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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2008

The Board of directors (the "Board") of China Timber Resources Group Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2008 together with comparative figures for the last year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

	Notes	**2008** **HK$'000**	2007 HK$'000
Turnover	(5)	**33,382**	10,380
Cost of sales		**(19,391)**	(4,065)
Gross profit		**13,991**	6,315
Interest income		**6,699**	463
Gain on change in fair value of investment property		**18,094**	1,845
Gain on change in fair value of biological assets less estimated point-of-sale costs		**25,513**	—
Gain on disposal of investment property		**3,036**	—
Other income and gains	(6)	**5,409**	4,203
Selling and administrative expenses		**(53,297)**	(26,801)
Finance costs	(7)	**—**	(426)
Profit/(loss) before taxation	(8)	**19,445**	(14,401)
Taxation	(9)	**346**	(434)
Profit/(loss) for the year		**19,791**	(14,835)
Attributable to:			
Equity holders of the Company		**21,211**	(14,245)
Minority interests		**(1,420)**	(590)
		19,791	(14,835)
Dividend	(10)	**10,137**	—
		HK cents	HK cents
Earnings/(loss) per share	(11)		
— Basic		**0.24**	(0.21)
— Diluted		**0.22**	N/A

CONSOLIDATED BALANCE SHEET

At 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000 (Note 16)
NON-CURRENT ASSETS			
Investment property		**50,000**	29,640
Property, plant and equipment		**63,092**	8,441
Prepaid lease payments		**26,285**	3,473
Biological assets		**22,606**	—
Forest concession rights		**533,811**	269,032
Long term prepayments		**40,816**	—
		736,610	310,586
CURRENT ASSETS			
Financial assets at fair value through profit or loss		**1,786**	3,516
Derivative financial instruments		—	1,040
Inventories		**38,715**	3,470
Trade and other receivables	*(12)*	**76,051**	2,629
Prepaid lease payments		**81**	81
Cash and bank balances	*(13)*	**339,838**	9,116
		456,471	19,852
CURRENT LIABILITIES			
Trade and other payables	*(14)*	**30,478**	96,386
Short term borrowing	*(15)*	**6,073**	—
Amounts due to derecognised former subsidiaries under liquidation		—	490
Amount due to a former director of a subsidiary		—	1,205
Tax payable		**84**	434
		36,635	98,515
NET CURRENT ASSETS/(LIABILITIES)		**419,836**	(78,663)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,156,446**	231,923
NON-CURRENT LIABILITIES			
Bank loan — secured		—	6,250
Deferred tax liabilities		**1,574**	450
Acreage fees payable		**5,147**	—
		6,721	6,700
NET ASSETS		**1,149,725**	225,223
CAPITAL AND RESERVES			
Share capital		**101,370**	71,261
Reserves		**1,021,516**	25,036
Equity attributable to equity holders of the Company		**1,122,886**	96,297
Minority interests		**26,839**	128,926
TOTAL EQUITY		**1,149,725**	225,223

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

1. Corporate Information

The Company is an exempted Company incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "SEHK"). The address of the registered office is the office of Caledonian Bank & Trust Limited, Caledonian House, George Town, Grand Cayman, Cayman Islands.

The principal activities of the Company and its subsidiaries (the "Group") are engaged in forest operation and management, logging, timber processing and trading and cold warehouse rental.

The consolidated financial statements are presented in thousands of Hong Kong dollars (HK$'000), unless otherwise stated.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has adopted all of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("HK(IFRIC)") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for the current accounting period of the Group and the Company. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies.

The impact of the adoption of HKFRS 7, Financial Instruments: Disclosures and Amendment to HKAS 1, Capital Disclosures has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital.

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

HKAS 1 (Revised)	Presentation of Financial Statements(3)
HKAS 23 (Revised)	Borrowing Costs(3)
HKAS 27 (Revised)	Consolidated and Separate Financial Statements(4)
HKAS 32 & 1, Amendments	Puttable Financial Instruments and Obligations arising on Liquidation(3)
HKFRS 2 Amendment	Share-based Payment – Vesting Conditions and Cancellations(3)
HKFRS 3 (Revised)	Business Combinations(4)
HKFRS 8	Operating Segments(3)
HK(IFRIC)-Int 12	Service Concession Arrangements(1)
HK(IFRIC)-Int 13	Customer Loyalty Programmes(2)
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction(1)

(1) Effective for annual periods beginning on or after 1 January 2008
(2) Effective for annual periods beginning on or after 1 July 2008
(3) Effective for annual periods beginning on or after 1 January 2009
(4) Effective for annual periods beginning on or after 1 July 2009

The Group is in the process of making an assessment of what the impact of these new or revised standards or interpretations is expected to be in the period of initial application.

3. Principal Accounting Policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable HKFRSs, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

(b) Basis of preparation

The financial statements are prepared under the historical cost convention modified for the revaluation of investment property, building, financial instruments and biological assets which are carried at fair value.

4. Segment Information

(a) Business segments

For the years ended 31 March 2008 and 2007, the Group is engaged in the following two business segments:

(i) Timber logging and trading — the sale of timber logs from forest concession

(ii) Warehousing — cold storage warehouse rental, warehousing management services

Segment information by business is presented as follows:

For the year ended 31 March 2008

	Timber logging and trading *HK$'000*	Warehousing *HK$'000*	Total *HK$'000*
REVENUE			
Turnover	**32,021**	**1,361**	**33,382**
Segment result	**23,628**	**2,446**	**26,074**
Unallocated interest income			**6,474**
Unallocated expenses			**(33,118)**
Gain on change in fair value of investment property			**18,094**
Unallocated other income and gains			**1,921**
Profit before taxation			**19,445**
Taxation			**346**
Profit for the year			**19,791**
OTHER INFORMATION			
Segment assets	**738,649**	**51,061**	**789,710**
Unallocated			**403,371**
Total assets			**1,193,081**
Segment liabilities	**20,639**	**24**	**20,663**
Unallocated			**22,693**
Total liabilities			**43,356**
Capital expenditure	**14,458**	**—**	**14,458**
Unallocated			**32,229**
Total capital expenditure			**46,687**
Depreciation and amortization	**1,000**	**—**	**1,000**
Unallocated			**1,004**
Total depreciation and amortization			**2,004**

For the year ended 31 March 2007

	Timber logging and trading *HK$'000*	Warehousing *HK$'000*	Total *HK$'000*
REVENUE			
Turnover	6,002	4,378	10,380
Segment result	(724)	3,649	2,925
Unallocated interest income			463
Unallocated other income and gains			1,968
Unallocated expenses			(19,331)
Finance costs			(426)
Loss before taxation			(14,401)
Taxation			(434)
Loss for the year			(14,835)
OTHER INFORMATION			
Segment assets	280,784	30,941	311,725
Unallocated			18,713
Total assets			330,438
Segment liabilities	98,621	6,594	105,215
Unallocated			—
Total liabilities			105,215
Capital expenditure	44	221	265
Unallocated			3,636
Total capital expenditure			3,901
Depreciation and amortization	488	—	488
Unallocated			567
Total depreciation and amortization			1,055

(b) Geographical segments

The following table presents revenue, results and certain assets and expenditure for the Group's geographical segments for the two years ended 31 March 2008 and 2007:

	Hong Kong & PRC		**Guyana**		**Australia**		**Consolidated**	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
REVENUE								
Turnover	**32,021**	6,002	**—**	—	**1,361**	4,378	**33,382**	10,380
SEGMENT RESULT	**23,007**	(15,845)	**(6,008)**	(1,785)	**2,446**	3,655	**19,445**	(13,975)
OTHER INFORMATION								
Segment assets	**586,166**	35,152	**555,854**	264,345	**51,061**	30,941	**1,193,081**	330,438
Segment liabilities	**30,936**	89,195	**12,396**	8,979	**24**	7,041	**43,356**	105,215
Capital expenditure	**40,285**	3,636	**6,402**	44	**—**	221	**46,687**	3,901
Depreciation and amortization	**1,994**	491	**10**	488	**—**	76	**2,004**	1,055

5. Turnover

The Company is an investment holding company. The Group is engaged in timber logging and trading, and cold warehouse rental.

	2008	2007
	HK$'000	*HK$'000*
Income from timber logging and trading	**32,021**	6,002
Gross rental income from cold storage warehouse (before direct outgoings of HK$839,000; 2007: HK$1,781,000)	**1,361**	4,378
	33,382	10,380

6. Other Income and Gains

	2008	2007
	HK$'000	*HK$'000*
Exchange gain, net	**1,120**	2,235
Waiver of loan from a former director of a subsidiary	**822**	—
Gain on disposal of subsidiaries	**687**	—
Excess of acquirer's interest in the net fair value of acquiree's identifiable net assets over costs:		
Arising from acquisition of 44% issued share capital of Jaling Forest Industries Inc.	**379**	—
Arising from acquisition of additional interests in other subsidiaries	**952**	—
Realised gain on disposal of financial assets	**87**	1,920
Others	**1,362**	48
	5,409	4,203

7. Finance Costs

	2008	2007
	HK$'000	*HK$'000*
Interest on bank and other borrowings wholly repayable within five years	**—**	426

8. Profit/(Loss) Before Taxation

Profit/(loss) before taxation is stated after charging:

	2008	2007
	HK$'000	*HK$'000*
Auditor's remuneration	**900**	400
Depreciation of property, plant and equipment	**2,004**	567
Release of lease payments for land under operating lease	**81**	81
Amortisation of forest concession rights	**—**	488
Cost of inventories and timber harvested	**19,391**	4,065
Royalties	**443**	121
Staff cost (excluding directors' remuneration)		
Including		
— Salaries and allowances	**4,650**	4,425
— Share options granted to employees	**855**	1,732
— Pension fund contributions	**173**	251

9. Taxation

	2008	2007
	HK$'000	*HK$'000*
Hong Kong profits tax		
— current year	**—**	434
— prior years	**(404)**	—
PRC enterprise income tax	**58**	—
Taxation (credit)/charge	**(346)**	434

The taxation (credit)/charge for the year can be reconciled to the accounting profit/(loss) as follows:

	2008 HK$'000	2007 HK$'000
Profit/(loss) before taxation	**19,445**	(14,401)
Taxation calculated at 17.5% (2007: 17.5%)	**3,403**	(2,520)
(Over)/under provision in prior years	**(404)**	249
Net effect of non-taxable/deductible items	**(8,228)**	(207)
Net effect of tax losses and temporary differences not recognised	**11,196**	2,912
Tax effect on tax exemption granted by PRC tax authority	**(6,218)**	—
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(95)**	—
Taxation (credit)/charge	**(346)**	434

The statutory tax rate for Hong Kong profits tax is 17.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

On 27 February 2008, the Financial Secretary of the Hong Kong SAR Government announced his annual budget which proposed a cut in the profits tax rate from 17.5% to 16.5% with effect from the fiscal year 2008-09.

For the year ended 31 March 2008, the statutory corporate income tax rates applicable to the subsidiaries established and operating in the PRC ranged from 15% to 33% (2007: 15% to 33%).

10. Dividend

Pursuant to a resolution passed at the Directors' meeting on 29 July 2008, a final dividend of equivalent to HK$0.001 per share totalling HK$10,137,000 for the year ended 31 March 2008 was proposed for shareholders' approval at the Annual General Meeting. The dividend has not been provided for in the consolidated financial statements for the year ended 31 March 2008. The Directors of the Company did not recommend the payment or declaration of a dividend for the year ended 31 March 2007.

11. Earnings/(Loss) Per Share

The calculation of the basic earnings/(loss) per share is based on the profit attributable to equity holders of the Company of HK$21,211,000 (2007: loss of HK$14,245,000) and on the weighted average number of 8,880,228,551 (2007: 6,910,472,656) ordinary shares in issue during the year.

The calculation of the diluted earning per share for the year ended 31 March 2008 is based on the profit attributable to equity holders of the Company of HK$21,211,000 and on the weighted average number of 9,486,130,190 ordinary shares outstanding during the year, being the weighted average number of ordinary shares of 8,880,228,551 used in basic earnings per shares calculation and adjusted for the effect of warrant issued of 605,901,639 potential dilutive ordinary shares.

The diluted loss per share for the year ended 31 March 2007 is not presented as the potential dilutive ordinary shares had anti-dilutive effect on the basic loss per share.

12. Trade and Other Receivables

	Group	
	2008	2007
	HK$'000	*HK$'000*
Trade receivables	—	1,149
Other receivables	**7,144**	77
Deposits paid	**23,344**	837
Prepayments	**45,563**	566
	76,051	2,629

The credit term allow an average credit period of 60 days to trade customers.

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

	Group	
	2008	2007
	HK$'000	*HK$'000*
Outstanding balances aged:		
0 to 30 days	—	713
31 to 60 days	—	426
61 to 180 days	—	10
	—	1,149

Trade receivables were denominated in the following currencies:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Australian dollars	—	853
Guyana dollars	—	296
	—	1,149

13. Cash and Bank Balances

	Group	
	2008	2007
	HK$'000	*HK$'000*
Cash and Bank Balances	**339,838**	9,116

Cash and bank balances were denominated in the following currencies:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Hong Kong dollars	**293,103**	8,711
Renminbi	**44,203**	—
United States dollars	**1,710**	389
Australian dollars	**672**	9
Guyana dollars	**150**	7
	339,838	9,116

14. Trade and Other Payables

	Group	
	2008	2007
	HK$'000	*HK$'000*
Trade payables	**—**	603
Other payables and accruals	**30,478**	95,783
	30,478	96,386

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

	Group	
	2008	2007
	HK$'000	*HK$'000*
Outstanding balances aged over 90 days	**—**	603

Trade and other payable were denominated in the following currencies:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Hong Kong dollars	**2,100**	88,216
Renminbi	**21,085**	—
United States dollars	**7,268**	7,838
Australian dollars	**24**	332
Guyana dollars	**1**	—
	30,478	96,386

15. Short Term Borrowing

The amount is unsecured, interest bearing at 9.6% per annum, and is repayable on 17 September 2008 (2007: Nil).

16 Re-statement of Comparative Financial Information — Acquisition of Jaling Forest Industries Inc. ("Jaling") During the Year Ended 31 March 2007

During the year ended 31 March 2007, the Group acquired 51% of the issued share capital of Jaling ("2007 Acquisition"). The 2007 Acquisition was accounted for using the purchase method of accounting and the excess of the cost of the acquisition over the fair value of the Group's share of the identified net tangible assets acquired was initially recorded as goodwill of HK$160,596,000 in the Consolidated Balance Sheet as at 31 March 2007.

The provisional fair values of the assets and liabilities acquired in the 2007 Acquisition were finalised in the year ended 31 March 2008 in accordance with the requirements of HKFRS 3 "Business Combinations" as follows:

	Final fair values on acquisition (restated)	Adjustments		Provisional fair values on acquisition (previously reported)	Carrying amounts before combination
	HK$'000	*HK$'000*		*HK$'000*	*HK$'000*
Net assets acquired:					
Cash and cash equivalents	12	—		12	12
Other receivables	2,177	—		2,177	2,177
Other payables	(8,132)	—		(8,132)	(8,132)
Forest concession rights	269,520	260,700	(i)	8,820	8,820
Minority interests	(712)	(712)		—	—
	262,865	259,988		2,877	2,877
Minority interest (49%)	(128,804)	(127,031)	(iii)	(1,773)	(1,773)
Goodwill	—	(160,596)	(i)	160,596	
	134,061	(27,639)		161,700	
Satisfied by:					
Cash paid	15,000	—		15,000	
Issue of shares (including acquisition — related expenses)	38,496	(24,204)	(ii)	62,700	
Other payables	80,565	(3,435)	(iv)	84,000	
	134,061	(27,639)		161,700	

In finalising the 2007 Acquisition, the Directors have conducted a detailed analysis of the characteristics of the business of Jaling and concluded that the forestry concession rights granted by the Guyana Forestry Commission to Jaling meet the definition of intangible assets according to Hong Kong Accounting Standard 38 "Intangible Assets" at the date of the acquisition, and should therefore be recognised as intangible assets.

The major adjustments to the 2007 provisional fair values are:

i) The recognition of the excess of the cost of acquisition over the fair value of the Group's share of the identified net tangible assets as forest concession rights.

ii) The fair value of consideration shares issued which was determined based on the market value of their dates of issue.

iii) The minority share of the final fair value of the net assets acquired.

iv) Reduction in the balance of purchase consideration payable.

The effects of the above restatements on the financial position of the Group as of 31 March 2007 are as follows:

	As previously reported *HK$'000*	Adjustments *HK$'000*	As restated *HK$'000*
Investment property	29,640	—	29,640
Property, plant and equipment	8,441	—	8,441
Prepaid lease payments	3,473	—	3,473
Goodwill	160,596	(160,596)	—
Forest concession rights	8,332	260,700	269,032
Total non-current assets	210,482	100,104	310,586
Net current liabilities	(82,098)	3,435	(78,663)
Non-current liabilities	(6,700)	—	(6,700)
	121,684	103,539	225,223
Equity attributable to equity holders of the Company	120,501	(24,204)	96,297
Minority interests	1,183	127,743	128,926
	121,684	103,539	225,223

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 MARCH 2008

FINANCIAL HIGHLIGHTS

For the year under review, the Group turned deficit into profit and recorded revenue of approximately HK$33.4 million, profit for the year of HK$19.8 million and basic earnings per share of the Company ("Share") of HK$0.24 cents. The Board proposed to pay a final dividend of HK$0.1 cent per share.

BUSINESS REVIEW

For the year ended 31 March 2008, the Group principally engaged in forest operation and management, logging, timber processing and trading and cold storage warehousing.

Since late 2006, the Group has poised to embrace a promising future by entering into the arena of the forestry business with its ambition of becoming a leading enterprise in the forestry and timber industry in China and the world by taking advantage of the continuous increase in global demand for timbers as a result of surging requirements for construction, furniture and paper all over the world, in particular, in the Mainland. As such, the Group still intends to cease its operation in cold storage warehousing management services business when opportunity arises. Moreover, the turnover contributed by cold storage and warehousing has dropped to 4% of the overall turnover of the Group this year.

The Group started its forestry business by acquisition of forests in South America and China in 2006 and 2007 respectively. At present, the Group has forest resources in Guyana of South America and Guangdong Province of China covering an aggregate area close to 257,000 hectares and 72,000 Chinese Mu respectively. In respect of the forest timber reserve of the Group in Guyana, LCH (Asia-Pacific) Surveyors Limited, an independent valuer, estimated that it had a market value of approximately US$527 million (HK$4,111 million) as at 31 August 2007.

FINANCIAL POSITION

For the year ended 31 March 2008, the Group recorded a consolidated turnover of approximately HK$33.4 million representing an increase of approximately 222% over that of the previous year (2007: HK$10.4 million) which was mainly due to the contribution from the sale of timber and related products. The two business segments engaged by the Group, namely timber logging and trading, and warehousing contributed approximately HK$32 million (96%) and HK$1.4 million (4%) respectively to the Group's consolidated turnover. The cost of sales of the year was approximately HK$19.4 million (2007: 4.1 million) representing an increase of 373% which reflects the logging cost.

The profit before taxation and net profit were approximately HK$19.4 million and HK$19.8 million respectively (2007: loss before taxation: HK$14.4 million and net loss: HK$14.8 million), representing a significant improvement of the Group's profitability. The profit attributable to shareholders for the year was approximately HK$21.2 million (2007: loss HK$14.2 million).

The net asset and total equity of the Group for this year were both approximately HK$1,150 million (2007: HK$225 million) which represents over 4 times increase comparing with last year. The remarkable increase in the total equity of the Company was mainly due to acquisition of biological assets and forest concession rights in Da Bu County of the PRC and increase in capital expenditure for construction in progress in PRC and Guyana.

LIQUIDITY AND FINANCIAL REVIEW

The current assets experienced a 23-fold increase from HK$19.9 million in 2007 to HK$456.5 million in 2008. It consists of deposit, cash and bank balances of approximately HK$340 million (2007: HK$9.1 million). Current liabilities amounted to HK$37.0 million (2007: HK$98.5 million), a significant drop of 63% which was mainly due to settlement of consideration for the acquisition of Jaling Forest Industries Inc. ("Jaling") during the year.

The gearing ratio of the Group, measured as total debts to total assets was approximately 3.6% (2007: 32%), the decrease as compared with the 2007 figure was resulted primarily from the repayment of bank loan and cash generated from placements of shares.

As at 31 March 2008, the Group had no outstanding bank loan (2007: HK$6.25 million), but there were short term borrowings amounted to approximately HK$6 million (2007: Nil), all of which will be due within one year and subject to interest rate of 9.6% per annum. As the Group's business operations, assets and liabilities are denominated mainly in Hong Kong dollars, Renminbi and US dollars, the Board considered foreign exchange risk being minimal. The management will review from time to time the potential foreign exchange exposure and will take appropriate actions to minimize any potential foreign exchange exposure risk to arise in the future. During the financial year, the Company has not given any guarantee to any financial institution in respect of the bank facilities utilized by any of its subsidiaries. As at 31 March 2008, there were no assets being pledged to secure credit facilities granted to and utilized by the Group (2007: HK$29.6 million).

As at 31 March 2008, the Group had no material contingent liabilities but it had capital commitments of HK$279 million. The Group did not use any financial instruments for hedging purposes and did not have foreign currency net investments being hedged by foreign currency borrowings and other hedging instruments.

CAPITAL RAISING AND EXPENDITURE

In view of the rapid expansion in the PRC forestry business of the Group, the Group carried out two equity fund raising activities during this financial year, whereby a total of 2,150,000,000 new ordinary shares were issued with gross proceeds of approximately HK$684,250,000. Part of the fund was utilized for the acquisition of Garner Forest Industries Inc. ("Garner"), the leasehold forest interests in Guangdong Province of the PRC and logging machines and equipments for the business operation in Guyana.

EMPLOYEES AND RETIREMENT BENEFIT SCHEME

The Group had approximately 193 employees in Hong Kong, the PRC, Australia and Guyana as at 31 March 2008. The Group implements remuneration policy, bonus and share options schemes to ensure that pay scales of its employees are rewarded on a performance-related basis within the general framework of the Group's remuneration strategy. During the year ended 31 March 2008, an aggregate number of 128,286,948 shares, representing 1.3% of the share of the company in issue, were issued in respect of options granted to executive directors and employees of the Company in September 2006. During the year, the Company granted 6,000,000 share options exercisable within 12 months under the Share Option Scheme, representing 0.06% of the shares of the company in issue as payment of remuneration for the rendering of professional fees.

The emoluments payable to the Directors are determined based on the scope of work, level of involvement, experience and seniority.

Information on the Group's mandatory provident fund scheme will be set out in the 2008 Annual Report.

MATERIAL EVENTS

Throughout the financial year, the Company has focused on improvement of its timber harvesting capacity in Guyana, organising timber sale and distribution network in the PRC, acquisition of forest lands, development of a Sapling Incubation Centre and preparing for the construction of a timber processing base in the Mainland.

On 27 June 2007, the Company successfully placed 1,250,000,000 new shares at a placing price of HK$0.29 and raised a total of approximately HK$349.6 million (net of issuing expenses) fund which has strengthened the Company's capital base and working capital position. Part of the fund raised was used to finance the acquisition of Garner.

On 5 July 2007, a wholly owned subsidiary of the Company entered into an agreement and exercised a share option at a total cost of HK$110 million to acquire a 100% equity interest in Garner, a holder of an exclusive timber concession right of approximately 92,737 hectares of forest for a period of twenty-five years in Guyana. In addition, on 16 August 2007, Wide Forest Limited, a wholly-owned subsidiary of the Company executed a share acquisition agreement to purchase a further 44% equity interest in Jaling at a consideration of HK$130 million which was fully settled by issue of new shares. Both acquisitions were completed on 24 October 2007 and enlarged the Group's ownership of tropical rain forest areas to approximately 257,000 hectares.

On 15 October 2007, 樹人木業(大埔)有限公司 (Shu Ren Wood (Da Bu) Limited), a wholly owned subsidiary of the Company incorporated in the PRC, reached a mutual agreement with the People's Government of Da Bu County engaging it to arrange and procure acquisition of 50-year leasehold interests in not less than 500,000 Chinese Mu of forest land and its biological asets in Da Bu County, Guangdong Province, the PRC. As at 31 March 2008, approximately 72,300 Chinese Mu forest land were acquired.

On 6 November 2007, the Company further placed, on a fully underwritten basis, 900,000,000 shares at a placing price of HK$0.3575 per share raising a total of approximately HK$316 million (net of issuing expenses) for the purpose of financing the acquisition of forest land in the PRC and investment in timber processing facilities.

On 11 June 2008, the Group entered into a strategic cooperation agreement with Superb Summit International Timber Company Limited ("Superb Summit") regarding the supply of timber, standardization of electronic timber trading and provision of timber-related services. The Group is expected to supply Superb Summit with 20,000 to 30,000 m^3 of timber per month when the operations mature. The Group expects to utilize Superb Summit's advantages in timber trading section in order to strengthen the Group's client base.

PROSPECT

The Group has determined to position itself as an upstream timber supplier which targets at manufacturers of high-end furniture and construction materials in China. The Group will strive to achieve its goal by focusing on expending its forest land reserve in the Mainland, broadening its timber sales and distribution channels, and strengthening its business operation in the following spectrums:

South America

The Company has increased its investment in South America through the acquisition of Garner and an additional 44% equity interest of Jaling. In addition, the Company has continued spending substantial financial resources on shipments of logging machines and equipment to Guyana, construction of infrastructure such as roads, bridges and piers in Jaling forest, and recruiting logging expertise and technicians to be stationed in Guyana.

The last shipments of logging machines and equipment arrived Guyana in June 2008 which would enable Jaling to build up its own logging team instead of relying on outsourcing contractors. The Board expects that Jaling will gradually increase and stabilize its logging capacity in the financial year to be ended 31 March 2009 and render substantial contribution to the turnover of the Group.

Timber Processing Centre in Dongguan

The Group has planned to build a timber processing centre in Guangdong Province to provide capacity for processing and thus adding value to its round logs harvested in Guyana forest before launching the processed products to market for sales. Recently, the Group has identified a suitable piece of land in Dongguan for construction of the processing centre which is subject to an open tender and negotiation with the relevant government. Further details of the land will be disclosed when the transaction materializes.

Mainland China

Forest land reserve

The Group's acquisition of forest land in Da Bu County, Guangdong Province with the coopration of its local government in late 2007 has marked a successful starting point for the Group's expansion of forest resources reserve in the Mainland. The Board expects that acquisition of forest land will continue in Da Bu County with the assistance of its local government and the target acquisition of 500,000 Chinese Mu forest land with 50-year land use rights will be completed in the year of 2009.

Da Bu forest has been preserved from harvesting activities for at least 6 years, thus the trees are mature and could provide stable harvesting volume for the coming 5 to 8 years. The major tree species of the forest are Pine trees and Cypress trees.

Consolidation and re-plantation of selected species, such as Acacia melanoxylon and Camphor, will be carried out on Da Bu forest after harvesting. The harvesting cycle of Acacia melanoxylon on the replanted land is about 8 to 10 years while fragrance essence can be extracted from Camphor tree starting from the third year. In the coming 5 to 8 years, the Group will strive to achieve about 60,000 Chinese Mu re-plantation land annually.

Besides, the Group will seek for other acquisiton opportunities in expanding its forest land reserve in the Mainland to enhance its asset base as well as revenue generating capacity.

Sapling Incubation Centre in Da Bu County and Plantation

Last year, the Group aslo acquired a Sapling Incubation Centre situated in Da Bu County's forestry area. The Sapling Incubation Centre mainly performs plant tissue cultivation, mass sapling and mass production of fine tree species with high commercial value. The Centre focuses on cultivating valuable tree species such as Acacia melanoxylon and Camphor tree to meet the Group's replantation requirements in its Da Bu forest as well as for sales to third parties. With replantation policies instituted, the Group expects its forest land to provide stable harvesting resources for the foreseeable future.

The Group is also committed to develop its business in line with national forestry policies regarding ecological protection, tree species improvement, economic returns of the local government and employment opportunities, with the aim of achieving forest development which is beneficial to all parties.

Sale and Distribution Centre in Shenzhen

The Group has set up and is expanding its timber distribution network headed by its China office located in Shenzhen. Apart from Superb Summit, the Group is also looking for other strategic partners for timber sales and distribution in order to strengthen its capacity.

DIVIDENDS

The Directors propose a final dividend of HK$0.1 cent (2007: Nil) per share for the year ended 31 March 2008. Subject to approval by the shareholders at the forthcoming annual general meeting to be held on Monday, 25 August 2008, the final dividend will be paid on or about Thursday, 18 September 2008 to shareholders whose names appear on the register of members of the Company as at the close of business on Monday, 25 August 2008. The total amount of such dividend is approximately HK$10.1 million.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 21 August 2008 to Monday, 25 August 2008 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the proposed final dividend for the year ended 31 March 2008 and for attending the annual general meeting, all transfer of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Share Registrar in Hong Kong, Tricor Progressive Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 20 August 2008.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the year.

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 audited financial statements for the year ended 31 March 2008 have been reviewed by the Audit Committee of the Company.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the financial period under review, the Company has complied with all those code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Code", except that the board of the Company held only two regular board meetings instead of at least 4 for the financial year. Further details of the Company's corporate governance practices will be set out in the corporate governance report to be contained in the Company's 2008 Annual 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 in due course and at the website of the Company at http://www.ctrg.com.hk. An Annual Report for the year ended 31 March 2008 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and available on the above websites in due course.

For and on behalf of
China Timber Resources Group Limited
Tsang Kam Ching, David
Director

Hong Kong, 29 July 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.

* *for identification purpose only*