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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 and potential investors that the Group is expected to record a substantial loss for the year ended 31 March 2011 as compared to the net loss for the same period in 2010 which is mainly attributable to the recognition of convertible bonds at fair value and the loss recorded on change in fair value less costs to sell of the biological assets in China for the period under review. The Board considers that the changes in fair value of the convertible bonds and the biological assets are non-cash items which 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”).

Based on the preliminary review of the draft unaudited consolidated income statement of the Company for the year ended 31 March 2011, the board of directors of the Company (the “Board”) wishes to inform the shareholders (the “Shareholders”) and potential investors of the Company that the Group is expected to record a substantial loss for the year ended 31 March 2011 as compared to the net loss for the same period in 2010 which is mainly attributable to the recognition of convertible bonds at fair value and the loss recorded on change in fair value less costs to sell of the biological assets in China for the period under review. The Board considers that the changes in fair value of the convertible bonds and the biological assets in China are non-cash items which will not have an impact on the operating cash flows of the Group.

\* *For identification only*

The Board wishes to state that this announcement is made based on a preliminary review of the draft unaudited consolidated income statement of the Company for the year ended 31 March 2011. Detailed financial results of the Group for the year ended 31 March 2011 will be disclosed in the final results announcement which is expected to be published by the end of June 2011.

**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**  
**Cao Zhong**  
*Chairman*

Hong Kong, 17 June 2011

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