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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)

UNUSUAL PRICE AND TRADING VOLUME MOVEMENT
and
CLARIFICATION ANNOUNCEMENT

The Board has noted the decrease in the share price and increase in the trading volume of the Company today and wishes to state that we are not aware of any reasons for such movements.

The Board also makes this clarification announcement in response to certain media articles appeared in the PRC regarding the Company's proposed acquisition of Shenyu New Energy and the Group's ownership of certain forest lands.

UNUSUAL PRICE AND TRADING VOLUME MOVEMENT

This statement is made at the request of the Stock Exchange pursuant to rule 13.10 of the Listing Rules. The board of directors (the "Board") of China Grand Forestry Resources Group Limited (the "Company") has noted the decrease in the share price and increase in the trading volume of the Company today and wishes to state that we are not aware of any reasons for such movements.

We confirm that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rules 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

CLARIFICATION

The Board also makes this clarification announcement in response to certain media articles in the PRC recently which questioned the value of Shenyu New Energy Group Limited ("Shenyu New Energy") proposed to be acquired by the Company and the Group's proper ownership of certain forest lands ("Articles"). Reference is made to the announcement by the Company dated 16 November 2007 and 26 November 2007 in relation to the proposed acquisition of Shenyu New Energy ("2007 Announcements"). Terms used herein shall bear the same meaning as defined in the 2007 Announcements unless otherwise stated.

The Board would like to clarify that further to the 2007 Announcements, the due diligence review of Shenyu New Energy is still in progress and the Company has appointed Pöyry Forest Industry, an independent appraiser to confirm the fair value of the net assets of Shenyu New Energy in a valuation report which will be contained in a circular to be issued by the Company in accordance with the Listing Rules. The Board also reiterates that, to the best of the Directors' knowledge, information and belief after having made reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules) and their respective associates.

The Board would also like to clarify that, all the Group's forest land use right and ownership of timber resources are legally owned.

The Company has noticed that there were comments from anonymous sources in the Articles and does not know the source of the information that the Articles were based on and is considering the possible legal actions in relation to such Articles which contain certain misleading information and false allegation and is seeking legal advice.

Made by the order of the Board of the Company, the Directors of which individually and jointly accept responsibility for the accuracy of this statement.

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

Hong Kong, 13 December 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, Mr. John MacMillan Duncanson being the Non-Executive Director and Mr. Lo Cheung Kin, Mr. Zou Zi Ping and Mr. Zhu Jian Hong being the Independent Non-Executive Directors.

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 of financial printer at www.capitalfp.com.hk/eng/index.jsp?co=910.

* *For identification purpose only*