



SUPERB SUMMIT INTERNATIONAL TIMBER COMPANY LIMITED
奇峰國際木業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 01228)

**ANNOUNCEMENT OF FINAL RESULTS FOR
 THE YEAR ENDED 31 DECEMBER 2007**

RESULTS

The Board of Directors of Superb Summit International Timber Company Limited (Formerly known as Tak Shun Technology Group Limited) (the “Company”) has the pleasure in presenting the following audited consolidated financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2007 with comparative figures for last year as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	<i>Notes</i>	2007 HK\$'000	2006 HK\$'000
Turnover	2	709,331	489,325
Cost of sales		<u>(582,182)</u>	<u>(466,176)</u>
Gross profit		127,149	23,149
Other income	4	57,264	9,289
Other gains and losses	5	491,529	–
Selling and distribution expenses		(17,930)	(18,138)
Administrative expenses		(46,511)	(21,734)
Other operating expenses		<u>(110,115)</u>	<u>(13,445)</u>
Profit/(loss) from operations	6	501,386	(20,879)
Finance costs	7	<u>(11,338)</u>	<u>(4,419)</u>
Profit/(loss) before tax		490,048	(25,298)
Income tax expenses	8	<u>(4,586)</u>	<u>(1,069)</u>
Profit/(loss) for the year		<u>485,462</u>	<u>(26,367)</u>
Attributable to:			
Equity holders of the Company		392,726	(26,367)
Minority interests		<u>92,736</u>	<u>–</u>
		485,462	(26,367)
Dividend	9	<u>–</u>	<u>–</u>
		<u>485,462</u>	<u>(26,367)</u>
Earnings per share for result attributable to the equity holders of the Company during the year			
Earnings/(loss)/per share	10		
Basic:			
current year/prior year as retrospectively restated/ as previously reported		<u>2.300 cents</u>	<u>(0.33 cents)/</u> <u>(1.65 cents)</u>
Diluted:			
current year/prior year as retrospectively restated/ as previously reported		<u>2.080 cents</u>	<u>(0.32 cents)/</u> <u>(1.65 cents)</u>

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2007

	<i>Notes</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Assets			
Non-current assets			
Owner-occupied leasehold interest in land		49,815	22,832
Property, plant and equipment		488,525	214,596
Goodwill		25,715	–
Biological assets		3,415,440	–
Total non-current assets		3,979,495	237,428
Current assets			
Inventories		107,085	108,431
Owner-occupied leasehold interest in land		760	266
Trade receivables	<i>11</i>	103,949	98,614
Prepayments, deposits and other receivables		139,995	37,811
Available for sales financial assets		11,610	–
Cash and cash equivalents		138,205	101,253
Total current assets		501,604	346,375
Total assets		4,481,099	583,803
Liabilities			
Current liabilities			
Trade payables	<i>12</i>	59,580	56,196
Tax payables		35,957	32,473
Other payables and accruals		199,082	41,136
Interest-bearing bank loans – due within one year		66,587	33,333
Total current liabilities		361,206	163,138
Non-current liabilities			
Convertible note payable		836,566	–
Interest-bearing bank loans – due after one year		346,680	16,667
Total liabilities		1,544,452	179,805
TOTAL NET ASSETS		2,936,647	403,998
Capital and reserves			
Share capital		176,299	23,040
Reserves		1,685,769	380,958
Total equity attributable to equity holders of the Company		1,862,068	403,998
Minority interests		1,074,579	–
TOTAL EQUITY		2,936,647	403,998

Notes:

1. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied a number of new standards, amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are either effective for accounting periods beginning on or after 1 January 2007. The adoption of the new HKFRSs had no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standard, amendment and interpretations that have been issued but are effective on or after 1 January 2008 since the directors of the Company anticipate that the application of these standard, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Revised)	Presentation of financial statements ¹
HKFRS 8	Operating segments ¹
HKAS 23 (Revised)	Borrowing cost ²
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transaction ³
HK(IFRIC) – Int 12	Service Concession Arrangements ⁴
HK(IFRIC) – Int 13	Customer Loyalty Programmes ⁵
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ⁴

¹ *Effective for annual periods beginning on or after 1 January, 2009.*

² *Effective for annual periods beginning on or after 1 January, 2009.*

³ *Effective for annual periods beginning on or after 1 March, 2007.*

⁴ *Effective for annual periods beginning on or after 1 January, 2008.*

⁵ *Effective for annual periods beginning on or after 1 July, 2008.*

Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial statements have been prepared under the historical cost basis except for leasehold land and buildings and certain financial instruments.

In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinances.

2. TURNOVER

The Group is principally engaged in the (i) exploitation and management of timber resources in the PRC; (ii) research and development, processing, manufacture, distribution, marketing and sales of a wide range of timber products and (iii) the manufacture and sales of electronic products.

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Income from logging and trading of timber and sales of flooring products	236,529	–
Sales of electronic products	472,802	489,325
	<u>709,331</u>	<u>489,325</u>

3. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The principal activities of the Group are (i) integrated timber business and (ii) the manufacture and sales of electronic products, which is managed according to the geographical location of ultimate customers.

(a) **Business segments – primary reporting format**

The following tables present revenue, results and certain asset, liability and expenditure information for the Group's business segments for the year ended 31 December 2007.

	Timber business		Electronic consumer products business		Consolidated	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Segment revenue:						
Sales to external customers	<u>236,529</u>	<u>–</u>	<u>472,802</u>	<u>489,325</u>	<u>709,331</u>	<u>489,325</u>
Segment results	<u>348,793</u>	<u>–</u>	<u>23,450</u>	<u>(23,398)</u>	<u>372,243</u>	<u>(23,398)</u>
Unallocated income					<u>231,654</u>	<u>–</u>
Unallocated expenses					<u>(113,849)</u>	<u>(1,900)</u>
Profit/(Loss) before tax					<u>490,048</u>	<u>(25,298)</u>
Income tax expenses					<u>(4,586)</u>	<u>(1,069)</u>
Profit/(Loss) for the year					<u>485,462</u>	<u>(26,367)</u>
Other segment information:						
Depreciation and amortisation	<u>7,084</u>	<u>–</u>	<u>18,075</u>	<u>21,074</u>	<u>25,159</u>	<u>21,074</u>
Unallocated depreciation	<u>–</u>	<u>–</u>	<u>56</u>	<u>56</u>	<u>56</u>	<u>56</u>
	<u>7,084</u>	<u>–</u>	<u>18,131</u>	<u>21,130</u>	<u>25,215</u>	<u>21,130</u>

	Timber business		Electronic consumer products business		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital expenditure	<u>3,540</u>	<u>–</u>	<u>7,525</u>	<u>27,645</u>	<u>11,065</u>	<u>27,645</u>
(Reversal)/Write-down of inventories to net realisable value	<u>–</u>	<u>–</u>	<u>(1,228)</u>	<u>4,689</u>	<u>(1,228)</u>	<u>4,689</u>
Write down value of property, plant and equipment	<u>–</u>	<u>–</u>	<u>4,359</u>	<u>8,970</u>	<u>4,359</u>	<u>8,970</u>
(Gain)/Loss on disposal of property, plant and equipment	<u>–</u>	<u>–</u>	<u>(1,426)</u>	<u>81</u>	<u>(1,426)</u>	<u>81</u>
Allowance/(recovery of) for bad and doubtful trade receivables	<u>–</u>	<u>–</u>	<u>176</u>	<u>(106)</u>	<u>176</u>	<u>(106)</u>
Allowance/(recovery of) for bad and doubtful other receivables	<u>–</u>	<u>–</u>	<u>320</u>	<u>(780)</u>	<u>320</u>	<u>(780)</u>
Surplus on revaluation of leasehold land and buildings	<u>–</u>	<u>–</u>	<u>(2,603)</u>	<u>(1,361)</u>	<u>(2,603)</u>	<u>(1,361)</u>
As at 31 December						
Segment assets	<u>3,855,437</u>	<u>–</u>	<u>482,556</u>	<u>464,299</u>	<u>4,337,993</u>	<u>464,299</u>
Unallocated assets	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>143,106</u>	<u>119,504</u>
Total assets	<u>3,855,437</u>	<u>–</u>	<u>482,556</u>	<u>464,299</u>	<u>4,481,099</u>	<u>583,803</u>
Segment liabilities	<u>1,383,164</u>	<u>–</u>	<u>98,424</u>	<u>97,332</u>	<u>1,481,588</u>	<u>97,332</u>
Unallocated liabilities	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>62,864</u>	<u>82,473</u>
Total liabilities	<u>1,383,164</u>	<u>–</u>	<u>98,424</u>	<u>97,332</u>	<u>1,544,452</u>	<u>179,805</u>

(b) Geographical segments based on the location of customers – secondary reporting format

In determining the Group's geographical segments, revenues, results and assets are attributed to the segments based on the location of the customers.

The following tables present revenue, results and certain asset and expenditure information for the Group's geographical segments for the year ended 31 December 2007.

	People's Republic of China		Hong Kong		India		Elsewhere in Asia		Africa, Western Europe, the Middle East, North and South America, and Russia		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:												
Sales to external customers	<u>326,552</u>	<u>88,980</u>	<u>4,882</u>	<u>3,556</u>	<u>126,485</u>	<u>130,240</u>	<u>53,978</u>	<u>57,638</u>	<u>197,434</u>	<u>208,911</u>	<u>709,331</u>	<u>489,325</u>
Capital expenditure	<u>2,852</u>	<u>5,027</u>	<u>2,199</u>	<u>201</u>	<u>2,013</u>	<u>7,358</u>	<u>859</u>	<u>3,256</u>	<u>3,142</u>	<u>11,803</u>	<u>11,065</u>	<u>27,645</u>
As at 31 December												
Segment assets	<u>2,152,887</u>	<u>66,764</u>	<u>1,779,288</u>	<u>1,161</u>	<u>124,791</u>	<u>121,808</u>	<u>75,570</u>	<u>74,040</u>	<u>205,457</u>	<u>200,526</u>	<u>4,337,993</u>	<u>464,299</u>
Unallocated assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,106</u>	<u>119,504</u>
Total assets	<u>2,152,887</u>	<u>66,764</u>	<u>1,779,288</u>	<u>1,161</u>	<u>124,791</u>	<u>121,808</u>	<u>75,570</u>	<u>74,040</u>	<u>205,457</u>	<u>200,526</u>	<u>4,481,099</u>	<u>583,803</u>

4. OTHER INCOME

	2007	2006
	HK\$'000	HK\$'000
Gain on disposal of property, plant and equipment	1,426	-
Write-back of net realisable value provision for inventory	1,228	-
Recovery of bad and doubtful trade receivables	-	106
Recovery of bad and doubtful other receivables	-	780
Gain on disposal of available for sales securities	42,217	-
Sundry income	4,546	5,851
Surplus on revaluation of leasehold land and buildings	2,603	1,361
Interest income	5,244	1,191
	<u>57,264</u>	<u>9,289</u>

5. OTHER GAINS AND LOSSES

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets	262,924	–
Release of negative goodwill	231,654	–
Impairment loss on available-for-sales investment	<u>(3,049)</u>	<u>–</u>
	<u>491,529</u>	<u>–</u>

6. PROFIT/(LOSS) FROM OPERATIONS

The Group's profit/(loss) from operations is arrived at after charging:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Cost of inventories sold	582,182	466,176
Depreciation of property, plant and equipment on – owned assets	24,934	20,830
Minimum lease payments under operating leases for leasehold land and buildings	3,258	403
Auditors' remuneration	1,597	560
Staff costs (excluding directors' emoluments)		
Wages and salaries	74,008	84,191
Retirement benefits scheme contributions (excluding directors' contributions)	12,099	5,137
Share-based payments expenses	104,281	802
Write-down of inventories to net realisable value	–	4,689
Allowance for bad and doubtful trade receivables	176	–
Allowance for bad and doubtful other receivables	320	–
Exchange loss, net	586	1,187
Write-down of property, plant and equipment	4,359	8,970
Loss on disposal of property, plant and equipment	–	81
Loss on disposal of subsidiary companies	<u>743</u>	<u>1,351</u>

7. FINANCE COSTS

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interest on:		
Bank loans wholly repayable within 5 years	9,173	4,419
Convertible notes	<u>2,165</u>	<u>–</u>
	<u>11,338</u>	<u>4,419</u>

8. INCOME TAX EXPENSES

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Current taxation:		
Hong Kong	149	33
Other jurisdictions	4,410	1,098
(Over)/under-provision in prior years		
Hong Kong	(14)	90
Other jurisdictions	41	(152)
	<u>4,586</u>	<u>1,069</u>

Hong Kong Profits Tax is calculated at 17.5% (2006:17.5%) of the estimated assessable profits arising in Hong Kong for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax expenses for the year can be reconciled to the profit/(loss) per the consolidated income statement is as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Profit/(loss) before taxation	<u>490,048</u>	<u>(25,298)</u>
Tax at domestic income tax rate	85,758	(4,427)
Tax effect of expenses that are not deductible in determining taxable profit	154	1,934
Tax effect of income that is not taxable in determining taxable profit	(50,901)	(6,173)
Tax effect of tax losses not recognized	16,982	11,330
Under/(Over)-provision in prior years	27	(62)
Effect of tax exemptions	-	(466)
Effect of different tax rates of subsidiaries operating in other jurisdictions	<u>(47,434)</u>	<u>(1,067)</u>
Tax expenses for the year	<u>4,586</u>	<u>1,069</u>

9. DIVIDEND

No dividend has been paid or proposed during 2007 and no dividend has been proposed since the balance sheet date (2006: Nil).

10. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earning/(loss) per share is based on the Group's profit for the year attributable to equity holders of the Company of approximately HK\$392,726,000 (2006: loss of HK\$26,367,000) and the weighted average of 17,073,024,570 (2006: 7,989,067,015 prior year as retrospectively restated/1,597,813,403 as previously reported) ordinary shares in issue during the years. Calculated as follows:

<i>Weighted average number of ordinary shares</i>	2007	2006 (Restated)
Issued ordinary shares at 1 January	2,304,006,720	1,440,004,800
Effect of issuance of Offer Shares	–	115,200,384
Effect of issuance of Placing Shares	450,700,274	42,608,219
Effect of issuance of Consideration Shares	128,013,008	–
Effect of issuance of Bonus Shares	14,101,782,880	6,391,253,612
Effect of exercise of Share options	11,798,674	–
Effect of exercise of Listed warrants	76,723,014	–
	<u>17,073,024,570</u>	<u>7,989,067,015</u>

Weighted average number of ordinary shares for the year ended 31 December 2006 is restated by bonus issue of ordinary shares on the basis of four bonus shares for one share.

(b) Diluted earnings/(loss) per share

The calculation of diluted earning/(loss) per share is based on the Group's profit for the year attributable to equity holders of the Company of approximately HK\$392,726,000 and the adjusted weighted average of 18,883,646,858 (2006: 8,000,606,695 prior year as retrospectively restated/1,600,121,339 as previously reported) ordinary shares in issue during the year. Calculated as follows:

<i>Weighted average number of ordinary shares (diluted)</i>	2007	2006 (Restated)
Weighted average number of ordinary shares at 31 December	17,073,024,570	7,989,067,015
Effect of exercise of Share options	62,132,176	6,265,830
Effect of issuance of contingently issuable shares Offer Shares	–	5,273,850
Effect of issuance of Conversion shares (net of tax)	1,217,269,600	–
Effect of exercise of Listed warrants	531,220,512	–
	<u>18,883,646,858</u>	<u>8,000,606,695</u>

11. TRADE RECEIVABLES

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Trade receivables	105,296	99,771
Less: Allowance for bad and doubtful trade receivables	<u>(1,347)</u>	<u>(1,157)</u>
	<u>103,949</u>	<u>98,614</u>

The Group normally allows credit terms ranging from 30 to 90 days to its customers.

An aging analysis of the trade receivables net of allowance for bad and doubtful trade receivables as at the balance sheet date, based on the date of recognition of the sale, is as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
1 – 30 days	46,464	41,277
31 – 60 days	28,523	29,375
61 – 90 days	17,873	16,938
Over 90 days	<u>11,089</u>	<u>11,024</u>
	<u>103,949</u>	<u>98,614</u>

The fair values of the Group's trade receivables at 31 December 2007 approximated to the corresponding carrying amounts.

12. TRADE PAYABLES

An aging analysis of the trade payables as at the balance sheet date, based on the receipt of goods purchased is as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
1 – 30 days	24,028	20,410
31 – 60 days	13,024	16,390
61 – 90 days	6,856	4,904
91 – 180 days	7,265	4,674
Over 180 days	<u>8,407</u>	<u>9,818</u>
	<u>59,580</u>	<u>56,196</u>

The fair values of the Group's trade payables at 31 December 2007 approximated to the corresponding carrying amounts.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

The Group is principally engaged in (i) exploitation and management of timber resources in the PRC; (ii) research and development, processing, manufacture, distribution, marketing and sales of a wide range of timber products and (iii) manufacturing and sales of electronic calculators and other electronic products and liquid crystal display units.

During the year ended 31 December 2007 (the “Year”), the Group recorded turnover of HK\$709.3 million, up 45% compared with approximately HK\$489.3 million last year. The Group’s net profit attributable to shareholders was HK\$392.7 million in contrast to net loss of approximately HK\$26.4 million last year.

The Group’s gross profit during the year recorded approximately HK\$127.1 million, representing an increase of 4.5 times compared with approximately HK\$23.1 million last year. Gross profit margin had increased to 17.9% (2006: 4.7%). The increase in gross profit margin reflects the contribution from the newly acquired timber business, which has high profit margin and ample profit growth potential.

Timber business

The Group had successfully diversified its business into timber resources and timber products manufacturing and trading business upon completion of acquisition of Green & Good Group Limited on 8 October 2007 and the operating results of the following approximately three months were already incorporated into the results of the Group during the Year.

During the Year, the Group has recorded a segment turnover of HK\$236.5 million, accounting for approximately 33.3% of the Group’s turnover (2006: Nil), which mainly arose from the timber logging and trading. The gross profit for timber business during the Year recorded approximately HK\$54.9 million (2006: Nil) and gross profit margin was 23.2% (2006: Nil).

Operating profit before the changes in fair value less estimated point-of-sale costs of biological assets for the timber business segment was HK\$28 million (2006: Nil). This well performance is due to the significant demand for the logs caused by expanded construction activities and continuing improvement of selling prices of the logs in the PRC.

Apart from the operating profit, the Group has also recorded a gain of HK\$263 million arising from the changes in fair value less estimated point-of-sale costs of biological assets. The management believes the growing demand for timber driven by strong economic growth in the PRC played a positive role in the valuation of the biological assets.

Electronic products business

During the Year, the Group's electronic products business segment recorded turnover of HK\$472.8 million, accounted for approximately 66.7% of the Group's turnover, down 3.4 % compared with the same segment of approximately HK\$489.3 million last year. The Group's electronic products business segment's operating profit was HK\$23.5 million in contrast to same segment's operating loss of approximately HK\$28.1 million last year.

The gross profit for electronic products business during the Year recorded approximately HK\$72.2 million (2006: approximately HK\$23.1 million), up 3.1 times compared with last year. Gross profit margin had increased to 15.3% (2006: 4.7%). During the Year, the Group's total production output of electronic calculators and other electronic products had decreased by approximately 11% compared with last year. The improved gross profit margin was mainly due to the fact that the Group had raised the products selling price generally during the Year and strengthened the control of production with an aim of improving the product quality. The Group had reviewed the products profile and more concentrated on high profit margin products. In addition, the Group had taken measures to improve the production efficiency and enhance the production planning control.

Electronic Calculators

During the Year, the sales of electronic calculators remained the Group's significant revenue generator, recording HK\$272.6 million or 38.4% of the Group's total turnover. (2006: sales of approximately HK\$306.0 million and 62.5% of the Group's total turnover). The decrease is mainly due to the Group had scaled down its production.

Other Consumer Electronic Products

During the Year, the sales of multifunctional water resistance watches and household telephones recorded HK\$62.8 million and HK\$53.4 million respectively, contributing 8.9% and 7.5% of the Group's turnover (2006: sales of multifunctional water resistance watches and household telephones were approximately HK\$57.3 million and HK\$40.1 million respectively, or 11.7% and 8.2% of the Group's turnover). The increase in sales of multifunctional water resistance watches and household telephones was mainly due to launching of more new models. The management expected these other electronic products would continue to play a more important role in the Group's electronic product portfolio in the future.

During the Year, the sales of electronic game cards recorded HK\$1.5 million or 0.2% of the Group's turnover (2006: HK\$3.6 million or 1% of the Group's turnover). The decrease in sales of electronic game cards was due to the reason that Group's customer had re-arranged its sales network and cut down its orders from the Group.

Liquid Crystal Display (“LCD”)

During the Year, the sale of LCD was HK\$42.2 million or 5.9% of the Group’s turnover (2006: sales of HK\$46.2 million or 9.4% of the Group’s turnover). The slight decrease in sales of LCD was partially due to keen price competition on STN-LCD and STN-LCD display units. Although the Group had upgraded its LCD production lines to include chip on glass (“COG”) production facilities, the development on COG was unsatisfactory and behind the Group’s schedules. Therefore, depending on the Group’s ability to gain more new customers on COG products, the Group may not further develop COG products in the future. The Group will continue to concentrate on the manufacturing and sales of TN-LCD and STN-LCD in the near term.

Corporate Development

On 8 October 2007, the Company had completed the acquisition from Superview International Limited 70% of the issued share capital of Green & Good Group Limited (Green & Good Group) at a total consideration of HK\$1.38 billion (“Acquisition”). The Green & Good Group’s sole asset is the entire equity interest in LEEKA Wood Company Limited, a wholly foreign owned enterprise established in the PRC, whose subsidiaries and itself are principally engaged in the (i) exploitation and management of timber resources in the PRC; and (ii) research and development, processing, manufacture, distribution, marketing and sales of a wide range of wood products.

The consideration of HK\$1.38 billion was satisfied by (i) HK\$200 million in cash (ii) HK\$250,311,150 by the allotment and issue of 556,247,000 consideration shares at HK\$0.45 per consideration share, credited as fully paid, payable to Superview; and (iii) the remaining balance of HK\$929,688,850 by the issue of the convertible notes at a conversion price of HK\$0.45 per conversion share to Superview.

Superview and the guarantors, namely Mr. Ho Kam Hung, Mr. Yiu Yat On and Ms. Qian Mingjin, jointly and severally undertake to the Company that:

- (1) the aggregate profits after tax shown in the audited consolidated accounts of Green & Good Group in accordance with Hong Kong GAAP compliance for the financial years ending 31 December 2007 and 31 December 2008 shall not be less than HK\$300 million and will compensate the Company for any shortfall between the guaranteed profits and the actual aggregate profits after tax shown in the audited consolidated accounts of Green & Good Group in accordance with Hong Kong GAAP compliance for the financial years ending 31 December 2007 and the financial year ending 31 December 2008;
- (2) the fair market value of net assets of Green & Good Group, to be assessed by an independent appraiser and to be confirmed in a valuation report, shall be not less than HK\$2,500 million.

During the Year, the Group's electronic products business had successfully returned to profit making from a loss in last year after implementing effective measures such as overall increase in selling price, improvement on controlling of production cost and scale down of production by concentrating on high profit margin products etc. Owing to the business environment had worsen as a result of appreciation of Renminbi and general increase in labour cost and raw material cost, the Group will continue to control the production costs and other appropriate measures to improve the production efficiency and profitability.

Employees and Remuneration Package

As at 31 December 2007, the Group had approximately 4,600 employees (2006: approximately 5,000 employees). The decrease in employees was attributable to scale down of production and outsourcing of certain labour intensive production procedures such as assembly. The remuneration package was based on their work performance, experience and the industry practice. The Group also participated in retirement benefits schemes for its staff in Hong Kong and the PRC.

Capital Expenditures

During the Year, the Group spent approximately HK\$11.1 million (2006: HK\$27.6 million) on acquisition of new production machineries, which was financed by internal cash resources.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 31 December 2007 (2006: Nil).

Financial Review

Liquidity and Finance Resources

During the Year, the Group generally financed its operations with internally generated resources and banking facilities provided by its principal bankers in Hong Kong and the PRC. As at 31 December 2007, the Group had approximately HK\$413 million interest-bearing borrowings (2006: HK\$50 million), of which approximately HK\$406 million was floating-interest bearing and denominated in Renminbi with maturity within five years and the remaining was floating-interest bearing and denominated in Hong Kong Dollars. The Group's banking facilities were secured by corporate guarantees given by the Company and certain subsidiaries of the Company.

As at 31 December 2007, the Group's bank borrowings were denominated in Hong Kong dollars and Renminbi. The Group's sales and purchases were either denominated in Renminbi, Hong Kong and US dollars. Accordingly, the Directors consider the Group has no significant exposure to foreign exchange fluctuations in view of the stability of the exchange rates of Renminbi, Hong Kong and US dollars. During the year, the Group did not use any financial instrument for hedging the foreign exchange risk. However, for hedging of interest rate risk, the Group used interest rate swap which could effectively convert the floating interest rate bank loan to fixed interest rate. The amount of swap outstanding at 31 December 2007 was approximately HK\$6.7 million (2006: approximately HK\$13.3 million).

As at 31 December 2007, the Group had current assets of approximately HK\$501.6 million (2006: HK\$346.4 million) and current liabilities of approximately HK\$361.2 million (2006: HK\$163.1 million). The Group's current ratio had decreased from approximately 2.1 times as at 31 December 2006 to approximately 1.4 times as at 31 December 2007. The Group had total assets of approximately HK\$4,481.1 million (2006: HK\$583.8 million) and total liabilities of approximately HK\$1,544.5 million (2006: HK\$179.8 million), representing a gearing ratio (expressed as total liabilities to total assets) of approximately 34.5% as at 31 December 2007 as compared with approximately 30.8% as at 31 December 2006.

Prospects

The success of diversifying our Group's business into new areas of high-growth timber business helps the Group broaden its revenue base and sources of profit. The current outlook for the timber market in the PRC remains positive with continuous demand, although the economic growth in the PRC will slow down in the near future. The prices of the logs maintain at a higher level under the constrained supply and continuous demand. The Group will take advantage of the expected favourable pricing environment to maximize the potential value of its rich timber resources. Apart from its existing timber resources, with the availability of financial resources, the Group will take initiatives to seize opportunities to acquire new timber sources both in the PRC and overseas to enrich its timber reserves. As the timber business has tremendous potential, it will become a major revenue and profit growth driver of the Group in the future.

We expect the electronic calculators market will still be stable in 2008. However, high inflation rate in PRC, appreciation of Renminbi and new legislations on labour add pressure to our electronic product manufacturing business. Since the Group had difficulties in passing all the cost pressure to our customers, the Group will continue to implement effective measures such as more reasonable adjustment of the product mix, reduction of inventories level and tighten the control of the production cost.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 20 May 2008 to 22 May 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office by no later than 4:30 p.m. 19 May 2008.

AUDIT COMMITTEE

The Company has an audit committee (the “Committee”) which was established in accordance with the requirements of the Code, for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Committee comprises the three independent non-executive directors of the Company, Mr. Chan Chi Yuen, Dr. Wong Yun Kun and Mr. Qiu Ji Zhi. The Committee has reviewed with management the accounting principles and practices adopted by the Company, and discussed internal control and financial reporting matters including the review of the final results for the year.

CODE OF CORPORATE GOVERNMENT PRACTICE

The Company has complied with the Code of Corporate Governance Practice (the “Code”) as set out in Appendix 14 of the Listing Rules, except the deviations from the code provisions A.4.1 and 4.2 of the Code. Code provision A.4.1 requires that non-executive directors should be appointed for a specific term and subject to re-election. All an independent non-executive directors of the Company are not appointed for a specific term but will be subject to retirement by rotation in accordance with the Articles of Association. Code provision A.4.2. requires all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. But in accordance with the Articles of Association of the Company, all Directors (except the Chairman, Deputy Chairman, Managing Director or Joint Managing Director) are subject to retirement by rotation and re-election at annual general meetings of the Company. New Directors appointed by the Board during the year are required to retire and offer themselves for re-election at the first annual general meeting immediately following their appointments. As such, the Company considers that sufficient measures have been taken to serve the purpose of these code provisions. The Board will review this practice from time to time. The Audit Committee of the Company has reviewed the results for the year ended 31 December 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (“Model Code”) as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry to all directors regarding any non-compliance with the Model Code during the year and they all confirmed that they have fully complied with the required standard set out in the Model Code.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE WEBSITE

The Company’s 2007 annual report containing the information required by the Listing Rules will be published on the Company’s website (www.takshun.com.hk) and website of The Stock Exchange of Hong Kong Limited in due course.

By Order of the Board
Superb Summit International Timber Company Limited
Lam Ping Kei
Chairman

Hong Kong, 25 April 2008

As at the date of this announcement, the Board comprised five executive directors, namely Lam Ping Kei (Chairman), Li Jun (Vice chairman), Jing Bin (Chief Executive Officer), Law Wai Fai and Cheng Man For; three independent non-executive directors, namely Chan Chi Yuen, Wong Yun Kuen and Qiu Ji Zhi.