



AUTO ITALIA

AUTO ITALIA HOLDINGS LIMITED

意達利控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code : 720



INTERIM REPORT 中期報告

2014

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# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

For the six months ended 30 June 2014, the Group's revenue was HK\$582.3 million, increased by 3.9% as compared to HK\$560.2 million, the same period in 2013 (restated).

### Gross Profit and Gross Profit Margin

The gross profit margin increased by 2.0 percentage point to 22.4% from 20.4% for the first half of 2013. Accordingly, our gross profit increased to HK\$130.2 million from HK\$114.3 million in the first half of 2013 (restated). The increase in gross profit and gross profit margin was mainly contributed by the increase in after-sales service income.

### Selling and Distribution Costs and Administrative Expenses

Selling and distribution costs and administrative expenses in the first half of 2014 aggregated to HK\$ 126.4 million (2013 (restated): HK\$107.0 million), accounted for 21.7% (2013 (restated): 19.2%) of revenue. This net increase of HK\$19.4 million was mainly due to an one-off staff redundancy cost for the closure of our Nanjing operations, increase in staff cost in Hong Kong as well as the rental cost in our Shanghai operation.

### Finance Costs

For the first half of 2014, the Group's recorded finance costs of HK\$3.4 million, representing a year-on-year decrease of HK\$3.6 million, which mainly reflected the improved cash position of the Group.

### Profit Attributable to Owners of the Company

Profit attributable to owners of the Company for the period ended 30 June 2014 was HK\$1.8 million (2013 (restated): loss of HK\$1.2 million).

# Management Discussion and Analysis

## FINANCIAL POSITION

### Liquidity and financial resources

The Group has been financed by a combination of its equity capital base, cash flow generated from operations and bank borrowings. As usual, bank and other liabilities were being met upon their maturities in the normal course of business.

On 7 March 2014, the Company entered into an agreement with a placing agent for a private placement to not less than six independent investors of 500,000,000 shares of HK\$0.02 each in the Company, at a price of HK\$0.125 per share. The placement was completed on 20 March 2014 and the net proceeds of approximately HK\$60.8 million have been applying for the general working capital of the Group.

Cash and cash equivalents (including pledged bank deposits) at 30 June 2014 were HK\$303.4 million, representing a net decrease of HK\$39.2 million as compared with the cash and cash equivalents balance of HK\$342.6 million as at 31 December 2013. The decrease was attributable to: (1) cash inflows from operating activities amounting to HK\$13.6 million, (2) cash inflows from investing activities amounting to HK\$10.5 million, (3) net cash outflows from financing activities amounting to HK\$53.0 million, mainly attributable to the net repayment of bank borrowings and a loan from a related party of HK\$84.5 million and HK\$26 million, respectively, which was partly offset by the net proceeds from the share placement of HK\$60.9 million.

The Group had total borrowings at 30 June 2014 amounting to HK\$111.1 million (31 December 2013: HK\$222.3 million), including long term borrowings of HK\$9.1 million (31 December 2013: HK\$9.9 million).

As at 30 June 2014, the Group maintained a net cash position of HK\$192.3 million (31 December 2013: net cash position of HK\$120.3 million). The current ratio was 1.3 (31 December 2013: 1.12), based on current assets of HK\$617.8 million (31 December 2013: HK\$589.8 million) and current liabilities of HK\$476.1 million (31 December 2013: HK\$524.9 million).

The Group had trading facilities at 30 June 2014 amounting to HK\$284.4 million (31 December 2013: HK\$410.8 million) of which HK\$162.4 million (31 December 2013: HK\$243.7 million) was utilized.

### Foreign Exchange Exposure

The Group's purchases are mainly conducted in HK Dollar, Renminbi and US Dollar whilst sales are mainly conducted in HK Dollar and Renminbi. During the period, the Group had not entered into any forward exchange contracts. There were no outstanding foreign exchange contracts at 30 June 2014 and 31 December 2013.

# Management Discussion and Analysis

## FINANCIAL POSITION *(Continued)*

### Pledge of Assets

Certain of the Group's properties, inventories, cash deposits and all assets of certain subsidiaries were pledged as at 30 June 2014 in an aggregate amount of HK\$115.1 million (31 December 2013: HK\$176.0 million) to secure loans and facilities granted.

### Capital Commitments and Contingent Liabilities

The Group had no material capital commitments and contingent liabilities at 30 June 2014 (31 December 2013: Nil).

## BUSINESS REVIEW

### Ferrari

Ferrari sales in the first half of 2014 started slowly as compared to corresponding period in 2013. This is due to California 30 model ceased production and the replacement California T model will only have allocation for Hong Kong market at the fourth quarter of 2014. The launch of this model took place in May this year and was well received with orders taken to start delivery forecasted at the first quarter of 2015. The 458 Speciale that was launched last year with expected delivery gradually to increase in the second half of this year.

### Maserati

The Maserati sales has performed well in the first half of 2014 as compared to the same period of 2013 with a growth of more than two folds in unit sales. The new Ghibli, the brand's first mid-sized luxury sport sedan which was launched in January 2014, has been well received by our customers and the public. The portfolio in all model range remains strong and we anticipate that the brand will achieve an overall segment share of over 10% in 2014.

Besides the successful launch of the new Ghibli, the Group has also made a massive effort in marketing for brand building and sales support in the first half of 2014. The result has proven to be successful with the brand awareness in the market and sales growth. A series of marketing activities are in the pipeline to be rolled-out in the second half of the year, such as Maserati Owner Club, Maserati China Drive and Maserati Centennial celebration. The objective is to further enhance the brand image, value and the customer base for the preparation of more new models, such as the SUV, to come in the nearest future.

### After-sales Service

The after-sales service revenue for the first half of 2014 grew by 23.4% as compared to the same period in 2013, which was mainly benefited from the increase in service income from our pre-delivery inspection center in Shanghai. For the first half of 2014, the Group has completed the expansion of its facilities in Shanghai for meeting the anticipated increase in importation of new cars into mainland China.

# Management Discussion and Analysis

## **BUSINESS REVIEW** *(Continued)*

### **Human Resources**

As at 30 June 2014, the Group had 187 staff.

The management is committed to continuous staff training and development to ensure the standard of our employees remains competitive in the marketplace. We are confident that our employees will continue to grow with the business and contribute their best to the Group.

### **PROSPECTS**

To increase the overall service capacity and efficiency, the Group will set up a new after-sales service facility together with a new car pre-delivery inspection center with area over 60,000 square feet in the New Territories and will commence to provide comprehensive body and paint services in 2015. It is expected that the new set up will increase the overall service capacity by 100% as compared to the current service capacity. The existing facility in Shatin will also be renovated and expanded to further increase the overall capacity for its mechanical services. Furthermore, a new Maserati showroom is planned to set up in 2015, which will be the first Maserati showroom of the Company in the Kowloon area. Our objective is always to ensure high customer satisfaction which is today's key to success in the service sector.

Looking forward, the Group's order portfolio for Ferrari continues to remain strong with the 458 Speciale and the new California T with an average overall lead-time of just under a year, whilst the profile of Maserati will continue to broaden. Both brands are introducing exciting new models, includes Ferrari's next 'Supercar', the LaFerrari and the 458 limited production Speciale Spider, Maserati new Sport Utility Vehicle, Levante and the Alfieri in the coming years to further expand their market dominance and targeting for new clients.

### **Events after the Reporting Period**

- a) **Acquisition of an aggregate of approximately 40.27% of China Premium Lifestyle Enterprise, Inc. ("CPLY") and proposed merger of CPLY Acquisition Corp. ("CPLY NewCo") and CPLY**

On 8 July 2014, CPLY NewCo, a wholly-owned subsidiary of the Company, conditionally agreed to purchase an aggregate of 9,879,389 shares of CPLY ("CPLY Shares"), a company incorporated in the United States of America (the "US"), and an indirect non wholly-owned subsidiary of the Company, from the six sellers their respective number of CPLY Shares which in aggregate amount to 9,879,389 CPLY Shares, representing approximately 40.27% of the total CPLY Shares in issue (the "Acquisition").

# Management Discussion and Analysis

## PROSPECTS *(Continued)*

### Events after the Reporting Period *(Continued)*

- a) **Acquisition of an aggregate of approximately 40.27% of China Premium Lifestyle Enterprise, Inc. (“CPLY”) and proposed merger of CPLY Acquisition Corp. (“CPLY NewCo”) and CPLY *(Continued)***

The total consideration for the Acquisition was approximately US\$839,749 (equivalent to approximately HK\$6,550,042) which was satisfied wholly in cash and the Acquisition was completed on 26 August 2014. Upon the completion, CPLY NewCo holds 90.04% of the total CPLY Shares in issue.

On 8 July 2014, the Company approved the adoption of a merger plan under which, after the completion, the Company will merge CPLY NewCo with and into CPLY in accordance with the applicable laws of the State of Nevada, the US (the “Merger”). As of the effective date of the Merger, CPLY will be an indirect wholly-owned subsidiary of the Company. Details of the Acquisition and the Merger are set out in the Company’s announcement dated 8 July 2014.

- b) **Proposed open offer of 1,729,726,130 new shares (the “Offer Shares”) on the basis of one (1) offer share for every two (2) existing shares of the Company and change of board lot size**

On 25 July 2014, the Company proposed to raise approximately HK\$112.4 million before expenses by issuing 1,729,726,130 Offer Shares at the Price of HK\$0.065 per Offer Share on the basis of 1 Offer Share for every 2 existing shares of the Company held on 15 August 2014 (the “Open Offer”) and payable in full on application. Moreover, the Board also proposed to change the board lot size for trading of the shares of the Company from 12,500 Shares to 25,000 Shares (the “Change of Board Lot Size”) with effect from 11 September 2014.

The estimated net proceeds of the Open Offer are expected to be approximately HK\$110 million. The Company intends to apply such net proceeds from the Open offer (i) as to approximately HK\$35 million for repayment of its current outstanding bank loans; (ii) as to approximately HK\$65 million for expansion of its existing business and/or future investments in properties as and when opportunities arise; and (iii) any remaining net proceeds will be for the general working capital of the Group and/or short term investments.

The Open Offer is scheduled to be completed on or before 10 September 2014. Details of the Open Offer and Change of Board Lot Size are set out in the Company’s prospectus dated 18 August 2014.

## Corporate Governance and Other Information

### INTERIM DIVIDEND

The board of the directors of the Company (the "Board") does not recommend payment of an interim dividends for the six months ended 30 June 2014 (2013: Nil).

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 June 2014, the interests and short positions of each director ("Director(s)") and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO; or are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange are as follows:

- (a) Beneficial interests and long positions in the shares of the Company at 30 June 2014:

Director	Number of ordinary shares of HK\$0.02 each ("Share(s)")			
	Personal interests	Family interests	Corporate interests	Total interests
Mr. Tan Boon Seng ("Mr. Tan") <sup>(Note)</sup>	1,020,000	–	–	1,020,000

*Note: Mr. Tan resigned as an Independent Non-executive Director with effective from 29 August 2014.*

None of the Directors held any short position in the Shares.

- (b) Beneficial interests and short positions in underlying shares of equity derivatives of the Company at 30 June 2014 are disclosed in the section headed "Share Option Scheme" of this Report.



## Corporate Governance and Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

Save as disclosed below, at 30 June 2014, so far as is known to the Directors, no other person had, or was deemed or taken to have an interest or short position of 5% or more of the interests in the Shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Shareholders	Number of Shares	Number of Underlying shares of equity derivatives	Approximate % of the total issued Shares <sup>#</sup>
Gustavo International Limited	203,150,000 <sup>(Note)</sup>	–	5.87%
Maini Investments Limited	203,150,000 <sup>(Note)</sup>	–	5.87%
VMS Investment Group Limited ("VMSIG")	704,770,045 <sup>(Note)</sup>	–	20.37%
Ms. Mak Siu Hang Viola	704,770,045 <sup>(Note)</sup>	–	20.37%

<sup>#</sup> Based on the total issued Shares of 3,459,452,260 at 30 June 2014.

*Note: VMSIG and parties acting in concert with it are interested in an aggregate of 704,770,045 Shares, of which 501,620,045 Shares are held by VMSIG and 203,150,000 Shares are held by Gustavo International Limited (a company owned as to approximately 80% by Maini Investments Limited, a wholly owned subsidiary of VMSIG which is in turn wholly-owned by Ms. Mak Siu Hang Viola).*

All interests in Shares and underlying shares of equity derivatives of the Company are long positions. None of the substantial shareholders held any short positions in the Shares or underlying shares of equity derivatives of the Company.

### SHARE OPTION SCHEMES

Under the share option scheme adopted by the Company on 30 May 2002 (the "2002 Share Option Scheme"), options were granted to certain Directors, employees and other eligible participants of the Company entitling them to subscribe for shares of HK\$0.02 each in the capital of the Company. The 2002 Share Option Scheme was expired and terminated on 27 May 2012. A new share option scheme has been adopted by the Company on 28 May 2012 (the "2012 Share Option Scheme").

As at 30 June 2014, no outstanding share options were remained under the 2002 Share Option Scheme and no share options were granted under the 2012 Share Option Scheme respectively. There was no movement in the Company's share options for the six months ended 30 June 2014.

## Corporate Governance and Other Information

### **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

During the six months ended 30 June 2014, the Company and its subsidiaries have not repurchased, sold or redeemed any of the Company's securities.

### **CORPORATE GOVERNANCE**

Maintaining an effective corporate governance framework is one of the priorities of the Company. In the opinion of the Directors, the Company has complied with all the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the six months ended 30 June 2014, except Code Provisions A.2.1 and A.6.7 of the CG Code.

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Chong Tin Lung Benny ("Mr. Chong") is the Executive Chairman and the Chief Executive Officer of the Company. Mr. Chong has extensive experience in corporate management and securities investments and is responsible for the overall corporate strategies, planning and business development of the Group. The Board considers that vesting of two roles in the same person provides our Group with strong and consistent leadership and facilitates the implementation and execution of our Group's business strategy. The Company shall nevertheless review the structure from time to time in light of the prevailing circumstances.

In respect of Code Provision A.6.7 of the CG Code, due to another engagement, one of the Independent Non-executive Directors (the "INEDs") was unable to attend the annual general meeting of the Company held on 21 May 2014 (the "AGM").

### **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")**

The Company has adopted a code of conduct for transactions in the Company's securities by the Directors that complies with the Model Code. Followed specific enquiries by the Company, all Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the six months ended 30 June 2014.

### **CHANGES IN INFORMATION OF DIRECTORS**

Pursuant to Rule 13.51(B)(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the Company's 2013 annual report are set out below:

At the AGM, Mr. Tan, who had been an INED since April 1999, was re-elected as an INED for a term from 21 May 2014 and up to the date of the next annual general meeting of the Company. On 29 August 2014, Mr. Tan resigned as an INED due to his other personal commitments. Following the resignation of Mr. Tan, he also ceased to be the chairman of the remuneration committee and a member of each of the audit committee and the nomination committee of the Company with effect from 29 August 2014.

The appointment of Mr. William Keith Jacobsen as an Executive Director was renewed for a further term of 2 years commencing from 28 May 2014 to 27 May 2016 (both days inclusive).

## Corporate Governance and Other Information

Directors who held office during the six months ended 30 June 2014 and up to the date of this interim report were:

### **Executive Directors**

Mr. Chong Tin Lung Benny (*Executive Chairman and appointed as Chief Executive Officer*)

Mr. William Keith Jacobsen

Mr. Lam Chi Yan

### **INEDs**

Mr. Tan Boon Seng (*resigned with effective from 29 August 2014*)

Dr. Antonio Maria Santos

Mr. Kong To Yeung Frankie

## **COMPLIANCE WITH THE LISTING RULES**

Following the resignation of Mr. Tan, the Company has only two INEDs and two audit committee members, the number of which falls below the minimum number required under Rule 3.10(1), Rule 3.10A and Rule 3.21 of the Listing Rules. In addition, the remuneration committee is not chaired by an INED, contrary to Rule 3.25 of the Listing Rules.

The Company is endeavouring to identify a suitable candidate to fill the vacancy as soon as practicable within three months from the date of resignation of Mr. Tan pursuant to Rule 3.11, Rule 3.23 and rule 3.27 of the Listing Rules. The Company will make a further announcement as and when appropriate.

## **REVIEW OF INTERIM RESULTS**

Following the resignation of Mr. Tan as an INED, the Company's Audit Committee comprises Mr. Kong To Yeung Frankie (the Chairman of the Audit Committee) who has appropriate professional qualifications, accounting and related financial management expertise and Dr. Antonio Maria Santos, both of whom are INEDs as at the date hereof. The principal responsibilities of the Audit Committee are to review and supervise the financial reporting process and internal control systems of the Group. The interim results of the Group for the six months ended 30 June 2014 have not been audited but they have been reviewed by Deloitte Touche Tohmatsu, the auditor of the Company, and the Audit Committee.

By order of the Board

**Chong Tin Lung Benny**

*Executive Chairman and Chief Executive Officer*

Hong Kong, 29 August 2014

# Report on Review of Condensed Consolidated Financial Statements



## TO THE BOARD OF DIRECTORS OF AUTO ITALIA HOLDINGS LIMITED

### INTRODUCTION

We have reviewed the condensed consolidated financial statements of Auto Italia Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 11 to 35, which comprises the condensed consolidated statement of financial position as of 30 June 2014 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 June 2013 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

**Deloitte Touche Tohmatsu**  
Certified Public Accountants  
Hong Kong  
29 August 2014

# Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2014

	Notes	Six months ended 30 June	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited) (restated)
<b>Continuing operations</b>			
Revenue	3	582,273	560,201
Cost of sales		(452,088)	(445,949)
<b>Gross profit</b>		<b>130,185</b>	<b>114,252</b>
Other income		9,005	6,156
Other gains and losses	4	(1,316)	1,295
Selling and distribution cost		(73,753)	(64,690)
Administrative expenses		(52,631)	(42,300)
Finance costs	5	(3,376)	(7,005)
<b>Profit before taxation</b>		<b>8,114</b>	<b>7,708</b>
Taxation	7	(1,942)	(5,590)
<b>Profit for the period from continuing operations</b>	<b>6</b>	<b>6,172</b>	<b>2,118</b>
<b>Discontinued operations</b>			
Loss for the period from discontinued operations	18	–	(1,617)
<b>Profit for the period</b>		<b>6,172</b>	<b>501</b>
<b>Profit (loss) for the period attributable to:</b>			
Owners of the Company			
– from continuing operations		1,844	606
– from discontinued operations		–	(1,824)
<b>Profit (loss) for the period attributable to owners of the Company</b>		<b>1,844</b>	<b>(1,218)</b>

# Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2014

	Notes	Six months ended 30 June	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited) (restated)
Non-controlling interests			
– from continuing operations		4,328	1,512
– from discontinued operations		–	207
Profit for the period attributable to non-controlling interests		4,328	1,719
		6,172	501
<b>Earnings (loss) per share attributable to the owners of the Company</b>			
From continuing and discontinued operations			
– Basic and diluted	8	HK0.06 cent	HK(0.04) cent
From continuing operations			
– Basic and diluted	8	HK0.06 cent	HK0.02 cent

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited) (restated)
<b>Profit for the period</b>	<b>6,172</b>	<b>501</b>
<b>Other comprehensive income (expense)</b> <i>Item that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	395	(300)
<b>Other comprehensive income (expense) for the period</b>	<b>395</b>	<b>(300)</b>
<b>Total comprehensive income for the period</b>	<b>6,567</b>	<b>201</b>
<b>Total comprehensive income (expense) attributable to:</b>		
Owners of the Company	2,142	(1,557)
Non-controlling interests	4,425	1,758
	<b>6,567</b>	<b>201</b>

# Condensed Consolidated Statement of Financial Position

At 30 June 2014

	Notes	At 30 June 2014 HK\$'000 (unaudited)	At 31 December 2013 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	34,919	45,207
Investment properties	11	44,700	44,700
Goodwill		2,480	2,480
Rental deposits		10,487	10,531
		<b>92,586</b>	<b>102,918</b>
<b>Current assets</b>			
Inventories		166,298	206,051
Tax recoverables		2,381	2,381
Trade and other receivables	12	145,766	38,695
Pledged bank deposits		63,148	73,247
Bank balances and cash		240,248	269,387
		<b>617,841</b>	<b>589,761</b>
<b>Current liabilities</b>			
Trade and other payables	13	372,413	311,777
Tax payable		1,572	674
Amount due to a related company		–	26,000
Bank and other borrowings	14	101,990	186,322
Obligations under finance leases		149	149
		<b>476,124</b>	<b>524,922</b>
<b>Net current assets</b>		<b>141,717</b>	<b>64,839</b>
<b>Total assets less current liabilities</b>		<b>234,303</b>	<b>167,757</b>



# Condensed Consolidated Statement of Financial Position

At 30 June 2014

	Notes	At 30 June 2014 HK\$'000 (unaudited)	At 31 December 2013 HK\$'000 (audited)
<b>Capital and reserves</b>			
Share capital	15	69,189	59,189
Reserves		142,696	89,677
<b>Equity attributable to owners of the Company</b>			
		211,885	148,866
Non-controlling interests		13,143	8,718
<b>Total equity</b>			
		225,028	157,584
<b>Non-current liabilities</b>			
Bank and other borrowings	14	9,126	9,950
Obligations under finance leases		149	223
		9,275	10,173
<b>Total non-current liabilities</b>			
		234,303	167,757

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share option reserve HK\$'000	Revaluation reserve HK\$'000	Translation reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2014 (audited)	59,189	115,678	2,151	-	15,620	(126)	157,034	(200,680)	148,866	8,718	157,584
Profit for the period	-	-	-	-	-	-	-	1,844	1,844	4,328	6,172
Other comprehensive income for the period	-	-	-	-	-	298	-	-	298	97	395
Total comprehensive income for the period	-	-	-	-	-	298	-	1,844	2,142	4,425	6,567
Issue of new shares	10,000	52,500	-	-	-	-	-	-	62,500	-	62,500
Transaction costs attributable to issue of new shares	-	(1,623)	-	-	-	-	-	-	(1,623)	-	(1,623)
At 30 June 2014 (unaudited)	69,189	166,555	2,151	-	15,620	172	157,034	(198,836)	211,885	13,143	225,028
At 1 January 2013 (as originally stated)	59,189	115,678	2,151	18	-	1,343	157,034	(89,714)	245,699	18,280	263,979
Adjustments (Note 2)	-	-	-	-	-	-	-	(62,942)	(62,942)	(10,200)	(73,142)
At 1 January 2013 (restated)	59,189	115,678	2,151	18	-	1,343	157,034	(152,656)	182,757	8,080	190,837
(Loss) profit for the period (restated)	-	-	-	-	-	-	-	(1,218)	(1,218)	1,719	501
Other comprehensive (expense) income for the period	-	-	-	-	-	(339)	-	-	(339)	39	(300)
Total comprehensive (expense) income for the period	-	-	-	-	-	(339)	-	(1,218)	(1,557)	1,758	201
Capital contribution from non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	5,880	5,880
At 30 June 2013 (restated)	59,189	115,678	2,151	18	-	1,004	157,034	(153,874)	181,200	15,718	196,918

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited) (restated)
NET CASH FROM OPERATING ACTIVITIES	13,639	27,277
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(10,694)	(28,923)
Proceeds from disposal of property, plant and equipment	10,570	3,284
Proceeds from disposal of investment properties	–	28,443
Placement of pledged bank deposits	(10,821)	(65,653)
Withdrawal of pledged bank deposits	20,920	88,418
Other investing cash flows	515	672
NET CASH FROM INVESTING ACTIVITIES	10,490	26,241
FINANCING ACTIVITIES		
Bank and other borrowings raised	276,842	504,061
Repayment of bank and other borrowings	(361,371)	(554,896)
Repayment to a related company	(26,000)	–
Proceeds on issue of new shares	62,500	–
Transaction costs attributable to issue of new shares	(1,623)	–
Other financing cash flows	(3,450)	(8,762)
NET CASH USED IN FINANCING ACTIVITIES	(53,102)	(59,597)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(28,973)	(6,079)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	269,387	72,927
Effect of exchange rate changes	(166)	(1,081)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by	240,248	65,767
Bank balances and cash	240,248	72,800
Bank overdrafts	–	(7,033)
	240,248	65,767

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company is a public limited company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the import, marketing and distribution, and provision of after-sales service of Italian “Ferrari” and “Maserati” branded cars in Hong Kong and Macau, the provision of pre-delivery inspection service in Shanghai, the PRC as well as provision of financing and property investment.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, a new Interpretation and certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the current interim period except that the Group has adopted the amendment to HKAS 36 “Recoverable amount disclosures for non-financial assets” since the financial year beginning on 1 January 2013.

The application of the new Interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Impact of the application of HKFRS 10

In prior period, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 “Consolidated financial statements”, HKFRS 11 “Joint arrangements”, HKFRS 12 “Disclosure of interests in other entities”, HKAS 27 (as revised in 2011) “Separate financial statements” and HKAS 28 (as revised in 2011) “Investments in associates and joint ventures”, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

HKFRS 10 replaces the parts of HKAS 27 “Consolidated and separate financial statements” that deal with consolidated financial statements and HK(SIC) – INT 12 “Consolidation – Special purpose entities”. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee; b) it is exposed, or has rights, to variable returns from its involvement with the investee; and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. HKFRS 10 contains detailed guidance regarding whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee.

Specifically, the Group has a 49.77% ownership interest in China Premium Lifestyle Enterprise, Inc. (“CPLY”) which has a wholly-owned subsidiary CPMM (Asia) Limited (“CPMM”). CPLY is listed on OTC Bulletin Board in the United States of America. The Group’s 49.77% ownership interest in CPLY gives the Group the same percentage of the voting rights in CPLY. The Group’s 49.77% ownership interest in CPLY was acquired in July 2006 under a group reorganisation and there has been no change in the Group’s ownership in CPLY since then. The remaining 50.23% of the ordinary shares of CPLY are owned by two individuals each holding not more than 15% and over 40 shareholders, none individually holding more than 6%.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Impact of the application of HKFRS 10 (Continued)

The directors of the Company made an assessment of the application of HKFRS 10 (i.e. 1 January 2013) as to whether or not the Group has control over CPLY in accordance with the new definition of control and the related guidance set out in HKFRS 10. The directors of the Company concluded that it has had control over CPLY since the acquisition in July 2006 on the basis of the Group's absolute size of holding in CPLY and the relative size of and dispersion of the shareholdings owned by the other shareholders. Therefore, in accordance with the requirements of HKFRS 10, CPLY, together with its subsidiary, CPMM, have been subsidiaries of the Company since July 2006. Previously, CPLY was treated as an associate of the Group and accounted for using the equity method of accounting.

Comparative amounts for 2013 have been restated in accordance with the relevant transitional provisions set out in HKFRS 10 (see the tables below for details).

### Summary of the effects of the above changes in accounting policy

In accordance with the transitional provisions under HKFRS 10, the effects of changes in accounting policy described above are set out as follows:

#### Impact on profit for the period of the application of HKFRS 10

	Six months ended 30 June 2013 HK\$'000
Increase in administration expenses and decrease in profit for the period	(1,436)
Decrease in profit for the period from continuing operations attributable to:	
Owners of the Company	(715)
Non-controlling interests	(721)
	(1,436)

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Summary of the effects of the above changes in accounting policy (Continued)

#### Impact on equity as at 1 January 2013

	As at 1 January 2013 (originally stated) HK\$'000	HKFRS 10 Adjustments HK\$'000	As at 1 January 2013 (restated) HK\$'000
Accumulated losses	(89,714)	(62,942)	(152,656)
Non-controlling interests	18,280	(10,200)	8,080
Total effects on equity	(71,434)	(73,142)	(144,576)

#### Impact on cash flows for the six months ended 30 June 2013

	HKFRS 10 adjustments HK\$'000
Decrease in net cash inflow from operating activities	(1,436)

#### Impact on basic and diluted loss per share from continuing and discontinued operations

	Six months ended 30 June 2013 HK cent
Figure before adjustments	(0.02)
Adjustments from the impact of HKFRS 10	(0.02)
Figure after adjustments	(0.04)

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Summary of the effects of the above changes in accounting policy (Continued)

#### Impact on basic and diluted earnings (loss) per share from continuing operations

	Six months ended 30 June 2013 HK cent
Figure before adjustments	0.04
Adjustments from the impact of HKFRS 10	(0.02)
Figure after adjustments	0.02

## 3. SEGMENT INFORMATION

During the six months ended 30 June 2014, the Group has new operating segments under "Others" and the operating segments under HKFRS 8 are as follows:

- (i) Cars – Trading of cars and related accessories and provision of car repairing services; and
- (ii) Others – Provision of financing and property investment

During the second half of the year ended 31 December 2013, the operating and reportable segments of "electrical appliance", "fashion apparels and accessories", "others" were discontinued. Accordingly, the segment information reported below for the six months ended 30 June 2013 has restated retrospectively and does not include any amounts for these discontinued operations which are described with more details in Note 18.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 3. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's revenue and results by reportable segments:

Six months ended 30 June 2014 (unaudited)

	Cars HK\$'000	Others HK\$'000	Total HK\$'000
<b>SEGMENT REVENUE</b>			
Group revenue	580,132	2,141	582,273
<b>SEGMENT RESULTS</b>			
Segment profit from continuing operations	21,541	2,033	23,574
Interest income			515
Unallocated corporate expenses			(12,599)
Finance costs			(3,376)
Profit before taxation from continuing operations			8,114

Six months ended 30 June 2013 (unaudited and restated)

	HK\$'000
<b>SEGMENT REVENUE</b>	
Group revenue – Cars	560,201
<b>SEGMENT RESULTS</b>	
Segment profit from continuing operations – Cars	21,888
Interest income	459
Unallocated corporate expenses	(7,634)
Finance costs	(7,005)
Profit before taxation from continuing operations	7,708

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 3. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

### Segment assets and liabilities

At 30 June 2014 (unaudited)

	Cars HK\$'000	Others HK\$'000	Total HK\$'000
<b>Assets</b>			
Segment assets	274,776	65,095	339,871
Bank balances and cash			240,248
Pledged bank deposits			63,148
Unallocated corporate assets			67,160
Consolidated assets			710,427
<b>Liabilities</b>			
Segment liabilities	360,696	–	360,696
Bank and other borrowings			111,116
Unallocated corporate liabilities			13,587
Consolidated liabilities			485,399

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 3. SEGMENT INFORMATION (Continued)

### Segment assets and liabilities (Continued)

At 31 December 2013 (audited)

	HK\$'000
<b>Assets</b>	
Segment assets – Cars	303,030
Bank balances and cash	269,387
Pledged bank deposits	73,247
Unallocated corporate assets	47,015
Consolidated assets	692,679
<b>Liabilities</b>	
Segment liabilities – Cars	333,155
Bank and other borrowings	196,272
Unallocated corporate liabilities	5,668
Consolidated liabilities	535,095

## 4. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited) (restated)
Reversal of impairment loss (impairment loss) on trade and other receivables, net	346	(116)
(Loss) gain on disposal of property, plant and equipment	(1,404)	904
Net foreign exchange (loss) gain	(258)	507
	(1,316)	1,295

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 5. FINANCE COSTS

	Six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited) (restated)
Interests on bank and other borrowings		
– wholly repayable within five years	3,266	6,878
– wholly repayable after five years	104	121
Interests on finance leases	6	6
	<b>3,376</b>	<b>7,005</b>

## 6. PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

Profit for the period from continuing operations has been arrived at after charging (crediting):

	Six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited) (restated)
Cost of inventories recognised as expense	452,088	445,949
Depreciation of property, plant and equipment	8,943	10,103
(Reversal of allowance) allowance for inventories (included in cost of sales)	(24,811)	469

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 7. TAXATION

	Six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited) (restated)
Continuing operations		
Current tax:		
Hong Kong	–	5,052
Other jurisdictions	1,942	538
	1,942	5,590

## 8. EARNINGS (LOSS) PER SHARE

### From continuing and discontinued operations

The calculation of the basic and diluted earnings (loss) per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited) (restated)
Profit (loss) for the period attributable to owners of the Company and profit (loss) for the purpose of calculating basic and diluted earnings (loss) per share	1,844	(1,218)

### Number of shares

	Six months ended 30 June	
	2014	2013
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings (loss) per share	3,243,982,647	2,959,452,260

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 8. EARNINGS (LOSS) PER SHARE *(Continued)*

### **From continuing and discontinued operations *(Continued)***

The computation of diluted loss per share for both continuing and discontinued operations for the six months ended 30 June 2013 does not assume the exercise of the Company's outstanding share options because the exercise of the share options would result in a decrease in loss per share. There are no outstanding potential ordinary shares during the six months ended 30 June 2014.

### **From continuing operations**

The calculation of basic and diluted earnings (loss) per share from the continuing operations attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited) (restated)
Profit (loss) for the period attributable to owners of the Company	1,844	(1,218)
Less: Loss for the period from discontinued operations	–	(1,824)
Profit (loss) for the purposes of calculating basic and diluted earnings (loss) per share from continuing operations	1,844	606

The denominators used are the same as those detailed above for basic and diluted loss per share from continuing and discontinued operations.

### **From discontinued operations**

For the six months ended 30 June 2013, basic and diluted loss per share from discontinued operations is HK0.06 cent based on the loss for the period of HK\$1,824,000 and the denominators detailed above for both basic and diluted loss per share from continuing and discontinued operations.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 9. DIVIDEND

No dividend was paid, declared or proposed during the interim period. The directors of the Company have determined that no interim dividend will be paid for the six months ended 30 June 2014 (2013: Nil).

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2014, the Group spent HK\$10,694,000 (for the six months ended 30 June 2013: HK\$28,923,000) on the acquisition of property, plant and equipment. The Group also disposed of property, plant and equipment with a carrying amount of HK\$11,974,000 (for the six months ended 30 June 2013: HK\$2,377,000) resulting in a loss of HK\$1,404,000 (for the six months ended 30 June 2013: gain of HK\$907,000).

## 11. INVESTMENT PROPERTIES

The investment properties as at 30 June 2014 comprise industrial buildings and carparks located in Hong Kong, held under medium-term leases. The fair value of the investment properties as at 30 June 2014 are based on the directors' valuation taking into account the recent market price and adjusted for the relevant circumstances and it is considered that there is no material change in fair value as at 30 June 2014 and 31 December 2013.

## 12. TRADE AND OTHER RECEIVABLES

	At 30 June 2014 HK\$'000 (unaudited)	At 31 December 2013 HK\$'000 (audited)
Trade receivables	18,506	12,845
Less: Allowance for doubtful debts	(1,655)	(2,001)
	16,851	10,844
Purchase deposits	36,924	9,922
Loan receivable	17,955	–
Utility and rental deposits	2,669	2,046
Prepayments and other receivables	71,367	15,883
	145,766	38,695

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 12. TRADE AND OTHER RECEIVABLES (Continued)

The Group allows its trade customers an average credit period of 90 days. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	At 30 June 2014 HK\$'000 (unaudited)	At 31 December 2013 HK\$'000 (audited)
0 – 30 days	11,403	3,751
31 – 60 days	2,317	4,157
61 – 90 days	649	649
91 days to 1 year	2,482	2,258
Over 1 year	–	29
	<b>16,851</b>	<b>10,844</b>

## 13. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade creditors by age, presented based on invoice date, at the end of the reporting period:

	At 30 June 2014 HK\$'000 (unaudited)	At 31 December 2013 HK\$'000 (audited)
0 – 30 days	48,121	23,377
31 – 60 days	1,234	1,091
61 – 90 days	522	234
91 days to 1 year	66	31
Over 1 year	742	749
	<b>50,685</b>	<b>25,482</b>



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 13. TRADE AND OTHER PAYABLES (Continued)

	At 30 June 2014 HK\$'000 (unaudited)	At 31 December 2013 HK\$'000 (audited)
Trade and bills payables	50,685	25,482
Deposits received from customers	252,374	201,529
Advance payments from customers	20,578	44,886
Accrued charges	18,713	20,421
Other payables	30,063	19,459
	<b>372,413</b>	<b>311,777</b>

## 14. BANK AND OTHER BORROWINGS

During the current interim period, the Group obtained several new bank loans from various banks amounting to approximately HK\$276,842,000 (six months ended 30 June 2013: HK\$504,061,000) and repaid approximately HK\$361,371,000 (six months ended 30 June 2013: HK\$554,896,000). The new loans carry interest at variable market rates ranging from 1.86% to 6.25% (six months ended 30 June 2013: 1.70% to 6.72% per annum).

## 15. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.02 each:		
Authorised		
At 1 January 2013, 30 June 2013 and 2014	17,500,000,000	350,000
Issued and fully paid		
At 1 January 2013, 30 June 2013 and 1 January 2014	2,959,452,260	59,189
Issue of shares under placement (Note)	500,000,000	10,000
At 30 June 2014	<b>3,459,452,260</b>	<b>69,189</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 15. SHARE CAPITAL (Continued)

Note: Save as disclosed in the announcement dated 20 March 2014, a total of 500,000,000 ordinary shares of HK\$0.125 each were issued on 20 March 2014 through placement to various placees, who and whom ultimate beneficial owners were independent and not connected to the Group. The gross proceeds of HK\$62,500,000 were used as general working capital of the Group. All shares issued rank pari passu with the existing shares in all respects.

## 16. OPERATING LEASE COMMITMENTS

### The Group as lessees

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	At 30 June 2014 HK\$'000 (unaudited)	At 31 December 2013 HK\$'000 (audited)
Within one year	47,567	44,988
In the second to fifth year inclusive	69,298	81,081
	<b>116,865</b>	<b>126,069</b>

Leases for rented premises are negotiated for terms of 2 to 10 years with fixed rental.

### The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	At 30 June 2014 HK\$'000 (unaudited)	At 31 December 2013 HK\$'000 (audited)
Within one year	1,020	2,040

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 17. RELATED PARTY TRANSACTIONS

The Group had entered the following significant transactions with its related companies:

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
IT consultancy fee paid to a related party (Note i)	17	–
Key management personnel compensation (Note ii)	7,521	2,216

Notes:

- (i) The related party is a close family member of the key management personnel of the Company.
- (ii) The remuneration of key management personnel during the period were determined by the directors having regard to the performance of individuals and market trends.

## 18. DISCONTINUED OPERATIONS

On 23 October 2013, the Company signed a disposal agreement with Victor Glory Holdings Limited, to dispose the entire issued share capital of Wo Kee Hong (B.V.I.) Limited (“WKH (BVI)”), a wholly-owned subsidiary of the Company, at a consideration of HK\$112,574,000. The disposal was completed on 30 December 2013. WKH (BVI) and its subsidiaries are principally engaged in the import, distribution and after-sales service of electrical appliances, distribution of fashion apparels and accessories and motor yacht (“Non-car Business”) and these operations were also discontinued. Comparative amounts for the six months ended 30 June 2013 have been restated retrospectively.

The loss for the period from discontinued operations is set out below. The comparative figures in the consolidated statement of profit or loss have been restated to re-present the Non-car Business as discontinued operations.

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss of Non-car Business for the period	–	(1,617)

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 18. DISCONTINUED OPERATIONS (Continued)

The results of the discontinued operations included in the loss for the period are set out below.

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period from discontinued operations is analysed as follows:		
Revenue	-	179,618
Cost of sales	-	(132,894)
Other income and expenses	-	3,034
Other gains and losses	-	(1,608)
Selling and distribution costs	-	(23,241)
Administrative expenses	-	(24,782)
Finance costs	-	(1,608)
Taxation	-	(1,481)
		(136)
Loss for the period from discontinued operations	-	(1,617)

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period from discontinued operations have been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	-	1,198
Cost of inventories recognised as expense	-	132,894
Reversal of allowance for inventories (included in cost of sales)	-	(1,386)

## 19. FAIR VALUE MEASUREMENT ON FINANCIAL INSTRUMENTS

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate to their fair values.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 20. EVENTS AFTER THE REPORTING PERIOD

- (1) Pursuant to the purchase agreement dated 8 July 2014, CPLY Acquisition Corp., an indirect wholly-owned subsidiary of the Group, has conditionally agreed to purchase an aggregate of 9,879,389 shares, representing approximately 40.27% equity interest of CPLY from six of the shareholders of CPLY, at a total consideration of approximately US\$839,749 (equivalent to approximately HK\$6,550,042) (the “Acquisition”). The Acquisition was completed on 26 August 2014 and accounted for as equity transaction when this change in the Group’s ownership interests in CPLY does not result in the Group losing control over CPLY. Upon the completion, the Company holds indirectly 90.04% equity interest of CPLY.
- (2) In August 2014, the Company proposed an open offer of 1,729,726,130 shares at a subscription price of HK\$0.065 per new share on the basis of one new share for every two existing shares on 15 August 2014 (the “Open Offer”). The estimated net proceeds from the Open Offer are expected to be approximately HK\$110,000,000. Details of the Open Offer are set out in the Company’s prospectus dated 18 August 2014. Up to the date of approving the issuance of these condensed consolidated financial statements, the Open Offer has not yet been completed.