



CHINA GRAND FORESTRY RESOURCES GROUP LIMITED

中國林大資源集團有限公司

(Incorporated in Bermuda with limited liability)

Announced Unaudited Interim Results for the 6 Months Ended 30 September 2007
Turnover Up 88.7% to HK\$692 Million
Profit Attributable to Shareholders Up 6.7 Times to HK\$1,269 Million

Focuses on Forest Land Acquisition and
Implements Clean Development Mechanism Business and Biomass Energy Project

Financial Highlights	(HK\$'000)		
	6 Months Ended 30 September 2007	6 Months Ended 31 December 2007	Changes
Turnover	691,509	366,551	+88.7%
Gross Profit	395,857	254,776	+55.4%
Profit attributable to shareholders	1,269,156	164,752	6.7 times
Earnings per Share - Basic	HK 24.76 cents	HK 3.74 cents	5.6 times

(Hong Kong, 3 December 2007) **China Grand Forestry Resources Group Limited** ("CH GRAND FOREST", or the "Group") (SEHK: 910) announced its unaudited results for the 6 months ended 30 September 2007 (the "Period").

During the Period, the Group recorded a turnover and a gross profit of approximately HK\$692 million and HK\$396 million, representing increases of 88.7% and 55.4% respectively compared with the 6 months ended 31 December 2006 (the "Period Ended 31 December 2006"). The Group's profit attributable to shareholders and basic earnings per share were HK\$1,269 million and HK24.76 cents respectively, representing increases of 6.7 times and 5.6 times compared with the Period Ended 31 December 2006. The Group's profit attributable to shareholders excluding the net revaluation gain of biological assets was approximately HK\$293 million (the Period Ended 31 December 2006: HK\$92 million), which represents an increase of 2.2 times.

The increase in turnover and profit of the Group was mainly attributable to its ecological forestry business. During the Period, ecological forestry business and garment business accounted for approximately 92.7% and 7.3% of the Group's total turnover respectively. During the Period, the Group actively acquired forest lands, and as at 30 September 2007, the acquired forest lands amounted to over 3 million Chinese Mu.

Mr Ng Leung Ho, Chairman of the Group said, "The Group has an outstanding track record in developing the ecological forestry business and we have recorded continuous and steady growth for the Group's turnover and profit. The major logging season of the Group's ecological forestry business is from August every year to the following February, so our business development is not fully reflected from the results of the Period. Thus, we are confident to achieve a better performance for the second half of the financial year. At the moment, the Group has a forest land reserves of approximately 3.5 million Chinese Mu, and it will be increased to 5.1 million Chinese Mu with the additional forest lands of 1.6 million Chinese Mu that comes from the acquisition of Shenyu New Energy Group Limited. Looking forward, for our future sustainable development, we will actively expand our forest land and target to increase the forest land reserves to 10 million Chinese Mu by the financial year ending 31 March of 2008. In addition, the Group will allocate resources for Clean Development Mechanism business and biomass energy project. The implementation of a number of substantial construction projects by PRC government will also bring more business opportunities to our ecological forestry business. We also plan to restructure of our garment business. All these are in line with the Group's positioning in sustainable development of forestry resources and are in the interest of our shareholders."

Business Review

Total Sales	(HK\$'000)		
	6 Months Ended 30 September 2007	6 Months Ended 31 December 2007	Changes
Ecological Forestry Business	641,157	294,546	1.2 times
Garment Business	50,352	72,005	-30.1%

The Ecological Forestry Business

During the Period, the turnover and segment result before taxation of the ecological forestry business were approximately HK\$641 million and HK\$1,358 million respectively. The result before taxation excluding the revaluation gain of biological assets was approximately HK\$322 million (the Period Ended 31 December 2006: HK\$127 million) and its operating margin was 50.2% (the Period Ended 31 December 2006: 43.1%). The turnovers from the sale of standard timber and sale of pulpwood during the Period were approximately HK\$562 million and HK\$79 million respectively. The average selling price of standard timber and pulpwood were approximately HK\$4,179.6 per cubic meter and HK\$927.1 per tonne respectively.

1) Forest land resources

During the Period, the Group actively acquired forest lands in China. As at 30 September 2007, the Group had accumulated forest lands of over 3 million Chinese Mu. Approximately 70% of the Group's forest land is located in Yunnan, Hunan and Guizhou. The Group owns 32 forest farms, of which, 15 forest farms have been put into operation. Approximately 40% of trees is mixed hard wood trees and the remaining 60% is other trees. The principal species of mixed hard wood tree are birch, pterocarya stenoptera, beech and padauk. The principal species of other wood trees are pine, fir and poplar.

The lease periods of the forest lands of the Group range from 20 years to 70 years. The Group had received the forest ownership certificates or other title documents in respect of an area of approximately 1.5 million Chinese Mu of the lands as at 30 September 2007. Application for the forest ownership certificates in respect of the remaining forest lands has been made.

2) Plantation of genetically paper mulberry

During the Period, the Group planted the genetically modified paper mulberry in various saplings centre and forest lands with an area of approximately 46,000 Chinese Mu and accumulated plantation area of approximately 96,000 Chinese Mu. In the second half of the financial year ending 31 March 2008, the mature genetically modified paper mulberry will be sold together with pulpwood to customer.

3) Value of biological assets

Biological assets of the Group include paper mulberry trees, mixed hard wood trees and other trees and their total value amounted to approximately HK\$3,059 million as at 30 September 2007. The increase in the fair value of biological assets for the Period was approximately HK\$1,036 million.

The Garment business

The Group's core garment business consisted of the design, manufacture and sale of a range of high-end apparel and uniforms. The PRC market remained the most important market segment of the Group. During the Period, the turnover of the Group generated from its garment business amounted to HK\$50 million. The Group will restructure its garment business.

Prospect

The Group is optimistic about the prospect of its ecological forestry business. The production volume of standard timbers and pulpwood would be increased along with the forest land resources and timber resources. The Group's business strategies include increasing its resources through acquisition and self-plantation. The extension of the carbon development mechanism business and bio-mass energy project can broaden the income base, increase the overall efficiency of resources of the Group and assist the Group to achieve a sustainable growth. Furthermore, with the implementation of various major projects by the PRC government, the Group's ecological forestry business will enjoy more business development opportunities accordingly,

About China Grand Forestry Resources Group Limited (SEHK: 00910)

The Group is principally engaged in the ecological forestry business and design, manufacture and sale of quality men's and women's wear and accessories. In view of the enormous market demand of timber, pulp and energy in the PRC, the Group believes that the ecological forestry business is a good opportunity with favorable long-term prospect. The Group will focus its resources in 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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