CHINA TYCOON BEVERAGE HOLDINGS LIMITED
中國大亨飲品控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 209)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

The Board of Directors (the "Board") of China Tycoon Beverage Holdings Limited (the "Company") hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2014 together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2014

		Six months ended 30 June	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*6*	**110,605**	120,787
Cost of sales		**(108,845)**	(106,777)
Gross profit		**1,760**	14,010
Other revenue and other net income	*6*	**4,718**	5,280
Selling and distribution costs		**(3,266)**	(5,623)
Administrative expenses		**(30,177)**	(29,043)
Net loss on trading securities at fair value through profit or loss	*7*	**(3,296)**	(28,277)
Other operating expenses		**(5,158)**	(512)
Loss from operations		**(35,419)**	(44,165)
Finance costs	*8*	**(2,166)**	(2,266)
Loss before taxation	*7*	**(37,585)**	(46,431)
Income tax	*9*	**16**	(196)
Loss for the period		**(37,569)**	(46,627)

		Six months ended 30 June	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Attributable to:			
Owners of the Company		**(36,878)**	(45,480)
Non-controlling interests		**(691)**	(1,147)
Loss for the period		**(37,569)**	(46,627)
Loss per share			
Basic	*10*	**(HK2.19 cents)**	(HK2.70 cents)
Diluted	*10*	**(HK2.19 cents)**	(HK2.70 cents)

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	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(37,569)**	(46,627)
Other comprehensive (loss)/income for the period		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(2,844)**	4,919
Other comprehensive (loss)/income for the period, net of tax	**(2,844)**	4,919
Total comprehensive loss for the period, net of tax	**(40,413)**	(41,708)
Attributable to:		
Owners of the Company	**(39,517)**	(40,900)
Non-controlling interests	**(896)**	(808)
	(40,413)	(41,708)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Notes	**As at 30 June 2014** *HK$'000* **(Unaudited)**	As at 31 December 2013 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment		**139,459**	144,831
Prepaid land premiums		**4,625**	4,699
Intangible assets		**2,483**	2,567
Goodwill		**834**	834
		147,401	152,931
Current assets			
Trading securities		**605**	103,167
Inventories		**172,499**	104,148
Prepaid land premiums		**152**	152
Trade receivables	*12*	**42,402**	19,673
Prepayments, deposits and other receivables		**126,465**	12,998
Pledged bank deposits		**2,997**	4,599
Cash and cash equivalents		**107,071**	125,439
		452,191	370,176
Current liabilities			
Trade and bills payables	*13*	**80,615**	23,198
Other payables		**97,701**	69,456
Derivative financial instruments		**2,781**	–
Interest-bearing bank borrowings		**109,142**	80,331
Tax payable		**4,300**	4,639
		294,539	177,624
Net current assets		**157,652**	192,552
Total assets less current liabilities		**305,053**	345,483
Non-current liabilities			
Deferred tax liabilities		**7,566**	7,583
Net assets		**297,487**	337,900
Equity			
Equity attributable to owners of the Company			
Share capital		**168,641**	168,641
Reserves		**144,873**	184,390
		313,514	353,031
Non-controlling interests		**(16,027)**	(15,131)
Total equity		**297,487**	337,900

Notes:

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is located at Suite 1510, 15th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are manufacturing and trading of hard and stuffed toys, manufacturing and sales of beverage products and securities investments. The Group's operations are based in Hong Kong and the People's Republic of China, excluding Hong Kong and Macau (the "PRC").

2. STATEMENT OF COMPLIANCE

These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2014 have been prepared in accordance with Hong Kong Accounting Standard No. 34, *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The preparation of the unaudited condensed consolidated financial statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2013, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs"). The condensed consolidated financial statements do not include all the information and disclosures required for an annual financial statements, and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2013.

The measurement basis used in the preparation of these financial statement is the historical cost basis except for leasehold buildings, derivative financial instruments and equity instruments at fair value through profit or loss, which have been measured at fair values. These financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company and all amounts are rounded to the nearest thousand except where otherwise indicated.

3. APPLICATION OF NEW AND REVISED HKFRSs

In the current period, the Group has adopted the following new and revised HKFRSs issued by the HKICPA that are first effective for the current accounting period.

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

The application of the above new and revised HKFRSs has had no material effect on the condensed consolidated interim financial statements of the Group for the current or prior accounting periods.

4. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geographical location. In a manner consistent with the way in which information is reported internally to the Board (the chief operating decision maker) of the Company for the purposes of resources allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

1. Securities investments: this segment derives its revenue from dividends received from equity securities investments.

2. Manufacturing and trading of hard and stuffed toys: this segment derives its revenue from manufacturing and trading of hard and stuffed toys.

3. Manufacturing and sales of beverage products: this segment derives its revenue from manufacturing and sales of beverage products.

In accordance with HKFRS 8, segment information disclosed in these condensed consolidated interim financial statements has been prepared in a manner consistent with the information used by the Board for the purposes of assessing segment performance and allocating resources among segments. In this regard, the Board monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all non-current assets and current assets attributable to an individual reportable segment with the exception of certain unallocated corporate assets.

All liabilities are allocated to reportable segments other than unallocated corporate liabilities.

Segment profit or loss before taxation exclude unallocated interest income and unallocated corporate expenses which are not directly attributable to the business activities of any operating segment.

(a) **Segment results, assets and liabilities**

	Securities investments		Manufacturing and trading of hard and stuffed toys		Manufacturing and sales of beverage products		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Reportable segment revenue								
Revenue from external customers	**–**	–	**108,044**	115,044	**2,561**	5,743	**110,605**	120,787
Reportable segment loss before taxation	**(3,492)**	(28,291)	**(25,755)**	(6,511)	**(3,918)**	(6,221)	**(33,165)**	(41,023)
Other segment information:								
Depreciation	**–**	–	**(4,748)**	(5,015)	**(1,039)**	(1,080)	**(5,787)**	(6,095)
Amortisation of prepaid land premiums	**–**	–	**(76)**	(76)	**–**	–	**(76)**	(76)
Amortisation of intangible assets	**–**	–	**–**	–	**(63)**	(62)	**(63)**	(62)
Gain/(loss) on disposal of property, plant and equipment, net	**–**	–	**28**	(92)	**–**	–	**28**	(92)
Write down of inventories, net	**–**	–	**(7,216)**	(5,885)	**–**	–	**(7,216)**	(5,885)
Net loss on trading securities at fair value through profit or loss	**(3,296)**	(28,277)	**–**	–	**–**	–	**(3,296)**	(28,277)
Bank interest income	**–**	–	**35**	52	**1,185**	10	**1,220**	62
Interest expenses	**–**	–	**(2,166)**	(2,265)	**–**	(1)	**(2,166)**	(2,266)
Additions to non-current segment assets	**–**	–	**2,042**	3,557	**–**	193	**2,042**	3,750

	Securities investments		Manufacturing and trading of hard and stuffed toys		Manufacturing and sales of beverage products		Total	
	As at 30 June 2014	As at 31 December 2013	**As at 30 June 2014**	As at 31 December 2013	**As at 30 June 2014**	As at 31 December 2013	**As at 30 June 2014**	As at 31 December 2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Reportable segment assets	**118,223**	123,596	**367,305**	276,822	**109,936**	112,813	**595,464**	513,231
Reportable segment liabilities	**–**	–	**(261,308)**	(143,296)	**(40,310)**	(38,247)	**(301,618)**	(181,543)

Note: There were no inter-segment sales in both periods.

(b) Reconciliation of reportable segment profit or loss, assets and liabilities

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(i) Loss before taxation		
Reportable segment loss	**(33,165)**	(41,023)
Unallocated interest income	**–**	560
Unallocated corporate expenses	**(4,420)**	(5,968)
Consolidated loss before taxation	**(37,585)**	(46,431)

	As at 30 June 2014	As at 31 December 2013
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
(ii) Assets		
Reportable segment assets	**595,464**	513,231
Unallocated corporate assets	**4,128**	9,876
Consolidated total assets	**599,592**	523,107

	As at 30 June 2014 *HK$'000* (Unaudited)	As at 31 December 2013 *HK$'000* (Audited)
(iii) Liabilities		
Reportable segment liabilities	**301,618**	181,543
Unallocated corporate liabilities	**487**	3,664
Consolidated total liabilities	**302,105**	185,207

(c) Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	Six months ended 30 June 2014 *HK$'000* (Unaudited)	2013 *HK$'000* (Unaudited)
Beverage products	**2,561**	5,743
Hard and stuffed toys	**108,044**	115,044
	110,605	120,787

(d) Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets include property, plant and equipment, prepaid land premiums, intangible assets and goodwill. The geographical location of customers refers to the location at which the services were provided or the goods were delivered. The geographical locations of property, plant and equipment and prepaid land premiums are based on the physical location of the asset under consideration. In the case of intangible assets and goodwill, it is based on the location of the operation to which these intangible assets and goodwill are allocated.

	Revenue from external customers		Non-current assets	
	Six months ended 30 June		**As at**	As at
			30 June	31 December
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Hong Kong (place of domicile)	**15,323**	3,775	**2,609**	5,476
The PRC	**2,561**	5,743	**144,792**	147,455
United States and Canada	**85,244**	93,766	**–**	–
Japan and Europe	**7,477**	17,503	**–**	–
	110,605	120,787	**147,401**	152,931

(e) Information about major customers

Revenue from customers contributing 10% or more of the total sales of the Group is as follows:

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The largest customer		
– revenue from manufacturing and trading of hard and stuffed toys	**61,061**	81,911
Second largest customer		
– revenue from manufacturing and trading of hard and stuffed toys	**15,033**	–

5. SEASONALITY OF OPERATION

The Group's business in manufacturing and trading of hard and stuffed toys is subject to seasonal fluctuation during a year. Generally, higher sales are experienced during the third quarter of a year in order to meet the Christmas orders before the end of each year.

The manufacturing and sales of beverage products and securities investments business have no specific seasonality factor.

6. REVENUE, OTHER REVENUE AND OTHER NET INCOME

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of the Group's revenue, other revenue and other net income is as follows:

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	**110,605**	120,787
Other revenue and other net income		
Other revenue		
Bank interest income	**1,220**	64
Interest income from loan receivable	**–**	558
Total interest income on financial assets not at fair value through profit or loss	**1,220**	622
Other net income		
Fair value gain on derivative financial instruments – transactions not qualifying as hedges	**–**	2,297
Net foreign exchange gain	**–**	969
Mould income	**1,568**	103
Sublet rental income	**356**	399
Subcontracting income	**575**	–
Sundry income	**999**	890
	4,718	5,280

7. LOSS BEFORE TAXATION

The Group's loss before taxation is arrived at after charging/(crediting) the following:

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(a) Staff costs		
Employee benefit expense (including directors' remuneration): **		
Wages and salaries	**62,239**	63,328
Other employee benefits	**1,507**	1,010
Contributions to defined contribution retirement plans	**5,922**	5,442
	69,668	69,780
(b) Other items		
Cost of inventories	**108,306**	105,218
Depreciation of property, plant and equipment*	**5,869**	6,241
Amortisation of intangible assets ***	**63**	62
Amortisation of prepaid land premiums	**76**	76
Loss on disposal of property, plant and equipment, net ***	**320**	416
Fair value loss/(gain) on derivative financial instruments – transactions not qualifying as hedges ***	**4,467**	(2,297)
(c) Net loss on trading securities at fair value through profit or loss		
Realised loss/(gain) on trading securities at fair value through profit or loss	**3,369**	(200)
Unrealised (gain)/loss on trading securities at fair value through profit or loss	**(73)**	28,477
	3,296	28,277

* Depreciation of approximately HK$1,484,000 (30 June 2013: HK$2,191,000) is also included in "Cost of sales" on the face of the condensed consolidation statement of profit or loss.

** Employee benefit expense of approximately HK$55,332,000 (30 June 2013: HK$53,466,000) is also included in "Cost of sales" on the face of the condensed consolidated statement of profit or loss.

*** These items are included in "Other operating expenses" on the face of the condensed consolidated statement of profit or loss, except for the fair value gain on derivative financial instruments of approximately HK$2,297,000 for the six months ended 30 June 2013 was included in "Other revenue and other net income".

8. FINANCE COSTS

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank loans and overdrafts wholly repayable within five years	**2,166**	2,266
Total interest expenses on financial liabilities not at fair value through profit or loss	**2,166**	2,266

9. INCOME TAX IN THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Income tax in the condensed consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current – The PRC	**–**	188
Deferred tax (credit)/charge	**(16)**	8
Income tax (credit)/expense	**(16)**	196

Hong Kong Profits Tax has been provided at the rate of 16.5% (30 June 2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. For the six months ended 30 June 2014, no Hong Kong Profits Tax has been provided for in the financial statements as the Group has no assessable profits for the period (30 June 2013: nil).

Enterprise Income Tax in the PRC has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (30 June 2013: 25%), unless preferential rates are applicable in the locations where the subsidiaries are located.

Taxation arising in other jurisdictions is calculated at the rates of tax prevailing in the relevant jurisdictions.

10. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share amounts is based on the loss for the period attributable to owners of the Company of approximately HK$36,878,000 (30 June 2013: HK$45,480,000) and the weighted average number of 1,686,408,729 (30 June 2013: 1,686,408,729) ordinary shares in issue during the period.

Diluted loss per share

Diluted loss per share equals to basic loss per share as there was no potential dilutive ordinary shares outstanding for both periods presented.

11. DIVIDENDS

No dividends were declared during the six months ended 30 June 2014 (30 June 2013: nil).

12. TRADE RECEIVABLES

	As at 30 June 2014 *HK$'000* **(Unaudited)**	As at 31 December 2013 *HK$'000* (Audited)
Trade receivables	**46,293**	23,601
Less: allowance for impairment loss	**(3,891)**	(3,928)
	42,402	19,673

Notes:

(i) All of the trade receivables are expected to be recovered within one year.

(ii) At the end of the reporting period, the carrying amount of the trade receivables that had been factored but had not been derecognised amounted to HK$1,191,000 (31 December 2013: HK$1,917,000) and the carrying amount of the associated liability was HK$1,012,000 (31 December 2013: HK$1,630,000).

Ageing analysis

The following is an analysis of the trade receivables by age, presented based on the invoice date and net of allowance:

	As at 30 June 2014 *HK$'000* **(Unaudited)**	As at 31 December 2013 *HK$'000* (Audited)
0 to 30 days	**34,980**	12,728
31 to 90 days	**6,623**	4,911
Over 90 days	**799**	2,034
	42,402	19,673

The Group's trading terms with its customers are mainly on credit with credit periods generally ranging from 30 to 180 days. The Group seeks to maintain strict control over its outstanding receivables, and overdue balances are reviewed regularly by management. Trade receivables are non-interest bearing.

13. TRADE AND BILLS PAYABLES

The ageing analysis of the trade and bills payables as at the end of the reporting period is as follows:

	As at 30 June 2014 *HK$'000* **(Unaudited)**	As at 31 December 2013 *HK$'000* (Audited)
0 to 30 days	**50,973**	10,153
31 to 90 days	**27,198**	10,091
Over 90 days	**2,444**	2,954
	80,615	23,198

Notes:

(i) The trade payables and bills payables are expected to be settled within one year.

(ii) No bills payables were included in the balance of trade and bills payables as at 30 June 2014 (31 December 2013: HK$1,601,000).

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2014 (30 June 2013: nil).

BUSINESS REVIEW

For the six months ended 30 June 2014, the Group reported revenue of HK$110,605,000, representing an 8% decline from the previous period (30 June 2013: HK$120,787,000), and the Group's gross profit of HK$1,760,000, showing an 87% decrease from the prior period (30 June 2013: HK$14,010,000). The decrease in the Group's gross profit was primarily due to the reduced profit margin earned by the toys division. The Group recorded loss for the period amounting to HK$37,569,000 (30 June 2013: HK$46,627,000), lessened by 19% as loss recorded by the securities investments division was substantially reduced, although partly offset by the increase in loss incurred by toys division.

Toys Division

When compared with the previous period, the revenue of the Group's toys division decreased marginally by 6% to HK$108,044,000 (30 June 2013: HK$115,044,000), whereas its segment loss was increased to HK$25,755,000 (30 June 2013: HK$6,511,000) owing to following reasons. During the first half of 2014, the division had lost the order for a product line which carried a relatively higher profit margin as the customer had decided to retain the same for their own production based on commercial considerations. The management reacted to such loss of major order proactively by successfully solicited some new orders mainly from existing customers, although with thinner margins, with the result that the revenue of the division decreased only marginally for the review period, whilst the gross profit margin earned by the division was inevitably reduced. Moreover, the continuing rise of production costs in the Pearl River Delta Region, including labour costs, manufacturing overheads and subcontracting costs, and the production inefficiencies arising from manufacturing new products as mentioned had also led to the increase in the division's operating loss. Nevertheless, the management expects that the performance of the division will improve, barring unforeseen circumstances, in the second half of the year which covers the division's peak season.

Beverage Division

For the six months ended 30 June 2014, the division reported revenue of HK$2,561,000, decreased by 55% comparing to the prior period (30 June 2013: HK$5,743,000), and segment loss of HK$3,918,000 (30 June 2013: HK$6,221,000), reduced by 37% from the previous period. During the second half of 2013, the division had restructured its sales and distribution network by centralising all its sales activities in its Tianjin head office and closed down sales office in other areas for better and effective management. This strategic move had lowered the administrative costs of the division, as a result, the segment loss of the division had reduced during the review period. Nevertheless, the division's revenue was less than the previous period as there were competitions from other beverage products, and that substantial advertising and marketing expenses had not been incurred in promoting the division's products. The management is in the course of re-formulating the business strategy of the division in light of its financial performance in past year experiences and conducting analysis of impact of various business measures on target geographical market, target customer group and mode of distribution. The management aims to formulate a new business strategy which can bring better and positive returns to the division.

Securities Investments

The Group's securities investments division recorded a segment loss of HK$3,492,000 (30 June 2013: HK$28,291,000) that was mainly constituted by the realised loss of HK$3,369,000 arose from disposing most of the Group's securities investments during the review period. As of 30 June 2014, the Group's securities portfolio comprised only listed equity securities valued at fair value of HK$605,000 (31 December 2013: HK$103,167,000). In light of the unsatisfactory performance of the division's securities portfolio in the past years, the management had decided to liquidate most of the listed equity investments of the portfolio and preserve the funds for future investment opportunities. The management will continue to focus on analysing the merits of various types of investment products with particular emphasis on their risk and return profiles for future investment opportunities with the view to improve the division's financial performance.

As a whole, the Group reported a loss attributable to owners of the Company of HK$36,878,000 (30 June 2013: HK$45,480,000) and basic loss per share of HK2.19 cents (30 June 2013: HK2.70 cents). The Group reported total comprehensive loss, net of tax, of HK$40,413,000 (30 June 2013: HK$41,708,000) which included an exchange loss on translation of financial statements of overseas subsidiaries of HK$2,844,000 (30 June 2013: gain of HK$4,919,000). The Group's total comprehensive loss for the period, net of tax, attributable to owners of the Company amounted to HK$39,517,000 (30 June 2013: HK$40,900,000).

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 30 June 2014, the Group had current assets of HK$452,191,000 (31 December 2013: HK$370,176,000) comprising cash and cash equivalents of HK$107,071,000 (31 December 2013: HK$125,439,000) (excluding pledged bank deposits). The Group's current ratio, calculated as current assets divided by current liabilities of HK$294,539,000 (31 December 2013: HK$177,624,000), remained at a healthy ratio of 1.54 (31 December 2013: 2.08). At the period end, the Group's prepayments, deposits and other receivables amounted to HK$126,465,000, increased by 8.7 times over the last year end date (31 December 2013: HK$12,998,000) which mainly represented the sales proceeds from disposing most of the Group's securities investments during the review period and deposited with a securities brokerage company pending for future investment opportunities. The Group's bank loans at 30 June 2014 were mainly denominated in

Hong Kong dollars, United States dollars and Renminbi in the proportion of 90%, 1% and 9% (31 December 2013: 98%, 2% and nil) respectively. All bank loans totalling HK$109,142,000 (31 December 2013: HK$80,331,000) would be matured within one year, out of which 99% bore fixed interest rate (31 December 2013: 98%) and the remaining 1% bore floating interest rate (31 December 2013: 2%).

The use of derivative financial instruments was strictly monitored and controlled. The majority of the derivative financial instruments entered into by the Group were primarily used for management of the Group's foreign currency exposures.

As of 30 June 2014, the equity attributable to owners of the Company decreased by 11% to HK$313,514,000 (31 December 2013: HK$353,031,000) mainly as a result of the loss incurred by the Group during the review period. The Group financed its operations through a combination of bank financing and shareholder's equity. The Group's gearing ratio was determined as its net debt divided by total equity plus net debt where net debt included interest-bearing bank borrowings, trade and bills payables and other payables less pledged bank deposits and cash and cash equivalents. The Group's policy was to maintain its gearing ratio below 75% to ensure a healthy financial position. The gearing ratio of the Group at 30 June 2014 was about 37% (31 December 2013: 11%).

Despite the loss incurred by the Group, the financial position of the Group remained solid with sufficient cash and undrawn committed credit facilities to support the Group's ongoing business operations.

On 19 August 2014, the Company completed a share placement by issuing 337,280,000 new shares at a price of HK$0.205 per share to investors. The net proceeds raised from the share placement of approximately HK$67 million have been used as general working capital of the Group.

PROSPECTS

For the six months ended 30 June 2014, the loss incurred by the beverage and securities division had reduced whilst the loss incurred by the toys division had increased with the result that the Group's total comprehensive loss, net of tax of HK$40,413,000 (30 June 2013: HK$41,708,000) remained largely the same as the previous period. Looking ahead, the management will continue to conduct review and analysis on various operational aspects of all three divisions of the Group with the view to improve their profitability and business performance in the near term.

CORPORATE GOVERNANCE

The Company has complied with all the applicable provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2014 except for the following deviation with reason as explained:

Code Provision D.1.4

Code provision D.1.4 of the CG Code stipulates that the Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment.

Deviation

There has been a deviation as the Company has not entered into any letter of appointment with Mr. Gao Feng ("Mr. Gao"), an Executive Director of the Company, since his appointment on 18 June 2014. However, a subsidiary of the Company has entered into a service contract with Mr. Gao as at the date of this announcement.

AUDIT COMMITTEE

The condensed consolidated financial statements of the Company for the six months ended 30 June 2014 have not been audited, but have been reviewed by the Audit Committee of the Company before they are duly approved by the Board under the recommendation of the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

By Order of the Board
Lo Ming Chi, Charles
Deputy Chairman and Chief Executive Officer

Hong Kong, 26 August 2014

As at the date of this announcement, the Board comprises one Non-executive Director, namely Mr. Sue Ka Lok (Chairman); five Executive Directors, namely Mr. Lo Ming Chi, Charles (Deputy Chairman and Chief Executive Officer), Ms. Chan Yuk Yee, Ms. Wang Jingyu, Mr. Gao Feng and Mr. Wu Jiang; and three Independent Non-executive Directors, namely Mr. Kwok Ming Fai, Mr. Wong Kwok Tai and Ms. Leung Pik Har, Christine.

* *For identification purpose only*