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CHINA GRAND FORESTRY GREEN RESOURCES GROUP LIMITED

中國林大綠色資源集團有限公司

(incorporated in Bermuda with limited liability)

(Stock code: 00910)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the Shareholders of the Company and potential investors that the annual result of the Group for the year ended 31 March 2009 may record a loss as compared with the net profit for the year ended 31 March 2008, which was mainly attributable to non-cash revaluation loss of biological assets, a substantial increase in attributable non-cash financial costs to be amortized, and a drop of sales.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

This announcement is made by China Grand Forestry Green Resources Group Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company and potential investors that the annual result of the Group for the year ended 31 March 2009 may record a loss as compared with the net profit for the year ended 31 March 2008. Based on the information available for the time being, the Board considers this was mainly attributable to the following factors:

1. Expected non-cash losses of biological assets incurred as a result of changes in fair value less estimated point-of-sale costs and other impairment allowances, as compared with the net gain of HK\$2,097,242,000 last year, while the exact amount is pending the assessment of independent valuers;

2. Attributable non-cash financial costs to be amortized arisen from the acquisition of Shenyu New Energy Group Limited increased substantially during the year; and
3. Significant decrease in sales for the second half of the year in order to mitigate the operational losses in view of the global economic slump and the consequential drop in prices of timber products.

The Company is in the process of finalizing the annual results of the Group for the year ended 31 March 2009 at the moment. The information contained in this announcement is only a preliminary assessment by the Company based on the management accounts of the Group, but not on any data or information audited or reviewed by the auditor of the Company. Further details of the performance of the Group will be disclosed in the announcement of the annual results for the year ended 31 March 2009.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

By order of the Board
China Grand Forestry Green Resources Group Limited
Lau Che Yue, Stephen
Company Secretary

Hong Kong, 2 July 2009

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. Cheung Wai Tak, Mr. Cheng Shouheng, Mr. Sun Yan and Mr. Pang Chun Kit being the Executive Directors and Mr. Lo Cheung Kin, Mr. Zou Zi Ping and Mr. Zhu Jian Hong being the Independent Non-Executive Directors.