
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **CHINA GRAND FORESTRY RESOURCES GROUP LIMITED**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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: 00910)

**PROPOSAL RELATING TO
GRANTING OF GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES OF THE COMPANY,
RE-ELECTION OF RETIRING DIRECTORS,
REFRESHMENT OF THE LIMIT TO GRANT OPTIONS
UNDER THE SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of **CHINA GRAND FORESTRY RESOURCES GROUP LIMITED** (the “Company”) to be held at 9:30 a.m. on Friday, 7 September, 2007 at 1st Floor, Function Room, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong, is set out on pages 16 to 20 of this circular. A form of proxy for use at the annual general meeting is enclosed. Whether or not you are able to attend and vote at the annual general meeting, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the annual general meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from subsequently attending and voting at the annual general meeting or any adjourned meeting should you so wish.

* For identification purpose only

15 August, 2007

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Annual General Meeting”	the annual general meeting of the Company to be held at 1st Floor, Function Room, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong, at 9:30 a.m. on Friday, 7 September, 2007 for the purpose of considering, and if thought fit, approving the proposed resolutions set out in this circular
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company, as amended, modified or otherwise supplemented from time to time
“Company”	CHINA GRAND FORESTRY RESOURCES GROUP LIMITED (formerly known as GOOD FELLOW GROUP LIMITED), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Group”	the Company and its subsidiaries
“Directors”	the directors of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	13 August, 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purpose of this circular
“Scheme Limit”	the total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company, not exceeding 10% of the total issued share capital of the Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme of the Company which was adopted on 23 November, 2001
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

LETTER FROM THE BOARD



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: 00910)

Executive Directors:

Mr. Ng Leung Ho (*Chairman*)
Ms. Cao Chuan (*Deputy Chairman*)
Ms. Lee Ming Hin
Mr. Hu Xiaoming
Mr. Ge Wen Hong

Independent Non-executive Directors:

Mr. Zou Zi Ping
Mr. Lo Cheung Kin
Mr. Zhu Jian Hong

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal

place of business in Hong Kong:
Unit 3405
34th Floor, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

15 August, 2007

To the Shareholders

Dear Sir or Madam,

**PROPOSAL RELATING TO
GRANTING OF GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES OF THE COMPANY,
RE-ELECTION OF RETIRING DIRECTORS,
REFRESHMENT OF THE LIMIT TO GRANT OPTIONS
UNDER THE SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

At the annual general meeting of the Company held on 28 November, 2006, general mandates were given to the directors to allot, issue and deal with additional Shares and to repurchase Shares on the Stock Exchange. These general mandates will expire at the conclusion of the forthcoming Annual General Meeting.

* For identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide Shareholders with information relating to the following resolutions to be proposed at the Annual General Meeting together with a notice convening the Annual General Meeting:

- (a) general mandate to issue Shares;
- (b) general mandate to repurchase Shares;
- (c) extension of the general mandate to issue Shares;
- (d) re-election of the Directors; and
- (e) refreshment of the Scheme Limit under the Share Option Scheme.

2. GENERAL MANDATE TO ISSUE NEW SHARES

At the Annual General Meeting, it will be proposed, by way of an ordinary resolution, that the Directors be given a general and unconditional mandate to exercise all powers of the Company to issue new Shares up to 20% of the issued share capital of the Company as at the date of the passing of the ordinary resolution (the “New Issue Mandate”). Any issue of new Shares in the Company is subject to approval from the Stock Exchange for the listing of and permission to deal in such new Shares in issue. As at the Latest Practicable Date, the Company had an aggregate of 5,115,207,600 Shares in issue. Assuming no repurchase or issue of Shares will be made by the Company up to the date of the Annual General Meeting, the Directors would be allowed to issue and deal with under the New Issue Mandate a maximum of 1,023,041,520 Shares (representing 20% of 5,115,207,600 Shares in issue as at the date of the passing of the resolution granting the New Issue Mandate).

At the Annual General Meeting, an ordinary resolution will be proposed to give the Directors a general and unconditional mandate to exercise all powers of the Company to repurchase Shares up to a maximum of 10% of the aggregate nominal value of the Shares in issue as at the date of the passing of the ordinary resolution (the “Repurchase Mandate”).

In addition, it will also be proposed, by way of a separate ordinary resolution, that the New Issue Mandate be extended so that the Directors will be given a general mandate (the “Extension Mandate”) to issue further Shares of an aggregate nominal value equal to the aggregate nominal value of the share capital of the Company repurchased under the Repurchase Mandate.

The New Issue Mandate, the Repurchase Mandate and the Extension Mandate, if approved, will continue in force until the conclusion of the next annual general meeting of the Company or the expiry date for the holding of the next annual general meeting or until revoked or varied by ordinary resolution of Shareholders in general meeting prior to the next annual general meeting.

An explanatory statement as required under the Listing Rules to provide the requisite information regarding the Repurchase Mandate is set out in Appendix I to this circular.

LETTER FROM THE BOARD

3. GENERAL MANDATE TO REPURCHASE SHARES

The Listing Rules contain provisions to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange.

At the Annual General Meeting, an ordinary resolution will be proposed to give the Directors a general and unconditional mandate to exercise all powers of the Company to repurchase Shares up to a maximum of 10% of the aggregate nominal value of the Shares in issue as at the date of the passing of the ordinary resolution (the “Repurchase Mandate”).

In addition, it will also be proposed, by way of a separate ordinary resolution, that the New Issue Mandate be extended so that the Directors will be given a general mandate (the “Extension Mandate”) to issue further Shares of an aggregate nominal value equal to the aggregate nominal value of the share capital of the Company repurchased under the Repurchase Mandate.

The New Issue Mandate, the Repurchase Mandate and the Extension Mandate, if approved, will continue in force until the conclusion of the next annual general meeting of the Company or the expiry date for the holding of the next annual general meeting or until revoked or varied by ordinary resolution of Shareholders in general meeting prior to the next annual general meeting.

An explanatory statement as required under the Listing Rules to provide the requisite information regarding the Repurchase Mandate is set out in Appendix I to this circular.

4. PROPOSED RE-ELECTION OF RETIRING DIRECTORS

The Board currently consists of eight Directors, namely, Mr. Ng Leung Ho, Ms. Cao Chuan, Ms. Lee Ming Hin, Mr. Hu Xiaoming, Mr. Ge Wen Hong, Mr. Lo Cheung Kin, Mr. Zou Zi Ping, and Mr. Zhu Jian Hong.

Pursuant to Bye-law 111(A) and 111(B) of the Bye-laws, Mr. Ng Leung Ho, Ms. Lee Ming Hin and Mr. Zhu Jian Hong shall retire from office by rotation at the Annual General Meeting and being eligible, offer themselves for re-election at the Annual General Meeting.

Pursuant to Bye-law 115 of the Bye-laws, Ms. Cao Chuan, being a newly appointed director, shall retire from office by rotation at the Annual General Meeting and, being eligible, offers herself for re-election at the Annual General Meeting.

Brief biographical details of the retiring Directors who are proposed to be re-elected at the Annual General Meeting are set out in Appendix II to this circular.

LETTER FROM THE BOARD

5. REFRESHMENT OF LIMIT TO GRANT OPTIONS UNDER THE SHARE OPTION SCHEME

The documented purpose of the Share Option Scheme is to recognise the contribution of the executives and employees to the Group by granting share options to them as incentives or rewards. As at the Latest Practicable Date, apart from the Share Option Scheme, there is no other scheme of arrangement for eligible participants to subscribe for Shares in the Company. Under the rules of the Share Option Scheme:

- (i) the maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company cannot exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of the Company if such grant would result in the above limit being exceeded;
- (ii) Subject to Shareholders' approval, the maximum number of Shares in respect of which options may be granted under the Share Option Scheme shall not exceed 10% of the Shares in issue at the date of the relevant approval (the "Scheme Limit"); and
- (iii) The Scheme Limit may be refreshed by Shareholders in general meeting, on condition that the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option schemes of the Company under the Scheme Limit as refreshed shall not exceed 10% of the total number of Shares in issue as at the date of approval of the "refreshed" Scheme Limit, excluding any options previously granted (including those outstanding options lapsed or cancelled) in accordance with the terms of the Share Option Scheme and any other share option schemes of the Company.

An aggregate of options to subscribe for 429,900,000 new shares in the Company have been granted under the Share Option Scheme since its adoption and 304,200,000 of these options have been exercised. As at the Latest Practicable Date, there were 125,700,000 outstanding Share options with the Company.

Shareholders' approval will be sought in the forthcoming Annual General Meeting for the refreshment of the Scheme Limit. As at the Latest Practicable Date, the Company had 5,115,207,600 Shares in issue. Assuming no further issue or repurchase of Shares at any time up to the Annual General Meeting, upon refreshment of the Scheme Limit by shareholders at the Annual General Meeting, the Company may grant options entitling holders to subscribe for up to a maximum of 511,520,760 Shares, representing 10% of the total number of Shares in issue as at the date of Annual General Meeting.

The Directors consider that the Company should refresh the Scheme Limit so that the Company will provide more flexibility to provide incentives or rewards to participants for their contribution to the Group and/or enable the Group to recruit and retain high-calibre employees and attract human resource that are valuable to the Group.

LETTER FROM THE BOARD

Application will be made to the Stock Exchange for listing of, and permission to deal in, any Shares, representing a maximum of 10% of the Shares in issue at the Annual General Meeting which may fall to be issued upon the exercise of any option that may be granted under the Share Option Scheme and any other share option schemes of the Company.

6. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice convening the Annual General Meeting is set out on pages 16 to 20 of this circular. At the Annual General Meeting, resolutions will be proposed to approve the granting of the New Issue Mandate, the Repurchase Mandate and the Extension Mandate, the re-election of the retiring Directors, the appointment of new Directors and the refreshment of the Scheme Limit.

A form of proxy for the Annual General Meeting is enclosed herewith for use at the Annual General Meeting. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar of the Company, Tricor Tengis Limited as soon as possible and in any event not less than 48 hours before the time fixed for the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting in person.

7. PROCEDURES BY WHICH A POLL MAY BE DEMANDED

At any general meeting of the Company, resolutions put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (i) by the chairman of the meeting; or
- (ii) by at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (iv) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding Shares in the Company conferring a right to vote at the meeting, being Shares on which an aggregate sum has been paid up which equals to not less than one-tenth of the total sum paid up on all the Shares conferring that right; or
- (v) if required by the rules of the stock exchange in the relevant territory, by any director or directors who, individually or collectively, hold proxies in respect of Shares representing five per cent. (5%) or more of the total voting rights at such meeting.

LETTER FROM THE BOARD

On a show of hands every Shareholder who is present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative), or by proxy shall (save as provided otherwise in this Bye-law) have one vote, and on a poll every Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy, shall have one vote for every share of which he is the holder which is fully paid or credited as fully paid (but so that no amount paid or credited as paid on a share in advance of calls or installments shall be treated for the purposes of this Bye-law as paid on the Share). On a poll, a Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all his votes in the same way.

8. RECOMMENDATION

The Board believes that the resolutions for the New Issue Mandate, the Repurchase Mandate, the Extension Mandate, the re-election of the retiring Directors and the refreshment of the Scheme Limit are all in the best interest of the Company and the Shareholders as a whole. Accordingly, the Board recommends that the Shareholders vote in favour of all the resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
By order of the Board
Ng Leung Ho
Chairman

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information for Shareholders to consider the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 5,115,207,600 Shares.

Subject to the passing of the ordinary resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 511,520,760 Shares (representing 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the resolution granting the Repurchase Mandate).

2. REASONS FOR REPURCHASE

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its Shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset per Share and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Company's memorandum of association and Bye-laws and the applicable laws of Bermuda. Any repurchase of Shares must be funded out of the capital paid up on the repurchased shares or the funds of the Company which would otherwise be available for dividend or distribution, or out of the proceeds of a fresh issue of Shares. Any premium payable on the repurchase must be provided for out of the funds of the Company otherwise available for dividend or distribution or out of the Company's share premium account before the shares are repurchased.

There might be a material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the latest published audited financial statements contained in the annual report for the period ended 31 March, 2007, in the event that the power to repurchase Shares pursuant to the Repurchase Mandate is to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels of the Company that in the opinion of the Directors are from time to time appropriate for the Company.

4. UNDERTAKING

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, has any present intention to sell any Shares to the Company under the Repurchase Mandate if such is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with the Listing Rules and the applicable laws of Bermuda.

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

5. TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Mr. Ng Leung Ho held 960,000,000 Shares, representing approximately 18.77 per cent. of the total issued share capital of the Company through Golden Prince Group Limited, of which he beneficially owns the entire issued share capital. Mr. Ng Leung Ho was also personally interested in 73,036,000 Shares comprising 63,036,000 Shares and 10,000,000 underlying Shares in respect of share options granted by the Company to him for subscription of new Shares, representing approximately 1.43 per cent. of the total issued share capital of the Company. For the purpose of the Takeovers Code, Mr. Ng Leung Ho is taken to have an interest in a total of 1,033,036,000 Shares, representing 20.20 per cent. of the issued share capital of the Company.

On the basis that the issued share capital of the Company remains unchanged up to the date of the Annual General Meeting, in the event that the Repurchase Mandate is exercised in full, the attributable shareholding of Mr. Ng Leung Ho would be increased to approximately 22.44 per cent. of the total issued share capital of the Company. Accordingly, on the basis that Repurchase Mandate is exercised in full, the attributable shareholding of Mr. Ng Leung Ho shall remain at a level not exceeding 30 per cent. of the total issued share capital of the Company and he will not be obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

However, the Directors have no intention to exercise the Repurchase Mandate to such an extent that would result in a mandatory offer being required under the Takeovers Code. The Directors also have no intention to exercise the Repurchase Mandate to such an extent that will result in the number of Shares in the hands of the public falling below the prescribed minimum percentage of 25 per cent.

Save as disclosed above, the Directors are not aware of any other condition that will trigger a mandatory offer under Rule 26 of the Takeovers Code as a result of the exercise of the Repurchase Mandate.

6. SECURITIES REPURCHASES MADE BY THE COMPANY IN PREVIOUS SIX MONTHS

During the period of six months preceding the Latest Practicable Date, the Company repurchased on the Stock Exchange a total of 7,000,000 Shares at an aggregate price of HK\$5,930,000. Details of the repurchases are as follows:

Date of Repurchase	No. of Shares Repurchased	Price per Share		Approximate Price Paid (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
30 April, 2007	5,000,000	0.85	0.84	4,230,000
2 May, 2007	2,000,000	0.85	–	1,700,000
	<u>7,000,000</u>			<u>5,930,000</u>

7. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows:

	Price per Share	
	Highest HK\$	Lowest HK\$
2006		
September	0.600	0.495
October	0.730	0.530
November	1.100	0.680
December	1.120	1.010
2007		
January	1.280	1.020
February	1.450	1.180
March	1.380	0.720
April	1.070	0.750
May	1.490	0.820
June	1.540	1.300
July	3.200	1.520
August (up to the Latest Practicable Date)	3.160	2.100

The biographical details of the Directors who will retire from office by rotation at the Annual General Meeting and, being eligible, will offer themselves for re-election are as follows:

EXECUTIVE DIRECTOR

Mr. Ng Leung Ho, aged 59, is the Chairman and the founder of the Group. Mr. Ng is also the Chairman and an executive director of Wonderful World Holdings Limited, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Ng held directorship in various subsidiaries of the Company. He is also the Chairman of Zhongke Nanotech Engineering Center Co., Ltd., the jointly controlled entity of the Company engaged in the business of Nano technology applications. Mr. Ng has more than 35 years of experience in the design, manufacture, and trading of men's suits in Hong Kong and the PRC. Mr. Ng is currently a JP and a member of the Chinese People's Political Consultative Conference and is a visiting professor at the Fujian Teachers University. Mr. Ng is responsible for the corporate strategic planning and formulation of corporate policies for the Group. In addition, Mr. Ng oversees the Group's product development and industrialisation efforts in various areas of Nano technology, made possible through the application of research results obtained by of Zhongke Nanotech Engineering Center Co., Ltd. Save as disclosed, Mr. Ng has not held any other position with the Company or any of its subsidiaries. Nor did Mr. Ng hold any other directorships in other listed public companies in the last three years.

As at the Latest Practicable Date, Mr. Ng beneficially owns an aggregate of 1,033,036,000 shares and underlying shares in the Company (73,036,000 of those shares and underlying shares comprising 63,036,000 Shares and 10,000,000 underlying Shares in respect of share options granted by the Company to him for subscription of new Shares, are directly held by Mr. Ng, while the remaining 960,000,000 shares are held by Golden Prince Group Limited, an investment company wholly-owned by Mr. Ng), representing 20.2 per cent. of the total issued share capital of the Company. Saved for the foregoing, Mr. Ng does not have any interest in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Nor does Mr. Ng have any relationship with any other Directors, senior management, substantial shareholder or controlling shareholders of the Company (within the meaning of the Listing Rules).

Mr. Ng has entered into a service contract with the Company for a term of 3 years commencing on 18 May, 2006 and is subject to retirement by rotation and re-election in accordance with the Bye-laws of the Company. A director's annual remuneration of HK\$1,200,000 stated in the service contract was determined by the Board with reference to his duties and responsibilities. The director's remuneration may be increased by not more than 5 per cent after each completed year of service subject to certain conditions (which is to be determined by the Board as authorised by the Shareholders at the Annual General Meeting). He is also entitled to a discretionary bonus (subject to certain conditions) and reasonable out-of-pocket expenses. If reappointed at the Annual General Meeting, Mr. Ng will hold office until he retires by rotation in accordance with Bye-law 111(A) or terminated with three months' notice served by either the Company or himself on the other.

There is no information relating to Mr. Ng that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as the foregoing, the Directors are not aware of any other matter that need to be brought to the attention of the Shareholders regarding the appointment of Mr. Ng Leung Ho as an executive director of the Company.

Ms. Cao Chuan, aged 49, is an executive director of the Company. She also serves as the deputy chairman and the chief executive officer of the Company. She is currently a postgraduate instructor for the biology-botany joint research project of Chinese Science Academy. She has accumulated more than 20 years of working experience in the field of scientific research, and was a freelance copywriter and a chief editor of a scientific journal. Various patents have been granted for her invention. She has been involved in the Sino-US scientific cultural exchange in the United State of America. She was also the chairperson of Beijing Senwang Technology Company Limited, a major supported entity located in the Beijing Zhongguancun scientific industrialisation plant and engaged in the field of genetic transcription for plants. She is well-acquainted with the operation, market development and financial management of Chinese forestry enterprise. She has comprehensive knowledge in plant fostering and the coordination and management of scientific experimental project, and also has an agile sense on the induction of new specie and purification. Ms. Cao is the general manager of Beijing Wan Fu Chun Forest Resources Development Company Limited, being subsidiary of the Company engaged in the business in tree plantation and management, manufacture and distribution of forestry products. Save as disclosed, Ms. Cao has not held any other position with the Company or any of its subsidiaries. Nor did Ms. Cao hold any directorships in other listed public companies in the last three years.

As at the Latest Practicable Date, Ms. Cao had share options to subscribe for 10,000,000 new shares in the Company, exercisable at a price of HK\$0.98 per share and granted pursuant to the Company's existing share option scheme, as adopted by the Company's shareholders in the Company's annual general meeting held on 23 November, 2001. Ms. Cao is deemed to be interested in such 10,000,000 shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). She does not have any relationship with any other Directors, senior management, substantial shareholder or controlling shareholders of the Company (within the meaning of the Listing Rules).

Ms. Cao has entered into a service contract with the Company for a term of 3 years commencing on 25 May, 2007 and is subject to retirement by rotation and re-election in accordance with the Bye-laws of the Company. A director's annual remuneration of HK\$600,000 stated in service contract was determined by the Board with reference to the her duties and responsibilities. The director's remuneration may be increased by not more than 5 per cent after each completed year of service subject to certain conditions (which is to be determined by the Board as authorised by the Shareholders at the Annual General Meeting). She is also entitled to a discretionary bonus (subject to certain conditions) and reasonable out-of-pocket expenses. If reappointed at the Annual General Meeting, Ms. Cao will hold office until she retires by rotation in accordance with Bye-law 111(A) or terminated with three months' notice served by either the Company or herself on the other.

There is no information relating to Ms. Cao that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as the foregoing, the Directors are not aware of any other matters that need to be brought to the attention of the shareholders regarding the appointment of Ms. Cao Chuan as an executive director of the Company.

Ms. Lee Ming Hin, aged 52, is an executive director of the Company. Ms. Lee has served the Group for more than 16 years and is a director in various subsidiaries of the Company. Prior to joining the Group in 1991, Ms. Lee had more than 14 years of experience in raw material procurement, sales and marketing in the apparel industry. Ms Lee currently oversees the general administration, finance, personnel functions and raw material procurement of the Group. Ms. Lee did not hold any other directorship in listed public companies in the last three years.

As at the Latest Practicable Date, Ms. Lee had share options to subscribe for 6,000,000 new shares in the Company, exercisable at a price of HK\$0.98 per share and granted pursuant to the Company's existing share option scheme, as adopted by the Company's shareholders in the Company's annual general meeting held on 23 November, 2001. Ms. Lee is also personally interested in 4,000,000 Shares in the Company. Ms. Lee is deemed to be interested in such 10,000,000 shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). She does not have any relationship with any other Directors, senior management, substantial shareholder or controlling shareholders of the Company (within the meaning of the Listing Rules).

Ms. Lee has entered into a service contract with the Company for a term of 3 years commencing on 25th October, 2004 and is subject to retirement by rotation and re-election in accordance with the Bye-laws of the Company. A director's annual remuneration of HK\$600,000 stated in the service contract was determined by the Board with reference to her duties and responsibilities. The director's remuneration may be increased by not more than 5 per cent after each completed year of service subject to certain conditions (which is to be determined by the Board as authorised by the Shareholders at the Annual General Meeting). She is also entitled to a discretionary bonus (subject to certain conditions) and reasonable out-of-pocket expenses. If reappointed at the Annual General Meeting, Ms. Lee will hold office until she retires by rotation in accordance with Bye-law 111 (A) or terminated with three months' notice served by either the Company or herself on the other.

There is no information relating to Ms. Lee that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as the foregoing, the Directors are not aware of any other matter that need to be brought to the attention of the Shareholders regarding the appointment of Ms. Lee Ming Hin as an executive director of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Zhu Jian Hong, aged 41, was appointed an independent non-executive director and member of the Company's audit committee on 23 September, 2004. Mr. Zhu is a member of the Chinese Institute of Certified Public Accountants. Mr. Zhu graduated from the Accountancy Department of the Shanghai University of Finance and Economics and has obtained over 17 years of experience in accountancy and financial management, including working as a lecturer of accountancy in Jimei Finance & Economics College in Xiamen Special Economics Zone and statutory auditor of the financial statements of a number of companies. Mr. Zhu was also a member of the Finance Bureau of Xianyou County, Fujian Province, the PRC, where he held the responsibility of administering the accountancy and finance affairs at provisional levels. Save for the directorship with the Company, Mr. Zhu had not held other position with the Company or any of its subsidiaries. Mr. Zhu did not hold any other directorship in listed public companies in the last three years.

As at the Latest Practicable Date, Mr. Zhu had share options to subscribe for 1,500,000 new shares in the Company, exercisable at a price of HK\$0.98 per share and granted pursuant to the Company's existing share option scheme, as adopted by the Company's shareholders in the Company's annual general meeting held on 23 November, 2001. Mr. Zhu is deemed to be interested in such 1,500,000 shares of the Company within the meaning of Part XV of the Securities and Futures Ordinances (Chapter 571 of the Laws of Hong Kong). He does not have any relationship with any other Directors, senior management, substantial shareholder or controlling shareholders of the Company (within the meaning of the Listing Rules).

Mr. Zhu has entered into a service contract with the Company for a term of three years commencing on 25th October, 2004 and is subject to retirement by relation and re-election in accordance with the Bye-laws. A director's fee of HK\$18,000 for the financial year ended 31 March, 2007 was determined by the Board with reference to his duties and responsibilities. The emoluments of Mr. Zhu for his next term of office will be determined by the Board (which is to be authorised by the Shareholders at the Annual General Meeting) at its discretion with reference to his duties and responsibilities. If reappointed at the Annual General Meeting, Mr. Zhu will hold office until he retires by rotation in accordance with Bye-law 111(A) or terminated with three month's notice served by either the Company or himself on the other.

There is no information relating to Mr. Zhu that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save for the foregoing, the Directors are not aware of any other matter that need to be brought to the attention of the Shareholders regarding the appointment of Mr. Zhu Jian Hong as an independent non-executive director of the Company.

NOTICE OF ANNUAL GENERAL MEETING



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: 00910)

NOTICE IS HEREBY GIVEN that the annual general meeting of China Grand Forestry Resources Group Limited (“Company”) will be held at 9:30 a.m. on Friday, 7 September, 2007 at 1st Floor, Function Room, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong, to transact the following ordinary business:

1. to receive and consider the audited consolidated financial statements and reports of the directors and auditors for the period from 1 July, 2006 to 31 March, 2007, being financial year 2006 of the Company;
2. to re-elect retiring directors and to authorise the board of directors to fix the directors’ remuneration;
3. to re-appoint the Company’s auditors and to authorise the board of directors to fix their remuneration;

and, as special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

4. **“THAT:**
 - (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”), the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the capital of the Company, or securities convertible into shares of the Company, or options, warrants, or similar rights to subscribe for any shares of the Company, and to make or grant offers, agreements and options which would or might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company in force from time to time; or (iv) any issue of shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares of the Company, shall not exceed the aggregate of:
- (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution; and
- (bb) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (d) for the purposes of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company, the Companies Act 1981 of Bermuda (the “Companies Act”) or any other applicable law of Bermuda to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution;

NOTICE OF ANNUAL GENERAL MEETING

“Rights Issue” means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the directors of the Company to holders of shares of the Company whose name appear on the register of members of the Company on a fixed record date in proportion to their then holdings of shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

5. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase its shares, subject to and in accordance with all applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company which may be repurchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly;
- (c) for the purposes of this resolution, “Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company, the Companies Act or any other applicable law of Bermuda to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.”

NOTICE OF ANNUAL GENERAL MEETING

6. **“THAT:**

subject to the passing of resolution nos. 4 and 5 above, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and deal with unissued shares of the Company pursuant to resolution 4 above be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company subsequent to the passing of this resolution, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the shares of the Company in issue as at the date of the passing of this resolution.”

7. **“THAT:**

subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the shares of HK\$0.1 each in the share capital of the Company (representing a maximum of 10% of the shares in issue as at the date of passing this Resolution) to be issued pursuant to the exercise of options which may be granted under the share option scheme adopted by the Company on 23 November, 2001 (the “Share Option Scheme”) and any other share option schemes of the Company, the refreshment of the scheme limit on grant of options under the Share Option Scheme and any other share option schemes of the Company up to 10% of the shares in issue as at the date of passing this Resolution (“the Refreshed Scheme Limit”) be and is hereby approved and any director of the Company be and is hereby authorised to do such act and execute such document to effect the Refreshed Scheme Limit.”

By order of the Board

Ng Leung Ho

Chairman

Hong Kong, 15 August, 2007

NOTICE OF ANNUAL GENERAL MEETING

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place
of business in Hong Kong:*
Unit 3405
34th Floor, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Notes:

1. Any shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his proxy to attend and, subject to the provisions of the Bye-laws of the Company, vote in his stead. The proxy needs not be a shareholder of the Company.
2. In order to be valid, the enclosed form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the offices of the Company's Hong Kong branch registrars, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting.
3. The register of members of the Company will be closed from 4 September, 2007 to 7 September, 2007, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for voting at the meeting, all transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's Hong Kong branch registrars, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 3 September, 2007.