



CHINA GRAND FORESTRY RESOURCES GROUP LIMITED

中國林大資源集團有限公司

(Incorporated in Bermuda with limited liability)

**Postponement of Despatch of Circular & Supplemental Agreement
in Relation to
the Possible Very Substantial Acquisition Relating to Biomass Energy Business**

(Hong Kong, 18 December 2007) **China Grand Forestry Resources Group Limited** (“CH GRAND FOREST” or the “Group”) (SEHK: 00910) announced that the dispatch of circular in relation to the possible very substantial acquisition relating to biomass energy business has to be postponed as additional time is required, among other things, to prepare (i) the financial information of Shenyu New Energy Group Limited and its subsidiaries (“Shenyu New Energy Group”); and (ii) the valuation report on the fair value of the net assets of Shenyu New Energy Group to be set out in the circular to allow the shareholders for better understanding on the acquisition. The Group has applied to the Stock Exchange of Hong Kong Limited (“Stock Exchange”) for a waiver from the strict compliance with Rule 14.38 of the Listing Rules by extending the despatch date of the circular from 17 December 2007 to a date falling on or before 30 June 2008. An application has been made to the Stock Exchange for the resumption of trading in the shares with effect from 9:30 a.m. on Wednesday, 19 December 2007.

Having considered the best interests of the Group and the shareholders as a whole and the substantial investment amount in respect of the acquisition, the Group has appointed Pöyry Forest Industry Limited (“Pöyry”), a renowned independent valuation company recognized as one of the world’s leading advisers to the global forest industry, as the Group’s valuer to particularly carry out a comprehensive due diligence exercise. Moreover, on 17 December 2007, the Group and Forcemade Investments Limited (the “Vendor”) entered into a supplemental agreement pursuant to which the Group and the Vendor have agreed to further negotiate and adjust the terms of the acquisition agreement accordingly including but not limited to the consideration for the acquisition subject to the valuation report in the context of the asset quality and business value of Shenyu New Energy Group. Subject to the results of the valuation report, the Group will reassess the possibility of whether the Group will further proceed the acquisition and will consider whether the acquisition is in the best interests of the Group and the shareholders as a whole. The Group believes that with the valuation and advice provided by Pöyry, it will be able to have a better and thorough understandings on the assets owned by Shenyu New Energy Group and it is in the best interests of the Group and its shareholders a whole.

Further announcement with revised terms and conditions in relation to the acquisition will be made by the Group after the assessment of the asset quality and the business value of Shenyu New Energy Group.

Mr. Ng Leung Ho, Chairman of the Group, said, “The postponement of dispatch of circular will allow the independent valuer to have sufficient time to carry out due diligence for the acquisition, which would then enable the Group to affirm the asset value of the acquisition before proceeding further. It will be in the best interests of the Group and our shareholders, and help enhance the Group’s operating efficiency.”

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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:

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