



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 the Disposal of Garment Business
To Focus its Resources on Further Cultivating the Ecological Forestry Business**

(Hong Kong, 18 January 2008) **China Grand Forestry Resources Group Limited** (“CH GRAND FOREST” or the “Group”) (SEHK: 00910) announced the disposal of garment business. On 16 January 2008, the Group and Mr. Ng Leung Ho (“Mr. Ng”) (being the chairman, an executive director and a substantial shareholder of the Group) entered into a disposal agreement pursuant to which the Group has conditionally agreed to dispose of and Mr. Ng has conditionally agreed to purchase the entire issued share capital of Holt Hire Holdings Limited (“Holt Hire”) upon completion of the reorganization of Holt Hire at a total consideration of HK\$189,000,000 in cash.

Mr. Ng Leung Ho, Chairman of the Group, said, “In the view that the main stream of revenue and income of the Group are materially derived from ecological forestry business, the Group considers the disposal of the garment business would help the Group to focus its resources on further cultivating the ecological forestry business and enhance its position in the PRC ecological forestry industry. Realizing its investment in the garment business would enable the Group to deploy resources in a more flexible way for better profit.”

Assets Subject to be Disposed and Completion of the Disposal

The assets subject to be disposed of by the Group are the entire issued share capital of Holt Hire. Holt Hire is an investment holding company and its subsidiaries are principally engaged in the manufacture and sale of garments, property investment, securities investment, software development and investment in jointly-controlled entities which are principally engaged in nano business. The completion of the disposal is conditional upon, among other things, the completion of the reorganization of the corporate structure of the Group involving the removal of the nano business and some securities investment from Holt Hire Group so that the garment business, software development business, properties and securities investments of the Holt Hire Group will be disposed of under the disposal. Upon completion of the disposal, the Group will no longer have any shareholding interests in Holt Hire and Holt Hire will cease to be a subsidiary of the Group. The disposal is subject to, among other things, the independent shareholders’ approval at the SGM, by way of poll.

Consideration

Mr. Ng shall settle the consideration for the disposal of HK\$189,000,000 by payment in cash in the following manner:

1. HK\$10,000,000 was paid by Mr. Ng as initial deposit upon the signing of the disposal agreement; and
2. the remaining balance of HK\$179,000,000 shall be payable upon completion of the disposal.

The estimated net proceeds from the disposal of approximately HK\$189 million are intended to be used for general working capital of the Group.

- End -

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

Ms. Priscilla Wong / Mr. Danny Cheng
Tel: (852) 3183 0236 / 3183 0233
Fax: (852) 2583 9138
Email: priscilla.wong@prasia.net / danny.cheng@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