



CHINA GRAND FORESTRY RESOURCES GROUP LIMITED

中國林大資源集團有限公司

(Incorporated in Bermuda with limited liability)

**Commissioned China National Pulp and Paper Research Institute for
The Quality Test of Genetically Modified Tree Specie *Broussonetia payriferalvent***

**Satisfactory Results Obtained
Bark Approved as Quality Paper Making Raw Materials**

(Hong Kong, 31 January 2007) China Grand Forestry Resources Group Limited (“CH GRAND FOREST” or the “Group”) (SEHK: 910) announced that from 15 December 2006 to 22 January 2007, Beijing Wan Fu Chun Forest Resources Development Company Limited (“Beijing WFC”), a fully owned subsidiary of the Group, commissioned China National Pulp and Paper Research Institute, a leading authority in pulp and paper research in the PRC, with the quality test and experiment on the wood features, fiber quality, pulp and paper making index of its genetically modified tree specie *Broussonetia payriferalvent*. The test obtained satisfactory results from a large number of samples on the genetically modified tree specie *Broussonetia payriferalvent* characteristics including wood features, percentage of bark and log, fiber quality, fiber length, pulp whiteness, pulp yield rate, and pulp tenacity. The results are as follows:

1. Through tests, the bark and log of the genetically modified tree specie *Broussonetia payriferalvent* account for 16% and 84% respectively. Bark thickness is 0.45mm, while inner bark represents 74% of the total bark volume.
2. Genetically modified tree specie *Broussonetia payriferalvent* has long and slender bark fiber of 7.45mm long in average and an average width of 18.86µm. The bark is an ideal raw materials for producing high quality papers.
3. Average length of log fiber is 0.58mm while the longest one is 0.98mm. The log has relatively short fiber due to its short growth period, but has high glue rate. It is suitable for making papers for general office and daily uses.
4. Pulp yield rate using steam cooking technology is between 35% and 40%, 10% higher than using traditional pulp making method, which is between 26% and 30%. It reflects the ideal outcome of bark pulp yield rate.
5. Pulp whiteness and tear strength are the key criteria of pulp materials. Through tests, bark pulp reaches high whiteness of 79.4% after first stage NaOCI bleaching, and unbleached bark fiber pulp contains super high tear strength of 1008.2mN.

Mr. Ng Leung Ho, Chairman of the Group, said, “We are delighted to announce our genetically modified tree specie *Broussonetia payriferalvent* received positive comments from China National Pulp and Paper Research Institute. The results of this test indicate that the genetically modified tree specie *Broussonetia payriferalvent* not only has the advantage of short harvest rotation, but also contains outstanding quality, especially its bark. By specific pulp making technology, it can be transformed into high quality paper making raw materials for different kinds of quality papers, improving the situation of serious shortage in quality paper making materials in the PRC. It also adds a competitive edge to the land acquisition and market expansion of the Group’s ecological forestry business and strengthens the Group’s further development in the future.”

About China Grand Forestry Resources Group Limited (SEHK: 910)

The Group is an investment company that was originally engaged in the design, manufacture and sale of quality men's and women's wear and accessories. In the second quarter of 2006, the Group has successfully transformed its business into ecology forestry business in the PRC through the acquisition of Beijing Wan Fu Chun Forest Resources Development Company Limited. In view of the enormous market demand of raw materials for the paper making industry in the PRC, the Group believes that the ecological forestry business is a unique opportunity with favorable long-term prospect. The Group is committed to developing ecological forestry business and becoming the industry leader.

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Released by the **Elite Communications Group Limited** for and on behalf of **China Grand Forestry Resources Group Limited**. For further information, please contact:

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