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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)

MONTHLY ANNOUNCEMENT IN RESPECT OF THE CONVERTIBLE NOTE

Reference is made to the Company's Announcement and Circular. The Company made this announcement as per the undertakings given to the Stock Exchange to inform Shareholders and investors of future dilution in shareholdings as a result of the conversion of the Convertible Notes into new Shares.

Reference is made to the Company's announcement dated 1 June 2006 (the "Announcement") and circular to shareholders dated 18 April 2006 (the "Circular"). Reference is also made to the Company's previous monthly announcement dated 3 August 2007. The Company made this announcement as per the undertakings given to the Stock Exchange to inform Shareholders and investors of future dilution in shareholdings as a result of the conversion of the Convertible Notes into new Shares. Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as those defined in the Circular.

The Directors report that there was no conversion of the Company's outstanding Convertible Notes during the month of August 2007.

On 20 August 2007, share options were exercised at an exercise price of HK0.98 per share for the subscription of 10,500,000 shares in the Company. Apart from the foregoing, there had not been any other Shares issued or cancelled by the Company under any other transactions during the month of August 2007.

Changes in the issued share capital of the Company for the month of August 2007 are as follows:

| | Issued share capital (HK\$) | Number of issued Shares at par value of HK\$ 0.10 each |
|-------------------------------------|--|---|
| As at 1 August 2007 | 511,520,760 | 5,115,207,600 |
| Exercise of share options | 1,050,000 | 10,500,000 |
| As at the date of this announcement | 512,570,760 | 5,125,707,600 |

* For identification purpose only

As at the date of this announcement, the aggregate outstanding principal amount of the Convertible Notes is HK\$100,000,000. The exercise in full of conversion rights vested with the Company's outstanding Convertible Notes would result in the issue and allotment of 833,333,333 new Shares in the Company.

GENERAL

As at the date of this announcement, the Board of 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.

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

Hong Kong, 4 September 2007

This announcement will be published on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and on the website at www.capitalfp.com.hk/eng/index.jsp?co=910.