



奇峰國際
Superb Summit International

**SUPERB SUMMIT INTERNATIONAL
GROUP LIMITED**

奇峰國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 01228

2013

Interim Report

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

LEE Chi Kong (*Chairman*)
JING Bin (*Chief Executive Officer*)
Wu Tao

Independent Non-executive Directors

CHEUNG Wai Tak
CHEN Xiaoming
LI Bailing

MEMBERS OF AUDIT COMMITTEE

CHEUNG Wai Tak (*Chairman*)
CHEN Xiaoming
LI Bailing

MEMBERS OF REMUNERATION COMMITTEE

CHEUNG Wai Tak (*Chairman*)
CHEN Xiaoming
LI Bailing

MEMBERS OF NOMINATION COMMITTEE

CHEUNG Wai Tak (*Chairman*)
CHEN Xiaoming

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rm. 3103, Office Tower
Convention Plaza,
No. 1 Harbour Road,
Wan Chai, Hong Kong

COMPANY SECRETARY

CHAN King Chung

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Industrial Bank Co. Ltd.
Bank of Beijing

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC (Cayman) Limited
P.O. Box 484
HSBC House
68 West Bay Road
Grand Cayman
KY1-1106
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITORS

Parker Randall CF (HK) CPA Limited

SOLICITOR

TC & Co.
Units 2201-2203, 22/F.,
Tai Tung Building,
8 Fleming Road, Wan Chai
Hong Kong

WEBSITE

www.ssitimber.com.hk

STOCK CODE

01228

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2013

	Notes	Six months ended 30 June	
		2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Revenue		338,448	8,195
Cost of sales		(332,783)	(4,577)
Gross profit		5,665	3,618
Other income		740	719
Other losses		(1,462)	(5,212)
Distribution costs		(6,312)	(763)
Administrative expenses		(23,477)	(19,682)
Share-based payment expenses		—	(29,215)
Share of loss of a jointly controlled entity		(70)	—
Finance costs		(800)	(1,404)
Loss before tax	6	(25,716)	(51,939)
Income tax expense	7	—	(14)
Loss for the period		(25,716)	(51,953)
Attributable to:			
Owners of the Company		(25,416)	(51,901)
Non-controlling interests		(300)	(52)
		(25,716)	(51,953)
Loss per share attributable to ordinary equity holders of the Company	8		
Basic			
— For loss for the period		HK(0.4) cents	HK(1.24) cents
Diluted			
— For loss for the period		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Loss for the period	(25,716)	(51,953)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	54,336	(39,284)
Total comprehensive income for the period	28,620	(91,237)
Attributable to:		
Owners of the Company	28,921	(91,185)
Non-controlling interests	(301)	(52)
	28,620	(91,237)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	At 30 June 2013 HK\$'000 (Unaudited)	At 31 December 2012 HK\$'000 (Audited)
Non-Current Assets			
Prepaid land lease payments		72,986	72,643
Property, plant and equipment	10	3,600	4,194
Investment in a jointly controlled entity		1,456	—
Biological assets	11	3,483,079	3,428,356
		3,561,121	3,505,193
Current Assets			
Prepaid land lease payments		1,634	1,608
Amount due from directors		—	14
Trade receivables	12	12,300	834
Prepayments, deposits and other receivables	13	360,903	183,927
Equity investments at fair value through profit or loss		6,775	8,045
Cash and cash equivalents		25,508	2,557
		407,120	196,985
Current Liabilities			
Trade payables	14	41,473	37,331
Other payables and accruals	15	293,265	151,421
Interest-bearing other borrowing	16	1,537	737
		336,275	189,489
Net Current Assets		70,845	7,496
Net Assets		3,631,966	3,512,689
Capital and Reserves			
Issued capital	17	654,031	585,451
Reserves		2,993,712	2,946,474
Equity attributable to owners of the Company		3,647,743	3,531,925
Non-controlling interests		(15,777)	(19,236)
Total Equity		3,631,966	3,512,689

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended
30 June 2013

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Foreign currency translation reserve HK\$'000	Share options reserve HK\$'000	Warrant Reserve HK\$'000	Convertible notes equity reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-Controlling Interests HK\$'000	Total Equity HK\$'000
At 1 January 2013 (audited)	585,451	1,477,392	539,809	52,004	3,525	—	873,744	3,531,925	(19,236)	3,512,689
Loss for the period	—	—	—	—	—	—	(25,416)	(25,416)	(300)	(25,716)
Other comprehensive income for the period	—	—	54,337	—	—	—	—	54,337	(1)	54,336
Total comprehensive income for the period	—	—	54,337	—	—	—	(25,416)	28,921	(301)	28,620
Exercise of share option	29,150	40,054	—	(26,075)	—	—	—	43,129	—	43,129
Exercise of Warrant	39,430	7,863	—	—	(3,525)	—	—	43,768	—	43,768
Incorporation of a subsidiary	—	—	—	—	—	—	—	—	3,760	3,760
At 30 June 2013 (unaudited)	654,031	1,525,309	594,146	25,929	—	—	848,328	3,647,743	(15,777)	3,631,966

Six months ended
30 June 2012

	Attributable to owners of the Company									
	Share capital (Note 32) HK\$'000	Share premium (Note a) HK\$'000	Foreign currency translation reserve HK\$'000	Share options reserve HK\$'000	Warrant Reserve HK\$'000	Convertible notes equity reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-Controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2012 (audited)	419,616	1,472,765	509,674	—	—	56,701	1,006,120	3,464,876	(2,882)	3,461,994
The comprehensive income for the period	—	—	(39,284)	—	—	—	(51,901)	(91,185)	(52)	(91,237)
Equity-settled share option arrangements	—	—	—	29,215	—	—	—	29,215	—	29,215
At 30 June 2012 (unaudited)	419,616	1,472,765	470,390	29,215	—	56,701	954,219	3,402,906	(2,934)	3,399,972

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

Note	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Cash flows from operating activities		
	(67,736)	(44,696)
Cash flows from investing activities		
	(950)	4,821
Cash flows from financing activities		
	93,270	38,416
	24,584	(1,459)
	2,557	5,713
	(1,633)	(2,867)
	25,508	1,387
	25,508	1,352
	-	35
	25,508	1,387

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1 CORPORATION INFORMATION

Superb Summit International Group Limited (the “Company”) is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The condensed consolidated interim financial statements of the Company for the six months ended 30 June 2013 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in a jointly-controlled entity. The Group is principally engaged in the exploitation and management of timber resources and sales of coal products and other bulk commodities in the People’s Republic of China (the “PRC”).

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard 34 Interim Financial Reporting.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2012.

The Group has adopted all of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants which are relevant to its operations and effective for accounting periods beginning or after 1 January 2013. Except as follows, the adoption of the new and revised HKFRSs has had no significant impact on these condensed consolidated interim financial statements.

HKFRS 11 supersedes HKAS 31 “Interests in Joint Ventures” (HKAS 31) and HKSIC 13 “Jointly Controlled Entities-Non-Monetary-Contributions by Venturers”. It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, HKAS 31’s option of using proportionate consolidation for joint ventures has been eliminated. HKFRS 11 now requires the use of the equity accounting method, which is currently used for investments in associates.

The Group’s only joint arrangement within the scope of HKFRS 11 is its 70% investment in 滿洲里中木木材交易有限責任公司(「滿洲里」), which was accounted for using the proportionate consolidation method under HKAS 31. Management has reviewed the classification of 滿洲里 in accordance with HKFRS 11 and has concluded that it is a joint entity. HKFRS 11 requires the use of equity accounting for joint entries.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

HKFRS 11 has been applied retrospectively but with certain simplifications in accordance with the transitional provisions of that standard. Consequently, the investment in 滿洲里 has been restated by aggregating the carrying amounts of the assets and the liabilities that the Group had previously proportionately consolidated with effect from 1 January 2012.

The effects on the statement of financial position at 1 January 2012 and 31 December 2012 are:

	31 December 2012 HK\$'000 (Unaudited)	1 January 2012 HK\$'000 (Unaudited)
Increase in investments accounted for using the equity method	1,503	1,585
Decrease in:		
Property, plant and equipment	(104)	(151)
Trade receivables	(834)	—
Other receivables	(815)	(61)
Prepayment	(535)	(2,203)
Cash on hand	(59)	(46)
Cash at bank	—	(173)
Receipt in advance	838	524
Salary payables	6	5
Other payables	—	520
Change in net assets	—	—

The effects on the statement of comprehensive income for the year ended 31 December 2012 and for the six months ended 30 June 2012 are:

	Year ended 31 December 2012 HK\$'000 (Unaudited)	Six months ended 30 June 2012 HK\$'000 (Unaudited)
Increase in share of loss from equity method	(94)	(121)
Decrease in:		
Revenue	(831)	(834)
Cost of sales	816	818
Sales tax	5	2
Distribution costs	12	8
Administrative expenses	92	127
Change in loss for the period	—	—

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The application of HKFRS 11 had an immaterial impact on the statement of cash flows and on the loss per share for the year ended 31 December 2012 and for the six months ended 30 June 2012.

The Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective in these condensed consolidated interim financial statements.

The preparation of interim financial statements requires management to make judgments, estimate and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.

5. SEGMENT INFORMATION

(a) Operating segment information

	Logging and trading of timbers		Sale of coal and related products		Consolidated	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Revenue from external customers	–	8,195	338,448	–	338,448	8,195
Reportable segment results	(23,810)	(50,535)	(1,036)	–	(24,846)	(50,535)
Share of profit or (loss) of a jointly controlled entity (net of income tax)	(70)	–	–	–	(70)	–
Loss from operations	(23,880)	(50,535)	(1,036)	–	(24,916)	(50,535)
Finance costs	(800)	(1,404)	–	–	(800)	(1,404)
Loss before taxation	(24,680)	(51,939)	(1,036)	–	(25,716)	(51,939)
Income tax	–	(14)	–	–	–	(14)
Loss for the year	(24,680)	(51,953)	(1,036)	–	(25,716)	(51,953)
Depreciation	1,424	740	3	–	1,427	740
Fair value loss on equity investments at fair value through profit or loss	(1,270)	–	–	–	(1,270)	–
Gain/(Loss) on disposal of equity investment at fair value through profit or loss	–	(5,212)	–	–	–	(5,212)
Total assets	3,929,603	3,486,339	38,638	–	3,968,241	3,486,339
Total liabilities	235,595	86,367	100,680	–	336,275	86,367
Capital expenditure	891	3	–	–	891	3

5. SEGMENT INFORMATION (CONTINUED)

(b) Geographical information

No geographical information is shown as the revenue from external customers and non-current assets of the Group are substantially derived from activities or located in the PRC.

6. LOSS BEFORE TAX

The Group's loss before tax from operations is arrived at after charging (crediting):

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Cost of inventories sold	332,783	4,577
Depreciation of property, plant and equipment	1,427	740
Amortisation of prepaid land lease payments	811	793
Interest on convertible notes	—	144
Fair value gains on equity investments at fair value through profit or loss, net	(1,270)	—
Loss on disposal of equity investments at fair value through profit or loss	—	5,212

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Current tax — Charge for the period:		
Hong Kong	—	—
The PRC	—	14
Total tax charge for the period	—	14

Hong Kong profits tax is calculated at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

During six months ended 30 June 2013, no Hong Kong profits tax has been provided for as the Group did not generate any taxable profits from Hong Kong (2012: nil).

During six months ended 30 June 2013, taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2012: 25%).

8. LOSS PER SHARE

The calculations of basic and diluted loss per share are based on:

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Loss		
Loss attributable to ordinary equity holders of the Company	(25,416)	(51,901)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	6,399,259	4,196,157

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2013 and 2012 in respect of a dilution as the impact of the share options and warrants issued by the Company had an anti-dilutive effect on the basic loss per share amounts presented.

Basic loss per share is HK\$0.40 cents per share (2012: HK\$1.24 cents per share), based on the loss for the period from operations and the denominators detailed above for basic loss per share.

9. DIVIDEND

No dividend was paid or proposed for the six months ended 30 June 2013, nor has any dividend been proposed since the end of the reporting period (2012: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$891,045 on additions to furniture and Fixtures and disposed HK\$58,788 furniture and Fixtures. During the six months ended 30 June 2012, the Group spent approximately HK\$3,000 on additions to furniture and fixtures and no disposals respectively.

11. BIOLOGICAL ASSETS

During the period, the Group recognised approximately HK\$Nil (2012: HK\$3,729,000) of biological assets included in the cost of sales.

	At 30 June 2013 HK\$'000 (Unaudited)	At 31 December 2012 HK\$'000 (Audited)
At 1 January	3,428,356	3,343,400
Direct sales	—	(3,757)
Gain arising from changes in fair value less cost to sell of biological assets	—	62,073
Exchange realignment	54,723	26,640
	3,483,079	3,428,356

As at 30 June 2013, the directors of the Company have considered the carrying amount of the Group's biological assets carried at previously revalued amounts at 31 December 2012 and estimated that the carrying amounts do not differ significantly from that which would be determined using fair values at the end of the reporting period. Consequently, no revaluation surplus or deficit has been recognised in the period.

12. TRADE RECEIVABLES

	At 30 June 2013 HK\$'000 (Unaudited)	At 31 December 2012 HK\$'000 (Audited)
Trade receivable	14,999	3,490
Less: allowance for doubtful debts	(2,699)	(2,656)
	12,300	834

	At 30 June 2013 HK\$'000 (Unaudited)	At 31 December 2012 HK\$'000 (Audited)
0-30 days	12,300	—
31-60 days	—	834
61-90 days	—	—
Over 90 days	2,699	2,656
	14,999	3,490

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2013 HK\$'000 (Unaudited)	At 31 December 2012 HK\$'000 (Audited)
Prepayment	101,682	130,910
Deposits	214,173	683
Loan receivable	84,822	87,586
Other receivables	48,613	51,817
Less: Provision losses	(88,387)	(87,069)
	360,903	183,927

14. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period is as follows:

	At 30 June 2013 HK\$'000 (Unaudited)	At 31 December 2012 HK\$'000 (Audited)
0-30 days	—	4,136
Over 180 days	41,473	33,195
	41,473	37,331

15. OTHER PAYABLES, ACCRUALS AND RECEIPT IN ADVANCE

	At 30 June 2013 HK\$'000 (Unaudited)	At 31 December 2012 HK\$'000 (Audited)
Other payables	68,042	43,146
Accruals	15,893	13,880
Receipt in advance	207,362	94,073
Amount due to a jointly-controlled entity	1,968	322
	293,265	151,421

16. INTEREST-BEARING OTHER BORROWING

	At 30 June 2013 HK\$'000 (Unaudited)	At 31 December 2012 HK\$'000 (Audited)
Other loan — unsecured	1,537	737

The Group's other loans are unsecured, bear interest at 4% per annum (2012: 4%), and repayable within one year.

17. SHARE CAPITAL

	At 30 June 2013 HK\$'000 (Unaudited)	At 31 December 2012 HK\$'000 (Audited)
Authorised: 10,000,000,000 ordinary shares of HK\$0.1 each	1,000,000	1,000,000
Issued and fully paid: 6,540,309,405 (2012: 5,854,509,405) ordinary shares of HK\$0.1 each	654,031	585,451

18. SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants to subscribe new shares of the Company. A summary of the terms of the share option scheme adopted by the Company has been disclosed in the Company's 2012 annual report.

The following table discloses movements of the Company's share options outstanding during the period:

Name/category of participants	At 1 January 2013	Granted During the period	Exercised During the period	Lapsed During the period	At 30 June 2013	Date of Grant of Share options	Exercised Period of Share options	Exercise Price Per Share HK\$
Consultants	288,000,000	—	153,000,000	—	135,000,000	30/08/2012	30/08/2012 to 10/11/2021	0.15
In aggregate	196,000,000	—	90,000,000	—	106,000,000	17/01/2012	17/01/2012 to 10/11/2021	0.145
Employees								
In aggregate	31,500,000	—	19,500,000	—	12,000,000	30/08/2012	30/08/2012 to 10/11/2021	0.15
	72,000,000	—	29,000,000	—	43,000,000	17/01/2012	17/01/2012 to 10/11/2021	0.145

Notes:

The exercise price of the share option is subject to adjustment in the case of a capitalization issue, rights issue, sub-division or consolidation of the Company's shares or reduction of the Company's share capital.

19. CAPITAL COMMITMENTS

The Group had no significant capital commitments at the end of the reporting period.

20. OPERATING COMMITMENTS

The Group leases certain leasehold land and buildings under operating lease. The original lease terms for these leasehold land and buildings ranged from one to twenty years.

At the end of the reporting period, the Group had commitment for future minimum lease payments under non-cancellable operating leases falling due as follows:

	At 30 June 2013 HK\$'000 (Unaudited)	At 31 December 2012 HK\$'000 (Audited)
Within one year	3,129	2,871
In the second to fifth years, inclusive	2,055	4,059
After 5 years	—	—
	5,184	6,930

21. CONTINGENT LIABILITIES

The Group did not have any contingent liabilities at the end of the reporting period.

22. RELATED PARTY TRANSACTIONS

- (a) Except for transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group has no other significant transactions and balances with the its related parties during the six months ended 30 June 2013.
- (b) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Short term employee benefits	—	2,010
Post-employment benefits	1,631	—
Equity-settled share option expense	—	—
Total compensation paid to key management personnel	1,631	2,010

23. EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) Grant of Share Options

On 17 July 2013, 650,000,000 share options were granted to individuals (the "Grantees") and were all accepted by the Grantees under the share option scheme adopted by the company on 11 November, 2011. Upon full exercise by each grantee at an exercise price of HK\$0.318 each, the company will issue 650,000,000 ordinary shares of HK\$0.10 each. Details of which was announced on 17 July, 2013.

(b) Exclusive acquisition of the equity interests of Australian golden mine company

The exclusive exercise right to acquire the equity interests of an Australian golden mine company was expired on 5 July, 2013, details of which was announced on 5 July, 2013.

(c) Cooperation Framework Agreement Regarding Heavy Energy Hydrogenation and Upgrading Project

As at 26 August 2013, the Company entered into the Cooperation Framework Agreement with a Target Company and China Shipbuilding in relation to the long term and full scale cooperation in the development and industrial application of hydrogenation and upgrading project of heavy energy, details of which are referred to the announcement dated 27 August 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW ANALYSIS

A comparative breakdown of the consolidated revenue streams into the product types are set forth in the following table for the periods indicated:

The Group's unaudited revenue for the six months ended 30 June 2013 amounted to HK\$338.45 million, representing a remarkable growth of 41 times as compared with HK\$8.2 million for the six months ended 30 June 2012. The significant increase in revenue during the reporting period was driven by the strong increase in the sales volume of bulk commodity products.

The Group's loss attributable to shareholders was HK\$25.72 million, a decrease of 50% compared with HK\$51.9 million in the corresponding period of last year. The decrease in loss attributable to shareholders is mainly due to a decrease in other loss to HK\$ 1,462,000 during the reporting period from HK\$ 5,212,000 for last year, and no share-based payment expense incurred in relation to share options granted during the reporting period, while the share-based payment expense in relation to share options granted in the corresponding period of last year was HK\$ 29,215,000.

GROSS PROFIT

	Six months ended 30 June			
	2013		2012	
	Gross profit HK\$'000 (Unaudited)	Gross profit margin	Gross profit HK\$'000 (Unaudited)	Gross profit margin
Total	5,665	1.67%	3,618	44%

The Group's overall gross profit for the six months ended 30 June 2013 was HK\$5,665,000, representing an increase of HK\$2,047,000 as compared with HK\$3,618,000 for the corresponding period in 2012. The gross profit margin decreased to 1.67% as compared against 44% for the corresponding period of last year, mainly attributable to the change from the timber logging business with a relatively high gross profit margin to the commodity trading business with a relatively low gross profit margin in our operating business.

SELLING AND DISTRIBUTION EXPENSES

	Six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Selling and distribution expenses (HK\$'000)	6,312	763
As a percentage of total revenue	1.86%	9.31%

Selling and distribution expenses of the Group for the six months ended 30 June 2013 increased by HK\$5,549,000 to HK\$6,312,000 from HK\$763,000 for the corresponding period in 2012. The net increase of HK\$5,549,000 was primarily attributable to expenditures for marketing and promotion expenses to support new operation in the new product market and markets' expansion. As a percentage of total revenue, selling and distribution costs decrease to 1.86% in the first half of 2013 as compared with 9.31% in the corresponding period of 2012.

ADMINISTRATIVE EXPENSES

	Six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Administrative expenses (HK\$'000)	23,477	19,682
As a percentage of total revenue	7%	240%

Administrative expenses increased by HK\$3,795,000 to HK\$23,477,000 for the six months ended 30 June 2013 from HK\$19,682,000 for the corresponding period in 2012. The net increase of HK\$3,795,000 was primarily attributable to an increase in the remuneration for the Group's employees as a result of new staff recruitment and termination of certain former employees for new business operation purposes. As a percentage of total revenue, administrative expenses significantly decreased to 7% in the first half of 2013 as compared with 240% in the corresponding period of 2012.

INCOME TAX EXPENSE

For the six months ended 30 June 2013, there is no income tax expense for the Group, while HK\$14,000 was recorded for the corresponding period of last year.

NET PROFIT

Net loss and basic loss per share of the Group¹ amounted to HK\$25,716,000 and HK\$0.4 cents for the six months ended 30 June 2013, as compared with net loss of HK\$51,953,000 and basic loss per share of HK\$1.24 cents for the six months ended 30 June 2012. Despite a significant increase in the revenue during the period that offset an increase in the Group's selling and distribution expenses, administrative expenses, net loss decreased by HK\$26.2 million in the first half of 2013. The decrease in the loss was mainly due to no share-based payment expense recognized during the period, as compared against HK\$29,215,000 for the corresponding period of last year, and other loss decreased to HK\$1,462,000 from HK\$5,212,000 for last year.

Liquidity and Finance Resources

During the period, the Group principally financed its operations with internally generated resources, through issue & allotment of new shares upon exercise of share options and conversion of warrants. As at 30 June 2013, the Group had interest-bearing borrowings of HK\$1.54 million (31 December 2012: HK\$0.74 million), bearing interest of 4% (31 December 2012: 4%) per annum and repayable within one year.

The Group's sales and purchases were either denominated in Renminbi, Hong Kong dollars or 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 dollars and US dollars. During the period, the Group did not use any financial instrument for hedging the foreign exchange risk or interest rate risk.

As at 30 June 2013, the Group had current assets of approximately HK\$407,120,000 (31 December 2012: HK\$196,985,000) and current liabilities of approximately HK\$336,275,000 (31 December 2012: HK\$189,489,000). The Group's current ratio is approximately 1.26 times as at 30 June 2013 to approximately 1.04 times as at 31 December 2012. The Group had total assets of approximately HK\$3,968 million and total liabilities of approximately HK\$336,275,000 as at 30 June 2013, compared with 3,702 million and 189,489,000 respectively as of 31 December 2012. This represented a gearing ratio (expressed as total liabilities to total assets) of approximately 11.8% as at 30 June 2013 as compared with approximately 5.1% as at 31 December 2012.

Capital Expenditures

During the reporting period, the Group utilized HK\$891,000 (for the corresponding period of 2012: HK\$3,000) and HK\$59,000 (for the corresponding period of 2012: nil for the disposal) for the addition of the furniture and fixture and the disposal of furniture and fixture respectively.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2013 (31 December 2012: Nil).

Business Review

In line with the business development strategy made in 2012, the Company continued to focus on the research and market development of business related to the resource products other than timber in the first half of 2013. Leveraging the opportunities arising from China State Shipbuilding Corporation's ("CSSC") plan to develop diversified operations in addition to vessel-related business, the Company joint hands with enterprises such as China Shipbuilding Industry Complete Logistics Co., Ltd. (中船工業成套物流有限公司, a subsidiary of CSSC) as strategic partner and designated supplier and NN Energy Holdings Limited to carry out trade on coal and iron ore, and the cooperation in investment and trade of domestic natural gas, international crude oil and fuel oil was also under preparation as schedule. While developing business in the bulk resources commodity trading sector, the Company also actively sought to participate in creative projects concerning energy new technology such as the "Heavy Energy Hydrogenation and Upgrading Project".

Business Outlook

Given the changing business environment of the forestry industry, the management considers diversification of business with growth potential to be in the best interest to the Company and its shareholders. The Company is continuously exploring potential investment opportunities to broaden its revenue and profit base and also to minimize risk on timber business faced by the Company. Furthermore, the management is considering various alternatives to increase the Company's resources for the development of the existing business and potential investment opportunities.

Foreign Exchange Exposure

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies, where the revenue, cost of sales and certain portion of the bank loans are denominated in USD. Exchange rate fluctuations between RMB and USD may affect the Group's performance and asset value, The Group had not entered into any derivative contracts to hedge against the risk for the six months ended 30 June 2013.

Credit Risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and Group's exposure to bad debts is not significant, Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

Interest Rate Risk

The risk in interest rate concerning the Group primarily related to its short-term and long-term loans and other borrowings. The interests are calculated at fixed rates. To the end of the period, the Group has neither executed any form of interest rate agreement or derivative to hedge against the fluctuation in interest rate.

Employees and Remuneration Package & Policy

As at 30 June 2013, the Group had approximately 50 employees (2012: 57 employees). The decrease in the number of employees was mainly attributable to the decreased sales force as a result of the diminishing activities in the Group's timber products. 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. The remuneration of the Group's employees is commensurate with their responsibilities and market rates, with discretionary bonuses given on a merit basis.

DISCLOSURE OF ADDITIONAL INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES AND SHARE OPTIONS

As at 30 June 2013, the interests of the directors and chief executives of the Company in the shares and share options of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long position

Ordinary shares of HK\$0.10 each of the Company

Name of directors	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital
Mr. Lee Chi Kong	Held by controlled corporation (Note 1)	32,912,000	0.50%
	Beneficial owner	165,000	0.025%
		33,077,000	0.506%
Mr. Jing Bin	Beneficial owner (Note 2)	263,145,137	4.02%
		296,222,137	5.00%

Note:

1. These ordinary shares are owned by Huge Healthy Investment Development Limited (“Huge Healthy”), a company incorporated in the British Virgin Islands (the “BVI”). The entire issued share capital of Huge Healthy is beneficially owned by Mr. Lee Chi Kong.
2. These ordinary shares are owned by Magic Stone Fund (China), a company incorporated in the Cayman Islands, which totally owns 1,331,756,000 shares of the Company. Mr. Jing Bin owns 17.7% of the issued share capital of Magic Stone Fund (China), which entitles him to 263,145,137 shares of the Company.

Save as disclosed above, none of the other directors, chief executives and their associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2013.

DIRECTORS’ RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading “Directors and chief executive’s interests or short positions in shares and share options” above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2013, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors and chief executive, the following shareholders had notified the Company of the relevant interests in the issued share capital of the Company.

Long positions

Ordinary shares of HK\$0.10 each of the Company

Name of shareholders	Capacity	Number of issued ordinary shares held	Number of underlying shares (convertible notes or share options) held	Percentage of the issued share capital of the Company
Magic Stone Fund (China)	Investment Manager (Note 6)	1,331,756,000	—	20.36%
Mr. Yang Dongjun	Interest of controlled corporation (Note 1)	1,331,756,000	—	20.36%
Wider Success Holdings Limited	Beneficial owner	954,852,606	—	14.60%
Ms. Huang Ying	Interest of controlled corporation (Note 2)	954,852,606	—	14.60%
Mr. Li Kwong Yuk	Interest of controlled corporations (Note 3)	539,845,000	—	8.25%
	Family interests (Note 4)	1,000,000	—	0.015%
	Beneficial owner	6,568,000	—	0.1004%
Ms. Gong Diqing	Beneficial owner	605,689,000	—	9.26%
中國船舶工業集團公司 (CSSC)	Interest of controlled corporation (Note 5&6)	550,000,000	—	8.41%
中船工業成套物流有限公司 (China Shipbuilding Industry Complete Logistics Co., Ltd.)	Person having a security interest in shares (Note 6)	550,000,000	—	8.41%

Note:

1. Mr. YANG Dongjun owned 63.52% of Magic Stone Fund (China), a company incorporated in the Cayman Islands. Accordingly, Mr. YANG Dongjun was deemed to be interested in 1,331,756,000 shares held by Magic Stone Fund (China).
2. Ms. HUANG Ying owned 76.46% of Wider Success Holdings Limited, a company incorporated in the British Virgin Islands (the "BVI"). Accordingly, Ms. HUANG Ying was deemed to be interested in 954,852,606 underlying shares held by Wider Success Holdings Limited.

3. These shares were owned as to 329,360,000 shares by Win Master Group Limited, a company incorporated in the BVI, 15,710,000 shares by Wincon Asset Management Limited, a company incorporated in the BVI, and 194,775,000 shares by Wincon Capital Investment Limited, a company incorporated in the BVI. Win Master Group Limited, Wincon Asset Management Limited and Wincon Capital Investment Limited were wholly-owned by Mr. LI Kwong Yuk.
4. These shares were owned by Ms. LO Kwan, spouse of Mr. LI Kwong Yuk. Accordingly, Mr. LI Kwong Yuk was deemed to be interested in 1,000,000 shares held by Ms. LO Kwan.
5. 中國船舶工業集團公司 (CSSC) is interested in 100% of the shares of 中船工業成套物流有限公司 (China Shipbuilding Industry Complete Logistics Co., Ltd.), a company incorporated in the People's Republic of China. Accordingly, 中國船舶工業集團公司 (CSSC) was deemed to be interested in the 550,000,000 shares pledged by Magic Stone Fund (China) in favor of 中船工業成套物流有限公司 (China Shipbuilding Industry Complete Logistics Co., Ltd.).
6. By a security document dated 22 May 2013 granted by Magic Stone Fund (China) over the 550,000,000 shares beneficially owned by Magic Stone Fund (China) in favor of 中船工業成套物流有限公司 (China Shipbuilding Industry Complete Logistics Co., Ltd.). Accordingly, 中船工業成套物流有限公司 was deemed to be interested in 550,000,000 shares held by Magic Stone Fund (China).

Other than as disclosed above, the Company has not been notified of any other interests or short position in the issued share capital of the Company as at 30 June 2013.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities for the six months ended 30 June 2013.

CORPORATE GOVERNANCE

The board of directors ("Board") Committed to maintaining statutory and regulatory standards and adherence to the principles of corporate governance with emphasis on transparency, independence, accountability and responsibility. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of shareholders and comply with increasingly stringent regulatory requirements, and to fulfill its commitment to excellence incorporate governance.

The Code on Corporate Governance Practices ("CGP Code") issued by The Stock Exchange of Hong Kong Limited ("Stock Exchange") in its Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") sets out two levels of corporate governance practices, namely, mandatory code provisions that a listed company must comply with or explain its non-compliance, and recommended best practices that listed companies are encouraged to comply with but need not disclose in the case of non — compliance. The Company is in Compliance with the mandatory code provisions of the CGP Code, save for the deviations discussed below.

The Company has complied with the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2013, with deviations from code provisions A.4.1 of the Code in respect of term of office of non-executive directors.

Code provision A.4.1 requires that non-executive directors should be appointed for a specific term and subject to re-election.

Currently, all independent non-executive directors have not been appointed for a specific term of office with the Company. Instead, they are subject to retirement by rotation in accordance with the Articles of Association. As such, the Company considers that sufficient measures have been taken to serve the purpose of this code provision.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules. Upon enquiries by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2013.

AUDIT COMMITTEE REVIEW

The Company has an Audit Committee which was established for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee comprises three independent non-executive directors of the Company.

The Audit Committee has reviewed the unaudited condensed consolidated interim information of the Company and its subsidiaries for the six months ended 30 June 2013.

By Order of the Board
Superb Summit International Group Limited
Lee Chi Kong
Chairman

Hong Kong, 30 August 2013