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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 2008

RESULTS

The Board of Directors of Superb Summit International Timber Company 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 2008 with comparative figures for last year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Notes	**2008** **HK$'000**	2007 HK$'000 (restated)
Turnover	*5*	**504,159**	709,331
Cost of sales		**(498,892)**	(582,182)
Gross profit		**5,267**	127,149
Other income	*7*	**13,502**	57,264
Other gains and losses	*8*	**(344,895)**	1,216,640
Selling and distribution expenses		**(23,839)**	(17,930)
Administrative expenses		**(70,826)**	(46,511)
Other operating expenses		**(418,039)**	(110,115)
(Loss)/profit from operations	*9*	**(838,830)**	1,226,497
Finance costs	*10*	**(40,336)**	(11,338)
(Loss)/profit before tax		**(879,166)**	1,215,159
Income tax expenses	*11*	**(2,478)**	(4,586)
(Loss)/profit for the year		**(881,644)**	1,210,573

	Notes	**2008**	2007
		HK$'000	*HK$'000*
			(restated)
Attributable to:			
Equity holders of the Company		**(639,881)**	1,117,837
Minority interests		**(241,763)**	92,736
		(881,644)	1,210,573
Dividend	*12*	**–**	–
(Loss)/earnings per share for result attributable to the equity holders of the Company during the year			
(Loss)/earnings per share	*13*		
Basic:			
Current year/prior year as retrospectively restated/		**(3.512) cents**	6.547 cents
as previously reported			2.300 cents
Diluted:			
Current year/prior year as retrospectively restated/		**N/A**	6.045 cents
as previously reported			2.080 cents

CONSOLIDATED BALANCE SHEET

At 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000 (restated)
ASSETS			
NON-CURRENT ASSETS			
Owner-occupied leasehold interest in land		**51,413**	49,815
Property, plant and equipment		**184,154**	488,525
Goodwill		**–**	25,715
Biological assets		**3,227,017**	3,415,440
Total non-current assets		**3,462,584**	3,979,495
CURRENT ASSETS			
Inventories		**96,486**	107,085
Owner-occupied leasehold interest in land		**984**	760
Trade receivables	*14*	**107,863**	103,949
Prepayments, deposits and other receivables		**74,541**	139,995
Available-for-sales financial assets		**–**	11,610
Cash and cash equivalents		**54,582**	138,205
Amount due from minority interests		**325,111**	325,111
Total current assets		**659,567**	826,715
TOTAL ASSETS		**4,122,151**	4,806,210
LIABILITIES			
CURRENT LIABILITIES			
Trade payables	*15*	**43,481**	59,580
Tax payables		**36,547**	35,957
Other payables and accruals		**191,823**	196,918
Interest-bearing bank loan – due within one year		**406,780**	66,587
Convertible note payable		**109,965**	–
Total current liabilities		**788,596**	359,042
NON-CURRENT LIABILITIES			
Convertible note payable		**–**	568,781
Interest-bearing bank loan – due after one year		**–**	346,680
TOTAL LIABILITIES		**788,596**	1,274,503
TOTAL NET ASSETS		**3,333,555**	3,531,707
CAPITAL AND RESERVES			
Share capital		**234,523**	176,299
Reserves		**2,302,058**	2,380,830
Total equity attributable to equity holders of the Company		**2,536,581**	2,557,129
Minority interests		**796,974**	974,578
TOTAL EQUITY		**3,333,555**	3,531,707

Notes:

1. **MATERIAL FUNDAMENTAL UNCERTAINTIES IN RESPECT OF GOING CONCERN**

In preparing the consolidated financial statements, the directors have given careful consideration to the future liquidity of the Group in light of its net current liabilities of HK$129,029,000 as at 31 December 2008 and a net loss attributable to the shareholders of approximately HK$639,881,000 for the year ended 31 December 2008. The Group financed its capital intensive operations by short-term bank borrowings and shareholders equity. It tends to maintain a fair level of short-term bank borrowings which are renewed on a regular basis, as the borrowing costs of such arrangement are relatively lower. The directors are of the opinions that, after taking into account the presently available banking facilities and internal financial resources, the Group has sufficient working capital for its present requirements and will be able to meet in full its liabilities as they fall due in the foreseeable future.

Based on following reasons, the consolidated financial statements have been prepared on a going concern basis.

(i) The directors of the Company carefully reviewed the performance and viability of each of the Group business segment. The floorboard manufacturing business, which was operated by 綠之嘉木制品制造有限公司（"G & G Wood Products"）, a subsidiary Green & Good Group Limited which is a subsidiary of the Company, had defaulted on the repayment of part of the bank loan amounted to RMB36,000,000 as at 31 December 2008 and the repayment of bank loan of RMB360,000,000 is falling due within one year from the balance sheet date. In addition, its business cannot generate sufficient cash flow to sustain a viable business and unable to meet the obligation of its bank loan of RMB360 million outstanding at 31 December 2008. In view of the above, the Group had fully provided for G & G Wood Products assets. This amount of provision of HK$285 million is included in the consolidated loss of Green & Good Group Limited and its subsidiaries ("Green & Good Group") for the year ended 31 December 2008 and the Company will exercise its right provided by the profit guarantee to recover from the Vendor, Superview International Limited. As the bank loan of RMB360 million was unsecured and was guaranteed by a third party of which another subsidiary of Green & Good Group, Leeka Wood Company Limited ("Leeka Wood"), had counter-guaranteed to the third party for the captioned bank loan, the Group has no further obligation other than the investment cost of the G & G Wood Products and Leeka Wood. This bank loan will not create financial pressure on the Company and its subsidiaries other than G & G Wood Products and Leeka Wood and will not cause difficulties on the Group's operations as a going concerning.

(ii) The directors are planning in negotiation with the G & G Wood Products' bank to reschedule the repayment and possible extension of the bank loan due by the G & G Wood Products and seek the ongoing support to the G & G Wood Products from this bank and other banks.

(iii) The directors are planning in negotiation with the third party guarantor to restructure the bank guarantee arrangement in respect of the RMB360 million bank loan including the possibility of replacing the counter-guarantee given by the Leeka Wood with other security or releasing the counter-guarantee given by the Leeka Wood or limiting the counter-guarantee to an acceptable level.

(iv) The directors of the Company are considering various alternatives to strengthen the capital base of the Company through various funding exercises.

(v) The directors of the Company have continued to tighten cost controls over factory overheads and various general and administrative expenses, and are actively seeking new investment and business opportunities with an aim to attain profitable and maintain positive cash flow operations.

In light of the measures taken to date, together with the expected results of other measures in progress, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to operate as a commercially viable concern. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis, notwithstanding the Group's financial position and liquidity position as at 31 December 2008.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

Impact of new and revised HKFRSs and HKASs

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 or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transaction
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAR 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

The application of the new HKFRSs has no material effect on how the results and financial position 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 and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[4]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[5]
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners[3]
HK(IFRIC) – Int 18	Transfer of Assets from Customers[6]

[1] *Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009*

[2] *Effective for annual periods beginning on or after 1 January 2009*

[3] *Effective for annual periods beginning on or after 1 July 2009*

[4] *Effective for annual periods beginning on or after 1 July 2008*

[5] *Effective for annual periods beginning on or after 1 October 2008*

[6] *Effective for transfer of assets from customers received on or after 1 July 2009*

3. RESTATEMENT OF ACQUISITION CONSIDERATION UPON FAILURE TO ACHIEVE PROFIT GUARANTEE

(a) Failure to achieve guaranteed profit

On 8 October 2007, the Company had completed the acquisition of 70% interests in share capital of share capital of Green & Good Group Limited ("Green & Good"). According to the acquisition agreement, the Vendor, Superview International Limited and the Guarantors, Mr Ho Kam Hung, Mr Yiu Yat On and Ms Qian Ming In, had given profit guarantee in favour of the Company that the audited consolidated net profit after tax of Green & Good prepared in accordance with Hong Kong GAAP for the two financial years ended 31 December 2008 should not be less than HK$300 million. Any shortfall amount from guaranteed profit would be compensated by canceling the Restricted Convertible Notes, which were stakeheld by the Company, with the same amount of shortfall of guaranteed profit and should this amount of shortfall be more than HK$300 million, the exceeded amount would be compensated by offsetting against the amount due to the Vendor by the Group.

Details of audited results of Green & Good:	*HK$'000*
Consolidated profit after tax for the year 2007	277,713
Consolidated loss after tax for the year 2008	(702,824)
	(425,111)
Profit guarantee given by Vendor and Guarantors	(300,000)
The shortfall from guaranteed profit	(725,111)

(b) Retrospective statement from cancellation of restricted convertible notes and compensation of shortfall from guaranteed profit

Under Hong Kong Financial Reporting Standard 3 "Business Combinations" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the Group applied the purchase method to account for the acquisition of Green & Good in the consolidated financial statements of the Group. In the year 2007, the Company had recognised an amount of negative goodwill of HK$231,654,000 from acquisition of 70% equity interests of Green & Good. As the failure to achieve guaranteed profits results in changes to purchase consideration of 70% equity interests of Green & Good and changes in negative goodwill from acquisition, adjustments to these changes are applied retrospectively.

The negative goodwill arising from the acquisition of 70% equity interests in Green & Good is re-calculated as follows:

	HK$'000
Total cost of the acquisition previously stated *(Note)*	1,680,373
Cancellation of restricted convertible note	(300,000)
Compensation of shortfall exceeding guaranteed profit	(425,111)
Total cost of the acquisition restated	955,262
Net assets of Green & Good acquired as at 8 October 2007	2,731,468
Minority interests	(819,441)
Fair value of net assets of Green & Good acquired	1,912,027
Negative goodwill arising from acquisition restated	956,765

Note:

The original consideration for the acquisition is HK$1,680,373,000 satisfied as to:

(i) HK$200,000,000 in cash;

(ii) HK$929,688,000 by the issue of Convertible Note upon the completion of the Acquisition; and

(iii) HK$550,685,000 by the issue of consideration shares upon the completion of the Acquisition respectively.

The effect of changes in cancellation of restricted convertible notes and compensation of exceeded amount of shortfall from guaranteed profit on the income statement for the prior year and current year are as follows:

	2008	2007
	HK$'000	*HK$'000*
Profit for the year previously reported	–	392,726
Increase in negative goodwill arising from acquisition	–	725,111
Profit for the year restated	–	1,117,837

Analysis of increase in profit for the prior year and current year by line items presented according to their function:

	2008	2007
	HK$'000	*HK$'000*
Negative goodwill arising on acquisition previously reported	–	231,654
Increase in negative goodwill arising from acquisition	–	725,111
Negative goodwill arising on acquisition restated	–	956,765

The effect of changes in cancellation of restricted convertible notes and compensation of shortfall from guaranteed profit on the balance sheet for the prior year are as follows:

	As at 31/12/2007 (previously reported)	**Adjustment**	**As at 31/12/2007 (restated)**
	HK$'000	*HK$'000*	*HK$'000*
Amount due from a shareholder of minority interests	–	325,111	325,111
Total effect on Assets	–	325,111	325,111
Convertible Note Payable	836,566	(269,950)	566,616
Total effect on Liabilities	836,566	(269,950)	566,616
Conversion notes equity reserve	93,123	(30,050)	63,073
Minority interests	1,074,579	(100,000)	974,579
Retained profits	392,726	725,111	1,117,837
Total effect on Equity	1,560,428	595,061	2,155,489

4. POST BALANCE SHEET EVENTS

The following events occurred subsequent to 31 December 2008 up to the date of approval of these consolidated financial statements by the Board of Directors:

(i) On 21 January 2009, an amount of HK$60 million Convertible Note was converted into 666,666,666 shares in the capital of the Company at conversion price of HK$0.09 each.

(ii) On 29 February 2009, the third installment amounting approximately HK$40,678,000 (i.e. RMB36,000,000) had been expired. Up to the date of this report, the Group had settled the first and second installment interests but had defaulted the payment of principal of the bank loan. The bank loan of principal amounting RMB360,000,000 is still outstanding as at the date of this report.

(iii) Reference is made to the announcement of the Company dated 27 April 2009, the Profit Guarantee has not been met and the Vendor and the Guarantors fulfilled their obligations in relation to the Profit Guarantee under the Acquisition Agreement. According to the Acquisition Agreement, the Vendor, Superview International Limited and the Guarantors, Mr Ho Kam Hung, Mr Yiu Yay On and Ms Qian Ming In, had given profit guarantee in favour of the Company that the audited consolidated net profit after tax of Green & Good prepared in accordance with Hong Kong GAAP for the two financial years ended 31 December 2008 should not be less than HK$300 million. Any shortfall amount of guaranteed profit would be compensated by canceling the Restricted Convertible Notes, which were stakeheld by the Company, with the same amount of shortfall of guaranteed profit and should this amount of shortfall be more than HK$300 million, the exceeded amount would be compensated by offsetting against the amount due to the Vendor by the Group.

This event has been classified as an adjusted post balance sheet event and the impact on the consolidated financial statements has been disclosed in note 3 to the notes of consolidated financial statements.

5. 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.

	2008	2007
	HK$'000	*HK$'000*
Income from logging and trading of timber and sales of flooring products	**65,940**	236,529
Sales of electronic products	**438,219**	472,802
	504,159	709,331

6. 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

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

	Timber business		Electronic consumer products business		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(restated)				(restated)
Segment revenue:						
Sales to external customers	**65,940**	236,529	**438,219**	472,802	**504,159**	709,331
Segment results	**(759,215)**	348,793	**(86,242)**	23,450	**(845,457)**	372,243
Unallocated income					**–**	956,765
Unallocated expenses					**(33,709)**	(113,849)
(Loss)/profit before tax					**(879,166)**	1,215,159
Income tax expenses					**(2,478)**	(4,586)
(Loss)/profit for the year					**(881,644)**	1,210,573
Other segment information:						
Depreciation and amortisation	**38,944**	7,084	**18,097**	18,075	**57,041**	25,159
Unallocated depreciation	**–**	–	**–**	56	**–**	56
	38,944	7,084	**18,097**	18,131	**57,041**	25,215

	Timber business		Electronic consumer products business		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(restated)				(restated)
Capital expenditure	**4,941**	3,540	**15,850**	7,525	**20,791**	11,065
Write-down/(reversal) of inventories to net realisable value	**–**	–	**18,140**	(1,228)	**18,140**	(1,228)
Write down value of property, plant and equipment	**229,539**	–	**3,124**	4,359	**232,663**	4,359
Loss/(gain) on disposal of property, plant and equipment	**–**	–	**2,163**	(1,426)	**2,163**	(1,426)
Allowance for bad and doubtful trade receivables	**43,339**	–	**11,175**	176	**54,514**	176
Allowance for bad and doubtful other receivables	**12,816**	–	**560**	320	**13,376**	320
Deficit/(surplus) on revaluation of leasehold land and buildings	**–**	–	**50,074**	(2,603)	**50,074**	(2,603)
As at 31 December						
Segment assets	**3,350,796**	3,855,437	**444,442**	482,556	**3,795,238**	4,337,993
Unallocated assets	**–**	–	**–**	–	**326,913**	468,217
Total assets	**3,350,796**	3,855,437	**444,442**	482,556	**4,122,151**	4,806,210
Segment liabilities	**672,377**	1,113,215	**82,192**	98,424	**754,569**	1,211,639
Unallocated liabilities	**–**	–	**–**	–	**34,027**	62,864
Total liabilities	**672,377**	1,113,215	**82,192**	98,424	**788,596**	1,274,503

(b) Geographical segments based on the location of customers

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

The following tables present revenue, certain asset and expenditure information for the Group's geographical segments.

For the year ended 31 December

	People's Republic of China		Hong Kong		India		Elsewhere in Asia		Africa, Western Europe, the Middle East, North and South America, and Russia		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
				(restated)								(restated)
Segment revenue:												
Sales to external customers	127,936	326,552	2,142	4,882	130,478	126,485	63,428	53,978	180,175	197,434	504,159	709,331
Capital expenditure	7,143	2,852	118	2,199	4,719	2,013	2,294	859	6,517	3,142	20,791	11,065

As at 31 December

Segment assets	3,401,142	2,152,887	5,666	1,779,288	107,718	124,791	58,537	75,570	164,495	205,457	3,737,558	4,337,993
Unallocated assets	–	–	–	–	–	–	–	–	–	–	384,593	468,217
Total assets	3,401,142	2,152,887	5,666	1,779,288	107,718	124,791	58,537	75,570	164,495	205,457	4,122,151	4,806,210

7. OTHER INCOME

	2008	2007
	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
Exchange gain, net	**4,594**	–
Gain on disposal of available-for-sales securities	**–**	42,217
Sundry income	**8,076**	4,546
Surplus on revaluation of leasehold land and buildings	**–**	2,603
Dividend income	**30**	–
Interest income	**802**	5,244
	13,502	57,264

8. OTHER GAINS AND LOSSES

	2008	2007
	HK$'000	*HK$'000*
		(restated)
(Loss)/gain arising from changes in fair value less estimated point-of-sale costs of biological assets	**(344,895)**	262,924
Release of negative goodwill	**–**	956,765
Impairment loss on available-for-sales investment	**–**	(3,049)
	(344,895)	1,216,640

9. (LOSS)/PROFIT FROM OPERATIONS

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

	2008	2007
	HK$'000	*HK$'000*
Cost of inventories sold	**498,892**	582,182
Depreciation of property, plant and equipment on – owned assets	**56,057**	24,934
Auditors' remuneration	**1,148**	1,597
Staff costs (excluding directors' emoluments)		
Wages and salaries	**90,404**	74,008
Share-based payments expenses	**26,985**	104,281
Write-down of inventories to net realisable value	**18,140**	–
Allowance for bad and doubtful trade receivables	**54,514**	176
Allowance for bad and doubtful other receivables	**13,376**	320
Exchange loss, net	**–**	586
Write-down of property, plant and equipment	**232,663**	4,359
Loss on disposal of property, plant and equipment	**2,163**	–
Deficit on revaluation of leasehold land and buildings	**50,074**	–
Loss on disposal of available-for-sales investment	**8,787**	–
Write-off of goodwill	**25,715**	–
Loss on disposal of subsidiary companies	**–**	743

10. FINANCE COSTS

	Group 2008 *HK$'000*	2007 *HK$'000*
Interest on:		
Bank loans wholly repayable within 5 years	**31,519**	9,173
Convertible notes	**8,817**	2,165
	40,336	11,338

11. INCOME TAX EXPENSES

	Group 2008 *HK$'000*	2007 *HK$'000*
Current taxation:		
Hong Kong	**33**	149
Other jurisdictions	**830**	4,410
Under/(over)-provision in prior years		
Hong Kong	**1,615**	(14)
Other jurisdictions	**–**	41
	2,478	4,586

Hong Kong Profits Tax is calculated at 16.5% (2007:17.5%) 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 (loss)/profit per the consolidated income statement is as follows:

	2008	2007
	HK$'000	*HK$'000*
		(restated)
(Loss)/profit before taxation	**(879,166)**	1,215,159
Tax at domestic income tax rate	**(145,062)**	212,653
Tax effect of expenses that are not deductible in determining taxable profit	**53,991**	154
Tax effect of income that is not taxable in determining taxable profit	**(5,299)**	(177,796)
Tax effect of tax losses not recognized	**10,277**	16,982
Under-provision in prior years	**1,615**	27
Utilization of previously unrecognized tax losses	**(37)**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**86,993**	(47,434)
Tax expenses for the year	**2,478**	4,586

12. DIVIDEND

No dividend has paid or proposed during 2008 and no dividend has been proposed since the balance sheet date. (2007: Nil).

13. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earning per share is based on the Group's loss for the year attributable to equity holders of the Company of approximately HK$639,881,000 (2007: profit of HK$1,117,837,000 (as retrospectively restated), HK$392,726,000 as previously reported) and the weighted average of 18,222,409,085 (2007: 17,073,024,570) ordinary shares in issue during the year.

Weighted average number of ordinary shares	**2008**	2007
Issued ordinary shares at 1 January	**17,629,928,600**	2,304,006,720
Effect of issuance of Placing Shares	**–**	450,700,274
Effect of issuance of Consideration Shares	**–**	128,013,008
Effect of issuance of Bonus Shares	**–**	14,101,782,880
Effect of issuance of Share options	**41,147,260**	11,798,674
Effect of exercise of Listed warrants	**2,520,822**	76,723,014
Effect of issuance of Conversion Shares	**548,812,403**	–
Weighted average number of ordinary shares at 31 December	**18,222,409,085**	17,073,024,570

(b) Diluted (loss)/earnings per share

No diluted loss per share have been presented for year ended 31 December 2008 as the share options and convertible notes outstanding during the year had an anti-dilutive effect on the basic loss per share for year ended 31 December 2008.

The calculation of diluted earnings per share for the year ended 31 December 2007 is based on the Group's profit for the year 2007 attributable to equity holders of the Company of approximately HK$1,117,837,000 as retrospectively restated (HK$392,726,000 as previously reported) and the adjusted weighted average of 18,490,847,826 as retrospectively restated/18,883,646,858 as previously reported) ordinary shares in issue during the year 2007. Calculated as follows:

Weighted average number of ordinary shares (diluted)	2007 (restated)
Weighted average number of ordinary shares at 31 December 2007	17,073,024,570
Effect of exercise of Share options	62,132,176
Effect of issuance of Conversion shares (net of tax)	824,470,568
Effect of exercise of Listed warrants	531,220,512
Weighted average number of ordinary shares at 31 December 2007	18,490,847,826

14. TRADE RECEIVABLES

	Group	
	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**169,000**	105,296
Less: Allowance for bad and doubtful trade receivables	**(61,137)**	(1,347)
	107,863	103,949

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:

	Group	
	2008	2007
	HK$'000	*HK$'000*
1 – 30 days	**52,019**	46,464
31 – 60 days	**27,577**	28,523
61 – 90 days	**17,498**	17,873
Over 90 days	**10,769**	11,089
	107,863	103,949

The fair values of the Group's trade receivables at 31 December 2008 approximated to the corresponding carrying amounts.

15. 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:

	Group	
	2008	2007
	HK$'000	*HK$'000*
1 – 30 days	**17,661**	24,028
31 – 60 days	**11,360**	13,024
61 – 90 days	**4,161**	6,856
91 – 180 days	**2,750**	7,265
Over 180 days	**7,549**	8,407
	43,481	59,580

The fair values of the Group's trade payables at 31 December 2008 approximated to the corresponding carrying amounts.

16. EXTRACTED FROM THE INDEPENDENT AUDITOR'S REPORT

The following paragraphs extracted from the Independent Auditor's Report on the Group's financial statements for the year ended 31 December 2008.

Scope limitation – recoverability of amount due from a shareholder of minority interests

In respect of the amount due from a shareholder of minority interests with a carrying amount of approximately HK$325,111,000 as at 31 December 2008, in the absence of sufficient evidence available for our inspection, we have not been able to verify its recoverability. There were no alternative satisfactory audit procedures that we could adopt to obtain adequate assurance regarding the above issue. Any adjustment to the figures may have a consequential significant effect on the result for the period and net assets at the balance sheet date.

Material fundamental uncertainty relating to the going concern basis

In forming our opinion, we have considered the adequacy of the disclosures made in the consolidated financial statements concerning the basis of preparation of the consolidated financial statements made by the directors. The Group had a net operating cash outflow of approximately HK$1,713,000 and recorded a loss of approximately HK$881,644,000 for the year ended 31 December 2008 and, as at that date, the Group's current liabilities exceeded its current assets by approximately HK$129,029,000 and the Group had defaulted payment of bank loan of approximately HK$40,678,000.

Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis, which depends upon the success of the measures to improve the Group's profitability and cash flows, including, to obtain financing from other resources, to secure the necessary facilities from its existing bankers, and to assess the worst impacts arising from the failure of repayment of certain bank loans. The consolidated financial statements do not include any adjustments that might be necessary should the implementation of such measures become unsuccessful. Details of the circumstances relating to this fundamental uncertainty are described in note 1 to this announcement.

Although disclosures have been made, we consider that there exist certain extreme inherent uncertainties, including but not limited to, the following matters surrounding the circumstances under which the Group might successfully continue to adopt the going concern basis.

At the balance sheet date, a subsidiary of the Group, 綠之嘉木制品制造有限公司, had bank loans totaling approximately HK$406,780,000 (i.e. RMB360,000,000) guaranteed by a third party of which another subsidiary of the Group, Leeka Wood Company Limited (‘Leeka Wood), had counter-guaranteed to the third party for the captioned bank loan, in which the maturity date of the first and second installment totaling approximately HK$40,678,000 (i.e. RMB36,000,000) had been expired without settlement. Also, the third installment amounting approximately HK$40,678,000 (i.e. RMB36,000,000) had been defaulted subsequent to 31 December 2008. Up to the date of this report, the Group had settled the first and second installment interests but had defaulted the payment of principal of the bank loan. There are no other satisfactory audit procedures that we could adopt to verify the contingent liabilities arising from the consequences of default of bank loans repayment.

Due to the uncertainty of contingent liabilities arising from the consequences of default of bank loans payment and counter-guarantee to the third party, we are unable to confirm whether the group can be operated in going concern basis and the net book value of the assets amounting approximately HK$3,350,796,000, representing 81% of the Group’s assets, and liabilities amounting approximately HK$672,377,000, representing 85% of the Group’s liabilities, at the balance sheet date and the corresponding results amounting approximately HK$759,215,000, representing 86% of the Group’s result, for the year ended of the Group is properly recorded in true and fair basis. Thus, we have disclaimed our opinion in respect of this issue.

Any adjustments that might have been found to be necessary in respect of the matters set out in above may have a consequential and significant effect on the financial positions of the Group as at 31 December 2008, the Group’s loss and cash flows for the year ended 31 December 2008 and the related disclosures in the consolidated financial statements.

Disclaimer of opinion: disclaimer of view given by consolidated financial statements

Because of the significance of the matters described in the basis for disclaimer opinion and material fundamental uncertainty relating to the going concern basis paragraphs, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group at 31 December 2008 and of the loss and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BUSINESS OVERVIEW

The Group is principally engaged in (i) exploitation and management of timber resources in the PRC; (ii) research and development, processing, manufacturing, 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, the Group recorded turnover of HK$504.2 million, down 28.9% compared with approximately HK$709.3 million last year. Owing to the overspreading effect of financial tsunami over the world during the second half of the Year, the worldwide economy was contracted and the business of the Group was badly impaired. The cool down of property market has caused the demand of logs and wooden products shrunken. The Group had downsized its production output of electronic products in reaction to consequential economic contraction. The Group's net loss attributable to shareholders for the Year was HK$639.9 million in contrast to net profit of HK$1,117.8 million (restated) in last year. For the timber business, the Group had recognized a decrease in fair value of biological assets of HK$344.9 million (2007: increase HK$262.9 million) and made provision on certain plant and machinery amounted to HK$229.5 million (2007: HK$3.1 million) and had recorded a segment loss of approximately HK$759.2 million (2007 (restated): HK$348.8 million) during the Year. For the Group's electronic business, due to the contraction of business during the second half of the Year, the Group's electronic business had incurred a segment loss of approximately HK$86.2 million (2007: HK$23.5 million).

The Group's gross profit during the Year recorded approximately HK$5.3 million, representing a decline of 95.8% compared with approximately HK$127.1 million last year. Gross profit margin had decreased to 1.0% (2007: 17.9%). This is mainly due to the gross loss from timber business and higher provision for inventory than last year.

Timber business

The Group has recorded a turnover of HK$65.9 million (2007: HK$236.5 million) which mainly arose from the timber logging and trading. Operating loss from timber business was HK$759.2 million (2007 (restated): profit of HK$348.8 million). This poor performance is due to the unexpected reduction in demand of the logs caused by retreat of property market and weakened construction activities and the decrease in fair value less estimated point-of-sale costs of biological assets and the full provision of assets in a subsidiary of floorboard manufacturing business

Since the selling prices of the logs in the PRC were also dropped in the second half of the Year, the Group has also recorded a loss of HK$344.9 million arising from the changes in fair value less estimated point-of-sale costs of biological assets in contrast to a gain of HK$262.9 million in last year. In response to the worldwide financial crisis, major economic countries in the world had promptly implemented large scale financial stimulus plans to avoid the risk of economic recession. Although it is difficult to estimate the timing of recovering, economic situation of PRC is widely regarded as stable comparing with other countries. To avoid influential effect of economic recession from United States and European countries, PRC had already implemented a large scale economic stimulus plans on infrastructure and domestic demand areas. These measures can stablise the economy development from which the consumer and property markets can be benefited so that the demand for logs and floorboard products recouped.

As explained in above, the economic environment of second half of the Year is extremely challenging. Turnover from sales of logs and floorboard products were dropped sharply during the second half of the Year. Significant depreciation and interest payment add significant pressure to the operating performance. The management has adopted cost-saving measures and invested in new electronic timber trading platform to diversify the product mix of the Company.

Electronic products business

During the Year, the Group's electronic products business segment recorded turnover of HK$438.2 million, accounted for approximately 86.9% of the Group's turnover, down 7.3% compared with the same segment of approximately HK$472.8 million last year. The Group's electronic products business segment's operating loss was HK$86.2 million in contrast to same segment's operating profit of approximately HK$23.5 million last year.

The gross profit for electronic products business during the Year recorded approximately HK$19.0 million (2007: approximately HK$72.2 million), down 73.7% compared with last year. Gross profit margin had decreased to 4.3% (2007: 15.3%). During the Year, the Group's total production output of electronic calculators and other electronic products had decreased by approximately 17% compared with last year. The decline in 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.

Electronic Calculators

During the Year, the sales of electronic calculators remained the Group's significant revenue generator, recording HK$245.5 million or 48.7% of the Group's total turnover. (2007: sales of approximately HK$272.6 million and 38.4% 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$55.2 million and HK$63.0 million respectively, contributing 10.9% and 12.5% of the Group's turnover (2007: sales of multifunctional water resistance watches and household telephones were approximately HK$62.8 million and HK$53.4 million respectively, or 8.9% and 7.5% of the Group's turnover). The slightly decrease in sales of multifunctional water resistance watches was mainly due to decline in demand whereas increase in household telephones was mainly due to launching of more new models. The management will continue to develop more new models of household to capture more market opportunities.

Liquid Crystal Display ("LCD")

During the Year, the sale of LCD was HK$38.1 million or 7.6% of the Group's total turnover (2007: sales of HK$42.2 million or 5.9% of the Group's turnover). Internal requirement for LCD was dropped due to downsizing of production of electronic calculators and external sales were declined resulting from poor market demand during the second half of the Year, less TN-LCD and STN-LCD were produced.

Corporate Development

The performance of the timber business acquired by the Group in 2007 was not performed as expected. According to the terms and condition of the acquisition, the Vendor, Superview International Limited, together with other guarantors had given profit guarantee in respect of the Green & Good Group Limited (the "Green & Good Group") and its subsidiaries that the after tax profits for two financial years ended 31 December 2008 of not less than HK$300 million. However, the Green & Good Group had recorded a loss of HK$385 million for the two financial years ended 31 December 2008. The Company will exercise its right to recover the total amount of loss from the shortfall to guaranteed profit of HK$725 million by cancellation of the restricted convertible note of HK$300 million stakeheld by the Company and claiming the remaining amount from the Vendor and guarantors.

During the Year, the Group's electronic products business had incurred a loss although the Group had implemented measures such as raising selling price, controlling of production cost and downsizing of production and adjusting the product mix emphasising on high profit margin products. The downturn of electronic products business was mainly attributable to sharp decrease in market demand for electronic products in the second half of the Year and soaring of raw material cost and labour cost. The Group will continue to implement appropriate measures such as keeping low inventory level, controlling the cost of production and improving the production efficiency.

Employees and Remuneration Package

As at 31 December 2008, the Group had approximately 3,700 employees (2007: approximately 4,600 employees). The decrease in employees was attributable to downsizing 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$19.3 million (2007: HK$13.3 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 2008 (2007: 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 2008, the Group had approximately HK$406.8 million interest-bearing borrowings (2007: HK$413.3 million), of which approximately HK$406.8 million (2007: HK$406 million) was floating-interest bearing and denominated in Renminbi with maturity within one year. The Group's banking facilities were secured by corporate guarantees given by certain subsidiaries of the Company.

As at 31 December 2008, the Group's bank borrowings were denominated in 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 nor. 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. There was no interest rate swap outstanding at 31 December 2008 (2007: approximately HK$6.7 million).

As at 31 December 2008, the Group had current assets of approximately HK$659.6 million (2007 (restated): HK$826.7 million) and current liabilities of approximately HK$788.6 million (2007 (restated): 359.0 million). The Group's current ratio had decreased from approximately 2.3 times (restated) as at 31 December 2007 to approximately 0.8 times as at 31 December 2008. The Group had total assets of approximately HK$4,122.2 million (2007 (restated): HK$4,806.2 million) and total liabilities of approximately HK$788.6 million (2007 (restated): HK$1,274.5 million), representing a gearing ratio (expressed as total liabilities to total assets) of approximately 19.1% as at 31 December 2008 as compared with approximately 26.5% (restated) as at 31 December 2007.

Prospects

Despite of the unsatisfactory performance the timber business during the Year, the Group had continued to invest in electronic timber trading platform. In view of the huge stimulus plan implemented by PRC government and other major economic countries to avoid economic recession possibly cause by the financial tsunami, there are ample opportunities in timber and related business in PRC. The Group's investment in the electronic timber trading platform establishes a solid foundation for future development of the Group's integrated timber business.

In achieving the long term goal of development in the area of timber circulation, the Group will strive to attain integration of its timber stocks, inventories and other resources through standardized management within the circulation process of timber products. The Group had obtained satisfactory results from the study of standardization in the timber trading activities in China conducted by the Research Institute of Wood Industry of the Chinese Academy of Forestry, which aimed at standardizing timber trading activities in China, thereby facilitating standardization of the timber trading market in China. In future, the Group will identify and make investments in or form partnerships with such trading channels with leading status in the PRC.

For the electronic manufacturing business, the Group will continue to control the production costs and implement other appropriate measures to improve the production efficiency and profitability. Furthermore, the Group will closely monitor the market condition of electronic consumer products to explore new market opportunities.

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 2 June 2009 to 3 June 2009, 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 4:00 p.m. 1 June 2009.

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 Kuen and Mr. Zhu Guang Qian. 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. Two 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 2008.

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 2008 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
Lee Chi Kong
Chairman

Hong Kong, 27 April 2009

As at the date of this announcement, the Board comprised four executive directors, namely Lee Chi Kong (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 Zhu Guang Qian.