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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)

FRAMEWORK AGREEMENT IN RELATION TO AN INTENDED VERY SUBSTANTIAL ACQUISITION AND RESUMPTION OF TRADING

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

THE INTENDED ACQUISITION

On 13 April 2009, Best Idea, a wholly-owned subsidiary of the Company entered into the Framework Agreement with China Alliance in respect of the Intended Acquisition. Under the Framework Agreement, Best Idea agreed to purchase and China Alliance agreed to sell or procure to sell the entire equity of the Project Company at a total consideration of approximately HK\$986 million.

The Intended Acquisition contemplated under the Framework Agreement is subject to the parties entering into a formal sale and purchase agreement and the terms and conditions as set forth therein. Subject to fulfillment of the conditions stipulated in the Framework Agreement, the parties will enter into a formal sale and purchase agreement, which shall contain the principal terms and conditions as set out in the Framework Agreement.

Upon signing of a formal sale and purchase agreement, the Intended Acquisition may constitute a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. The Company will make further announcement(s) in respect of the Intended Acquisition in the event that a formal sale and purchase agreement is signed in accordance with the requirements of the Listing Rules as and when appropriate.

The Intended Acquisition contemplated under the Framework Agreement is subject to the parties entering into a formal sale and purchase agreement and therefore may or may not materialize. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 14 April 2009 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 16 April 2009.

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

THE FRAMEWORK AGREEMENT

On 13 April 2009, Best Idea, a wholly-owned subsidiary of the Company, entered into the Framework Agreement with China Alliance in respect of the Intended Acquisition. The Intended Acquisition contemplated under the Framework Agreement is subject to the parties entering into a formal sale and purchase agreement which shall contain the terms and conditions as set forth therein.

Subject to fulfillment of the conditions stipulated in the Framework Agreement, the parties will enter into a formal sale and purchase agreement, which shall contain the principal terms and conditions as set out in the Framework Agreement, which are summarized as below.

Pursuant to the Framework Agreement, Best Idea agreed to purchase and China Alliance agreed to sell or procure to sell the entire equity of the Project Company at a total consideration of approximately HK\$986 million, which will be satisfied (i) as to approximately HK\$50 million by cash; (ii) as to approximately HK\$280 million by the issue of promissory notes by the Company; (iii) as to approximately HK\$186 million by the issue and allotment of the Consideration Shares by the Company; and (iv) as to approximately HK\$470 million by the issue of the Convertible Bonds by the Company.

Pursuant to the Framework Agreement, completion of a formal sale and purchase agreement shall be conditional upon fulfillment of the following conditions:

- (i) a due diligence investigation on the Project Company having been completed to the satisfaction of Best Idea at its absolute discretion;
- (ii) the passing by the Shareholders of resolutions to approve the formal sale and purchase agreement and the transactions contemplated thereunder including the issue of the Convertible Bonds and the Conversion Shares upon the exercise of conversion rights thereunder in accordance with the Listing Rules;
- (iii) all other consents or approval of any relevant governmental authorities, regulatory bodies or other relevant third parties in Hong Kong or elsewhere which are required for the entry into and the implementation of the formal sale and purchase agreement having been obtained, all filings with any relevant governmental authorities or other relevant third parties in Hong Kong or elsewhere which are required for the entering into and the implementation of the formal sale and purchase agreement having been made;
- (iv) the Listing Committee granting the listing of and permission to deal in the Consideration Shares and the Conversion Shares; and
- (v) the passing by the shareholders of the Project Company of resolutions to approve the formal

sale and purchase agreement and the transactions contemplated thereunder, if required.

INFORMATION ABOUT THE PROJECT COMPANY

The Project Company is incorporated in the PRC with limited liability and is owned as to 80% by Shoukong (Beijing) Management Consulting Company Limited* (首控(北京)管理諮詢有限公司) and as to 20% by Xinshougang Resources Holdings Company Limited* (新首鋼資源控股有限公司). Shoukong (Beijing) Management Consulting Company Limited* is a wholly-owned subsidiary of China Alliance United Holding Company Limited* (中聚聯合控股有限公司), the holding company of China Alliance. The Project Company has obtained approvals from relevant PRC authorities to develop the Property Project, Yichang Three Gorges International Exhibition Centre* (宜昌三峽國際會展中心), located at the north-eastern corner of Yiling District (夷陵區), Yichang City (宜昌市), Hubei Province, the PRC. The Property Project has total development areas of approximately 882 mu and construction areas of approximately 856,000 square meters, which mainly consists of an international exhibition centre, a 5-star hotel, a shopping mall and a high-end residential community complex with communal amenities.

GENERAL

Upon signing of a formal sale and purchase agreement, the Intended Acquisition may constitute a substantial acquisition of the Company under Chapter 14 of the Listing Rules. The Company will make further announcement(s) in respect of the Intended Acquisition in the event that a formal sale and purchase agreement is signed in accordance with the requirements of the Listing Rules as and when appropriate.

The Intended Acquisition contemplated under the Framework Agreement is subject to the parties entering into a formal sale and purchase agreement and therefore may or may not materialize. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 14 April 2009 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 16 April 2009.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Best Idea”	Best Idea International Investment Limited (佳創國際投資有限公司), a company incorporated in BVI with limited liability, being a wholly-owned subsidiary of the Company
“Board”	the board of Directors
“BVI”	the British Virgin Islands

“China Alliance”	China Alliance International Holding Group Limited (中聚國際控股集團有限公司), a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of China Alliance United Holding Company Limited* (中聚聯合控股有限公司), a company incorporated in the PRC. Mr. Li Zhiqiang (李志強) is the sole director of China Alliance.
“Company”	China Timber Resources Group Limited (stock code: 269), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Consideration”	the proposed aggregate consideration of approximately HK\$986 million in relation to the Intended Acquisition under the Framework Agreement
“Consideration Shares”	the new Shares to be issued by the Company to satisfy part of the Consideration
“Conversion Shares”	the new Shares to be issued by the Company upon exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the convertible bonds in the principal amount of approximately HK\$470 million to be issued by the Company to satisfy part of the Consideration
“Director(s)”	the director(s) of the Company
“Framework Agreement”	the framework agreement dated 13 April 2009 entered into between Best Idea and China Alliance in relation to the principal terms regarding the Intended Acquisition
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Committee”	the sub-committee of the board of directors of the Stock Exchange responsible for listing
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Intended Acquisition”	the intended acquisition of the entire equity of the Project Company under the Framework Agreement
“PRC”	the People’s Republic of China, which, for the purposes of this announcement only, does not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Project Company”	Yichang Xinshougang Property Development Company Limited* (宜昌新首鋼房地產開發有限公司), a company incorporated in the PRC with limited liability, which is owned

as to 80% by Shoukong (Beijing) Management Consulting Company Limited* (首控(北京)管理諮詢有限公司) and as to 20% by Xinshougang Resources Holdings Company Limited* (新首鋼資源控股有限公司). Shoukong (Beijing) Management Consulting Company Limited* is a wholly-owned subsidiary of China Alliance United Holding Company Limited* (中聚聯合控股有限公司), the holding company of China Alliance.

“Property Project”	the property project to develop the Yichang Three Gorges International Exhibition Centre* (宜昌三峽國際會展中心) located in Yiling District (夷陵區), Yichang City(宜昌市), Hubei Province, the PRC
“Share(s)”	the fully paid ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“mu”	Chinese acres, one Chinese acre equals approximately 666.67 square meters
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent

By Order of the Board
CHINA TIMBER RESOURCES GROUP LIMITED
Tsang Kam Ching, David
Director

Hong Kong, 15 April 2009

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

** for identification purpose only*