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## **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 that the Group is expected to record a very substantial loss for the six months ended 30 September 2010 as compared to the net loss of approximately HK\$24.3 million for the same period in 2009 which is mainly attributable to the recognition of convertible bonds at fair value by the Company during the six months ended 30 September 2010. The Board considers that the change in fair value of the convertible bonds is a non-cash item, it will not have an impact on the operating cash flows of the Group.

**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 (the “Board”) of the Company wishes to inform the shareholders (the “Shareholders”) of the Company that the Group is expected to record a very substantial loss for the six months ended 30 September 2010 as compared to the net loss of approximately HK\$24.3 million for the same period in 2009 which is mainly attributable to the recognition of convertible bonds at fair value in accordance with the International Financial Reporting Standards (Amendment 2) by the Company during the six months ended 30 September 2010. The Board considers that the change in fair value of the convertible bonds is a non-cash item, it will not have an impact on the operating cash flows of the Group.

\* *For identification only*

This profit warning announcement is only based on the preliminary assessment by the management of the Company on the management accounts of the Group for the six months ended 30 September 2010, which has not been reviewed nor audited by the Company's auditor. The unaudited interim results of the Group for the six months ended 30 September 2010 is expected to be published before the end of November 2010.

The Board considers that the overall operation of the Group as a whole remains sound and intact, and the financial position of the Group remains solid.

**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, 10 November 2010

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Fung Tsun Pong and Mr. Tsang Kam Ching, David; and three independent non-executive Directors, namely Mr. Yip Tak On, Mr. Jing Baoli and Mr. Bao Liang Ming.*