

For Immediate Release



**Announced the entry into Ecological Forestry Business through a Very Substantial Acquisition
To Create Opportunities with Three Main Technologies as Core Business**

(Hong Kong, 8 May 2006) Good Fellow Group Limited (the “Company”) (SEHK: 910) announced that, the acquisition relating to the ecological forestry business has been approved in the Special General Meeting today. The Company will acquire the entire issued share capital of Strong Lead Investment Limited (“Strong Lead”), a company incorporated in the British Virgin Islands with a sole asset of 70% equity interest in Beijing Wan Fu Chun Forest Resources Development Company Limited (“Beijing WFC”), at a total consideration of HK \$560,000,000 from Leading Power International Limited (“Vendor A”) and Total Victory Investments Limited (“Vendor B”). In the Special General Meeting, it is also approved to increase the Company’s authorized share capital from HK\$500,000,000 to HK\$650,000,000 by the creation of an additional 1,500,000,000 unissued shares of HK\$0.10 each, in order to accommodate future expansion and growth of the Company and facilitate the Acquisition.

Mr. Ng Leung Ho, Chairman of the Company, said, “The Company is committed to consolidating its leading position in the apparel industry while seeking advanced technological businesses with high growth potentials. Information technology, life technology and nano technology are the three main technologies supporting the development in the 21st century. After entering the ecological forestry business, the Company’s business will completely cover all these three aforementioned technologies. The Company believes that the diversification of business into new areas of high-growth potential will be in the best interest of its shareholders. With the availability of adequate cash resources, the Company will explore more opportunities to be complementary to the highly competitive apparel market. These three technologies will be taken as the main branches of the Company’s business development, in order to match with the trend of global development and to seek the best interest of shareholders”.

Broussonetia Papyriferalvent with Diversified Functions in Catering the Global Trend of Environmental Protection

Mr. Ng added, “After eight years of research and development, the Institute of Botany, Chinese Academy of Sciences has successfully shortened the growth period of Broussonetia Papyriferalvent. It is also proved that Broussonetia Papyriferalvent can improve soil fertility. This technology has already obtained registered patent. As cultivated Broussonetia Papyriferalvent has a wide range of functions, including for making high quality paper, as paper-making raw materials and animals’ grains. It can also turn saline soil into cultivable farmland, which matches the global trend of environmental protection. We, therefore, believe that ecological forestry business has high growth potential.”

According to the acquisition, both Vendors undertake to the Company that, the audited consolidated net profit after tax of Beijing WFC prepared in accordance with Hong Kong GAAP compliance for the financial year ending 31 December 2006 and the financial year ending 31 December 2007 shall not be less than HK\$200,000,000. The Restricted Convertible Note will be put undertake security to the Company for the Profit Guarantee and the Vendors undertake not to exercise the rights attaching on the Restricted Convertible Notes up to end of the Profit Guarantee Period. The Vendors

will compensate the Company in cash for any shortfall between the Profit Guarantee and the audited consolidated net profit after tax of Beijing WFC prepared in accordance with Hong Kong GAAP compliance for the Profit Guarantee Period.

Privileges Enjoyed by Beijing WFC in the Industry

After eight years of research and development, the Institute of Botany, Chinese Academy of Sciences has shortened the growth period of *Broussonetia Papyriferalvent*, while it is also proved that *Broussonetia Papyriferalvent* can improve soil fertility. This technology has already obtained registered patent. Beijing WFC is the legitimate owner of the technical know-how underlying accelerated plant growth and held, amongst other things, (i) agricultural land under 50 years' lease term of approximately 300,000 Chinese mu in Shantong province and (ii) stock of saplings of not less than 100 million in number that are intended to be utilized in planting the modified tree species *Broussonetia Papyriferalvent*. Presently, Beijing WFC has a leased office in Beijing, the PRC which currently houses approximately 50 staff serving its managerial and technical departments and sapling rearing facilities. The management of Beijing WFC intends to utilize local labour in Shantong province on a subcontracting basis in the plantation process, harvesting and processing.

The first plantation cycle will begin in the second quarter of the year and the whole plantation process will be executed in a step-wise manner in approximately 50,000 Chinese mu of land planted each month. For a total agricultural land of 300,000 Chinese mu in Shantong Province, it will take a period of no less than 6 months to cover the whole agricultural premise. Since the first plantation cycle will commence in the second quarter of the year, Beijing WFC is in the process of preparing and commercializing the *Broussonetia Papyriferalvent* based products at this stage. Based on the existing agricultural premise in Shantong Province, it is expected that the first anniversary output capacity for the tree specie before taking into account normal wastage may reach as much as approximately 300,000 tons of timbers and 30,000 tons of bark materials.

Business Development Diversified with the Planting of Living Pine Trees

In addition to the ecological forestry business to be carried out by Beijing WFC in Shantong Province, Beijing WFC also owns two forest lands – Shanxi Xiyang Dongfeng Forest Farm (山西省昔陽縣東風林場) and Shanxi Xiyang State-run Bixiaguan Forest Farm (山西省昔陽縣國營碧霞觀林場), with a total land area of approximately 40,923 Chinese mu and 6,167.5 Chinese mu respectively. According to a forestry survey report issued by a PRC forestry survey institute in July 2005, the living pine trees of different maturities grown on the two forest lands are estimated to have an aggregate bulk volume of approximately 370,000 cubic meters of timbers. The Company is of the view that the living pine tree operation is independent of and secondary to the tree plantation and management of the modified tree specie *Broussonetia Papyriferalvent* in Shantong Province, which is the principal business operation of Beijing WFC. The living pine trees reared in the aforesaid forest fields can be utilized as raw material for various sectors of the craftsmanship industry.

Advantaged with technical expertise, Beijing WFC plans to broaden the forest area and extensively plant the tree species, principally catering for high domestic demand in wood pulp from the paper making industry in the PRC. It is anticipated that the majority of sales by Beijing WFC will be mainly downstream manufacturers of wood pulp and paper in the PRC. Beijing WFC will also consider to export its products to overseas countries like Japan and Korea, to take advantage of the demand for high quality papers.

About Good Fellow Group Limited (SEHK: 910)

The Company is principally engaged in the design, manufacture and sale of quality men's and women's wear, apparel and uniforms. Since the establishment of a joint venture with the Institute of Botany, Chinese Academy of Sciences, Zhongke

Nanotech Engineering Center Co., Ltd (“Zhongke Nanotech”), on 9 December 2002, the Company is committed to developing advanced technological business, and to researching and developing nano technology applicable to daily lives. Its operations include the transfer and management of agency patented technological contracts, the supply, research and development of nano substrate, and the setting up of factories to produce selective nano products. To date, Zhongke Nanotech’s nano products have covered a large number of categories, such as building materials, garments, textiles and construction materials. Equipped with the proprietary technological know-how, the company has maintained and enhanced its leading market position successfully.

About Beijing Wan Fu Chun Forest Resources Development Company Limited

Beijing Wan Fu Chun Forest Resources Development Company Limited is principally engaged in the business of tree planting and management, manufacture and distribution of forest products as timber and bark materials. It operates by making use of the modified tree species *Broussonetia Papyriferalvent* in its plantation process that can be applied for ecological and forestry purposes. The modified tree species *Broussonetia payriferalvent* is a Moraceae plant (桑科植物) under the category of Deciduous Trees (落葉喬木) and its highly resistance characteristic of the modified tree species allow trees to grow in environments unfavourable to other plants. This ability brings economic efficiency and better productivity to Beijing WFC for higher land utilization and lower labour costs. The trees also facilitate the growth of a kind of soil micro-organism that may serve to improve the quality of infertile and polluted land on which the plantation is carried out, as well as lowering the carbon dioxide level in the surrounding atmosphere.

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Issued by **PR ASIA Consultants Limited** on behalf of **Good Fellow Group Limited**.

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