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CHINA GRAND FORESTRY RESOURCES GROUP LIMITED

中國林大資源集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 00910)

ANNOUNCEMENT

The directors (the “**Directors**”) of China Grand Forestry Resources Group Limited (the “**Company**”) wish to report the progress of (i) the valuation on the Shenyu New Energy Group (as defined below) (ii) the valuation on the forest resources of WFC (as defined below) as follows:-

PROGRESS OF THE VALUATION ON SHENYU NEW ENERGY GROUP

Reference is made to the announcement of the Company dated 18 December 2007 (the “**Announcement**”). As announced in the Announcement, the Company 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 Company’s valuer to particularly carry out a comprehensive due diligence exercise and in-depth study on the quality of assets and business/asset valuation owned by Shenyu New Energy Group Limited (“**Shenyu New Energy**”) and its subsidiaries (“**Shenyu New Energy Group**”).

It was also announced in the Announcement that on 17 December 2007, the Company and Forcemade Investments Limited (the “**Vendor**”) have entered into a supplemental agreement. Pursuant to the supplemental agreement, the Company and the Vendor agreed to further negotiate and adjust the terms of a acquisition agreement dated 5 November 2007 entered into by the Company and the Vendor in relation to the acquisition of the entire issued share capital of Shenyu New Energy (the “**Acquisition**”). The terms under further negotiation and adjustment includes 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.

The Directors wish to report that the scope of the valuation by Pöyry has since then narrowed down to the forest resources and Jatropha Curcas L resource of Shenyu New Energy Group as at 31 December 2007, the valuation is expected to be finalized in June 2008.

PROGRESS OF THE VALUATION ON FOREST RESOURCES OF WFC

In January 2008, the Company has appointed Pöyry to carry out valuation on the forest resources of Beijing Wan Fu Chun Forest Resources Development Company Limited (北京萬富春森林資源發展有限公司) (“WFC”), a wholly-owned subsidiary of the Company.

The Directors wish to report that the valuation as at 31 March 2008 is expected to be finalized in July 2008.

The finalization of the abovementioned valuation reports was slightly behind schedule as expected by the Directors mainly for the following two reasons:

1. The continued frosty weather that came with rain and snow during January and February 2008 in the Southern China had affected Hunan, Yunnan, Guizhou and Chongqing, the bases of the Group’s forestlands. This had delayed local investigation of the assessment team and made the investigation more difficult; and
2. The forestry business operated by the Group is based on forest ownership, which is substantially different from other forestry companies. Therefore, the Group and Pöyry need time for detailed researches and communications in terms of technology during the course of assessment.

By Order of the Board
China Grand Forestry Resources Group Limited
Ng Leung Ho
Chairman

Hong Kong, 30 May 2008

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Ng Leung Ho, Ms. Cao Chuan, Ms. Lee Ming Hin, Mr. Hu Xiaoming and Mr. Cheung Wai Tak being the executive Directors; Mr. John MacMillan Duncanson being the non-executive Director; and Mr. Lo Cheung Kin, Mr. Zou Zi Ping and Mr. Zhu Jian Hong being the independent non-executive Directors.