



China Timber Resources Group Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 269



Interim Report
2009

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Fung Tsun Pong (*Chairman*)
Mr. Lau Sing Hung, Stephen
(*Chief Executive Officer*)
Mr. Tsang Kam Ching, David
(*Finance Director*)
Mr. Chow Ki Shui, Louie

Independent Non-executive Directors

Mr. Yip Tak On
Mr. Jing Baoli
Mr. Bao Liang Ming

Audit Committee

Mr. Yip Tak On (*Chairman*)
Mr. Jing Baoli
Mr. Bao Liang Ming

Remuneration Committee

Mr. Yip Tak On (*Chairman*)
Mr. Jing Baoli
Mr. Bao Liang Ming
Mr. Tsang Kam Ching, David

COMPANY SECRETARY

Miss Ngan Wai Kam, Sharon

AUDITORS

BDO Limited

LEGAL ADVISOR

Louis K.Y. Pau & Company

PRINCIPAL BANKERS

The Bank of East Asia, Limited

REGISTERED OFFICE

The Office of Caledonian Bank & Trust
Limited
Caledonian House
George Town
Grand Cayman
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

Room 1606, Office Tower
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Wanchai
Hong Kong

SHARE REGISTRARS & TRANSFER OFFICE IN HONG KONG

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269

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Company Website

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INTERIM RESULTS

The board of directors (the “Board”) of China Timber Resources Group Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2009 and the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2009.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2009

	Notes	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Turnover	3	19,328	3,225
Cost of sales		(14,730)	(1,963)
Gross profit		4,598	1,262
Interest income		153	557
Gain on change in fair value of biological assets less costs to sell		4,532	27,983
Other revenue and other gains and losses	3	5,874	432
Realised gain on financial assets at fair value through profit or loss		100	—
Unrealised loss on financial assets at fair value through profit or loss		—	(26,140)
Loss on change in fair value of investment property		(4,659)	—
Selling and administrative expenses		(35,137)	(38,200)
Loss before taxation	4	(24,539)	(34,106)
Taxation credit/(charge)	5	248	(185)
Loss for the period		(24,291)	(34,291)
Other comprehensive income:			
Exchange differences arising on translation of foreign operations		9,194	8,092
Total comprehensive income for the period		(15,097)	(26,199)

	<i>Notes</i>	2009 HK\$'000 (unaudited)	2008 <i>HK\$'000</i> (unaudited)
Loss for the period attributable to:			
Equity holders of the Company		(21,532)	(33,585)
Minority interests		(2,759)	(706)
		(24,291)	(34,291)
Total comprehensive income attributable to:			
Equity holders of the Company		(12,338)	(25,642)
Minority interests		(2,759)	(557)
		(15,097)	(26,199)
Loss per share	7		
— Basic		(0.21 cents)	(0.33 cents)
— Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September 2009 (Unaudited) HK\$'000	31 March 2009 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Investment property		43,100	37,000
Property, plant and equipment	8	101,034	95,774
Prepaid lease payments		33,235	32,810
Biological assets		83,504	71,950
Forest concession rights	9	529,258	530,783
Prepayments for acquisition of plantation assets and equipment		60,470	60,358
Deposit for acquisition	10	31,757	—
		882,358	828,675
CURRENT ASSETS			
Financial assets at fair value through profit or loss	11	708	882
Inventories		113,441	120,603
Trade and other receivables	12	42,237	29,305
Prepaid lease payments		356	711
Cash and bank balances		49,135	132,736
		205,877	284,237
CURRENT LIABILITIES			
Trade and other payables	13	15,999	11,367
Short term borrowings		—	14,212
		15,999	25,579
NET CURRENT ASSETS			
		189,878	258,658

	30	31
	September	March
	2009	2009
	(Unaudited)	(Audited)
<i>Notes</i>	HK\$'000	HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	1,072,236	1,087,333
NON-CURRENT LIABILITIES		
Deferred tax liabilities	1,574	1,574
Acreeage fees payable	11,368	11,368
	12,942	12,942
NET ASSETS	1,059,294	1,074,391
CAPITAL AND RESERVES		
Share capital	101,370	101,370
Reserves	937,712	950,050
Equity attributable to equity holders of the Company	1,039,082	1,051,420
Minority interests	20,212	22,971
TOTAL EQUITY	1,059,294	1,074,391

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2009

	Attributable to equity holders of the Company											
	Share capital	Warrants reserve	Share-based compensation reserve	Capital redemption reserve	Capital reserve	Assets revaluation reserve	Forest concession rights revaluation reserve	Translation reserve	Retained profits	Sub-total	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2008	101,370	4,000	855	3,800	20,918	23,868	76,213	8,844	883,018	1,122,886	26,839	1,149,725
Total comprehensive income for the period	—	—	—	—	—	—	—	7,943	(33,585)	(25,642)	(557)	(26,199)
2008 final dividend \$0.001 per share	—	—	—	—	—	—	—	—	(10,137)	(10,137)	—	(10,137)
At 30 September 2008	101,370	4,000	855	3,800	20,918	23,868	76,213	16,787	839,296	1,067,107	26,282	1,113,389
At 1 April 2009	101,370	4,000	—	3,800	20,918	23,868	76,213	14,951	806,300	1,051,420	22,971	1,074,391
Release of reserve upon lapse of warrants	—	(4,000)	—	—	—	—	—	—	4,000	—	—	—
Total comprehensive income for the period	—	—	—	—	—	—	—	9,194	(21,532)	(12,338)	(2,759)	(15,097)
At 30 September 2009	101,370	—	—	3,800	20,918	23,868	76,213	24,145	788,768	1,039,082	20,212	1,059,294

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Six months ended 30 September	
	2009 <i>HK\$'000</i> (Unaudited)	2008 <i>HK\$'000</i> (Unaudited)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(19,632)	(234,541)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(47,806)	(14,193)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(14,212)	(9,999)
DECREASE IN CASH AND CASH EQUIVALENTS	(81,650)	(258,733)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(1,951)	13,694
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	132,736	339,838
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	49,135	94,799
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:		
Cash and bank balances	49,135	94,799

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of presentation and principal accounting policies

The interim financial statements are unaudited, condensed and have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and basis of preparation adopted in the preparation of these condensed consolidated interim financial statements are consistent with those used in the Group's audited financial statements for the year ended 31 March 2009 except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants as discussed below.

HKFRSs (Amendments)	Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) — Int 13	Customer Loyalty Programmes
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation

HKAS 1 (Revised) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

HKFRS 8 is a disclosure standard that requires the identification of operation segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 “Segment Reporting” required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group’s primary reporting format was business segments. The application of HKFRS 8 has not resulted in redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see Note 2).

The adoption of the above new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new standards and revised HKFRSs, that have been issued but are not yet effective in the period covered by these interim condensed consolidated financial statements:

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 32 (Amendments)	Classification of right issues ⁵
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 1 (Amendments)	Amendments to HKFRS 1 — First time adoption of Hong Kong Financial Reporting Standards — additional exemptions for first-time adopters ³
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ³
HKFRS 3 (Revised)	Business Combinations ¹
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC) — Int 18	Transfers of Assets from Customers ⁴
HKFRS 9	Financial Instruments ⁸
HK(IFRIC) — Interpretation 19	Extinguishing Financial Liabilities with Equity Instrument ⁶
HK(IFRIC) — Interpretation 14 (Amendment)	Repayments of a Minimum Funding Requirements ⁷

- ¹ *Effective for annual periods beginning on or after 1 July 2009*
- ² *Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate*
- ³ *Effective for annual periods beginning on or after 1 January 2010*
- ⁴ *Effective for transfer of assets from customers received on or after 1 July 2009*
- ⁵ *Effective for annual periods beginning on or after 1 February 2010*
- ⁶ *Effective for annual period beginning on or after 1 July 2010*
- ⁷ *Effective for annual period beginning on or after 1 January 2011*
- ⁸ *Effective for annual period beginning on or after 1 January 2013*

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

2. Segment information

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the Group's board of directors) in order to allocate resources to the segments and to assess their performance. The adoption of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the reportable segments determined in accordance with HKAS 14, nor has the adoption of HKFRS 8 changed the basis of measurement of segment profits or losses.

For the six months ended 30 September 2009 and 2008, the Group was engaged in the following two business segments:

- (i) Timber logging and trading — sale of timber logs from forest concession, tree plantation area and outside suppliers. This business segment also existed in the six months ended 30 September 2008; and
- (ii) Other timber operation — the manufacture and sale of furniture and handicrafts.

Segment information by business is presented as follows:

	Timber logging and trading HK\$'000	Other timber operation HK\$'000	Unallocated HK\$'000	Total HK\$'000
Six months ended 30 September 2009				
Segment revenue				
External revenue	17,441	1,561	326	19,328
Segment results				
	(8,639)	(267)	326	(8,580)
Unallocated interest income				41
Loss on changes in fair value of investment property				(4,659)
Unallocated other income and other gain and losses				5,962
Unallocated expenses				(17,303)
Loss before taxation				(24,539)

	Timber logging and trading HK\$'000	Unallocated HK\$'000	Total HK\$'000
Six months ended 30 September 2008			
Segment revenue			
External revenue	2,757	468	3,225
Segment results			
	(1,117)	(1,897)	(3,014)
Unallocated interest income			481
Unallocated other income			287
Unallocated expenses			(31,860)
Loss before taxation			(34,106)

Segment results represent the loss of each segment without allocation of central administration costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's unaudited assets by operating segment for the period under review:

	30 September 2009 HK\$'000 (unaudited)	31 March 2009 HK\$'000 (audited)
Timber logging and trading	949,910	964,657
Other timber operation	5,256	4,442
Unallocated	133,069	143,813
	1,088,235	1,112,912

3. Turnover and other revenue and other gains and losses

The Group is engaged in timber logging and trading, manufacture and sales of furniture and handicrafts and cold warehouse rental.

	30 September 2009 HK\$'000 (Unaudited)	30 September 2008 HK\$'000 (Unaudited)
Turnover		
Timber logging and trading	17,441	2,757
Sale of goods	1,561	—
Rental income	326	468
	19,328	3,225
Other revenue and other gains and losses		
Exchange gain	5,866	—
Sundry income	8	432
	5,874	432
	25,202	3,657

4. Loss before taxation

	30 September 2009 HK\$'000 (Unaudited)	30 September 2008 HK\$'000 (Unaudited)
Amortisation of prepaid lease payments	355	40
Amortisation of forest concession rights	1,525	—
Cost of inventories and timber harvested	14,730	1,963
Depreciation of property, plant and equipment	3,616	3,074
Staff cost (excluding directors' emoluments)		
salaries and allowances	6,873	13,762
contributions to retirement benefits schemes	193	97
	7,066	13,859

5. Income tax

There is no assessable profit arising in Hong Kong during the period (six months ended 30 September 2008: Nil). Taxes on profits assessable elsewhere, if applicable, have been calculated at the rates of tax prevailing in the regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

For the six months ended 30 September 2009, the statutory corporate income tax rates applicable to the subsidiaries established and operating in the PRC is 25% (six months ended 30 September 2008: 15% to 33%).

	30 September 2009 HK\$'000 (Unaudited)	30 September 2008 HK\$'000 (Unaudited)
Current year provision		
Hong Kong	—	—
Mainland China	248	(185)
Total tax credit/(charge) for the period	248	(185)

6. Dividend

No dividend has been paid or declared by the Company for the six months ended 30 September 2009 and 2008.

7. Loss per share

The calculation of the basic loss per share is based on the net loss for the period of approximately HK\$21,532,000 (six months ended 30 September 2008: HK\$33,585,000) and the weighted average number of 10,137,064,686 ordinary shares (six months ended 30 September 2008: 10,137,064,686 shares) in issue during the period.

The diluted loss per share for the six months ended 30 September 2009 and 2008 has not been disclosed as the potential shares arising from the exercise and conversion of the Company's share options and warrants would decrease the loss per share of the Group for the period and is regarded as anti-dilutive.

8. Property, plant and equipment

No impairment losses were recognised in respect of property, plant and equipment for both periods. During the period, additions to property, plant and equipment amounted to HK\$8,014,000 (six months ended 30 September 2008: HK\$11,738,000) and there is no disposal of any property, plant and equipment (six months ended 30 September 2008: Nil).

9. Forest concession rights

The Forest Concession Rights in Guyana are stated at cost less accumulated amortisation and any accumulated impairment losses. The costs of forest concession rights includes the acreage fees payable to Guyana Forestry Commission, costs of necessary exploration, geological, geophysical and other research studies incurred prior to obtaining the rights.

	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)
Valuation:		
At 1 April	534,475	534,479
Exchange difference	—	(4)
At 31 March 2009 and at 30 September 2009	534,475	534,475
Accumulated amortisation:		
At 1 April	3,692	668
Amortisation for the period	1,525	3,024
At 31 March 2009 and at 30 September 2009	5,217	3,692
Net carrying amount:		
At 31 March 2009 and at 30 September 2009	529,258	530,783

Forest concession rights held by Jaling Forest Industries Inc (“Jaling Concession Rights”), a subsidiary of the Company

On 22 August 2003 Jaling was granted a State Forest Exploratory Permit (1/2003) by the Commissioner of Forests, the Guyana Forestry Commission, to carry out exploratory work on an area of 167,000 hectares (approximately 412,000 acres) for a period of 3 years. Pursuant to the Timber Sales Agreement (TSA 02/2005) dated 25 January 2005, Jaling was granted with an exclusive timber concession right by the Commissioner of Forests, the Guyana Forestry Commission for a period of 25 years, commencing on 25 January 2005 and until 24 January 2030 (both dates inclusive) to occupy, cut and remove timber from an area of approximately 136,900 hectares (approximately 338,000 acres) in the State Forest of Guyana, South America, which include a block located on the left bank of Whana River, Guyana — Venezuela border, right bank of Whannamaparu River and left bank of Barama River and another block located on the left bank of Sebai River, right bank of Waiumu River and right bank of India River. Under the Jaling Concession Rights, Jaling shall pay a total acreage fee of approximately HK\$9,000,000 charged on all forestry area as prescribed by the Forest Act and Regulations of Guyana. In addition, based on a letter dated 23 November 2004 issued by the Commissioner of Forests, the Guyana Forestry Commission has committed in principle to find an additional area in the proximity of the current concession which would compensate more or less to the area that was exercised and bring the total concession acreage as close as possible to the original 167,000 hectares (approximately 412,000 acres) at terms same as the Forest Concession Rights.

Forest concession rights held by Garner Forest Industries Inc. (“Garner Concession Rights”), a subsidiary of the Company

On 18 August 2004, Garner was granted a State Forest Exploratory permit (3/2004) by the Commissioner of Forests, the Guyana Forestry Commission, to carry out exploratory work on an area of 90,469 hectares (approximately 223,552 acres) for a period of 3 years. Pursuant to the Timber Sales Agreement (TSA 03/2005) dated 11 June 2005, Garner was granted with an exclusive concession right by the Commissioner of Forests, the Guyana Forestry Commission for a period of 25 years, commencing on 11 June 2005 and until 10 June 2030 (both dates inclusive) to occupy, cut and remove timber from an area of approximately 92,737 hectares (approximately 229,158 acres) in the State Forest of Guyana, South America, which includes a block located on the left bank of Mazaruni River, right bank of Puruni River, left bank of Putareng River of Guyana, South America. Under the Garner Concession Rights, Garner shall pay a total acreage fee of approximately HK\$5,375,000 charged on all forestry area as prescribed by the Forest Act and Regulations of Guyana. Garner has completed the necessary exploratory studies and obtained the Garner Concession Rights.

The forest concession rights were independently valued by LCH (Asia-Pacific) Surveyors Limited (the "Valuer") using the market value approach for the valuation of standing trees. The method uses the current per unit cubic meter market price of round logs and the total merchantable volume of timber in the forest at 30 September 2009 as the basis for estimating the fair value less costs to sell. The principal assumptions adopted are as follows:

- the Group is to produce round logs;
- the annual growth rate have been allowed for reasonable rate for the valuation;
- the total volume of logs for Jaling Concession Rights and Garner Concession Rights were 2.67 million cu.m and 1.83 million cu. m respectively as at 30 September 2009;
- the price of logs are homogenous and the average price for all species is applicable;
- the round logs are free from all encumbrances, restrictions and outgoings of an onerous nature which could affect its value; and
- the factors of natural defects in the wood such as physical defects, rots and directions of grain have been allowed for reasonable recovery rate for the valuation.

Amortisation is provided to write off the cost of the forest concession rights using the units of production method based on the proven and probable timber resources.

Amortisation charged for the period ended 30 September 2009 and year ended 31 March 2009 represented the cost of logged timbers harvested from the Jaling Concession Rights. No logging activity has been taken place from the Garner Concession Rights.

10. Deposit for acquisition

On 9 May 2009, Best Idea International Investment Limited ("Best Idea"), a subsidiary of the Company entered into an agreement to acquire entire equity interest of Yichang Xinshougang Property Development Company Limited ("Xinshougang"), a company incorporated in the PRC with limited liability, for a total consideration of HK\$986 million.

On 15 September 2009, a supplemental agreement was entered that Best Idea will procure an indirect wholly-owned subsidiary of the Company, namely Shuren Timber (Shenzhen) Limited, to purchase the entire interest of Shoukong (Beijing) Management Consulting Company Limited ("Shoukong") which is the immediate holding company of Xinshougang. Upon the completion, both Xinshougang and Shoukong will become indirect wholly-owned subsidiaries of the Company.

As at 30 September 2009, the Group paid an aggregate deposit of approximately HK\$31,757,000 for the above acquisition.

Further details are disclosed in the company's announcement dated 21 May 2009 and 16 September 2009.

11. Financial assets at fair value through profit or loss

	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)
Trading securities		
Listed equity securities in Hong Kong	708	882
	708	882
Market value of listed securities	708	882

12. Trade and other receivables

	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)
Trade receivables	7,654	5,733
Other receivables	5,452	2,812
Deposits paid	1,522	1,498
Prepayments	27,609	19,262
	42,237	29,305

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally two months, extending up to over three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Details of the ageing analysis of trade receivables of the Group are as follows:

	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)
Outstanding balances aged:		
0 — 30 days	761	537
31 — 60 days	512	353
61 — 180 days	2,137	4,843
Over 180 days	4,244	—
	7,654	5,733

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)
Neither past due nor impaired	1,707	890
30 to 90 days past due	1,703	—
Over 90 days past due	4,244	4,843
	7,654	5,733

Included in trade receivables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)
Renminbi	4,611	3,963
United States dollars	3,043	1,770
	7,654	5,733

13. Trade and other payables

	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)
Trade payables	11,291	5,294
Other payables and accruals	4,708	6,073
	15,999	11,367

Details of the ageing analysis of trade payables of the Group are as follows:

	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)
Outstanding balances aged:		
0 — 30 days	6,123	3,640
31 — 60 days	28	261
61 — 180 days	5,140	1,393
	11,291	5,294

Trade and other payable were denominated in the following currencies:

	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)
Hong Kong dollars	591	1,392
Renminbi	14,567	9,273
United States dollars	646	551
Australian dollars	195	151
	15,999	11,367

14. Share capital

	No. of shares	Amount <i>HK\$'000</i>
Authorised:		
At 31 March 2009 and 1 April 2009		
Ordinary shares of HK\$0.01 each	20,000,000,000	200,000
Increase during the period (<i>note</i>)	10,000,000,000	100,000
<hr/>		
At 30 September 2009	30,000,000,000	300,000
<hr/>		
Issued and fully paid:		
At 31 March 2009 and at 30 September 2009	10,137,064,686	101,370

Note:

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 28 August 2009, the authorised ordinary share capital of the Company was increased from HK\$200,000,000 divided into 20,000,000,000 shares of a par value of HK\$0.01 each to HK\$300,000,000 shares of a par value of HK\$0.01 each by the creation of an additional 10,000,000,000 new shares of a par value of HK\$0.01 each.

15. Share options scheme

The Share Option Scheme adopted on 16 July 2004 shall remain in force for 10 years from the adoption date unless otherwise terminated or amended.

The exercise price of the options shall be determined by the Directors of the Company, but may at least the highest of (i) the Stock Exchange closing price of the Company's share on the date of the grant of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the grant of the share options; and (iii) the nominal value of an ordinary share. The maximum number of shares in respect of which options may be granted under the New Share Option Scheme shall not exceed 10% of the issued share capital of the Company from time to time.

No share option was granted or outstanding during the six months ended 30 September 2009.

16. Operating lease commitments

The Group leases its office and staff quarter under non-cancellable operating lease arrangements with remaining lease terms ranging from one to eight years.

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)
Within one year	2,740	2,749
In the second to fifth years, inclusive	4,643	6,563
After five years	353	407
	7,736	9,719

17. Capital commitments

Capital commitments outstanding as at 30 September 2009 and 31 March 2009 not provided for in the financial statements were as follows:

	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)
Contracted but not provided for		
— acquisition of plantation assets (<i>note i</i>)	103,315	90,841
— acquisition of property, plant and equipment and land use rights	3,862	10,024
	107,177	100,865

Note:

- (i) The Group entered into the Binding Agreement for a consideration of not more than approximately HK\$170,327,000, of which deposit of approximately HK\$67,012,000 had been paid and the remaining balance of approximately HK\$103,315,000 had not been provided for.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of the Business Development

For the six months ended 30 September 2009, the Group was mainly engaged in forest operation and management, timber logging and trading, timber processing, and manufacture and sale of timber products.

At present, the Group owns forestry resources in Guyana of South America and Guangdong Province, the PRC covering an aggregate area of approximately 257,000 hectares and approximately 94,500 Chinese mu respectively. As directors are optimistic about the prospect of the property market in the PRC, especially in inland cities, the Company will seek opportunities to invest in the PRC property development business to diversify the business segment as well as to broaden the income basis of the Group.

The directors of the Company do not recommend the payment of an interim dividend for the period (six months ended 30 September 2008: Nil).

Liquidity and Financial Review

For the six months ended 30 September 2009, the Group recorded an unaudited turnover of approximately HK\$19.3 million, representing an increase of 500% over the last corresponding period (2008: HK\$3.2 million) which is mainly contributed by the sales of round logs and Chinese style hard wood furniture. As the turnover for the whole financial year ended 31 March 2009 was only HK\$17.84 million, the turnover for this interim period presents a significant improvement of the business of the Group. In addition, the gross profit also experienced a material increase to HK\$4.6 million (2008: HK\$1.26 million). As a result of the expansion in the logging, processing and sales of timber, the cost of sales rose to HK\$14.73 million (2008: HK\$1.96 million).

The two business segments engaged by the Group, namely timber logging and trading, and other timber operation (the manufacture and sale of furniture and handicrafts) contributed approximately HK\$17.44 million (90%) and HK\$1.56 million (8%) respectively to the Group's consolidated turnover. The inventories of the Group were approximately HK\$113.44 million which remained quite stable as compared with HK\$120.6 million for the year ended 31 March 2009.

The loss before taxation and net loss were approximately HK\$24.54 million (2008: HK\$34.11 million) and HK\$24.29 million (2008: HK\$34.29 million) which were mainly attributed by the selling and administrative expenses. Loss for the period attributable to equity holders of the Company was approximately HK\$21.53 million (2008: HK\$33.59 million). The decrease was mainly due to the increase in sales volume of timbers in the mainland market. The loss per share for the period was also reduced to HK\$0.21 cents as compared with HK\$0.33 cents for the last corresponding period.

As at 30 September 2009, the Group's net assets amounted to HK\$1,059.29 million (HK\$1,074.39 million as at 31 March 2009). Whilst, the amount of net current assets decreased to approximately HK\$189.88 million (31 March 2009: HK\$258.66 million), which was mainly due to settlement of short term borrowings. On the other hand, the current and non-current liabilities of the Group amounted to approximately HK\$16 million (31 March 2009: HK\$25.6 million) and approximately HK\$13 million (31 March 2009: HK\$13 million) respectively. The Group had cash and cash equivalents balances of approximately HK\$49.14 million (31 March 2009: approximately HK\$132 million). The significant drop in cash and cash equivalents was a result of payment of deposits for acquisition of plantation assets and a land holding company under a share sale and purchase agreement dated 9 May 2009. The current ratio of the Group, measured as total current assets to total current liabilities, was 12.9, reflecting a healthy liquidity of the Group.

As at 30 September 2009, the Group had no outstanding bank loan and short term borrowing (HK\$14.21 million as at 31 March 2009). Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollars, Renminbi and US dollars except the cold storage warehouse in Australia, thus the risk of foreign exchange fluctuation was not significant to the Group as at 30 September 2009 since the fixed exchange rate between US dollars and Hong Kong dollars. The management will review from time to time the potential foreign exchange exposure and will take appropriate actions to minimise any potential foreign exchange exposure risk to arise in the future.

During this interim period, the Company has not given any guarantee to any financial institution and its subsidiaries have not been granted any banking facilities. In addition, the Group did not engage in the use of any financial instruments for hedging purposes and had no exposure to any foreign currency contract and derivative financial instruments.

As at 30 September 2009, the Group has no material contingent liabilities.

Capital Structure and Gearing

As at 30 September 2009, there were 10,137,064,686 shares in issue and the equity of the Group attributable to shareholders amounted to approximately HK\$1,059 million. The gearing ratio of the Group, measured as total liabilities to total assets, was 2.7% as at 30 September 2009 (31 March 2009: 3.5%).

Material Event and Future Prospect

On 9 May 2009, the Company and Best Idea International Limited, a wholly owned subsidiary of the Company, as the purchaser entered into an acquisition agreement with China Alliance International Holding Group Limited (中聚國際控股集團有限公司) which was amended by a supplemental agreement dated 15 September 2009 (the “**Acquisition Agreement**”) to purchase all the equity interest in Shoukong (Beijing) Management Consulting Company Limited (首控(北京)管理諮詢有限公司) (“**Shoukong**”). Shoukong is the investment holding company of Yichang Xinshougang Property Development Company Limited (宜昌新首鋼房地產開發有限公司) (“**Xinshougang**”) which is the legal owner of a piece of land of about 882 Chinese Mu situated in Yichang City, Hubei Province, the PRC (the “**Land**”). The approved use of the Land is to construct an exhibition centre to be named as the Yichang Three Gorges International Exhibition Centre, a five-star hotel and various commercial and residential properties. The Company expects that upon completion of the Acquisition Agreement, the Land will serve as a stepping stone for the Company to invest in the property development business in China.

CAPITAL COMMITMENT

As at 30 September 2009, the Group had a capital commitment of approximately HK\$107,177,000.00 in relation to the acquisition of plantation assets, property, plant, equipment and land use rights.

CHARGES ON ASSETS

As at 30 September 2009, there were no charges on assets of the Group.

CONTINGENT LIABILITIES

As at 30 September 2009, the Group did not have any material contingent liabilities.

EMPLOYEES

The Group has approximately 430 employees in Hong Kong, PRC, Guyana and Australia as at 30 September 2009. The Group ensures that the pay scales of its employees are rewarded on a performance rated basis within the general framework of the Group's remuneration policy.

SHARE OPTION SCHEME

The Share Option Scheme of the Company was adopted on 16 July 2004 and shall remain in force for 10 years from the adoption date unless otherwise terminated or amended.

As at 30 September 2009, no share option has been granted, exercised, cancelled or lapsed.

SALE AND PURCHASE OF SHARES

There was no purchase, sale or redemption of shares in the Company made by the Company or any of its subsidiaries during the six months ended 30 September 2009.

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES, AND DEBENTURES

Save as disclosed below, as at 30 September 2009, according to the register of Interest kept by the Company under Section 336 of the Securities and Future Ordinance (the "SFO") and so far as was known to the Directors, none of the Directors and chief executive of the Company held any interest or short positions on the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("SEHK") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), to be notified to the Company and SEHK.

Long positions in shares and underlying shares of the Company

Name of Director	Number of shares		Number of underlying shares		Total	Percentage (%) of issued share capital
	personal interest	corporate interests	personal interest	corporate interests		
Mr. Fung Tsun Pong (<i>note</i>)	1,047,262,449	1,055,500,000	NIL	NIL	2,102,762,449	20.74
Lau Sing Hung, Stephen	14,000,000	NIL	NIL	NIL	14,000,000	0.138
Mr. Tsang Kam Ching, David	66,624,499	NIL	NIL	NIL	66,624,499	0.65
Chow Ki Shui, Louie	1,000,000	NIL	NIL	NIL	1,000,000	0.009

Note:

Ocean Gain Limited ("OGL") being wholly owned by Mr. Fung Tsun Pong was interested in 1,055,500,000 shares in the Company, representing approximately 10.41% in the issued shares of the Company. OGL is a substantial shareholder of the Company and its shareholding in the Company is set out in the section headed "Substantial Shareholders".

SUBSTANTIAL SHAREHOLDERS

Given below are the names of all parties which were, directly or indirectly, interested in 5% or more of the Company's issued shares and/or underlying shares of the Company as recorded in the register kept by the Company under section 336 of the SFO as at 30 September 2009:

Long Position in shares of the Company

Name of shareholders	Capacity	Number of Shares	Percentage (%) of issued shares
Ocean Gain Limited <i>(note a)</i>	Beneficial owner	1,055,500,000	10.41
Allkeen Investments Limited <i>(note b)</i>	Beneficial owner	1,016,000,000	10.02
Liu Feng Lei	Beneficial owner	513,833,992	5.06

Notes:

- a. Ocean Gain Limited is wholly-owned by Mr. Fung Tsun Pong, an executive director of the Company.
- b. Allkeen Investments Limited is wholly-owned by Mr. Huang Wei Guang.

Save as disclosed above, as at 30 September 2009, no other persons had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations as recorded in the register required to be kept by the Company under Section 336 of the SFO.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Save for the deviations as reported and discussed in the Corporate Governance Report as set forth in the Company's 2009 Annual Report, none of the Directors is aware of information that would reasonably indicate that the Company is not, or was not throughout the period, in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

The Board will review the corporate governance practice of the Company regularly and effect changes if necessary.

THE MODEL CODE

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less than the required standard set out in the Model Code in Appendix 10 of the Listing Rules and the Directors of the Company has confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions.

AUDIT COMMITTEE

The Company has established its Audit Committee in accordance with the requirements of the rules governing the listing of securities on The Stock of Exchange Hong Kong Limited. The Audit Committee comprising of all independent non-executive directors of the Company, namely Mr. Yip Tak On, Mr. Jing Bao Li and Mr. Bao Liang Ming is responsible for reviewing the Group's accounting practices and policies, the external audit, internal controls and risk evaluation.

The audit committee of the Company has reviewed and discussed with management the internal controls, financial reporting matters and the unaudited interim financial report for the six months ended 30 September 2009.

REMUNERATION COMMITTEE

The Remuneration Committee of the Company was established with terms of reference in compliance with Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules and is responsible for the formulation and review of the remuneration policy of the Company, determine the specific remuneration packages of all executive directors and senior management, and approve compensation and performance-based remuneration.

The remuneration committee comprises three independent non-executive directors, Mr. Yip Tak On, Mr. Jing Bao Li and Mr. Bao Liang Ming and an executive director, Mr. Tsang Kam Ching, David.

OTHER DISCLOSURE

Save as disclosed, the Group either has had no material changes from the information disclosed in the latest annual report of the Company or are considered not significant to the Group's operations, thus no additional disclosure has been made in this report.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All the information required by paragraphs 46 of Appendix 16 to the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited and the Company's website (www.ctrg.com.hk) in due course.

As at the date of this report, 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.