



CHINA GRAND FORESTRY GREEN RESOURCES GROUP LIMITED

中國林大綠色資源集團有限公司

(Formerly known as “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)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that the unaudited profit of the Group for the six months ended 30 September 2008 may decrease substantially as compared with the last corresponding period.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

This announcement is made by China Grand Forestry Green Resources Group Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors that the unaudited profit of the Group for the six months ended 30 September 2008 (the “Interim Period”) may decrease substantially as compared with the last corresponding period mainly as a result of the following factors influencing the Group during the Interim Period:

- (i) Gain arising from changes in fair value less estimated point-of-sale costs of biological assets will be substantially decreased, compared with the net gain of HK\$1,036,170,000 for the last corresponding period;

The Board estimated that the increased resources raised from natural tree growth during the Interim Period had been offset by the effects of snow-storm disasters at the beginning of the year 2008. During the period, the Company appointed Pöyry Forest Industry Limited, an independent valuer of the Company, to carry out an update valuation on the other trees of biological assets as at the end of September 2008. According to the preliminary report, the valuer’s projection on future timber flows is not decreased, compared with the report as at the end of March 2008.

- (ii) Unit selling price of processed timber products at the external market was decreased comparing with the last corresponding period;
- (iii) Additional expenses of debris removal and rebuilding of paths of forest farms within the affected area after the snow-storm disaster of approximately HK\$34,000,000; and
- (iv) In view of the continued slump in the financial markets to date, net unrealized losses on the Company's investment in equity securities listed in Hong Kong - financial assets at fair value through profit or loss was estimated to be approximately HK\$35,000,000.

The Board is of the view that the financial position of the Company is solid with a net cash position and that it is well placed to meet the challenges ahead. During the Interim Period and as at 30 September 2008, the Group has no exposure in any equity accumulators and currency accumulators.

The Company is still in the process of finalizing the unaudited interim results of the Group for the six months ended 30 September 2008. The information contained in this announcement is only a preliminary assessment by the management of the Company based on the information available to them. Further details of the unaudited interim results of the Group will be disclosed in the interim report for the six months ended 30 September 2008, which are expected to be despatched to the Shareholder on or before the end of December 2008.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

By Order of the Board
China Grand Forestry Green Resources Group Limited
Lau Che Yue, Stephen
Company Secretary

Hong Kong, 12 December 2008

As at the date of this announcement, the Board of Directors of the Company comprises of Mr. Ng Leung Ho, Ms. Cao Chuan, Ms. Lee Ming Hin, Mr. Cheung Wai Tak and Mr. Cheng Shouheng being the Executive Directors and Mr. Lo Cheung Kin, Mr. Zou Zi Ping and Mr. Zhu Jian Hong being the Independent Non-Executive Directors.

* *For identification purpose only*