



# CHINA TIMBER RESOURCES GROUP LIMITED

(中國木業資源集團有限公司\*)

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 269)

## 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 interim results of the Group for the six-month period ended 30 September 2008 would experience a significant increase in loss as compared with the corresponding period ended 30 September 2007.

The information in this announcement is only based on the preliminary assessment of the management accounts of the Group and such information has not been audited or reviewed by the Company's auditors. The unaudited interim results of the Group for the six-month period ended 30 September 2008 are expected to be published in December 2008.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

This announcement is made by China Timber 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 the potential investors that based on preliminary assessment of the management accounts of the Group and information currently available to the Company, it is expected that the unaudited interim results of the Group for the six months ended 30 September 2008 may experience a significant increase in loss to about HK\$34 million as compared to the loss of HK\$14.88 million for the corresponding period ended 30 September 2007. The substantial increase in loss is mainly attributable to (i) loss of approximately HK\$26 million arising from the unrealized loss in the fair value changes in the listed equity securities held for trading by the Group as a result of the recent rapid downturn in the financial market; and (ii) increase in start up costs for expansion of timber processing, sale and distribution network in mainland China.

\* For identification only

The Board believes that the investment policy adopted by the Company has been conservative as the Group's investment portfolio only consisted of listed equity securities in Hong Kong and the Mainland. During the period ended 30 September 2008 and up to the date of this Announcement, the Company had no exposure in any equity accumulators, currency accumulators and derivative financial instruments. As at 30 September 2008, the book value of the total investment in listed equity securities held by the Group that were marked to market had a total balance of approximately HK\$29 million. The Group will continue to reduce the portfolio size in view of the likely global economic recession.

As the Company is still in the process of finalizing its interim results for the six-month period ended 30 September 2008, the information in this announcement is only based on the preliminary assessment of the management accounts of the Group and such information has not been audited or reviewed by the Company's auditors. The unaudited interim results of the Group for the six-month period ended 30 September 2008 is expected to be published in December 2008.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**China Timber Resources Group Limited**  
**Tsang Kam Ching, David**  
*Director*

Hong Kong, 14 November 2008

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Fung Tsun Pong, Mr. Lau Sing Hung, Stephen, Mr. Tsang Kam Ching, David and Mr. Chow Ki Shui, Louie; and three independent non-executive Directors, namely Mr. Yip Tak On, Mr. Jing Baoli and Mr. Bao Liang Ming.*