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China Timber to Raise HK\$523 Mln on Equity Line of Credit

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China Timber (269) said entered into an agreement with GEM Global Yield Fund Limited ("GEMGYF") and GEM Investment Advisors, Inc. ("GEMIA") pursuant to which

the company has been granted an option to require GEMGYF to subscribe for as much as HK\$300 million worth of shares structured under an equity line of credit and 1 billion warrants.

According to the agreement on the equity line of credit, the minimum floor issue price per option share would be HK\$0.12, a 23.7% discount to the closing price of HK\$0.157 on the agreement date of 5 January 2010. Based on the minimum floor issue price and the commitment amount of HK\$300 million, the company will issue 2.5 billion option shares.

The exercise price of the warrant would be HK\$0.23 per share, a 46.5% premium to the closing price of HK\$0.157 on the agreement date of 5 January 2010. If the warrants were fully exercised, the company will issue 1 billion shares.

If the option and the warrants are fully exercised by the company, the gross

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