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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)

**EARLY PAYMENT FOR THE ACQUISITION OF
北京萬富春森林資源發展有限公司 (BEIJING WAN FU CHUN FOREST
RESOURCES DEVELOPMENT COMPANY LIMITED)**

Reference is made to the circular dated 30 December 2006 (the “Circular”) made by China Grand Forestry Resources Group Limited (the “Company”) in relation to the acquisition (the “Acquisition”) of the remaining 30% of the registered capital in 北京萬富春森林資源發展有限公司 (Beijing Wan Fu Chun Forest Resources Development Company Limited) (“Beijing WFC”) after a previous acquisition of 70% of its registered capital. Terms used in this announcement shall have the same meanings as those defined in the Circular unless otherwise stated herein.

EARLY PAYMENT FOR THE ACQUISITION

Pursuant to the Acquisition Agreement, the Company is required to settle the outstanding consideration due to the Vendor as to HK\$100 million on 31 December 2007 and HK\$140 million on 31 December 2008. In the view that the business performance and prospects of Beijing WFC has consistently exceeded the satisfactory level as set by the management of the Company, the Company and the Vendor entered into a supplemental agreement on 2 October 2007, after arm’s length negotiation, pursuant to which the Vendor agreed to provide a 5% discount to the outstanding consideration for early settlement and the Company agreed to early settle such outstanding consideration at a discounted rate. Pursuant to the supplemental agreement, the Company will accordingly settle the outstanding consideration of HK\$190 million and HK\$38 million before the end of 31 October 2007 and the end of 31 December 2008, respectively. The Directors of the Company consider that the terms for Early Payment are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

* *For identification purpose only*

The Directors are of the view that the Early Payment is not of any price sensitive nature and does not constitute a notifiable transaction for the Company under the provision of Chapter 14 of the Listing Rules.

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

Hong Kong, 2 October 2007

As at the date of this announcement, the board of directors of the Company comprises Mr. Ng Leung Ho, Ms. Cao Chuan, Ms. Lee Ming Hin, Mr. Hu Xiaoming and Mr. Cheung Wai Tak being the executive directors of the Company, Mr. John MacMillan Duncanson being the non-executive director of the Company and Mr. Lo Cheung Kin, Mr. Zou Zi Ping and Mr. Zhu Jian Hong being the independent non-executive directors of the Company.

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