RMB63,840,000 in cash as the initial payment payable within 7 days upon the entering into of the Transfer Agreement II; and
- (b) as to RMB95,752,880 in cash as the balance of the consideration payable within 10 days

upon completion of the transfer of the relevant forest ownership certificate.

The consideration of the Acquisition II was determined after arm's length negotiation between Furuisen and the Purchaser with reference to (i) the full entitlement right and ownership to utilise all natural resources originated from such land premises; (ii) the synergistic benefit from the existing forest land premises owned by the Company; and (iii) the practical value of the land premises thereby increasing the productivity in the tree-planting business of the Company. The consideration will be financed by

the internal resources of the Company

### **Completion**

The completion of the Acquisition II is subject to the issuance of the relevant forest ownership certificate to the Purchaser. The forest ownership certificate is expected to be available to the Purchaser within six months.

### **REASONS FOR THE ACQUISITIONS**

The Group is principally engaged in the manufacture and sale of garment and tree planting and management, manufacture and distribution of forest products as timber and bark materials in PRC.

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.

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisitions are normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **IMPLICATIONS UNDER THE LISTING RULES**

The Acquisition I in aggregate with the previous acquisition pursuant to the agreement entered into by the Company with Yunnan Shenyu on 5 June 2007 in respect of the acquisition of leasehold interest in forest land in Yongren County, Yunnan Province (details has been set out in the Company's announcement dated 5 June 2007) constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Acquisition II in aggregate with the previous acquisition pursuant to the agreement entered into by the Company with Furuisen on 11 June 2007 in respect of the acquisition of leasehold interest in forest land in Shuangjiang Autonomous County, Yunnan Province (details has been set out in the Company's announcement dated 11 June 2007) constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Save as the above disclosed, there is no memorandum of understanding in relation to the Acquisitions announced by the Company. This announcement is issued pursuant to Rule 13.09(1) of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, Yunnan Shenyu (including its ultimate beneficial owners) and Furuisen (including its ultimate beneficial owners) are independent to each other.

As such, Acquisition I and Acquisition II which are independent to each other are not required to be aggregated under Rule 14.22 of the Listing Rules.

## **GENERAL**

Shareholders and investors should note that the completion of the Acquisitions is subject to the issuance of the relevant forest ownership certificates and therefore the Purchaser, investors and Shareholders are urged to exercise caution when dealing in the Shares.

A circular containing, among other things, further details of the Acquisitions will be despatched to the Shareholders as soon as possible in accordance with the Listing Rules.

## **RESUMPTION OF TRADING**

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Wednesday, 25 July

2007.

## **DEFINITIONS**

“Acquisition I”	the acquisition of the Qiubei Leasehold Forest Land for a term of 50 years from the date of Transfer Agreement I
“Acquisition II”	the acquisition of the Wenshan Leasehold Forest Land for a term of 50 years from date of Transfer Agreement II
“Acquisitions”	the Acquisition I and the Acquisition II
“Board”	the board of Directors
“Company”	China Grand Forestry Resources Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company

“Furuisen”	Furuisen (Beijing) Forest Development Company Limited (富瑞森(北京)林業發展有限公司), being the vendor under the Transfer Agreement II
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	a third party independent of the Company and connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Wenshan Leasehold Forest Land”	leasehold interest in forest land in Wenshan County, Guizhou Province, the PRC with total land area of 252,252 Chinese Mu
“Qiubei Leasehold Forest Land”	leasehold interest in forest land in Qiubei County, Guizhou Province, the PRC with total land area of 245,190 Chinese Mu
“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, being the purchaser under the Transfer Agreement I and Transfer Agreement II
“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)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer Agreement I”	the agreement dated 22 July 2007 entered into between the Purchaser and Yunnan Shenyu in relation to the Acquisition I
“Transfer Agreement II”	the agreement dated 23 July 2007 entered into between the Purchaser and Furuisen in relation to the Acquisition II
“Yunnan Shenyu”	Yunnan Shenyu Xin Neng Yuan Company Ltd. (雲南神宇新能源有限公司), being the vendor under the Transfer Agreement I
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.