



**CHINA GRAND FORESTRY RESOURCES GROUP LIMITED**

**中國林大資源集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**Latest Update on Financial Performance**

\*\*\*

**Significant Growth May Recorded in Financial Results  
for the 6 Months Ended 31st December 2006  
Ecological Forestry Business Leads to Satisfactory Results**

(Hong Kong, 8 March 2007) China Grand Forestry Resources Group Limited (“CH GRAND FOREST” or the “Group”) (SEHK: 910) announced that the Group may record a significant increase in its unaudited financial results for the six months ended 31<sup>st</sup> December 2006 over the same period of last year, for the reasons set out below:

1. The business development of ecological forestry is better than our expectation and market estimates after result consolidation for 6 months period of our subsidiary, Beijing Wan Fu Chun Forest Resources Development Company Limited;
2. After enhance management team, the cost of ecological forestry business is effectively controlled;
3. The ecological forestry business improved the Group’s earning’s base and asset quality; and
4. The selling price of timber are increased by approximately 10% during the period

Mr. Ng Leung Ho, Chairman of the Group, said, “The Group is encouraged with the significant increase that may be recorded in the unaudited financial results for the six months ended 31<sup>st</sup> December 2006. It further proves the rational of the Group’s development in ecological forestry business. Meanwhile, the Group just entered into a transfer agreement with Jinzishan State-Run Forest. This is the largest land acquisition since the Group started its progress in land transfer in the PRC. Upon the completion of this transfer agreement, the Group has completed formal agreements on land transfer with an accumulated land area over 446,000 Chinese Mu. In view of the bullish market environment with continuous RMB appreciation, the Group will not only focus on implementing more agreements on land transfer to consolidate its land resources, but also accelerate the progress of surveys carried out nationally in response to the increasing demand from both local and overseas market. Meanwhile, the Group will expand its distribution channel to further enhance its leading position in the ecological forestry industry and obtain greater returns to its shareholders.”

Beijing Wan Fu Chun Forest Resources Development Company Limited (“Beijing WFC”), a fully owned subsidiary of the Group, entered into a transfer agreement on 7 March 2007 with Jinzishan State-Run Forest, Chengbu Miao Autonomous County, Hunan Province, the PRC (“Jinzishan State-Run Forest”) for acquiring a leasehold forest land in Chengbu County, Hunan Province, the PRC, with total land area of 196,000 Chinese Mu (or approximately 13,066.7 hectares) at a cash consideration of RMB 71,800,000.

**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.

- End -

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

**Investor Relations**

Ms. Cindy Xin  
Tel.: 3183 0226  
Fax: 2155 9165

**Media Relations**

Mr. Danny Cheng  
Tel.: 3183 0233  
Fax: 2583 9138