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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)

ACQUISITION OF LEASEHOLD INTEREST IN FOREST LAND

The Board of Directors of the Company announces that on 18 September 2007, Beijing WFC has entered into a Transfer Agreement for acquiring leasehold forest land in the PRC with total land area of 197,639 Chinese Mu and volume of timber of approximately 920,000 cubic meters at a total cash consideration of RMB153,824,500.

THE TRANSFER AGREEMENT

- Date: 18 September 2007
- Vendor: Tianjin City Juneng Bozhong Forestry Technology Company Limited (天津市聚能博中林木科技有限責任公司)
- 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 197,639 Chinese Mu and volume of timber vested with the forest land of approximately 920,000 cubic meters, of which mainly are planted with pine trees
- 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 the date of the Transfer Agreement
- Consideration: RMB153,824,500 (Including Forest Tree Ownership and Use Rights of RMB104,414,750 and Forest Land Use Right of RMB49,409,750)

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 or other title documents in respect of the forest land.

* *for identification purposes only*

Terms of the payment

- (a) RMB61,530,000 as initial deposit payable to the Vendor within 7 days of signing of the Transfer Agreement. The initial deposit is refundable if the Acquisition cannot be completed.
- (b) RMB92,294,500, being the balance of the consideration, will be paid within 10 days after completion of the Acquisition under the Transfer Agreement when the forest ownership certificate is issued to the Purchaser.

The consideration of the Acquisition was determined after arm's length negotiation between Vendor 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 Group; and (iii) the practical value of the land premises thereby increasing the productivity in the tree-planting business of the Group. The consideration will be financed by the proceed from the placement of new shares as announced by the Company on 3 September 2007.

COMPLETION OF THE TRANSFER AGREEMENT

The completion of the Transfer Agreement is 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 AGREEMENT

The Directors consider the Acquisition would increase the area of forest land and timber resources in the Group'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 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
“Vendor”	Tianjin City Juneng Bozhong Forestry Technology Company Limited (天津市聚能博中林木科技有限責任公司)

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

Hong Kong, 18 September 2007

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