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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in China Timber Resources Group Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)**

**PROPOSED GENERAL MANDATE TO ISSUE NEW SHARES**  
**PROPOSED RE-ELECTION OF DIRECTORS**  
**AND**  
**NOTICE OF ANNUAL GENERAL MEETING**

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The notice convening the annual general meeting of the Company to be held at 7th Floor, Xin Rui Ke Da Lou, Bao Shui Qu, Fu Tian Shi, Shenzhen, China (中國深圳福田市保稅區鑫瑞科大樓7層), on Monday, 30 August 2010 at 11:30 a.m. is set out on pages 10 to 13 of this circular.

A proxy form for use at the meeting is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the proxy form and return the same to the Company's Branch Share Registrar in Hong Kong, Tricor Progressive Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjourned meeting (as the case may be) if you so wish.

28 July 2010

\* For identification purpose only

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## DEFINITIONS

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*In this circular and the appendices, unless the context requires otherwise, the following expressions have the following meanings:*

“AGM”	the Annual General Meeting of the Company to be held at 7th Floor, Xin Rui Ke Da Lou, Bao Shui Qu, Fu Tian Shi, Shenzhen, China (中國深圳福田市保稅區鑫瑞科大樓7層), on Monday, 30 August 2010 at 11:30 a.m., or any adjournment thereof
“Articles of Association”	the articles of association of the Company
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors or a duly authorized committee thereof
“Company”	China Timber Resources Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the directors of the Company
“General Mandate”	a general mandate proposed to be granted to the Directors to exercise all the powers of the Company to allot, issue and deal with Shares in the manner as set out in the ordinary resolution no. 5 of the Notice
“Group”	the Company and its subsidiaries
“Latest Practicable Date”	27 July 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time

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## DEFINITIONS

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“Memorandum”	Memorandum of Association of the Company
“Notice”	the notice of the AGM set out on pages 10 to 13 of this circular
“Shareholder(s)”	registered holder(s) of the Share(s) in issue
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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LETTER FROM THE BOARD

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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)**

***Directors:***

***Executive Directors***

Mr. Fung Tsun Pong *(Chairman)*

Mr. Tsang Kam Ching, David

***Independent Non-Executive Directors***

Mr. Yip Tak On

Mr. Jing Baoli

Mr. Bao Liang Ming

***Registered Office***

The Office of Caledonian Bank & Trust Limited

Caledonian House

George Town

Grand Cayman

Cayman Islands

***Head office and Principal Place of Business***

Room 1606, Office Tower

Convention Plaza

Wanchai

Hong Kong

28 July 2010

*To the Shareholders,*

Dear Sir or Madam,

**PROPOSED GENERAL MANDATES TO ISSUE NEW SHARES  
PROPOSED RE-ELECTION OF DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information in respect of the following resolutions to be proposed at the AGM:

- (a) granting a General Mandate to the Directors to exercise the powers of the Company to allot, issue and deal with additional Shares up to a maximum of 20% of the aggregate nominal share capital of the Company in issue at the time of passing of such resolution;

\* For identification purpose only

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## LETTER FROM THE BOARD

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- (b) re-election of retiring Directors; and
- (c) other ordinary businesses to be considered at the AGM, including, among others, the approval and adoption of the audited financial statements and reports of the Directors and auditors for the year ended 31 March 2010, the fixing of Directors' fees, the appointment of the incumbent auditors and the authorization to the Directors to fix audit fees.

### **PROPOSED GENERAL MANDATE TO ISSUE NEW SHARES**

At the annual general meeting of the Company held on 28 August 2009, the Directors were granted a general mandate to allot, issue and deal with Shares of HK\$0.01 each in the capital of the Company on the Stock Exchange. The mandate will expire at the conclusion of the AGM.

It will be proposed at the AGM an ordinary resolution, which is set out in resolution no. 5 of the Notice granting the Directors a general mandate to allot, issue, and deal with Shares not exceeding 20 per cent. (20%) of the Shares in the issued share capital of the Company as at the date of passing the resolution.

The Company has in issue an aggregate number of 14,412,926,754 Shares as at the Latest Practicable Date. Subject to the approval of the General Mandate and in accordance with the terms therein, the Company would be allowed to allot up to the aggregate nominal amount of 2,882,585,350 Shares on the basis that no further Shares will be issued or repurchased by the Company prior to the AGM.

The Directors have no immediate plans to issue any new Shares.

### **PROPOSED RE-ELECTION OF DIRECTORS**

The Board currently comprises two executive Directors, namely Messrs Fung Tsun Pong and Tsang Kam Ching, David; and three independent non-executive Directors, namely Messrs Yip Tak On, Jing Baoli and Bao Liang Ming.

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## LETTER FROM THE BOARD

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In accordance with Article 117 of the Articles of Association, at each annual general meeting one-third, or, if their number is not three or a multiple of three, then the number nearest one-third, of the Directors who have been longest in office since their last election by shareholders in a general meeting shall retire from office. As a result, Messrs Tsang Kam Ching, David and Bao Liang Ming (“Mr. Bao”), being the longest-serving Directors shall retire at the AGM and being eligible, offer themselves for re-election.

Mr. Bao being an independent non-executive Director of the Company eligible for re-election at the AGM of the Company has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that Mr. Bao meets the independence guidelines set out in Rule 3.13 of the Listing Rules and is independent in accordance with the terms of the guidelines.

In addition, Article 100 of the Articles of Association provides that any Director appointed by the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting. Up to the Latest Practicable Date, no Director was appointed by the Board and subject to re-election under the said Article 100.

### **Brief Biographical Details of the Retiring Directors are set out in Appendix I to this Circular**

Subject to Article 121, if a Shareholder wishes to nominate a person to stand for election as a Director at the AGM, notice of his intention to propose such person for election as a Director and the notice executed by the nominee of his willingness to be elected must be validly served at the Company’s Hong Kong branch share registrar, Tricor Progressive Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wan Chai, Hong Kong, at least seven (7) days before the date of the AGM. If a valid notice from a Shareholder to propose a person to stand for election as a Director at the AGM is duly received after the printing of this circular, the Company will issue a supplementary circular to inform the Shareholders of the details of the additional candidate proposed.

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## LETTER FROM THE BOARD

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### NOTICE OF ANNUAL GENERAL MEETING

The Notice is set out on pages 10 to 13 of this circular. Resolutions to be proposed at the AGM include:

- (i) an ordinary resolution to approve the proposed grant to the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the Shares in the issued share capital of the Company as at the date of passing such resolution; and
- (ii) ordinary resolution to approve the proposed re-election of the retiring Directors, namely Messrs Tsang Kam Ching, David and Bao Liang Ming as executive Director and independent non-executive Director respectively.

### FORM OF PROXY

A proxy form for use at the AGM is enclosed herein. Whether or not you intend to attend the AGM, you are requested to complete and return the accompanying proxy form in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjournment thereof if you so wish.

### VOTING BY POLL

Pursuant to rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll.

At the AGM, the chairman of the meeting will exercise his power under the Articles of Association of the Company to put all the resolutions set out in the Notice to the vote by way of poll.

### RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

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## LETTER FROM THE BOARD

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### RECOMMENDATIONS

The Directors believe that the General Mandate is in the best interests of the Company and its shareholders as a whole, and that an exercise of the General Mandate to allot and issue new Shares will enable the Company to take advantage of market conditions to raise additional capital for the Company.

The Directors also believe that the proposed re-election of retiring Directors and other resolutions to be proposed at the AGM are all in the best interest of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend you to vote in favour of the relevant resolutions to be proposed at the AGM.

Yours faithfully,  
By Order of the Board  
**Fung Tsun Pong**  
*Chairman*

*This appendix provides you with biographical details of the Directors who will retire from their offices at the AGM and being, eligible, will offer themselves for re-election, at the AGM in accordance with the Articles of Association.*

## PROPOSED DIRECTORS

**Mr. Tsang Kam Ching, David**, aged 53, joined the Group as an Executive Director on 17 February 2004. Mr Tsang has extensive financial management experience over the past 20 years which covers merchant banking, stock broking and corporate finance business. Mr Tsang is also a fellow member of the Chartered Association of Certified Accountants in the United Kingdom and a member of the Hong Kong Institute of Certified Public Accountants.

The employment of Mr. Tsang has been renewed by a service agreement dated 7 May 2010 for a term of three years determinable by either the Company or him by giving to the other not less than six months' written notice, and is subject to retirement and re-election at the annual general meeting of the Company in accordance with the Articles of Association of the Company. Pursuant to the Service Agreement, the director's fee of Mr. Tsang is HK\$200,000 per month which was determined by the Board according to his contribution to the Group and with reference to the prevailing range of fees for executive directors of listed companies in Hong Kong. Mr. Tsang has no relationships with any directors, senior management or substantial or controlling shareholders of the Company. Mr. Tsang has not held other directorships in any other listed companies in the last three years.

As at the Latest Practicable Date, Mr. Tsang beneficially interested in 66,624,499 shares (0.46%) in the Company.

**Mr. Bao Liang Ming**, aged 54, has been appointed as an independent non-executive director of the Group since 1 February 2007. Mr. Bao has vast executive and management experience. He has held various directorships in state-owned enterprises in Tianjin and Beijing of the People's Republic of China.

The appointment of Mr. Bao have been renewed for two years by an appointment letter commencing from 1 February 2009 and his appointment is determinable by either the Company or him by giving to the other not less than one month's written notice, and is subject to retirement and re-election at the annual general meeting of the Company in accordance with the Articles of Association of the Company. The director's fee of Mr. Bao is HK\$120,000 per year which was determined by the Board according to his contribution to the Group and with reference to the prevailing range of fees for independent non-

executive directors of listed companies in Hong Kong. Mr. Bao has no relationships with any directors, senior management or substantial or controlling shareholders of the Company and has not held other directorships in any other listed companies in the last three years.

As at the Latest Practicable Date, Mr. Bao does not hold any other interests or short positions in the shares, underlying shares and debentures of the Company.

Save as disclosed above and to the best of the Board's knowledge, information and belief, having made all reasonable enquiries, there is no other information relating to the proposed re-election of the retiring Directors that needs to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules nor the Board is aware of any other matters that need to be brought to the attention of the holders of securities of the Company in respect of the above proposed appointments.



**CHINA TIMBER RESOURCES GROUP LIMITED**  
**(中國木業資源集團有限公司\*)**

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**(Stock Code: 269)**

**NOTICE IS HEREBY GIVEN** that an annual general meeting of China Timber Resources Group Limited (the “Company”) will be held at 7th Floor, Xin Rui Ke Da Lou, Bao Shui Qu, Fu Tian Shi, Shenzhen, China (中國深圳福田市保稅區鑫瑞科大樓7層), on Monday, 30 August 2010 at 11:30 a.m. for the purpose of considering the following resolutions:

**AS ORDINARY BUSINESS**

1. To receive and consider the audited financial statements and the reports of directors and of the auditors for the year ended 31 March 2010.
2. To re-elect the retiring directors, Messrs Tsang Kam Ching, David and Bao Liang Ming as executive director and independent non-executive director respectively.
3. To authorise the board of directors of the Company (“Board”) to fix directors’ remuneration.
4. To re-appoint the retiring auditors for the ensuing year and to authorize the Board to fix their audit fee;

**AS SPECIAL BUSINESS**

5. To consider and, if thought fit, passing with or without amendments, the following resolution as an Ordinary Resolution:

“**THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.01 each in the capital of the Company (“**Shares**”) and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;

\* For identification purpose only

- (b) the Directors be and are hereby authorized during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible Shares) which would or might require the exercise of such powers during or after the end of the Relevant Period;
- (c) the aggregate nominal amount of Shares allotted, issued and dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) and (b), **otherwise than pursuant to** (i) a Right Issue (as hereinafter defined), (ii) the exercise of any rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are otherwise convertible into Shares, (iii) the exercise of any options granted under a share option scheme or similar arrangement of the Company for the time being adopted by the Company, or (iv) an issue of Shares in lieu of the whole or part of a dividend on Shares or any script dividend scheme or similar arrangement providing for the allotment of Shares in accordance with the Memorandum and Articles of Association of the Company from time to time, **shall not exceed the aggregate of twenty per cent (20%)** of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution and the said approval be limited accordingly; and
- (d) for the purpose of this Resolution:

“**Relevant Period**” means the period from the time of the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law of Cayman Islands to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors of the Company to the holders of Shares and/or warrants on the respective registers of the Company on a fixed record date in proportion to their then holdings of such shares and/or warrants (subject to such exclusion or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognized regulatory body or any stock exchange applicable to the Company).”

By Order of the Board

**Fung Tsun Pong**

*Chairman*

Hong Kong, 28 July 2010

*Principal place of business:*

Unit 1606, Office Tower  
Convention Plaza  
1 Harbour Road, Wanchai  
Hong Kong

*Notes:*

- (a) A member entitled to attend and vote at the above meeting is entitled to appoint one or more than one proxies to attend and vote on his behalf. A proxy need not be a member of the Company but must be present in person to represent the member.
- (b) If the appointer is a corporation, the form of proxy must be under its common seal, or under the hand of an officer or attorney duly authorized on its behalf.
- (c) In order to be valid, a form of proxy must be deposited at the Company's Hong Kong branch share registrar, Tricor Progressive Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. The completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting if you so wish. In the event that you attend the meeting after having lodged the form of proxy, the form of proxy will be deemed to have been revoked.
- (d) With respect to the resolution no. 5, approval is being sought from shareholders for a general mandate to issue shares to be given to the Directors. The Directors wish to state that they have no immediate plans to issue any new shares of the Company. Approval is being sought from the shareholders as a general mandate for the purpose of compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
- (e) Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such shares as if he was solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote and will be accepted to the exclusion of other joint registered holders in respect hereof.
- (f) The AGM is expected not to exceed half an hour, and all member and proxies shall be responsible for their own traveling expenses.

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