Sunfonda Group Holdings Limited
新豐泰集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 01771

Interim Report
2014

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wu Tak Lam *(Chairman)*
Ms. Chiu Man *(Chief Executive Officer)*
Mr. Jia Ruobing
Ms. You Jia

Non-executive Director

Mr. Zhu Wei

Independent Non-executive Directors

Mr. Liu Jie
Mr. Yu Yuanbo
Mr. Fu Johnson Chi-King

AUDIT COMMITTEE

Mr. Liu Jie *(Chairman)*
Mr. Yu Yuanbo
Mr. Fu Johnson Chi-King

REMUNERATION COMMITTEE

Mr. Yu Yuanbo *(Chairman)*
Mr. Liu Jie
Mr. Fu Johnson Chi-King

NOMINATION COMMITTEE

Mr. Wu Tak Lam *(Chairman)*
Mr. Liu Jie
Mr. Yu Yuanbo
Mr. Fu Johnson Chi-King

AUTHORISED REPRESENTATIVES

Mr. Wu Tak Lam
Ms. So Yee Kwan

COMPANY SECRETARY

Ms. So Yee Kwan

HEADQUARTERS

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Xi'an City, Shaanxi Province
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LEGAL ADVISER AS TO HONG KONG LAW

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AUDITORS

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Certified Public Accountants
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Central, Hong Kong

STOCK CODE

01771

WEBSITE

www.sunfonda.com.cn

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2014 increased by 17.3% to RMB4,181.2 million as compared to the corresponding period in 2013.

- Gross profit for the six months ended 30 June 2014 increased by 7.1% to RMB311.2 million as compared to the corresponding period in 2013.

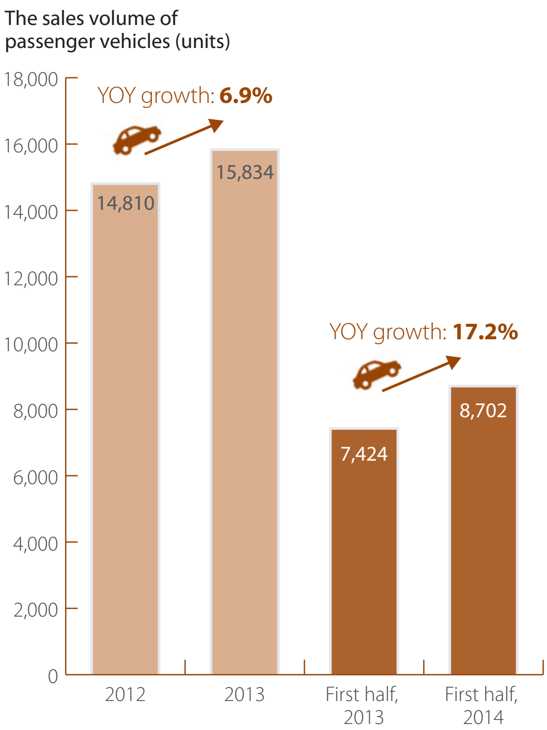
- Revenue from after-sales services for the six months ended 30 June 2014 increased by 7.6% to RMB357.0 million as compared to the corresponding period in 2013.

- Gross profit margin for after-sales services increased from 40.1% for the six months ended 30 June 2013 to 41.5% for the six months ended 30 June 2014.

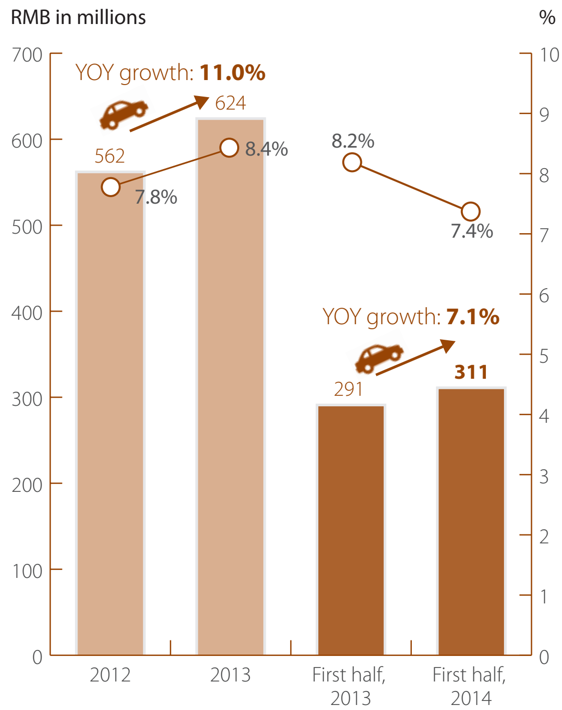
- Profit attributable to owners of the parent for the six months ended 30 June 2014 increased by 47.8% to RMB133.2 million as compared to the corresponding period in 2013.

- Basic and diluted earnings per share attributable to ordinary equity holders of the parent for the six months ended 30 June 2014 was RMB0.27.

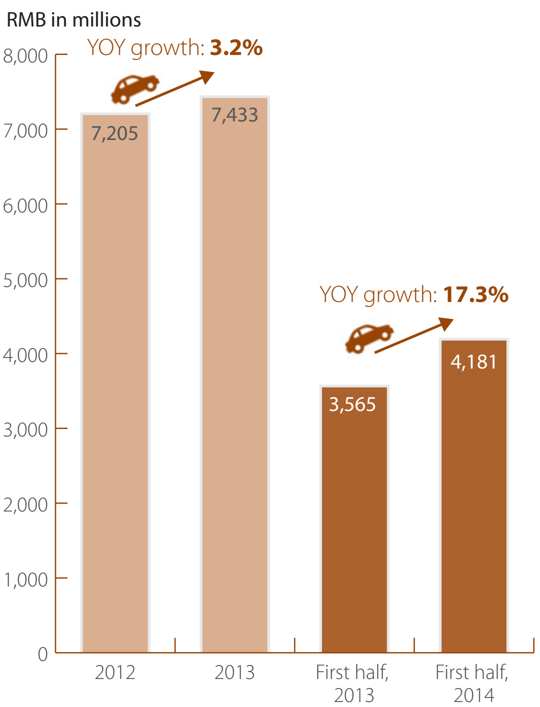
The sales volume of vehicles



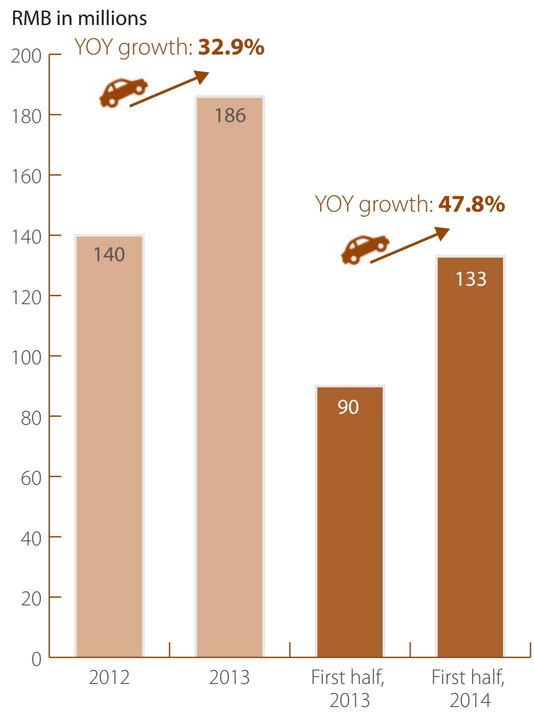
Gross profit and gross profit margin



Revenue



Profit attributable to owners of the parent



Note: "YOY" refers to year-on-year.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Sunfonda Group Holdings Limited (the "**Company**"), I am pleased to present the interim report of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2014.

The first half of 2014 marked one of the most important periods in the Company's history and witnessed our efforts to forge ahead against challenges. On 15 May 2014, the Company was successfully listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Listing was well received among investors and laid a fundamental ground for the Company to tap into the international capital market. Leveraging upon the opportunities from the Listing, the Group will continue to strengthen its leading position in the Northwestern market, further expand the dealership network for luxury and ultra-luxury automobiles, and selectively introduce certain well-received middle and high-end brands. During the six months ended 30 June 2014 (the "**Period under Review**"), the Group recorded steady business growth with sound operating indicators. For the Period under Review, the Group's revenue amounted to RMB4,181.2 million, representing an increase of 17.3% from RMB3,565.2 million for the same period in 2013; gross profit amounted to RMB311.2 million, representing an increase of 7.1% from RMB290.6 million for the same period in 2013. Profit after tax amounted to RMB133.1 million, representing an increase of 47.7% from RMB90.1 million for the same period in 2013. Earnings per share were RMB0.27, representing an increase of RMB0.07 per share from the same period last year.

In the first half of 2014, China's economy progressed ahead steadily with GDP increasing by 7.4% year-on-year. However, challenges remained against the economic development amidst the complicated environment at home and abroad. According to the State Information Centre, the overall passenger vehicle market grew by 14% in the first half of 2014 as compared with the corresponding period of last year, maintaining a steady but slower growth compared to last year. Against the backdrop of such market pressure, the Group managed to sell 8,702 new automobiles during the Period under Review, a year-on-year increase of 17.2%, which contributed gross profit of RMB162.8 million, up by 3.4% year-on-year. On after-sales services, revenue and gross profit from the after-sales services reached RMB357.0 million and RMB148.3 million, respectively, representing respective increase of 7.6% and 11.4% year-on-year.

Based in Shaanxi Province, the Group is committed to developing and expanding its 4S dealership store network in Northwestern China. During the Period under Review, the Group opened three Maserati brand outlets in Yinchuan and Taiyuan, further increasing the number of ultra-luxury automobile stores of the Group. As at the date hereof, the Group had 26 outlets in operation, 96% of which were for luxury and ultra-luxury automobiles.

Looking ahead, the Group will give full play to its brand and geographical advantages to reinforce its leading position in the Northwestern market of luxury and ultra-luxury automobile brands, and strengthen the partnership with automobile manufacturers on the basis of our "down-to-earth, focused, innovative and caring" business philosophy. Meanwhile, we will develop a business model by establishing an automobile culture industrial park based in Xi'an, in order to pool advantageous brands to build up synergy and deepen intensive management to enhance the Group's profitability and market influence. This model will be gradually cloned and expanded to Northwestern and other potential markets featuring high returns, with an aim to satisfy customers with quality services and further enhance the Group's leading position in the regions.

On behalf of the Board, I would like to take this opportunity to extend our heartfelt gratitude to our staff for their hard work and contribution to the outstanding results achieved in the first half of the year. Also, I would like to deliver our thanks to automobile manufacturers, shareholders, business partners and customers for their long-term support to the Group.

Wu Tak Lam
Chairman

27 August 2014

MARKET REVIEW

According to the State Information Center, the automobile sector ranked ahead of other industries in the context of a modest economic growth in the first half of 2014. The domestic passenger vehicle market stayed in a healthily growing cycle, with market demand growing at a rate approximately 1.5 times that of GDP. In the first half of 2014, sales of automobiles in China amounted to approximately 11,683,500 units, representing an increase of approximately 8.4% from the same period in 2013, which included approximately 9,638,300 passenger vehicles, an increase of approximately 14% from the same period in 2013. The luxury and ultra-luxury passenger vehicle market continued to grow in the first half of 2014, registering a year-on-year growth of 26.8% in sales volume. Notably, during the Period under Review, approximately 19,800 units of Porsche, 268,700 units of Audi, 136,000 units of Mercedes-Benz, 43,000 units of Volkswagen Imported and 4,109 units of Maserati was sold in China, representing an increase of approximately 8%, 18%, 37.5%, 7.8% and 1,278.9% respectively compared to the same period in 2013, and the Group acts as distributor of all such brands.

Northwestern China, a stronghold of the Group's dealership network, enjoys vast automobile market potential. The region recorded automobile penetration of merely 5.8% in 2013, lower than the national average of 7.2% for the same period. From 2008 to 2013, the luxury and ultra-luxury automobiles in Northwestern China recorded a compound annual growth rate of 48.4% in the number of registered plates, far above the national average of 37.3%. The incentive and preferential state policies on Northwestern China, together with the fast-growing high net worth class, have secured the Group's development in the region. Meanwhile, the Group will also selectively penetrate into other potential markets with attractive expected return, to gradually extend the geographical presence of its dealership network. In addition, China's after-sales services market continued to grow rapidly with the sustained tremendous growth potential, especially in the luxury and ultra-luxury automobile segment. The market size is to further expand, fueled by the increasing passenger vehicle ownership base, upgrades of automotive products and aging of vehicles. China's automobile after-sales market posted a compound annual growth rate of 23.4% during the period from 2008 to 2013, and is expected to maintain a growth of approximately 15.5% in the next three to five years, with an estimated market size of RMB700 billion by 2016. Looking ahead, the Group will leverage upon the market opportunities from the increasing passenger vehicle ownership base and the maturing automobile market to continue to improve and consolidate its profitability in the after-sales services market for passenger vehicles.

BUSINESS REVIEW

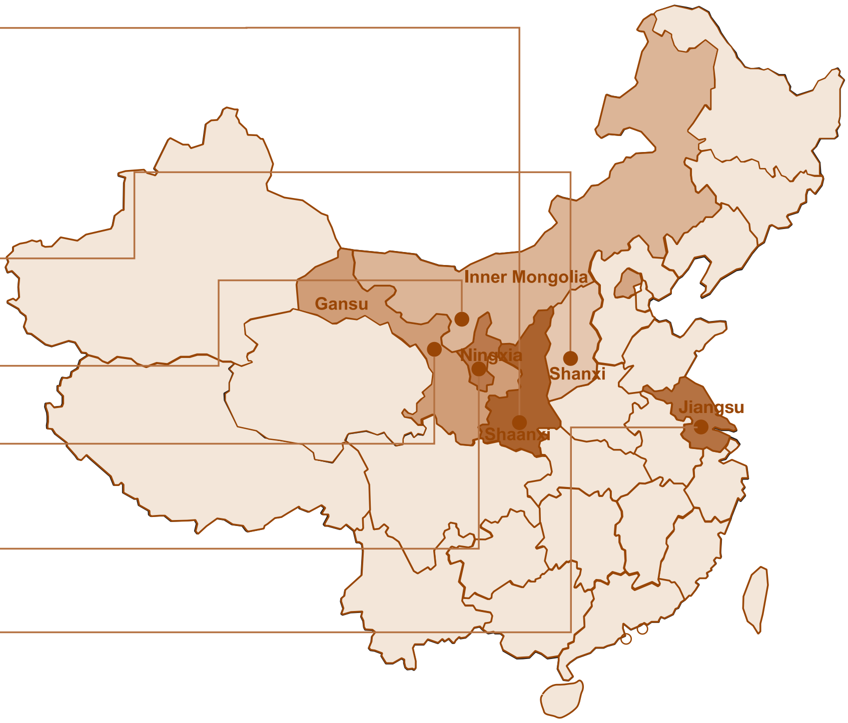
During the Period under Review, the Group kept a close eye on and timely realigned its business management with market dynamics, to respond to the challenge against its operation and management from a softer economic growth in China. Thanks to the optimized sales structure and strict inventory management, the Group's businesses were operated at a reasonable level as required for accommodating market changes and achieving the desired performance indicators and profitability.

As a leading dealer of luxury and ultra-luxury automobiles in Northwestern China, the Group achieved steady growth in various operations during the Period under Review. The number of new automobiles sold reached 8,702 units, increased by 17.2% from the same period in 2013. Meanwhile, our revenue and gross profit amounted to RMB4,181.2 million and RMB311.2 million, respectively, representing an increase of 17.3% and 7.1% from the same period in 2013.

With an established strategic network in Northwestern China as well as Shanxi and Jiangsu, the Group's dealership store network has covered six provinces including Shaanxi, Shanxi, Inner Mongolia, Gansu, Ningxia and Jiangsu and nine cities. The highly competitive brand portfolio allows the Group to establish an overwhelming advantage in regional competitions. As at the date hereof, the Group distributed automobiles for 20 automobile brands, and had 43 outlets and a warehouse for FAW-Volkswagen spare parts, among which 26 outlets were in operation, and the remaining 17 have been authorized by automobile manufacturers and are in progress of establishment or construction.

Geographical locations of the Group's outlets in operation as at 30 June 2014 are illustrated as below:

Shaanxi (15)	
Audi (3)	Lexus (1)
Porsche (2)	Cadillac (1)
Bentley (2)	Ferrari/Maserati (1)
Faw Toyota (1)	VW Imported (2)
Hongqi (1)	Benz (1)
Shanxi (3)	
Porsche (1)	Maserati (2)
Inner Mongolia (2)	
Porsche (1)	Cadillac (1)
Gansu (1)	
Porsche (1)	
Ningxia (2)	
Porsche (1)	Maserati (1)
Jiangsu (3)	
VW Imported (3)	



The Group has established and will maintain the longstanding partnership with luxury and ultra-luxury automobile manufacturers. In the Period under Review, we remained focused on luxury and ultra-luxury automobile brands such as Bentley, Ferrari/Maserati, Porsche, Audi, Cadillac, Volkswagen Imported, Lexus and Hongqi. We also selectively introduced certain well-received middle and high-end brands including Volvo, Shanghai Volkswagen, Chang'an-Ford, Buick, Chevrolet, Beijing Hyundai and Kia.

On regional strategy, while consolidating its leadership in northwestern market, the Group will selectively penetrate into other potential markets with attractive expected return, to gradually extend the geographical presence of its dealership network. We will continue to focus on the self-owned store model to expand our dealership network featuring an efficient and duplicable operation and management mechanism.

Furthermore, the Group will keep a close eye on and strengthen the development of the after-sales services market. Based in the Northwestern market for over a decade, the Group has accumulated a vast customer base, laying a solid ground for developing the automobile after-sales market business. While further enhancing service quality and customer satisfaction to improve productivity and efficiency of the after-sales market business, the Group will actively diversify into value-added services including, among others, distribution of decorative supplies, insurance and credit services, used automobile trade, extended warranty and automobile leasing to improve the consolidated profitability of after-sales business.

FINANCIAL REVIEW

Revenue

Revenue arising from automobile sales and after-sales services for the six months ended 30 June 2014 was RMB4,181.2 million, representing an increase of 17.3% as compared with the RMB3,565.2 million for the six months ended 30 June 2013. The increase was mainly attributable to the increase in the sales volume of new automobiles and the growth in revenue of after-sales services in the first half of 2014.

The following table sets forth a breakdown of the revenue and relevant information for the periods indicated:

	For the six months ended 30 June					
	2014			2013		
	Amount (RMB'000)	**Sales volume (Unit)**	**Average selling price (RMB'000)**	Amount (RMB'000)	Sales volume (Unit)	Average selling price (RMB'000)
Sales of passenger vehicles						
Luxury and ultra-luxury brands	**3,688,122**	**7,875**	**468**	3,016,205	6,206	486
Middle market brands	**136,021**	**827**	**164**	217,266	1,218	178
Sub-total	**3,824,143**	**8,702**	**439**	3,233,471	7,424	436
After-sales services	**357,008**	**–**	**–**	331,696	–	–
Total	**4,181,151**	**–**	**–**	3,565,167	–	–

Revenue arising from sales of new automobiles for the six months ended 30 June 2014 was RMB3,824.1 million, representing an increase of 18.3% as compared with the RMB3,233.5 million for the six months ended 30 June 2013. The increase was mainly attributable to (1) the increasing demands in the overall automobile sales market, with obvious increase in demands for Maserati, Bentley and Cadillac brands; and (2) contributions made by new outlets.

Revenue arising from after-sales services for the six months ended 30 June 2014 was RMB357.0 million, representing an increase of 7.6% as compared with the RMB331.7 million for the six months ended 30 June 2013. The increase was mainly attributable to (1) continued expansion of customer base of new outlets coming into operation in the recent two years, especially for Audi, Maserati and Bentley brands; (2) rolling out of effective policies by our operation department to improve revenues arising from after-sales services and decoration accessories, especially for Maserati, Cadillac and Volkswagen brands; (3) obtaining more after-sales maintenance orders from referrals through enhanced cooperation with insurance companies; and (4) continued improvement in service quality, thereby achieving higher customer satisfaction.

Cost of sales and services

Cost of sales of automobiles and after-sales services for the six months ended 30 June 2014 was RMB3,870.0 million, representing an increase of 18.2% as compared with the RMB3,274.6 million for the six months ended 30 June 2013, which on the whole was in line with the growth in revenue arising from sales of automobiles and from after-sales services.

Cost of sales of new automobiles for the six months ended 30 June 2014 was RMB3,661.3 million, representing an increase of 19.0% as compared with the RMB3,076.0 million for the six months ended 30 June 2013, which on the whole was in line with the growth in revenue arising from sales of new automobiles.

Cost of after-sales services for the six months ended 30 June 2014 was RMB208.7 million, representing an increase of 5.1% as compared with the RMB198.6 million for the six months ended 30 June 2013. The growth in the cost of after-sales services was comparatively slower than that of the revenue arising from after-sales services, mainly due to the measures implemented by the Company to cut down costs in terms of vehicle care products for after-sales maintenance and decoration accessories.

Gross profit

As a result of the foregoing, gross profit for the six months ended 30 June 2014 was RMB311.2 million, representing an increase of 7.1% as compared with the RMB290.6 million for the six months ended 30 June 2013.

Gross profit of sales of new automobiles for the six months ended 30 June 2014 was RMB162.8 million, representing an increase of 3.4% as compared with the RMB157.5 million for the six months ended 30 June 2013. The increase was mainly attributable to (1) increase in revenue arising from sales of new automobiles, especially for Maserati, Bentley and Volkswagen brands; (2) increase in gross margin of new automobiles, especially for Maserati, Volkswagen and Audi brands; and (3) contributions to gross margin arising from new outlets coming into operation.

Gross profit of after-sales services for the six months ended 30 June 2014 was RMB148.3 million, representing an increase of 11.4% as compared with the RMB133.1 million for the six months ended 30 June 2013. Gross margin of after-sales services for the six months ended 30 June 2014 was 41.5%, increasing from the 40.1% for the six months ended 30 June 2013. Such growth was mainly attributable to (1) continued expansion of customer base of new outlets coming into operation in the recent two years, especially for Audi, Maserati and Bentley brands; (2) improvement in efficiency of after-sales maintenance; (3) launching promotion of value-added services and products with diversified characteristics and high gross margin; and (4) our continued enhancement in cost control and implementation of measures to cut down costs in terms of after-sales vehicle care products and decoration accessories.

Other income and gains, net

For the six months ended 30 June 2014, other net income and gains amounted to RMB120.0 million, representing an increase of 182.4% as compared with the RMB42.5 million for the six months ended 30 June 2013.

The increase was mainly attributable to (1) the commission income arising from the enlarged potential customer base of the commission business due to the increase in automobile sales volume and the rise in penetration rate of the credit and insurance business through the efforts of our operation team; (2) the net gain of RMB63.9 million generated from disposal of the equity interests in a subsidiary (Beijing Sunfonda Boao Commercial Trading Co., Ltd.); and (3) the loss of approximately RMB9.6 million on disposal of relevant assets during the process of liquidation of three subsidiaries in Yulin out of operation strategy considerations.

Selling and distribution expenses

Selling and distribution expenses for the six months ended 30 June 2014 amounted to RMB94.7 million, representing an increase of 9.0% as compared with the RMB86.9 million for the six months ended 30 June 2013, mainly due to the expansion of sales network, recruitment of new employees and venue leasing. As a percentage of revenue, our selling and distribution costs declined from 2.43% for the six months ended 30 June 2013 to 2.26% for the six months ended 30 June 2014.

Administrative expenses

Administrative expenses for the six months ended 30 June 2014 amounted to RMB97.6 million, representing an increase of 44.0% as compared with the RMB67.8 million for the six months ended 30 June 2013. The increase was mainly attributable to (1) the legal and auditing fees of approximately RMB13.4 million relating to the Listing, which were charged to the statement of profit or loss in 2014; (2) increase in expenses, including the amounts relating to administration and management personnel and depreciation of assets, arising from the expansion of sales network in the second half of 2013 and the first half of 2014. As a percentage of revenue, our administrative expenses increased from 1.90% for the six months ended 30 June 2013 to 2.33% for the six months ended 30 June 2014.

Finance costs

Finance costs for the six months ended 30 June 2014 amounted to RMB73.8 million, representing an increase of 24.2% as compared with the RMB59.4 million for the six months ended 30 June 2013. The increase was mainly attributable to the expansion of sales network, with the scale of financing growing from RMB1,412.3 million as at 30 June 2013 to RMB2,032.5 million as at 30 June 2014.

Profit before tax

As a result of the foregoing, profit before tax for the six months ended 30 June 2014 amounted to RMB165.1 million, representing an increase of 38.9% as compared with the RMB118.9 million for the six months ended 30 June 2013.

Income tax expense

Income tax expense for the six months ended 30 June 2014 amounted to RMB32.0 million, representing an increase of 11.1% as compared with the RMB28.8 million for the six months ended 30 June 2013. The effective income tax rate of the Group for the six months ended 30 June 2014 was approximately 19.4%, which was mainly due to the impact of disposal of the equity interests in a then subsidiary and liquidation of three subsidiaries in Yulin.

Profit for the period

As a result of the foregoing, profit for the period for the six months ended 30 June 2014 was RMB133.1 million, representing an increase of 47.7% as compared with the RMB90.1 million for the six months ended 30 June 2013.

Profit for the period attributable to owners of the parent

For the six months ended 30 June 2014, profit for the period attributable to owners of the parent was RMB133.2 million, representing an increase of 47.8% as compared with the RMB90.1 million for the six months ended 30 June 2013.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow

Our primary uses of cash are to pay for purchases of new automobiles, spare parts and automobile accessories, to establish new outlets, including acquisition of land use rights and construction costs, and to fund our working capital and normal operating expenses. We finance our liquidity requirements through a combination of cash flows generated from our operating activities, bank loans and other borrowings, including financing provided by the financing institutions owned by automobile suppliers in the PRC.

For the six months ended 30 June 2014, our net cash flow used in operating activities was RMB133.7 million, as compared with the RMB412.4 million of net cash flow generated from operating activities for the six months ended 30 June 2013. The decrease in cash flow of operating activities was mainly attributable to the expansion of business scale, increase in purchases and increase in the amount of inventories.

For the six months ended 30 June 2014, our net cash flow generated from investing activities was RMB31.2 million, as compared with the RMB227.1 million of net cash flow used in investing activities for the six months ended 30 June 2013. The increase in cash flow of investing activities was mainly attributable to the collection of RMB228.8 million of balance due from a then subsidiary, in which equity interests had been sold.

For the six months ended 30 June 2014, our net cash flow from financing activities was RMB653.9 million, as compared with RMB116.5 million of net cash flow used in financing activities for the six months ended 30 June 2013. The increase in the cash flow of financing activities was mainly attributable to the net cash inflows of approximately RMB375.9 million raised through the issuance of new shares in May 2014, as well as the increase in net borrowings of approximately RMB363.6 million.

Net current assets/(liabilities)

As at 30 June 2014, our net current assets amounted to RMB553.0 million, as compared with RMB75.4 million of net current liabilities as at 30 June 2013. The increase in net current assets was mainly attributable to the net cash inflows of approximately RMB375.9 million raised through the issuance of new shares in May 2014, as well as the collection of RMB228.8 million of balance due from a then subsidiary, in which equity interests had been sold.

Inventories

Our inventories primarily consist of new automobiles, spare parts and decoration accessories. As at 30 June 2014, our inventories amounted to RMB1,093.8 million, representing an increase of 49.7% as compared with the RMB730.6 million as at 31 December 2013, mainly due to the expansion of sales scale and the increase in inventories after the new outlets came into operation.

In the first half of 2014, our average inventory turnover days were 50.9 days, slightly longer than the 35.8 days in the first half of 2013 (the average inventory turnover days is the closing inventory balance divided by the cost of sales and services for that period and multiplied by 180 days), mainly attributable to the purchase of a large amount of inventories for the new outlets coming into operation.

Bank loans and other borrowings

As at 30 June 2014, our bank loans and other borrowings were RMB2,032.5 million, representing an increase of 21.8% as compared with RMB1,668.9 million as at 31 December 2013, which was mainly attributable to the increase in working capital requirements arising from the growth of our business and the expansion of sales network. The following table sets forth the bank loans and other borrowings as at the dates indicated:

	30 June 2014 Unaudited RMB'000		31 December 2013 Audited RMB'000	
	Effective interest rate (%)	**Amount RMB'000**	Effective interest rate (%)	Amount RMB'000
CURRENT:				
Bank loans	**5.6-8.5**	**1,733,995**	5.9-8.5	1,442,427
Other borrowings	**6.2-10.3**	**155,374**	6.5-7.8	81,247
		1,889,369		1,523,674
NON-CURRENT:				
Bank loans	**6.7-7.4**	**143,125**	7.0-8.7	145,188
		2,032,494		1,668,862
– secured		**1,058,478**		734,803
– guaranteed		**–**		906,653
– unsecured		**974,016**		27,406
		2,032,494		1,668,862

As at 30 June 2014, our gearing ratio, which is total debt divided by the equity attributable to owners of the parent, was 132.1%. Total debt includes bank loans and other borrowings and amounts due to related parties.

Pledge of Assets

As at 30 June 2014, certain of our bank loans were secured by charges or pledges over our assets. Our assets subject to these charges or pledges as at 30 June 2014 consisted of: (i) inventories amounting to RMB281.4 million; (ii) property, plant and equipment amounting to RMB206.4 million; and (iii) land use rights amounting to RMB86.5 million.

As at 30 June 2014, certain of our inventories amounting to RMB280.1 million were pledged as securities for bills payable.

Capital Expenditures and Investment

Our capital expenditures comprise primarily expenditures on property, plant and equipment, land use rights and intangible assets. For the six months ended 30 June 2014, our total capital expenditures were RMB208.0 million, representing a decrease of approximately RMB63.2 million as compared with the RMB271.2 million for the six months ended 30 June 2013.

Contingent Liabilities

As at 30 June 2014, the Group did not have any material contingent liabilities or guarantees.

Interest Rate Risk and Foreign Exchange Risk

We are exposed to interest rate risk resulting from fluctuations in the interest rate on our debts. Certain of our borrowings were variable-rate borrowings, most of which are linked to the benchmark rates of the People's Bank of China. Increases in interest rate could result in an increase in our cost of borrowing. And if this is the case, not only our finance costs, but also our profit and financial position would be adversely affected. The interest rates on bank loans and overdrafts in China depend on the benchmark lending rates published by the People's Bank of China. We do not currently use any derivative financial instruments to hedge our exposure to interest rate risk.

Most of our revenue, cost of revenue and expenses are denominated in Renminbi. We also use Renminbi as our reporting currency. We believe that we are currently not subject to any significant direct foreign exchange risk. We do not currently use any derivative financial instruments to hedge our exposure to foreign exchange risk.

Employees and Remuneration Policies

As at 30 June 2014, we had 2,370 employees. Total staff cost for the six months ended 30 June 2014 was approximately RMB55.1 million (six months ended 30 June 2013: RMB42.9 million). Our remuneration policies were in line with the relevant legislation, market conditions and the performance of our employees.

Use of Proceeds

The net proceeds from the Company's initial public offering were approximately RMB350.4 million, after deducting the underwriting fee and commissions and other listing expenses. The net proceeds will be applied in the manner disclosed in the prospectus of the Company dated 30 April 2014 under the section headed "Future Plans and Use of Proceeds."

FUTURE STRATEGY AND PROSPECTS

Looking ahead, China's economy will see steady growth and living standards will improve. With increased spending power, corresponding stronger demand for automobiles, and ongoing upgrade of automobile products, consumers will have increasing demand for next-generation vehicles to replace existing ones. Accordingly, China's passenger vehicle market, especially the luxury automobile segment, is expected to maintain strong growth. The Group expects to further develop its businesses by implementing the following strategies in 2014 and the future:

- Establishing automobile culture industrial parks based in Xi'an in order to pool advantageous brands to build up synergy and deepen intensive management, which model will be cloned and expanded to Northwestern and other potential markets;

- Further improving internal management, such as strengthening management on operating costs, sales structure and inventories, with an aim at better profitability;

- Leveraging upon the opportunities from the Listing to further expand financing channels and gain access to funding at lower cost, so as to effectively finance our network expansion in the future; and

- Capitalizing on the resources and customer base established over the decade to press ahead with automobile after-sales business through heightened innovations and management, with an aim to expand the business scope and customer base for better productivity and profitability of the after-sales segment.

In view of the sustained huge potential of domestic passenger vehicle market, especially the Northwestern market which currently signifies a low vehicle ownership base and higher potential, the Group will continue to capture market opportunities with a focus on luxury and ultra-luxury automobile dealership sector. The Group is well positioned to ride on its leading market position to deliver attractive results and create greater returns for shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its code of conduct regarding securities transactions by the directors of the Company (the "**Directors**"). Having made specific enquiry to all Directors, all of them confirmed that they had complied with the Model Code from 15 May 2014, i.e. the date of Listing (the "**Listing Date**"), to 30 June 2014.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2014, the interests of the Directors and chief executive of the Company in the shares of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "**SFO**"), or which were recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(A) Long position in ordinary shares of the Company

Name of Director	Capacity/Nature of interest	Notes	Number of shares	Approximate percentage+ of shareholding in the Company
Mr. Wu Tak Lam	Interest held by controlled corporations	1	360,000,000	60.00%
Ms. Chiu Man	Interest held by controlled corporations	1	360,000,000	60.00%
Mr. Jia Ruobing	Beneficiary of a trust	2	200,000	0.03%
Ms. You Jia	Beneficiary of a trust	3	200,000	0.03%

Notes:

(1) These shares are held as to 351,000,000 shares by Top Wheel Limited ("**Top Wheel**") and 9,000,000 shares by Westernrobust Company Limited ("**Westernrobust**").

The issued share capital of Top Wheel is owned as to 70% by Golden Speed Enterprises Limited ("**Golden Speed**"), a corporation wholly owned and controlled by Mr. Wu Tak Lam, and 30% by Win Force Enterprises Limited ("**Win Force**"), a corporation wholly owned and controlled by Ms. Chiu Man. As Top Wheel is a controlled corporation of Mr. Wu Tak Lam, Ms. Chiu Man, Golden Speed and Win Force, they are deemed to be interested in the 351,000,000 shares held by Top Wheel pursuant to Part XV of the SFO.

The entire issued share capital of Westernrobust is owned by a revocable discretionary trust (the "**Management Trust**") established for the purposes of recognizing and rewarding the contribution and performance of certain Directors and senior management of the Group pursuant to the Pre-IPO Share Award Scheme adopted by the Company on 8 January 2014 (the "**Pre-IPO Share Award Scheme**"). Top Wheel is the settlor of the Management Trust and possesses all voting rights attached to the unawarded shares and awarded shares which have not vested under the Management Trust. Thus, the Management Trust and Top Wheel are deemed to be interested in the 9,000,000 shares held by Westernrobust. As Top Wheel is a controlled corporation of Mr. Wu Tak Lam, Ms. Chiu Man, Golden Speed and Win Force, they are also deemed to be interested in the 9,000,000 shares of the Company held by Westernrobust pursuant to Part XV of the SFO.

(2) Mr. Jia Ruobing is deemed to be interested in these 200,000 awarded shares, which have been granted to him (but not yet vested) pursuant to the Pre-IPO Share Award Scheme.

(3) Ms. You Jia is deemed to be interested in these 200,000 awarded shares, which have been granted to her (but not yet vested) pursuant to the Pre-IPO Share Award Scheme.

+ The percentage represents the number of ordinary shares involved divided by the number of the Company's issued shares as at 30 June 2014.

(B) Long position in the shares of associated corporations of the Company

Name of associated corporation	Name of Director	Capacity/Nature of interest	Number of shares	Approximate percentage+ of shareholding in the associated corporation
Golden Speed Enterprises Limited	Mr. Wu Tak Lam	Beneficial owner	1	100%
	Ms. Chiu Man	Interest of spouse	1	100%
Top Wheel Limited	Mr. Wu Tak Lam	Interest held by a controlled corporation	14,000	70%
		Interest of spouse	6,000	30%
			20,000	100%
	Ms. Chiu Man	Interest held by a controlled corporation	6,000	30%
		Interest of spouse	14,000	70%
			20,000	100%

Note: Mr. Wu Tak Lam holds the entire issued share capital of Golden Speed which holds 70% of the issued share capital of Top Wheel. The remaining 30% of the issued share capital of Top Wheel is indirectly held by his wife, Ms. Chiu Man (an executive Director), through her wholly owned investment company, Win Force. As Top Wheel holds more than 50% of the issued share capital of the Company and Golden Speed holds more than 50% of the issued share capital of Top Wheel, Top Wheel and Golden Speed are the associated corporations of the Company within the meaning of Part XV of the SFO.

+ The percentage represents the number of shares interested divided by the number of issued shares of the associated corporation as at 30 June 2014.

Save as disclosed above, as at 30 June 2014, none of the Directors and chief executive of the Company had registered an interest or a short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has met the requirements of the Listing Rules relating to the appointment of a minimum of three independent non-executive Directors (representing at least one-third of the Board), with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise. Currently, the Company has appointed three independent non-executive Directors, namely Mr. Liu Jie, Mr. Yu Yuanbo and Mr. Fu Johnson Chi-King.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2014, the following corporations had interests of 5% or more of the issued share capital of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under Section 336 of the SFO:

Long position in ordinary shares of the Company

Name of shareholder	Capacity/Nature of interest	Notes	Number of shares	Approximate percentage+ of shareholding in the Company
Top Wheel Limited	Beneficial owner	1	351,000,000	58.50%
	Founder of a discretionary trust	1	9,000,000	1.50%
			360,000,000	60.00%
Win Force Enterprises Limited	Interest held by a controlled corporation	1	360,000,000	60.00%
Golden Speed Enterprises Limited	Interest held by a controlled corporation	1	360,000,000	60.00%
Standard Chartered PLC	Interest held by controlled corporations	2	90,000,000	15.00%

Notes:

(1) The above interest of Top Wheel, Win Force and Golden Speed were also disclosed as the interest of each of Mr. Wu Tak Lam and Ms. Chiu Man in the above section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures".

(2) Standard Chartered PLC, a bank listed on the stock exchanges of London, Hong Kong and India, indirectly wholly owned Standard Chartered Private Equity (Mauritius) III Limited through a series of wholly owned subsidiaries, Standard Chartered Holdings Limited, Standard Chartered Bank, SCMB Overseas Limited, Standard Chartered Holdings (International) B.V., Standard Chartered M.B. Holdings B.V., Standard Chartered Asia Limited and Standard Chartered Private Equity Limited, and is therefore deemed to be interested in the shares of the Company held by Standard Chartered Private Equity (Mauritius) III Limited.

+ The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 June 2014.

Save as disclosed above, as at 30 June 2014, no person, other than the Directors whose interests are set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had registered an interest or a short position in the shares or underlying shares of the Company which would fall to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or recorded in the register of interests required to be kept pursuant to Section 336 of the SFO.

EQUITY INTEREST

As at 30 June 2014, the authorized share capital of the Company was US$100,000 divided into 1,000,000,000 shares, of which 600,000,000 shares were issued and credited as fully paid.

SHARE OPTION SCHEME

The Share Option Scheme (as defined in the Company's prospectus dated 30 April 2014 (the "**Prospectus**")) was conditionally adopted pursuant to a resolution of the shareholders of the Company on 18 January 2014 and became effective from 15 May 2014 when dealings in the shares of the Company on the Stock Exchange commenced. Details of the Share Option Scheme were disclosed in the Prospectus. No options have been granted under the Share Option Scheme since its adoption.

PRE-IPO SHARE AWARD SCHEME

The Pre-IPO Share Award Scheme (as defined in the Prospectus) was adopted by the Company on 8 January 2014. For the implementation of the Pre-IPO Share Award Scheme, the Management Trust (as defined in the Prospectus) was established on the same date for the benefit of certain employees with Cantrust (Far East) Limited acting as the trustee. The Management Trust holds 9,000,000 shares in the Company pursuant to the Pre-IPO Share Award Scheme. As at 30 June 2014, a total of 2,020,000 shares have been awarded to grantees. Details of the Pre-IPO Share Option Scheme were disclosed in the Prospectus.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2014.

CORPORATE GOVERNANCE

The Board believes effective and reasonable corporate governance practices are essential to the development of the Group and can safeguard and enhance the interests of the shareholders. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules. The Board is of the view that, from the Listing Date to the date of this interim report, the Company has complied with the code provisions set out in the CG Code.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the period from the Listing Date to 30 June 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MATERIAL ACQUISITION AND DISPOSAL

During the period from the Listing Date to 30 June 2014, the Group has not been involved in any action of material acquisition or disposal of subsidiaries and associated companies.

MATERIAL LITIGATION AND ARBITRATION

During the period from the Listing Date to 30 June 2014, the Group was neither involved in any material litigation or arbitration, nor may be brought up or accused of any pending material litigation or claims.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting standards and practices that the Company adopted, and discussed matters related to internal control and financial reporting. The audit committee has reviewed the Company's unaudited condensed consolidated financial statements for the six months ended 30 June 2014 and this interim report.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Notes	For the six months ended 30 June 2014 Unaudited RMB'000	For the six months ended 30 June 2013 Unaudited RMB'000
Revenue	5(a)	**4,181,151**	3,565,167
Cost of sales and services	6(b)	**(3,869,988)**	(3,274,578)
Gross profit		**311,163**	290,589
Other income and gains, net	5(b)	**120,000**	42,481
Selling and distribution expenses		**(94,693)**	(86,928)
Administrative expenses		**(97,640)**	(67,844)
Profit from operations		**238,830**	178,298
Finance costs	7	**(73,779)**	(59,406)
Profit before tax	6	**165,051**	118,892
Income tax expense	8	**(31,978)**	(28,803)
Profit for the period		**133,073**	90,089
Attributable to:			
Owners of the parent		**133,158**	90,092
Non-controlling interests		**(85)**	(3)
		133,073	90,089
Earnings per share attributable to ordinary equity holders of the parent	10		
Basic and diluted (RMB)		**0.27**	0.20

The accompanying notes on pages 32 to 54 form an integral part of the interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	For the six months ended 30 June 2014 Unaudited RMB'000	For the six months ended 30 June 2013 Unaudited RMB'000
PROFIT FOR THE PERIOD	**133,073**	90,089
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(1,875)**	1,330
Total comprehensive income for the period, net of tax	**131,198**	91,419
Attributable to:		
Owners of the parent	**131,283**	91,422
Non-controlling interests	**(85)**	(3)
	131,198	91,419

The accompanying notes on pages 32 to 54 form an integral part of the interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2014

	Notes	**30 June 2014 Unaudited RMB'000**	31 December 2013 Audited RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**767,712**	694,976
Land use rights		**199,249**	407,814
Intangible assets		**4,390**	4,239
Prepayments		**146,094**	132,841
Deferred tax assets		**16,115**	16,816
Total non-current assets		**1,133,560**	1,256,686
CURRENT ASSETS			
Inventories	11	**1,093,829**	730,594
Trade receivables	12	**44,217**	50,841
Prepayments, deposits and other receivables	13	**823,790**	565,303
Amounts due from a related party	22(b)	**6,893**	6,371
Pledged bank deposits		**344,668**	292,209
Cash in transit		**12,007**	33,240
Cash and cash equivalents		**1,005,658**	451,930
Total current assets		**3,331,062**	2,130,488
CURRENT LIABILITIES			
Bank loans and other borrowings	14	**1,889,369**	1,523,674
Trade and bills payables	15	**551,610**	444,792
Other payables and accruals		**300,784**	190,355
Amounts due to a related party	22(b)	**–**	7,684
Income tax payable		**36,293**	39,400
Total current liabilities		**2,778,056**	2,205,905
NET CURRENT ASSETS/(LIABILITIES)		**553,006**	(75,417)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,686,566**	1,181,269
NON-CURRENT LIABILITIES			
Bank loans and other borrowings	14	**143,125**	145,188
NET ASSETS		**1,543,441**	1,036,081

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2014

	Notes	**30 June 2014 Unaudited RMB'000**	31 December 2013 Audited RMB'000
EQUITY			
Equity attributable to owners of the parent			
Share capital	16	**377**	285
Reserves	18	**1,538,172**	1,030,819
		1,538,549	1,031,104
Non-controlling interests		**4,892**	4,977
Total equity		**1,543,441**	1,036,081

Director: **Wu Tak Lam** *Director:* **Chiu Man**

The accompanying notes on pages 32 to 54 form an integral part of the interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Attributable to owners of the parent										
	Share capital RMB'000	Share premium RMB'000*	Capital reserve RMB'000*	Statutory reserve RMB'000*	Merger reserve RMB'000*	Share award reserve RMB'000	Exchange fluctuation reserve RMB'000*	Retained profits RMB'000*	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014	285	–	125,420	51,664	157,947	–	9,791	685,997	1,031,104	4,977	1,036,081
Profit for the period	–	–	–	–	–	–	–	133,158	133,158	(85)	133,073
Other comprehensive income for the period											
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(1,875)	–	(1,875)	–	(1,875)
Total comprehensive income for the period	–	–	–	–	–	–	(1,875)	133,158	131,283	(85)	131,198
Issue of shares (note 16)	92	375,798	–	–	–	–	–	–	375,890	–	375,890
Equity-settled share award expense	–	–	–	–	–	272	–	–	272	–	272
At 30 June 2014 (Unaudited)	377	375,798	125,420	51,664	157,947	272	7,916	819,155	1,538,549	4,892	1,543,441

	Attributable to owners of the parent								
	Share capital RMB'000	Capital reserve RMB'000*	Statutory reserve RMB'000*	Merger reserve RMB'000*	Exchange fluctuation reserve RMB'000*	Retained profits RMB'000*	Total RMB'000	Non–controlling interests RMB'000	Total equity RMB'000
At 1 January 2013	285	125,420	41,033	157,947	8,350	510,992	844,027	–	844,027
Profit for the period	–	–	–	–	–	90,092	90,092	(3)	90,089
Other comprehensive income for the period									
Exchange differences on translation of foreign operations	–	–	–	–	1,330	–	1,330	–	1,330
Total comprehensive income for the period	–	–	–	–	1,330	90,092	91,422	(3)	91,419
Disposal of interests in a subsidiary	–	–	–	–	–	–	–	3,000	3,000
At 30 June 2013 (Unaudited)	285	125,420	41,033	157,947	9,680	601,084	935,449	2,997	938,446

* These reserve accounts comprise the consolidated reserves of RMB1,538,172,000 and RMB935,164,000 as at 30 June 2014 and 30 June 2013, respectively in the consolidated statement of financial position.

The accompanying notes on pages 32 to 54 form an integral part of the interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Notes	**For the six months ended 30 June 2014 Unaudited RMB'000**	For the six months ended 30 June 2013 Unaudited RMB'000
Operating activities			
Profit before tax		**165,051**	118,892
Adjustments for:			
Depreciation of property, plant and equipment	6(c)	**38,547**	37,304
Amortisation of land use rights	6(c)	**5,038**	2,978
Amortisation of intangible assets	6(c)	**306**	285
Interest income	5(b)	**(1,972)**	(1,999)
Net loss on disposal of property, plant and equipment	5(b)	**10,383**	1,572
Equity-settled share award expense	6(a)	**272**	–
Finance costs	7	**73,779**	59,406
Gain on disposal of a subsidiary	5(b)	**(63,949)**	(4,704)
		227,455	213,734
(Increase)/decrease in pledged bank deposits		**(52,459)**	89,956
Decrease in cash in transit		**21,233**	1,464
Decrease in trade receivables		**6,624**	2,784
(Increase)/decrease in prepayments, deposits and other receivables		**(171,773)**	3,245
(Increase)/decrease in inventories		**(363,235)**	85,361
Increase in trade and bills payables		**106,818**	43,892
Increase/(decrease) in other payables and accruals		**128,431**	(2,999)
Increase in amounts due from a related party		**(522)**	–
Cash (used in)/generated from operations		**(97,428)**	437,437
Tax paid		**(36,243)**	(25,032)
Net cash (used in)/generated from operating activities		**(133,671)**	412,405

	Notes	For the six months ended 30 June 2014 Unaudited RMB'000	For the six months ended 30 June 2013 Unaudited RMB'000
Investing activities			
Purchase of property, plant and equipment		**(206,989)**	(155,779)
Proceeds from disposal of property, plant and equipment		**29,296**	50,106
Purchase of land use rights		**(527)**	(115,148)
Purchase of intangible assets		**(457)**	(266)
Interest received		**1,972**	1,999
Disposal of a subsidiary	19	**(20,888)**	(8,060)
Receipt of amount due from the disposed subsidiary		**228,810**	–
Net cash generated from/(used in) investing activities		**31,217**	(227,148)
Financing activities			
Proceeds from bank loans and other borrowings		**2,563,888**	1,691,389
Repayment of bank loans and other borrowings		**(2,200,256)**	(1,747,669)
Proceeds from issue of shares		**430,600**	–
Share issue expense		**(54,710)**	–
Advances from the Controlling Shareholders		**–**	686
Repayment of amounts due to the Controlling Shareholders		**(11,836)**	–
Interest paid		**(73,779)**	(60,938)
Net cash generated from/(used in) financing activities		**653,907**	(116,532)
Net increase in cash and cash equivalents		**551,453**	68,725
Cash and cash equivalents at the beginning of each period		**451,930**	328,741
Effect of foreign exchange rate changes, net		**2,275**	(751)
Cash and cash equivalents at the end of each period		**1,005,658**	396,715
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**648,448**	396,715
Non-pledged time deposits with original maturity of less than three months when acquired		**357,210**	–
Cash and cash equivalents as stated in the statement of cash flows		**1,005,658**	396,715

The accompanying notes on pages 32 to 54 form an integral part of the interim condensed consolidated financial statements.

1. CORPORATE INFORMATION

Sunfonda Group Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 13 January 2011 as an exempted Company with limited liability under the Companies Law of the Cayman Islands. The registered office address of the Company is Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 May 2014.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "**Group**") were principally engaged in the sale and service of motor vehicles in Mainland China.

In the opinion of the directors of the Company (the "**Directors**"), the ultimate holding company of the Company is Golden Speed Enterprises Limited, which is incorporated in the British Virgin Islands ("**BVI**").

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements for the year end 31 December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"). The interim condensed consolidated financial statements were presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated. The interim condensed consolidated financial statements have not been audited.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014, noted below.

(a) New and amended standards adopted by the Group

The following new standard and amendment to standards are mandatory for the first time for the financial year beginning 1 January 2014.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*

The adoption of these new and revised HKFRSs had no significant financial effect on these financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning on or after 1 January 2014 and have not been early adopted:

HKFRS 9	*Financial Instruments*[4]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39*[4]
HKFRS 11 Amendments	Amendments to HKFRS 11 *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[2]
HKFRS 15	*Revenue from Contracts with Customers*[3]
HKAS 16 and HKAS 38 Amendments	Amendments to HKAS 16 and HKAS 38 – *Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
HKAS 16 and HKAS 41 Amendments	Amendments to HKAS 16 and HKAS 41 – *Agriculture: Bearer Plants*[2]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[1]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs issued in January 2014[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs issued in January 2014[1]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 No mandatory effective date yet determined but is available for adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

4. SEGMENT INFORMATION

The Group is engaged in the principal business of sale and service of motor vehicles. For management purposes, the Group operates in one business unit based on its products and services, and has one reportable segment which is the sale of motor vehicles and the provision of related services.

No operating segments have been aggregated to form the above reportable operating segment.

Information about geographical area

Since all of the Group's revenue and operating profit were generated from the sale and service of motor vehicles in Mainland China and over 90% of the Group's identifiable assets and liabilities were located in Mainland China, no geographical segment information is presented in accordance with HKFRS 8 *Operating Segments*.

Information about major customers

Since none of the Group's sales to a single customer amounted to 10% or more of the Group's revenue, no major customers segment information is presented in accordance with HKFRS 8 *Operating Segments*.

5. REVENUE, OTHER INCOME AND GAINS, NET

(a) Revenue

	For the six months ended 30 June 2014 Unaudited RMB'000	For the six months ended 30 June 2013 Unaudited RMB'000
Revenue from the sale of motor vehicles	**3,824,143**	3,233,471
Others	**357,008**	331,696
	4,181,151	3,565,167

5. REVENUE, OTHER INCOME AND GAINS, NET *(continued)*

(b) Other income and gains, net:

	For the six months ended 30 June 2014 Unaudited RMB'000	For the six months ended 30 June 2013 Unaudited RMB'000
Commission income	**41,085**	26,350
Service income	**9,050**	10,080
Interest income	**1,972**	1,999
Net loss on disposal of property, plant and equipment	**(10,383)**	(1,572)
Gain on disposal of a subsidiary (Note 19)	**63,949**	4,704
Others	**14,327**	920
	120,000	42,481

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		For the six months ended 30 June 2014 Unaudited RMB'000	For the six months ended 30 June 2013 Unaudited RMB'000
(a)	**Employee benefit expense (including directors' and chief executive's remuneration)**		
	Wages and salaries	**44,249**	32,989
	Equity-settled share award expense	**272**	–
	Other welfare	**10,530**	9,957
		55,051	42,946
(b)	**Cost of sales and services:**		
	Cost of sales of motor vehicles	**3,661,310**	3,075,970
	Others	**208,678**	198,608
		3,869,988	3,274,578
(c)	**Other items**		
	Depreciation of property, plant and equipment	**38,547**	37,304
	Amortisation of land use rights	**5,038**	2,978
	Amortisation of intangible assets	**306**	285
	Advertisement and business promotion expenses	**15,668**	14,407
	Lease expenses	**13,741**	8,296
	Bank charges	**3,584**	2,921
	Office expenses	**11,263**	9,525
	Logistics and petroleum expenses	**4,053**	3,202
	Net loss on disposal of property, plant and equipment	**10,383**	1,572
	Gain on disposal of a subsidiary	**(63,949)**	(4,704)

7. FINANCE COSTS

	For the six months ended 30 June 2014 Unaudited RMB'000	For the six months ended 30 June 2013 Unaudited RMB'000
Interest expense on bank borrowings wholly repayable within five years	**57,144**	49,869
Interest expense on other borrowings	**16,635**	11,069
Less: interest capitalised	**–**	(1,532)
	73,779	59,406

8. INCOME TAX

	For the six months ended 30 June 2014 Unaudited RMB'000	For the six months ended 30 June 2013 Unaudited RMB'000
Current Mainland China corporate income tax	**33,136**	30,723
Deferred tax	**(1,158)**	(1,920)
	31,978	28,803

Pursuant to Section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gain or appreciation shall apply to the Company or its operations.

The subsidiary incorporated in the BVI is not subject to income tax as this subsidiary does not have a place of business (other than a registered office only) or carry on any business in the BVI.

The subsidiary incorporated in Hong Kong is subject to an income tax at the rate of 16.5% during the period on the estimated assessable profits arising in Hong Kong during the Relevant Periods.

According to the Corporate Income Tax Law of the People's Republic of China (the "**CIT Law**"), the income tax rate of the Mainland China subsidiaries is 25%.

9. DIVIDENDS

The Board of the Company has resolved not to declare any interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic earnings per share is calculated by dividing the profit attributable to the ordinary equity holders of the parent by the weighted average number of shares in issue, during the six months ended 30 June 2014 and 30 June 2013.

	For the six months ended 30 June 2014 Unaudited RMB'000	For the six months ended 30 June 2013 Unaudited RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent	**133,158**	90,092

	For the six months ended 30 June 2014	For the six months ended 30 June 2013
Shares		
Weighted average number of ordinary shares in issue during the period	**488,121,547**	450,000,000

The weighted average number of ordinary shares used to calculate the basic earnings per share for the six months ended 30 June 2013 was 450,000,000, which were deemed to have been issued throughout the period.

The weighted average number of ordinary shares used to calculate the basic earnings per share for the six months ended 30 June 2014 includes the weighted average of 150,000,000 shares issued in connections with the Company's IPO as defined in the prospectus dated 30 April 2014 and the aforesaid 450,000,000 ordinary shares.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(continued)*

	For the six months ended 30 June 2014	For the six months ended 30 June 2013
Earnings per share		
Basic and diluted (RMB)	**0.27**	0.20

No adjustment has been made to the basic earnings per share amounts presented in the six months ended 30 June 2014 and 30 June 2013 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2014 and 30 June 2013.

11. INVENTORIES

	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Motor vehicles	**1,012,949**	655,677
Spare parts and accessories	**80,880**	74,917
	1,093,829	730,594

As at 30 June 2014, certain of the Group's inventories with an aggregate carrying amount of approximately RMB281,448,000 (31 December 2013: RMB180,457,000) were pledged as security for the Group's bank loans and other borrowings (Note 14(a)).

As at 30 June 2014, certain of the Group's inventories with an aggregate carrying amount of approximately RMB280,131,000 (31 December 2013: RMB113,034,000), were pledged as security for the Group's bills payables (Note 15).

12. TRADE RECEIVABLES

	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Trade receivables	**44,217**	50,841

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The group does not hold any collateral or other credit enhancements over the trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at each reporting date (based on the invoice date) is as follows:

	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Within 3 months	**35,270**	48,116
More than 3 months but less than 1 year	**7,533**	2,085
Over 1 year	**1,414**	640
Total	**44,217**	50,841

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Prepayments and deposits to suppliers	**504,785**	437,897
Vendor rebate receivables	**118,049**	77,083
VAT receivables (i)	**72,214**	21,925
Receivable of an equity transfer transaction to dispose a subsidiary (Note 19)	**89,078**	–
Others	**39,664**	28,398
Total	**823,790**	565,303

Notes:

(i) The Group's sales of motor vehicles are subject to Mainland China Value Added Tax ("**VAT**"). Input VAT on purchases can be deducted from output VAT payable. The VAT recoverable is the net difference between output and deductible input VAT. The applicable VAT rate for domestic sales of the Group is 17%.

None of the above assets is past due. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

14. BANK LOANS AND OTHER BORROWINGS

	30 June 2014 Unaudited RMB'000 Effective interest rate (%)	30 June 2014 Unaudited RMB'000 Amount RMB'000	31 December 2013 Audited RMB'000 Effective interest rate (%)	31 December 2013 Audited RMB'000 Amount RMB'000
CURRENT:				
Bank loans	**5.6-8.5**	**1,733,995**	5.9-8.5	1,442,427
Other borrowings	**6.2-10.3**	**155,374**	6.5-7.8	81,247
		1,889,369		1,523,674
NON-CURRENT:				
Bank loans	**6.7-7.4**	**143,125**	7.0-8.7	145,188
		2,032,494		1,668,862
– secured		**1,058,478**		734,803
– guaranteed		**–**		906,653
– unsecured		**974,016**		27,406
		2,032,494		1,668,862

	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Analysed into:		
Bank loans repayable		
Within one year or on demand	**1,733,995**	1,442,427
In the second year	**91,125**	74,188
In the third to fifth years, inclusive	**52,000**	71,000
	1,877,120	1,587,615
Other borrowings repayable		
Within one year or on demand	**155,374**	81,247
Total	**2,032,494**	1,668,862

14. BANK LOANS AND OTHER BORROWINGS *(continued)*

(a) As at 30 June 2014, certain of the Group's bank loans and other borrowings are secured by:

(i) mortgages over the Group's land use rights situated in Mainland China, which had an aggregate carrying value of approximately RMB86,511,000 (31 December 2013: RMB85,323,000);

(ii) mortgages over the Group's buildings, which had an aggregate carrying value of approximately RMB206,444,000 (31 December 2013: RMB149,468,000);

(iii) mortgages over the Group's inventories, which had an aggregate carrying value of approximately RMB281,448,000 (31 December 2013: RMB180,457,000).

(b) As at 31 December 2013, certain of the Group's bank loans amounting to RMB906,653,000 were guaranteed by Mr. Wu Tak Lam and Ms. Chiu Man (hereinafter collectively referred to as the "Controlling Shareholders").

15. TRADE AND BILLS PAYABLES

	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Trade payables	**79,301**	42,409
Bills payable	**472,309**	402,383
Trade and bills payables	**551,610**	444,792

15. TRADE AND BILLS PAYABLES *(continued)*

An aged analysis of the trade and bills payables as at each reporting date, based on the invoice date, is as follows:

	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Within 3 months	**535,435**	436,798
3 to 6 months	**14,574**	6,918
6 to 12 months	**1,201**	856
Over 12 months	**400**	220
Total	**551,610**	444,792

The trade and bills payables are non-interest-bearing.

As at 30 June 2014, the Group's bills payable are secured by mortgages over the Group's inventories, which had an aggregate carrying value of approximately RMB280,131,000 (31 December 2013: RMB113,034,000).

16. SHARE CAPITAL

Authorised

	30 June 2014 Unaudited No. of shares at US$0.0001 each	31 December 2013 Audited No. of shares at US$1 each
Ordinary shares (note (a))	**1,000,000,000**	50,000

Issued and fully paid

	No. of shares at US$0.0001 each	**Equivalent to RMB'000**
Ordinary shares	600,000,000	377

16. SHARE CAPITAL *(continued)*

	Number of issued and fully paid ordinary shares	Nominal value of ordinary shares US$'000	Share premium US$'000	Equivalent nominal value of ordinary shares RMB'000	Equivalent share premium RMB'000
As at 1 January 2014	45,000	45	–	285	–
Division of ordinary shares on 8 January 2014 (note (a))	449,955,000	–	–	–	–
Issue of new shares on 15 May 2014 (note (b))	150,000,000	15	70,190	92	430,508
Share issue expenses	–	–	(8,920)	–	(54,710)
As at 30 June 2014	600,000,000	60	61,270	377	375,798

Notes:

(a) On 8 January 2014, the authorized share capital of the Company was changed from US$50,000 divided into 50,000 shares of a par value of US$1.00 each to US$50,000 divided into 50,000 shares of a par value of US$1.00 each and US$100,000 divided into 1,000,000,000 Shares with a par value of US$0.0001 each, through the creation of an additional 1,000,000,000 shares with a par value of US$0.0001 each ranking pari passu in all respects with the existing shares. On the same date, the Company issued 450,000,000 shares with a par value of US$0.0001 to its then shareholders, Top Wheel Limited. Immediately following the completion of the above steps, the Company repurchased 45,000 shares with a par value of US$1.00 in issue from Top Wheel Limited for a consideration of US$45,000, which has been settled in full by the amount payable by Top Wheel Limited for the subscription of 450,000,000 Shares with a par value of US$0.0001. All authorized Shares of a par value of US$1.00 each was cancelled immediately after this repurchase of shares. As a result, the authorized share capital of the Company became US$100,000 divided into 1,000,000,000 Shares of a par value of US$0.0001 each.

(b) On 15 May 2014, in connection with the Company's IPO as defined in the Prospectus, 150,000,000 new ordinary shares of the Company of US$0.0001 each were issued at a price of HK$3.61 per share with gross proceeds of HK$541,500,000 (equivalent to approximately US$70,205,000 or RMB430,600,000).

17. PRE-IPO SHARE AWARD SCHEME

On 8 January 2014, a share award scheme was approved and adopted by the then shareholder (the "Pre-IPO Share Award Scheme") for the purposes of recognising and rewarding the contributions of the selected employees of the Group and motivating their contribution to the future development of the Group.

For the implementation of the Pre-IPO Share Award Scheme, the Management Trust (as defined in the Prospectus) was established on the same date for the benefit of certain employees with Cantrust (Far East) Limited acting as the trustee. The Management Trust holds 9,000,000 shares in the Company pursuant to the Pre-IPO Share Award Scheme.

On 15 May 2014, a total of 2,020,000 awarded shares, representing approximately 0.34% of the total shares issued at the end of this period, had been granted, at nil consideration, to certain employees pursuant to the Pre-IPO Share Award Scheme, two of which are Directors.

Under the Pre-IPO Share Award Scheme, vesting period is five years during which the awarded shares granted to any particular selected employee will vest on each anniversary of the grant date of the relevant awards in equal portions. Vesting period of a selected employee is subject to postponement in the event of unsatisfactory performance of such employee based on his or her annual performance appraisal. The selected employees are not entitled to exercise or enjoy the rights to the awarded shares pending the vesting of the awarded shares in accordance with the applicable vesting period.

The fair value of services received in return for share award granted was estimated, by reference to the market value of the shares as at the date of grant, taking into account the terms and conditions upon which the share award was granted. The Group recognised a total share award expense of RMB272,000 during the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

At the end of the period, the Company had 2,020,000 awarded shares outstanding under the Pre-IPO Share Award Scheme.

18. RESERVES

(i) Statutory reserve

Pursuant to the relevant PRC rules and regulations, those PRC subsidiaries which are domestic enterprises in the PRC are required to transfer no less than 10% of their profits after taxation, as determined under PRC accounting regulations, to the statutory reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before the distribution of a dividend to shareholders.

(ii) Merger reserve

The merger reserve of the Group represents the capital contributions from the equity holders of the Company. The additions represent the injection of additional paid-up capital by the equity holders of the subsidiaries to the respective companies, which were consolidated from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Controlling Shareholders and waive of liabilities by the Controlling Shareholders. The deductions represent acquisition of equity interests in subsidiaries from the Controlling Shareholders for business combination under common control.

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

19. DISPOSAL OF A SUBSIDIARY

In May 2014, the Group disposed of its entire equity interests in Beijing Sunfonda Boao Commercial Trading Co., Ltd. ("**Beijing Sunfonda Boao**") to Beijing Huitongxinhe Investment Management Co., Ltd. at a consideration of RMB89,078,000, which has not been settled as at 30 June 2014.

Details of the net assets disposed of and the gain on disposal are as follows:

	RMB'000
Net assets disposed of:	
Property, plant and equipment	13,116
Land use rights	217,768
Prepayments	5,664
Deferred tax assets	1,859
Prepayments, deposits and other receivables	2,364
Cash and cash equivalents	20,888
Other payables and accruals	(236,530)
	25,129
Gain on disposal of a subsidiary	63,949
Satisfied by:	
Other receivables	89,078
An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:	
Cash and cash equivalents disposed of	(20,888)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(20,888)

20. CONTINGENT LIABILITIES

As at 30 June 2014, the Group did not have any significant contingent liabilities.

21. COMMITMENTS

(a) Capital commitments

Capital commitments of the Group in respect of land use rights and property and equipment outstanding at each reporting date not provided for these financial statements as follows:

	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Contracted, but not provided for land use rights and buildings	**78,970**	39,723

(b) Operating lease commitments

At each reporting date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2014 Unaudited		31 December 2013 Audited	
	Properties RMB'000	**Land RMB'000**	Properties RMB'000	Land RMB'000
Within 1 year	**11,897**	**1,729**	15,677	4,155
After 1 year but within 5 years	**38,087**	**10,680**	48,762	18,973
After 5 years	**22,855**	**10,162**	25,450	19,752
	72,839	**22,571**	89,889	42,880

The Group is the lessee in respect of a number of properties and land held under operating leases. The leases typically run for an initial period of three to fifteen years, with an option to renew the leases when all the terms are renegotiated.

22. RELATED PARTY TRANSACTIONS AND BALANCES

Mr. Wu Tak Lam and Ms. Chiu Man are collectively the Controlling Shareholders of the Group. They are also the key management personnel and considered to be related parties of the Group.

Mr. Zhao Yijian is a close family member of the Controlling Shareholders and considered to be a related party of the Group.

The Group had the following transactions with related parties during the reporting period:

(a) Transactions with related parties

As at 31 December 2013, certain of the Group's bank loans amounting to RMB906,653,000 were guaranteed by the Controlling Shareholders.

In June 2013, the Group disposed of its entire equity interests in Yangzhou Sunfonda Automobile Co., Ltd. ("Yangzhou Sunfonda") to Mr. Zhao Yijian for a consideration of US$5,000,000. During the six months ended 30 June 2014, revenue from the sale of motor vehicles to Yangzhou Sunfonda amounted to RMB26,272,000.

(b) Balances with related parties

(i) Due from a related party:

	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Trade related:		
Yangzhou Sunfonda Automobile Co., Ltd.	**6,893**	6,371

(ii) Due to a related party:

	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Non-trade related:		
The Controlling Shareholders		
Mr. Wu Tak Lam and Ms. Chiu Man	**–**	7,684

22. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(c) Compensation of key management personnel of the Group:

	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Short term employee benefits	**1,577**	1,572
Equity-settled share award expense	**54**	–
Post-employee benefits	**72**	72
Total compensation paid to key management personnel	**1,703**	1,644

23. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at each reporting date were as follows:

Group

Financial assets

	Loans and receivables	
	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Trade receivables	**44,217**	50,841
Financial assets included in prepayments, deposits and other receivables	**246,791**	105,481
Amounts due from a related party	**6,893**	6,371
Pledged bank deposits	**344,668**	292,209
Cash in transit	**12,007**	33,240
Cash and cash equivalents	**1,005,658**	451,930
	1,660,234	940,072

23. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

Group *(continued)*

Financial liabilities

	Financial liabilities at amortised cost	
	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Trade and bills payables	**551,610**	444,792
Financial liabilities included in other payables and accruals	**41,970**	40,434
Amounts due to related parties	**–**	7,684
Bank loans and other borrowings	**2,032,494**	1,668,862
	2,626,074	2,161,772

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, cash in transit, pledged bank deposits, trade receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals and amounts due from/to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of bank loans and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, which are also approximate to their carrying amounts. The Group's own non-performance risk for bank loans and other borrowings as at 30 June 2014 was assessed to be insignificant.

At the end of the period, neither the Group nor the Company had any financial asset or liability measured at fair value (31 December 2013: Nil).

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (31 December 2013: Nil).

25. EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Group after 30 June 2014.

26. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 August 2014.