



CHINA GRAND FORESTRY RESOURCES GROUP LIMITED

中國林大資源集團有限公司

(Incorporated in Bermuda with limited liability)

Clarification for Certain Media Articles in the PRC Regarding to the Group's Proposed Acquisition of Shenyu New Energy and Ownership of certain Forest Lands

(Hong Kong, 13 December 2007) China Grand Forestry Resources Group Limited ("CH GRAND FOREST" or the "Group") (SEHK: 00910) announced a clarification in response to certain media articles in the PRC recently which questioned the value of Shenyu New Energy Group Limited ("Shenyu New Energy") proposed to be acquired by the Group and the Group's proper ownership of certain forest lands.

The Group would like to clarify that further to the announcements dated 16 and 26 November 2007 in relation to the proposed acquisition of Shenyu New Energy, the due diligence review of Shenyu New Energy is still in progress and the Group has appointed Pöyry Forest Industry, an independent appraiser to confirm the fair value of the net assets of Shenyu New Energy in a valuation report which will be contained in a circular to be issued by the Group in accordance to listing rules. The Group also reiterates that, to the best of the directors' knowledge, information and belief after having made reasonable enquiries, the vendor and its ultimate beneficial owners are third parties independent of and not connected with the Group and its connected persons and their respective associates.

The Group would also like to clarify that, all the Group's forest tree ownership and use rights and forest land use right are legally owned.

The Group has noticed that there were comments from anonymous sources in certain media articles in the PRC and does not know the source of the information that these articles were based on and is considering the possible legal actions in relation to such articles which contain certain misleading information and false allegation and is seeking legal advice.

Mr. Ng Leung Ho, Chairman of the Group, said, "Since the entering into the ecological forestry business, the Group has been achieving desirable revenue and profit, reflecting that it is beneficial to both the Group and shareholders for developing the ecological forestry business. The above incorrect media articles directly affect the reputation of the Group and management team, the Group reserves right for legal action. While the above incorrect media articles do not affect the Group's normal operation, business development are in progress in accordance with management's plan. Looking ahead, the Group will actively increase the forestry reserves; speed up the due diligence regarding acquisition of Shenyu New Energy; keep up with the Group's positioning of continuous development in forestry resources, and acquire good returns for the shareholders."

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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.

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

Media Relations

Mr. Danny Cheng / Ms. Olivia Mui

Tel: (852) 3183 0233 / 3183 0235

Fax: (852) 2583 9138

Email: danny.cheng@prasia.net / olivia.mui@prasia.net

Investor Relations

Ms. Cindy Xin / Ms. Gloria Chan

Tel.: 3183 0226 / 3183 0227

Fax: 2155 9165

Email: cindy.xin@ccgelite.com / gloria.chan@ccgelite.com