PEARL RIVER TYRE (HOLDINGS) LIMITED

(Continued in Bermuda with limited liability)

(Stock Code: 01187)

AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

The board (the "Board") of directors (the "Directors") of Pearl River Tyre (Holdings) Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013 together with the comparative figures. These results have been reviewed by the Company's audit committee (the "Audit Committee") and approved by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
	Notes	**2013** ***HK$'000***	2012 *HK$'000* (Restated)
CONTINUING OPERATIONS			
Turnover	*6*	**667,290**	–
Cost of sales		**(596,193)**	–
Gross profit		**71,097**	–
Other revenue and other net income	*7*	**3,074**	4
Gain on reclassification from interest in a joint venture to interest in a subsidiary	*15*	**80,157**	–
Selling and distribution expenses		**(21,539)**	–
Administrative expenses		**(53,038)**	(5,625)
Other operating expenses		**(2,918)**	(1,000)
Share of profit of a joint venture		**–**	15,033
Finance costs	*8*	**(11,796)**	–

	Notes	Year ended 31 December 2013 HK$'000	2012 HK$'000 (Restated)
Profit before taxation	*9*	**65,037**	8,412
Income tax	*10*	**57**	–
Profit for the year from continuing operations		**65,094**	8,412
DISCONTINUED OPERATION			
Profit for the year from discontinued operation	*11*	**20,392**	575
Profit for the year		**85,486**	8,987
Attributable to:			
Owners of the Company		**86,166**	8,987
Non-controlling interests		**(680)**	–
Profit for the year		**85,486**	8,987
Profit for the year attributable to owners of the Company arising from:			
Continuing operations		**65,774**	8,412
Discontinued operation		**20,392**	575
		86,166	8,987
Profit for the year		**85,486**	8,987
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of:			
– Subsidiaries/joint venture's financial statements		**17,458**	1,417
– Available-for-sale investments		**292**	859
Fair value gain/(loss) on available-for-sale investments		**4,115**	(10,697)
		21,865	(8,421)
Reclassification adjustments for			
– Foreign currency translation reserve		**(70,051)**	–
– Revaluation reserve		**(33,677)**	–
		(103,728)	–
Total other comprehensive loss		**(81,863)**	(8,421)
Total comprehensive income for the year		**3,623**	566

		Year ended 31 December	
		2013	2012
	Notes	***HK$'000***	*HK$'000*
			(Restated)
Attributable to:			
Owners of the company		**2,212**	566
Non-controlling interests		**1,411**	–
Total comprehensive income for the year		**3,623**	566
Earnings per share (Hong Kong cents)			
From continuing and discontinued operations			
– Basic	*12*	**73.0**	8.5
– Diluted	*12*	**64.9**	8.4
From continuing operations			
– Basic	*12*	**55.7**	7.9
– Diluted	*12*	**50.1**	7.8
From discontinued operation			
– Basic	*12*	**17.3**	0.6
– Diluted	*12*	**14.8**	0.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December		As at 1 January
		2013	2012	2012
	Notes	***HK$'000***	*HK$'000*	*HK$'000*
			(Restated)	(Restated)
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment		**165,701**	2	139
Prepaid lease payments		**16,225**	–	–
Prepayment for acquisition of property, plant and equipment	*14*	**303,985**	–	–
Investment in an associate		**–**	–	4,475
Investment in a joint venture	*15*	**–**	157,057	140,606
Investment in available-for-sale investments		**–**	–	67,154
Goodwill		**378**	–	–
Total non-current assets		**486,289**	157,059	212,374
Current assets				
Held for trading investments		**–**	–	24,661
Inventories		**150,620**	–	–
Trade and other receivables	*16*	**98,243**	203	565
Pledged bank deposits		**1,153**	–	–
Cash and cash equivalents		**50,604**	2,426	2,717
		300,620	2,629	27,943
Assets classified as held for sale	*17*	**–**	85,058	–
Total current assets		**300,620**	87,687	27,943
Current liabilities				
Trade and other payables	*18*	**182,070**	1,871	15,740
Provisions		**6,652**	118	118
Bank and other borrowings		**61,447**	–	–
Finance leases payables		**212**	–	–
Total current liabilities		**250,381**	1,989	15,858
Net current assets		**50,239**	85,698	12,085
Total assets less current liabilities		**536,528**	242,757	224,459

		As at 31 December		As at
		2013	2012	1 January 2012
	Notes	***HK$'000***	*HK$'000*	*HK$'000*
			(Restated)	(Restated)
Non-current liabilities				
Bank and other borrowings		**158,700**	–	–
Convertible bonds		**12,927**	–	–
Deferred tax liabilities	*19*	**574**	–	–
Finance leases payable		**518**	–	–
Total non-current liabilities		**172,719**	–	–
Net assets		**363,809**	242,757	224,459
EQUITY				
Share capital		**1,381**	1,156	1,051
Reserves		**292,715**	241,601	223,408
		294,096	242,757	224,459
Non-controlling interests		**69,713**	–	–
Total equity		**363,809**	242,757	224,459

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Revaluation reserve HK$'000	Share option reserve HK$'000	Equity component of convertible bonds HK$'000	Capital reserve HK$'000	Foreign currency translation reserve HK$'000	Contribution surplus HK$'000	Accumulated losses HK$"000	Sub-total HK$"000	Non-controlling interests HK$"000	Total HK$'000
At 1 January 2012	1,051	113,157	46,677	5,474	–	37,344	67,563	109,665	(156,472)	224,459	–	224,459
Changes in equity for 2012:												
Profit for the year	–	–	–	–	–	–	–	–	8,987	8,987	–	8,987
Other comprehensive income/(loss):												
Exchange difference on translations of:												
– Joint venture's financial statements	–	–	–	–	–	–	1,417	–	–	1,417	–	1,417
– Available-for-sale investments	–	–	–	–	–	–	859	–	–	859	–	859
Changes in fair value of available-for-sale investments, net of tax	–	–	(10,697)	–	–	–	–	–	–	(10,697)	–	(10,697)
	–	–	(10,697)	–	–	–	2,276	–	–	(8,421)	–	(8,421)
Total comprehensive income/(loss)	–	–	(10,697)	–	–	–	2,276	–	8,987	566	–	566
Equity-settled share-based transactions	–	–	–	230	–	–	–	–	–	230	–	230
Issue of shares upon exercise of share options	105	23,101	–	(5,704)	–	–	–	–	–	17,502	–	17,502
	105	23,101	–	(5,474)	–	–	–	–	–	17,732	–	17,732
At 31 December 2012	1,156	136,258	35,980	–	–	37,344	69,839	109,665	(147,485)	242,757	–	242,757
At 1 January 2013	**1,156**	**136,258**	**35,980**	**–**	**–**	**37,344**	**69,839**	**109,665**	**(147,485)**	**242,757**	**–**	**242,757**
Changes in equity for 2013:												
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**86,166**	**86,166**	**(680)**	**85,486**
Other comprehensive income/(loss):												
Exchange difference on translation of:												
– Subsidiaries' financial statements	**–**	**–**	**–**	**–**	**–**	**–**	**15,367**	**–**	**–**	**15,367**	**2,091**	**17,458**
– Available-for-sale investments	**–**	**–**	**–**	**–**	**–**	**–**	**292**	**–**	**–**	**292**	**–**	**292**
Changes in fair value of available-for-sale investments, net of tax	**–**	**–**	**4,115**	**–**	**–**	**–**	**–**	**–**	**–**	**4,115**	**–**	**4,115**
Reclassification adjustments for												
– Foreign currency translation reserve	**–**	**–**	**–**	**–**	**–**	**–**	**(70,051)**	**–**	**–**	**(70,051)**	**–**	**(70,051)**
– Revaluation reserve	**–**	**–**	**(33,677)**	**–**	**–**	**–**	**–**	**–**	**–**	**(33,677)**	**–**	**(33,677)**
	–	**–**	**(29,562)**	**–**	**–**	**–**	**(54,392)**	**–**	**–**	**(83,954)**	**2,091**	**(81,863)**
Total comprehensive income/(loss)	**–**	**–**	**(29,562)**	**–**	**–**	**–**	**(54,392)**	**–**	**86,166**	**2,212**	**1,411**	**3,623**
Acquisition of subsidiaries	**–**	**–**	**(6,418)**	**–**	**–**	**(37,344)**	**–**	**–**	**43,762**	**–**	**67,721**	**67,721**
Issue of convertible bonds	**–**	**–**	**–**	**–**	**9,053**	**–**	**–**	**–**	**–**	**9,053**	**–**	**9,053**
Issue of shares upon conversion of convertible bonds	**225**	**45,086**	**–**	**–**	**(6,790)**	**–**	**–**	**–**	**–**	**38,521**	**–**	**38,521**
Waiver of a loan from a non–controlling shareholder	**–**	**–**	**–**	**–**	**–**	**1,553**	**–**	**–**	**–**	**1,553**	**581**	**2,134**
	225	**45,086**	**(6,418)**	**–**	**2,263**	**(35,791)**	**–**	**–**	**43,762**	**49,127**	**68,302**	**117,429**
At 31 December 2013	**1,381**	**181,344**	**–**	**–**	**2,263**	**1,553**	**15,447**	**109,665**	**(17,557)**	**294,096**	**69,713**	**363,809**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. CORPORATE INFORMATION

The Company was incorporated in the British Virgin Islands on 17 February 1994 and continued under the laws of Bermuda by migration of its domicile to Bermuda on 21 October 1994. The Company was registered in Hong Kong as an oversea company pursuant to the Hong Kong Companies Ordinance on 24 May 1999.

The registered office and principal place of business in Hong Kong are as follows:

Registered office	:	Bermuda Commercial Bank Building 19 Par-La-Ville Road Hamilton HM 11 Bermuda
Principal place of business in Hong Kong	:	Suite 5207, 52/F., Central Plaza 18 Harbour Road Wanchai Hong Kong

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding.

During the year ended 31 December 2013, the Group's principal activities are the manufacturing and marketing of various types of tyres for commercial vehicles and the design, research and development, processing, manufacturing and sale of semiconductor, integrated circuits and new type electronic components, and the provision of related technical consultancy services.

From 1 January 2014, the Group's principal activities are the trading of petroleum products and the design, research and development, processing, manufacturing and sale of semiconductor, integrated circuits and new type electronic components, and the provision of related technical consultancy services.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2013. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

a. Amendments to HKAS 1 "Presentation of Financial Statements"

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

b. HKFRS 11 "Joint Arrangements"

HKFRS 11 "Joint Arrangements" supersedes HKAS 31 "Interests in Joint Ventures" and Hong Kong (SIC) Interpretation 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers". HKFRS 11 defines joint arrangement as an arrangement of which two or more parties have joint control. A joint arrangement is either a joint operation or a joint venture. HKFRS 11 requires a single method i.e. equity method, to account for interests in joint ventures and thereby eliminating the proportionate consolidation method.

Previously, the Group accounted for its interests in jointly controlled entities using proportionate consolidation method. These jointly-controlled entities are now accounted for as joint ventures using equity method, by adopting the transitional provisions of HKFRS 11 from 1 January 2012. The adoption of HKFRS 11 resulted in changes in the consolidated amounts reported in the financial statements as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2012

	2012 (as previously reported) *HK$'000*	**Effect of adjustments in relation to HKFRS 11** *HK$'000*	**2012 (as restated)** *HK$'000*
CONTINUING OPERATIONS			
Turnover	579,275	(579,275)	–
Cost of sales	(516,933)	516,933	–
Gross profit	62,342	(62,342)	–
Other revenue and net income	7,452	(7,448)	4
Selling and distribution expenses	(15,905)	15,905	–
Administrative expenses	(37,118)	31,493	(5,625)
Other operating expenses	(4,880)	3,880	(1,000)
Finance costs	(3,479)	3,479	–
Share of profit of a joint venture	–	15,033	15,033
Profit before taxation	8,412	–	8,412
Income tax	–	–	–
Profit for the year from continuing operations	8,412	–	8,412
DISCONTINUED OPERATION			
Profit for the year from discontinued operation	575	–	575
Profit for the year attributable to owners of the Company	8,987	–	8,987
Other comprehensive income/(loss)			
Exchange differences on translation of:			
– Joint venture's financial statements	1,417	–	1,417
– Available-for-sale investments	859	–	859
Fair value loss on available-for-sale investments	(10,697)	–	(10,697)
Total other comprehensive loss	(8,421)	–	(8,421)
Total comprehensive income for the year attributable to owners of the Company	566	–	566

Consolidated Statement of Financial Position

At 31 December 2012

	2012 (as previously reported) *HK$'000*	Effect of adjustments in relation to HKFRS 11 *HK$'000*	2012 (as restated) *HK$'000*
Non-current assets			
Property, plant and equipment	104,010	(104,008)	2
Prepaid lease payments	10,411	(10,411)	–
Investment in a joint venture	–	157,057	157,057
Total non-current assets	114,421	42,638	157,059
Current assets			
Inventories	126,732	(126,732)	–
Trade and other receivables	57,105	(56,902)	203
Pledged bank deposits	2,225	(2,225)	–
Cash and cash equivalents	20,817	(18,391)	2,426
	206,879	(204,250)	2,629
Assets classified as held for sale	85,058	–	85,058
Total current assets	291,937	(204,250)	87,687
Current liabilities			
Trade and other payables	117,070	(115,199)	1,871
Provisions	2,119	(2,001)	118
Bank and other borrowings	44,412	(44,412)	–
Total current liabilities	163,601	(161,612)	1,989
Net current assets	128,336	(42,638)	85,698
Net assets	242,757	–	242,757

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	2012 (as previously reported) HK$'000	Effect of adjustments in relation to HKFRS 11 HK$'000	2012 (as restated) HK$'000
Operating activities			
Profit before taxation			
– Continuing operations	8,412	–	8,412
– Discontinued operation	744	–	744
Adjustments for:			
Share of profit of a joint venture	–	(15,033)	(15,033)
Amortisation of prepaid lease payments	943	(943)	–
Bad debts written off	5	(5)	–
Depreciation of property, plant and equipment	14,469	(14,442)	27
Equity-settled share-based payments	230	–	230
Impairment loss on assets classified as held for sale	1,000	–	1,000
Impairment loss on receivables	1,753	(1,753)	–
Write-down of inventories	625	(625)	–
Reversal of write-down of inventories	(2,247)	2,247	–
Interest expense	3,479	(3,479)	–
Plant and equipment written off	308	(198)	110
Unrealised gain on foreign exchange	(900)	–	(900)
Gain on disposal of equipment	(184)	184	–
Loss on fair value changes of held for trading investments	1,340	–	1,340
Interest income	(71)	66	(5)
Dividend income from held for trading investments	(1,335)	–	(1,335)
Reversal of impairment loss on trade receivables	(277)	277	–
Reversal of accrual for sales rebate	(1,753)	1,753	–
	26,541	(31,951)	(5,410)
Increase in inventories	(16,907)	16,907	–
(Increase)/decrease in trade and other receivables	(12,855)	13,381	526
Increase/(decrease) in trade and other payables	15,329	(16,514)	(1,185)
Cash generated from/(used in) operations	12,108	(18,177)	(6,069)
Interest received	71	(66)	5
Interest paid	(3,479)	3,479	–

	2012 (as previously reported) HK$'000	Effect of adjustments in relation to HKFRS 11 HK$'000	2012 (as restated) HK$'000
Net cash generated from/(used in) operating activities	8,700	(14,764)	(6,064)
Investing activities			
Decrease in pledged bank deposits, net	8,995	(8,995)	–
Purchase of plant and equipment	(5,286)	5,286	–
Proceeds from disposal of equipment	281	(281)	–
Dividend received	1,165	–	1,165
Net cash generated from investing activities	5,155	(3,990)	1,165
Financing activities			
Proceeds from issue of shares upon exercise of share options	17,503	–	17,503
Drawdown of borrowings	95,215	(95,215)	–
Repayment of borrowings	(126,973)	126,973	–
Repayment to related parties	(12,819)	(432)	(13,251)
Advances from a director	400	–	400
Net cash (used in)/generated from financing activities	(26,674)	31,326	4,652
Net decrease in cash and cash equivalents	(12,819)	12,572	(247)
Cash and cash equivalents at beginning of the year	32,856	(30,139)	2,717
Effect of foreign exchange rate changes, net	824	(824)	–
Cash and cash equivalents at end of the year, comprising cash and bank balances	20,861	(18,391)	2,470

Consolidated Statement of Financial Position

At 1 January 2012

	2012 (as previously reported) *HK$'000*	Effect of adjustments in relation to HKFRS 11 *HK$'000*	2012 (as restated) *HK$'000*
Non-current assets			
Property, plant and equipment	112,697	(112,558)	139
Prepaid lease payments	11,264	(11,264)	–
Investment in a joint venture	–	140,606	140,606
Investment in an associate	4,475	–	4,475
Investment in available-for-sale investments	67,154	–	67,154
Total non-current assets	195,590	16,784	212,374
Current assets			
Held for trading investments	24,661	–	24,661
Inventories	108,202	(108,202)	–
Trade and other receivables	45,440	(44,875)	565
Pledged bank deposits	11,221	(11,221)	–
Cash and cash equivalents	32,856	(30,139)	2,717
Total current assets	222,380	(194,437)	27,943
Current liabilities			
Trade and other payables	115,913	(100,173)	15,740
Provisions	2,101	(1,983)	118
Bank and other borrowings	75,497	(75,497)	–
Total current liabilities	193,511	(177,653)	15,858
Net current assets	28,869	(16,784)	12,085
Net assets	224,459	–	224,459

c. **HKFRS 12 "Disclosure of Interests in Other Entities"**

HKFRS 12 "Disclosure of Interests in Other Entities" specifies the disclosure requirements for subsidiaries, joint arrangements and associates, and introduces new disclosure requirements for unconsolidated structured entities.

The adoption of HKFRS 12 only affects the disclosures relating to the Group's subsidiaries, associates and joint arrangements in the consolidated financial statements. HKFRS 12 has been applied retrospectively.

d. **HKFRS 13 "Fair Value Measurement"**

HKFRS 13 "Fair Value Measurement" establishes a single source of guidance for all fair value measurements required or permitted by HKFRSs. It clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under market conditions, and enhances disclosures about fair value measurements.

The adoption of HKFRS 13 only affects disclosures on fair value measurements in the consolidated financial statements. HKFRS 13 has been applied prospectively.

The Group has not applied other new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), rounded to the nearest thousand except for per share data.

These audited consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations.

These audited consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments which are carried at their fair values.

The preparation of the audited consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise their judgements in the process of applying the accounting policies.

As set out in an announcement of the Company dated 15 September 2014, the Forensic Review has been completed. Save and except for certain improvement areas on internal control, the review has not indicated any irregularities against the earlier allegations made by certain former directors of the Company. Accordingly, no financial adjustments need to be made based on the result of the Forensic Review.

5. SEGMENT REPORTING

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

The Group has presented the following three reportable segments. These segments are managed separately. The manufacturing segments and the investment holding segment offer very different products and services:

1. Manufacturing of tyres
2. Manufacturing of semiconductor
3. Investment holding

The manufacturing of tyres segment derives its revenue primarily from the manufacture and sale of various types of tyres for commercial vehicles.

The manufacturing of semiconductor segment is still in the construction phase and has not yet started commercial operations.

The investment holding segment derives its revenue primarily from dividends income from listed securities. This segment was ceased upon the disposal of PRT Capital on 16 April 2013 and its results were presented as discontinued operation accordingly.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the directors of the Company monitor the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates, and other corporate assets. Segment liabilities include trade and other payables provisions, bank loans, shareholders' loans and the liability components of convertible bonds, all of which are attributable to the activities of the individual segments with the exception of other bond payable, finance lease payables and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted EBITDA" i.e., "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates, directors' emoluments and auditor's remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, the executive directors of the Company are provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the executive directors of the Company for the purpose of resources allocation and assessment of segment performance for the year ended 31 December 2013 and 2012 is set out below:

			2013			
	Continuing operations			Discontinued operation		
	Manufacturing of Tyres	Manufacturing of Semiconductor	Sub-total	Investment holding	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	667,290	–	667,290	–	–	667,290
Reportable segment profit/(loss) (adjusted EBITDA)	25,181	(90)	25,091	20,392	(4,202)	41,281
Interest income	40	–	40	–	–	40
Finance costs	(3,184)	(8,612)	(11,796)	–	–	(11,796)
Depreciation and amortisation	(20,569)	–	(20,569)	–	(13)	(20,582)
Material non-cash items:						
Provision of warranty	(3,534)	–	(3,534)	–	–	(3,534)
Plant and equipment written off	(148)	–	(148)	–	–	(148)
Reversal of impairment loss on property, plant and equipment	11	–	11	–	–	11
Income tax credit	57	–	57	–	–	57
Reportable segment assets	469,992	305,863	775,855	–	11,054	786,909
Additions to non-current segment assets during the year	196,638	303,985	500,623	–	730	501,353
Reportable segment liabilities	238,977	168,318	407,295	–	15,805	423,100

	2012			
	Continuing operations	Discontinued operation		
	Manufacturing of Tyres	Investment holding	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Restated)	(Restated)	(Restated)	(Restated)
Revenue from external customers	–	–	–	–
Reportable segment profit/(loss) (adjusted EBITDA)	15,033	765	(5,598)	10,200
Interest income	–	4	–	4
Depreciation and amortisation	–	(25)	(2)	(27)
Material non-cash items:				
Impairment loss on assets classified as held for sale	–	–	(1,000)	(1,000)
Income tax expense	–	(169)	–	(169)
Reportable segment assets	157,055	85,058	2,633	244,746
Interests in an associate	–	4,475	–	4,475
Additions to non-current segment assets during the year	5,286	–	–	5,286
Reportable segment liabilities	–	–	1,989	1,989

(b) Reconciliations of reportable segment profit or (loss) and assets

	2013	2012
	HK$'000	*HK$'000*
		(restated)
Profit		
Reportable segment profit (continuing operations)	**25,091**	15,033
Finance costs	**(11,796)**	–
Depreciation and amortisation	**(20,569)**	(25)
Gain on reclassification from interest in a joint venture to interest in a subsidiary	**80,157**	–
Provision of warranty	**(3,534)**	–
Plant and equipment written off	**(148)**	–
Reversal of impairment loss on property, plant and equipment	**11**	–
Interest income	**40**	4
Unallocated expenses	**(4,215)**	(6,600)
Consolidated profit before tax expense (continuing operations)	**65,037**	8,412
Assets		
Reportable segment assets (continuing operations)	**775,855**	157,055
Reportable segment assets (discontinued operation)	**–**	80,583
Interest in an associate (discontinued operation)	**–**	4,475
Unallocated	**11,054**	2,633
Consolidated Assets	**786,909**	244,746

(c) Revenue from major products and services

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

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Manufacturing and sales of tyres	**667,290**	–

(d) Geographic information

The following is an analysis of the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets. The geographical location of customers refers to the location at which the services were provided or the goods were delivered. The Group's non-current assets include property, plant and equipment, prepaid lease payments, prepayment for acquisition of property, plant and equipment, goodwill, interests in associate, and interest in a joint venture. The geographical location of property, plant and equipment, prepayment for acquisition of property, plant and equipment and prepaid lease payments are based on the physical location of the asset under consideration. In the case of intangible assets, it is based on the location of operation to which these intangibles are allocated. In the case of interests in an associate and a joint venture, it is the location of operations of the associate and the joint venture.

	Revenue from external customers		**Specified Non-current assets**	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)
Mainland China (place of domicile)	**308,684**	–	**485,571**	157,059
Republic of India	**7,365**	–	**–**	–
Republic of Yemen	**64,600**	–	**–**	–
The People's Republic of Bangladesh	**58,928**	–	**–**	–
Singapore	**47,166**	–	**–**	–
Malaysia	**35,983**	–	**–**	–
Kingdom of Cambodia	**23,741**	–	**–**	–
Hong Kong	**18,069**	–	**718**	–
Republic of Indonesia	**26,015**	–	**–**	–
Taiwan	**6,911**	–	**–**	–
United States of America	**16,153**	–	**–**	–
Republic of the Philippines	**27,547**	–	**–**	–
Republic of the Union of Myanmar	**11,639**	–	**–**	–
Others	**14,489**	–	**–**	–
	667,290	–	**486,289**	157,059

(e) Information about major customers

For the year ended 31 December 2013, the revenue from the Group's largest customer was approximately 10% (2012: nil (restated)) of the Group's total revenue.

6. TURNOVER

Turnover of the Group, which is also its revenue, represents the invoiced value of goods sold and services rendered less discounts and returns.

7. OTHER REVENUE AND OTHER NET INCOME

	Continuing operations		**Discontinued operation**		**Consolidated**	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)
Other revenue						
Interest income on bank deposits	**40**	1	**–**	4	**40**	5
Total interest income on financial assets not at fair value through profit or loss	**40**	1	**–**	4	**40**	5
Dividends income from listed securities – held for trading	**–**	–	**–**	1,335	**–**	1,335
Government grant received	**305**	–	**–**	–	**305**	–
Others	**2,718**	–	**–**	–	**2,718**	–
	3,063	1	**–**	1,339	**3,063**	1,340
Other net income						
Reversal of impairment loss on property, plant and equipment	**11**	–	**–**	–	**11**	–
Unrealised gain on foreign exchange	**–**	3	**124**	897	**124**	900
	11	3	**124**	897	**135**	900
	3,074	4	**124**	2,236	**3,198**	2,240

8. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Interest on bank loans wholly repayable within one year	**3,184**	–
Interest on convertible bonds	**3,179**	–
Interest on shareholders' loans	**5,392**	–
Other interest expenses	**41**	–
	11,796	–

9. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting) the following:

	Continuing operations		**Discontinued operation**		**Consolidated**	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)
Cost of inventories	**596,193**	–	**–**	–	**596,193**	–
Bad debts written off	**–**	–	**–**	5	**–**	5
Impairment loss on assets classified as held for sale	**–**	1,000	**–**	–	**–**	1,000
Staff costs (including directors' emoluments)						
– Wages, salaries and other benefits	**80,650**	2,356	**–**	–	**80,650**	2,356
– Equity-settled share-based payment expenses	**–**	230	**–**	–	**–**	230
– Retirement benefit scheme contributions	**12,887**	30	**–**	–	**12,887**	30
Auditor's remuneration						
– current year	**1,515**	650	**–**	–	**1,515**	650
– under provision in the previous financial year	**–**	70	**–**	–	**–**	70
Amortisation of prepaid lease payments (included in administrative expenses)	**1,611**	–	**–**	–	**1,611**	–
Depreciation of property, plant and equipment	**18,971**	2	**–**	25	**18,971**	27
Plant and equipment written off	**148**	–	**–**	110	**148**	110
Reversal of impairment loss on property, plant and equipment	**(11)**	–	**–**	–	**(11)**	–
Loss/(gain) on foreign exchange, net	**2,723**	(3)	**(124)**	(897)	**2,599**	(900)
Loss on fair value changes of held for trading investments	**–**	–	**303**	1,340	**303**	1,340
Operating lease payments:						
– land and buildings	**4,967**	–	**–**	–	**4,967**	–
– machinery	**2,524**	–	**–**	–	**2,524**	–
– hostel	**713**	–	**–**	–	**713**	–
Provision for product warranty	**3,534**	–	**–**	–	**3,534**	–

10. INCOME TAX

(a) Income tax represents:

	Continuing operations		Discontinued operation		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)
Current tax						
– Hong Kong Profits Tax	**–**	–	**–**	169	**–**	169
– PRC Enterprise Income Tax ("EIT")	**–**	–	**–**	–	**–**	–
Deferred tax						
– Origination of temporary difference *(Note 19)*	**(57)**	–	**–**	–	**(57)**	–
	(57)	–	**–**	169	**(57)**	169

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits derived from or earned in Hong Kong for the current financial year. Hong Kong Profits Tax is provided at 16.5% based on the assessable profit for the year ended 31 December 2012.

The EIT for the year ended 31 December 2013 is 25% (2012: 25%).

(b) A reconciliation of the income tax (credit)/expense applicable to the profit before taxation at the statutory tax rate to income tax (credit)/expense at the effective tax rate of the Group is as follows:

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Profit before taxation (from continuing operations)	**65,037**	8,412
Profit before taxation (from discontinued operation)	**20,392**	744
	85,429	9,156
Notional tax on profit before taxation, calculated at the rates applicable to profits/(losses) in the tax jurisdictions concerned		
– Mainland China @25% (2012 – 25%)	**19,455**	3,758
– Hong Kong @16.5% (2012 – 16.5%)	**1,255**	(806)
	20,710	2,952
Tax effects of:		
Non-deductible expenses	**1,926**	976
Non-taxable income	**(23,187)**	(3,759)
Deferred tax assets not recognised during the year	**494**	–
Income tax (credit)/expense	**(57)**	169

(c) **Tax effects relating to each components of other comprehensive income**

	2013			2012		
	Before-tax amount	**Tax expense**	**Net-of-tax amount**	Before-tax amount	Tax expense	Net-of-tax amount
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
				(Restated)	(Restated)	(Restated)
Exchange differences on translation of:						
– Subsidiaries'/joint venture's financial statements	**17,458**	**–**	**17,458**	1,417	–	1,417
– Available-for-sale investments	**292**	**–**	**292**	859	–	859
Available-for-sale investments:						
– Fair value gain/(loss) arising on revaluation of available-for-sale investments	**4,115**	**–**	**4,115**	(10,697)	–	(10,697)
Reclassification adjustments for:						
– Foreign currency translation reserve	**(70,051)**	**–**	**(70,051)**	–	–	–
– Revaluation reserve	**(33,677)**	**–**	**(33,677)**	–	–	–
	(81,863)	**–**	**(81,863)**	(8,421)	–	(8,421)

11. PROFIT FOR THE YEAR FROM DISCONTINUED OPERATION

On 7 December 2012, the Company has entered into a conditional share transfer agreement with Pacific Union Pte Ltd to dispose of a wholly owned subsidiary, namely PRT Capital Pte. Ltd. ("PRT Capital") at a consideration of HK$85 million ("Conditional Disposal"). Pacific Union Pte Ltd, a company incorporated under the laws of Turks and Caicos Islands, is the then controlling shareholder of the Company. The approval for the Conditional Disposal was obtained at the special general meeting of the Company held on 28 January 2013.

The Conditional Disposal was completed on 16 April 2013. Upon completion, the Group lost control over PRT Capital and PRT Capital ceased to be a subsidiary of the Company. The result of PRT Capital under the business segment of investment holding has been presented as discontinued operation for the current and corresponding year.

Analysis of profit for the year from discontinued operation

The results of the discontinued operation included in the profit for the year are set out below:

	2013	2012
	HK$'000	*HK$'000*
(Loss)/profit on discontinued operation for the year	**(184)**	575
Gain on disposal of discontinued operation	**20,576**	–
	20,392	575

The results, net assets and cash flows of PRT Capital are set out below:

(a) *The results of the discontinued operation are as follows:*

		2013	2012
	Note	***HK$'000***	*HK$'000*
Turnover		**–**	–
Cost of sales		**–**	–
Gross profit		**–**	–
Other revenue and other net income	*7*	**124**	2,236
Administrative expenses		**(5)**	(38)
Other operating expenses		**(303)**	(1,454)
(Loss)/profit before taxation		**(184)**	744
Income tax expense		**–**	(169)
(Loss)/profit for the year from discontinued operation attributable to owners of the Company		**(184)**	575

(b) The net assets of PRT Capital at the date of disposal were as follows:

	HK$'000
Investment in an associate	4,475
Investment in listed securities	
– available-for-sale	61,724
– held for trading	24,040
Cash and bank balances	44
	90,283
Impairment	(1,000)
Net assets disposed of	89,283
Revaluation reserve	(33,677)
Foreign currency translation reserve	8,818
Gain on disposal	20,576
Satisfied by:	
Cash consideration	85,000
Net cash inflow arising on disposal:	
Total cash consideration received	85,000
Cash and bank balances disposed of	(44)
	84,956

(c) Cash flows from discontinued operation

	2013	2012
	HK$'000	*HK$'000*
Net cash (outflows)/inflows from operating activities	**(1)**	346
Net cash inflows from investing activities	**1**	1,165
Net cash outflows from financing activities	**–**	(2,537)
Net cash outflows	**–**	(1,026)

12. BASIC AND DILUTED EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately HK$86,166,000 (2012: profit of approximately HK$8,987,000) and the weighted average of approximately 118,065,000 ordinary shares (2012: approximately 106,066,000 ordinary shares) in issue during the year calculated as follows:

Profit attributable to owners of the Company (basic)

	2013	2012
	HK$'000	*HK$'000*
From continuing operations	**65,774**	8,412
From discontinued operation	**20,392**	575
Total	**86,166**	8,987

Weighted average number of ordinary shares (basic)

	2013	2012
	'000	*'000*
Issued ordinary shares at 1 January	**115,628**	105,116
Effect of share options exercises (weighted average)	**–**	950
Effect of conversion of convertible bonds (weighted average)	**2,437**	–
Weighted average number of ordinary shares at 31 December	**118,065**	106,066

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to owners of the Company of approximately HK$89,345,000 (2012: profit of approximately HK$8,987,000) after adjustment to the interest on convertible bonds of approximately HK$3,179,000 (2012: nil) and the weighted average number of ordinary shares of approximately 137,655,000 (2012: approximately 107,449,000) in issue after taking into account the effect of dilutive potential ordinary shares from convertible bonds (2012: share options) during the year calculated as follows:

Profit attributable to owners of the Company (diluted)

	2013	2012
	HK$'000	*HK$'000*
From continuing operations	**68,953**	8,412
From discontinued operation	**20,392**	575
Total	**89,345**	8,987

Weighted average number of ordinary shares (diluted)

	2013	2012
	'000	*'000*
Weighted average number of ordinary share for the purpose of basic earnings per share	**118,065**	106,066
Effect of dilutive potential share options	**–**	1,383
Effect of dilutive potential ordinary shares arising from conversion of convertible bonds	**19,590**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**137,655**	107,449

13. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2013 (2012: Nil).

14. PREPAYMENT FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

Bright Eagle Holdings Limited ("BEH"), an indirect wholly owned subsidiary of the Company, entered into an investment agreement ("Investment Agreement") dated 7 December 2012 with Beijing Zhongying Century Investment Co. Limited ("Zhongying") pursuant to which BEH and Zhongying agreed to inject HK$291,160,000 and HK$108,840,000 respectively into IC Spectrum (Kunshan) Co., Limited ("ICSC") on the condition that, amongst other things, BEH and Zhongying have become shareholders of ICSC holding 72.79% and 27.21% equity interest respectively ("Kunshan Investment"). The Company made payments to ICSC totaling RMB237,248,000 (equivalents to approximately HK$293,500,000) in seven tranches on 6 February 2013, 2 April 2013, and 3 April 2013. BEH became a shareholder of ICSC on 22 January 2013 and Zhongying became a shareholder of ICSC on 28 February 2014. All of the payments by the Company into ICSC were made before Zhongying had become a shareholder of ICSC.

The above prepayments were satisfied by part of: a) shareholders' loan amounting to HK$150,000,000, b) consideration for disposal of PRT Capital to Pacific Union Pte Ltd ("Pacific Union") amounting to HK$49,298,066 and a loan of HK$35,701,934 due from PRT Capital to the Company was assigned to Pacific Union and c) the net subscription monies from the issuance of the convertible bonds amounting to approximately HK$58,500,000. The excess of HK$2,340,000 was included in current account between the Company and ICSC.

ICSC entered into a project transfer agreement and the supplemental agreement (collectively "Project Transfer Agreement") both dated 28 January 2013 with Zhongying for the transfer of buildings and development costs upon completion to ICSC pursuant to which RMB237,248,000 (equivalent to HK$293,500,000) was paid by ICSC to Zhongying and under the written instructions of Zhongying, to its designated entities who were not parties in the Project Transfer Agreement as prepayments. The transfer of the ICSC shares to Zhongying suffered unexpected delay. As a result, the payment to ICSC was also delayed substantially. Such delay caused considerable liquidity pressure on the construction of the project. In order not to adversely affect the construction of the project and to maintain an amicable relation with Zhongying, payment was made to ICSC prior to fulfillment of the conditions precedent as set out in the Investment Agreement. The payments from ICSC to Zhongying was based on the same reason and there is no prohibition in the Project Transfer Agreement for ICSC to pay Zhongying prior to receiving all capital contribution.

The Board has duly approved the Investment Agreement and the transactions contemplated thereunder. But there were doubts as to whether the payments of RMB237.2 million under the Investment Agreement and the Project Transfer Agreement had been properly authorized by the Board. The transfer was made before notified or sought approvals from the Board. Accordingly the Board has on 31 March 2014 approved, confirmed and ratified the said payments. The Company's legal advisers have confirmed that upon ratification by the Board, the said payments were duly authorized, valid and legally binding on the Company.

The Board did not consider recoverability of the prepayments as an issue because, as of the date hereof, ICSC was informed by the Kunshan State Land Resources Bureau* (昆山市國土資源局) (the "Bureau") that it successfully won the tender, and the Bureau then approved and issued a land transfer contract that the Bureau agrees to transfer the land use rights of a parcel of industrial land (where the above-said buildings are located) to ICSC for its semi conductor business in Kunshan. Despite the fact that the building ownership certificate of the buildings and the land use rights certificate of the land have not been obtained as at the date of this announcement, the Directors determine to recognize the payments for those buildings and the land use rights as property, plant and equipment and prepaid lease payment respectively on the grounds that they expect the transfer of those legal titles in future should have no major difficulties and the Group is in substance controlling the use rights of those buildings and that parcel of land.

Accordingly, the prepayment for the transfer of buildings and development costs will be reclassified to property, plant and equipment as construction-in-progress in the consolidated financial statements of the Company for the year ending 31 December 2014.

15. INVESTMENT IN A JOINT VENTURE

Particulars of the joint venture as at 31 December 2012 are as follows:

Name	Place/date of establishment/ place of operation	Authorised/ fully paid-up registered capital	Indirect attributable equity interest	Principal activities
GPRT	PRC/11 December 1993/ PRC	US$43,202,166	70%	Manufacturing and marketing of various types of tyres for commercial vehicles

GPRT was established as a sino-foreign joint venture under the Chinese Joint Venture Law. The GPRT is 70% owned by a wholly-owned subsidiary of the Company, Carham and 30% owned by Guangzhou Guang Xiang Enterprise Group Company Limited ("GGXEG"), a state-owned enterprise established in Guangzhou, the PRC.

With effect from 1 January 2013, a general manager of GPRT, appointed by the Group, has the authority on policy setting, making of investment plans, selection of suppliers, approving payment, making other daily management decisions in GPRT, whereby the Group has right to expose the variable returns from its involvement with GPRT and has the ability to affect those returns through its power over GPRT. Accordingly, the Directors are of opinion that the Group has control, within the meaning of HKFRS 10, over GPRT which has therefore been accounted for as a subsidiary of the Group commencing on 1 January 2013. Upon reclassification from interest in a joint venture to interest in a subsidiary on 1 January 2013, a gain of HK$80,157,000 was recognised in the current year's profit or loss and the analysis of the gain is as below:

Analysis of gain on reclassification from interest in a joint venture to interest in a subsidiary:

	2013
	HK$'000
Group's share of net assets immediately before the reclassification	**(157,057)**
Realisation of foreign currency translation reserve immediately before the reclassification	**78,868**
Group's share of net assets of fair value on business combination	**158,346**
Gain on reclassification from interest in a joint venture to interest in a subsidiary	**80,157**

Subsequent to the end of reporting period, the financial information of Carham and its subsidiary, GPRT (collectively the "Carham sub-group") were deconsolidated from the Group with effect from 1 January 2014. The consolidated statement of profit or loss of the Carham sub-group for the year ended 31 December 2013 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS OF CARHAM SUB-GROUP
For the year ended 31 December 2013

	HK$'000
Turnover	**667,290**
Cost of sales	**(596,193)**
Gross profit	**71,097**
Other revenue and net income	**3,074**
Gain on reclassification from interest in a joint venture to interest in a subsidiary	**80,157**
Selling and distribution expenses	**(21,539)**
Administrative expenses	**(48,743)**
Other operating expenses	**(2,918)**
Finance costs	**(3,184)**
Profit before taxation	**77,944**
Income tax	**57**
Profit for the year	**78,001**

The consolidated statement of financial position of the Carham sub-group as at 31 December 2013 are as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF CARHAM SUB-GROUP
At 31 December 2013

	HK'000
ASSETS AND LIABILITIES	
Non-current assets	
Property, plant and equipment	**164,983**
Prepaid lease payments	**16,225**
Total non-current assets	**181,208**
Current assets	
Inventories	**150,620**
Trade and other receivables	**98,243**
Pledged bank deposits	**1,153**
Cash and cash equivalents	**38,858**
Total current assets	**288,874**
Current liabilities	
Trade and other payables	**170,423**
Provisions	**6,534**
Bank and other borrowings	**61,447**
Total current liabilities	**238,404**
Net current assets	**50,470**
Total assets less current liabilities	**231,678**
Non-current liabilities	
Deferred tax liabilities	**574**
Total non-current liabilities	**574**
Net assets	**231,104**

The consolidated statement of cash flows of the Carham sub-group for the year ended 31 December 2013 are as follows:

CONSOLIDATED STATEMENT OF CASH FLOWS OF CARHAM SUB-GROUP
For the year ended 31 December 2013

	HK$'000
Net cash generated from operating activities	**43,798**
Net cash used in investing activities	**(29,071)**
Net cash used in financing activities	**(3,049)**
Net increase in cash and cash equivalents	**11,678**
Cash and cash equivalents at beginning of year	**26,367**
Effect of foreign exchange rate changes, net	**813**
Cash and cash equivalents at end of year	**38,858**
Analysis of balances of cash and cash equivalents	
Cash and cash equivalents	**38,858**

16. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Trade receivables	**129,600**	–
Less: allowance for impairment loss *(Note 16(b))*	**(51,772)**	–
	77,828	–
Other receivables	**11,233**	203
Loan and receivables	**89,061**	203
Deposits paid to suppliers	**9,142**	–
Prepayments and deposits	**40**	–
	98,243	203

(a) Ageing analysis

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

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Less than one year	**75,625**	–
More than one year but less than two years	**763**	–
More than two years	**53,212**	–
	129,600	–
Less: allowance for impairment loss	**(51,772)**	–
	77,828	–

The normal credit terms of trade receivables range from 7 to 30 days.

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. The movement in the allowance for impairment loss during the year, including both specific and collective loss components, is as follows:

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
At 1 January	**–**	–
Acquisition of a subsidiary	**50,295**	–
Exchange realignment	**1,477**	–
At 31 December	**51,772**	–

(c) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Neither past due nor impaired	**26,573**	–
Less than one year past due	**49,052**	–
More than one year but less than two years past due	**763**	–
More than two years past due	**1,440**	–
	77,828	–

Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable. In addition, in respect of receivables of HK$77,828,000 (2012: nil (restated)), the Group had received bank's acceptance bills for HK$37,434,000 (2012: nil (restated)) during the year. The maturity period of these bank's acceptance bills is 3–12 months. The Group does not hold any collateral over the remaining balances.

(d) The analysis by currency of trade and other receivables is as follows:

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Hong Kong Dollar	**–**	143
Renminbi	**76,024**	–
United States Dollar	**22,219**	60
	98,243	203

17. ASSETS CLASSIFIED AS HELD FOR SALE

On 7 December 2012, the Company has entered into a conditional share transfer agreement with Pacific Union Pte Ltd to dispose of a wholly owned subsidiary PRT Capital at a consideration of HK$85 million.

The disposal of PRT Capital was completed on 16 April 2013 *(Note 11)*.

The assets of PRT Capital classified as assets held for sales and presented separately in the consolidated statement of financial position as at 31 December 2012:

	HK$'000
Investment in an associate	**4,475**
Investment in listed securities	
– available-for-sale**	**57,316**
– held for trading	**24,218**
Other receivables and prepayment	**5**
Cash and bank balances	**44**
	86,058
Impairment	**(1,000)**
Assets classified as held for sale	**85,058**

** It relates to an investment in D&O Green Technologies Berhad ("D&O"), a company incorporated in Malaysia and listed in Bursa Malaysia Securities Berhad. The carrying value represents the fair value of D&O based on the closing bid price as at the end of the reporting period.

18. TRADE AND OTHER PAYABLES

	2013 ***HK$'000***	2012 *HK$'000* (Restated)
Trade payables	**83,377**	–
Other payables	**81,615**	–
Amount due to a director	**1,120**	400
Amount owing to non-controlling interests	**6,135**	–
Amount owing to a related party[(1)]	**722**	136
Accruals	**5,657**	1,335
Financial liabilities measured at amortised cost	**178,626**	1,871
Sales deposits received	**3,444**	–
	182,070	1,871

The amounts owing to a director and a related party are non-trade in nature, unsecured, interest-free and has no fixed term of repayment.

The amount owing to a non-controlling interest is unsecured, interest-free and have no fixed term of repayment.

Note:

The related party refers to:

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Cambrew Asia Limited, a company incorporated in the Cayman Islands, in which a director has substantial financial interests	**722**	136

The analysis by currency of trade and other payables is as follows:

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Hong Kong Dollar	**11,042**	1,654
Renminbi	**168,699**	–
Ringgit Malaysia	**722**	217
United States Dollar	**1,607**	–
	182,070	1,871

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

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Less than one year	**73,910**	–
More than one year but less than two years	**159**	–
More than two years	**9,308**	–
	83,377	–

19. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Deferred tax assets not recognised:

As at 31 December 2013, subject to the agreement of the local tax authorities, the Group had tax losses arising in the PRC of RMB65,576,000, equivalent to HK$84,023,000 that were available for offsetting against future taxable profits. Such losses will be carried forward for five years from the year that the losses were incurred. The expiration years for the losses are as follows:

	2013		2012	
	HK$'000	***RMB'000***	*HK$'000* (Restated)	*RMB'000* (Restated)
Expiring in year:				
2015	**24,495**	**19,117**	–	–
2016	**59,528**	**46,459**	–	–
	84,023	**65,576**	–	–

(b) Deferred tax liabilities recognised:

	Fair value surplus from prepaid lease payments *HK$'000*
At 1 January 2013	–
Acquisition of a subsidiary	613
Credited to consolidated statement of profit or loss *(Note 10)*	(57)
Exchange realignment	18
At 31 December 2013	574

20. EVENTS AFTER THE REPORTING PERIOD

i. On 21 January 2014, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent has conditionally agreed with the Company to place 20 million placing shares on a best efforts basis to not less than six independent placees at HK$2.5 per placing share for potential opportunistic investments. The share allotment was completed on 30 January 2014.

ii. On 28 February 2014, a share transfer of 27.21% minority equity interest in ICSC from Kunshan Economic and Technical Development Zone Asset Management Company to Zhongying, as one of the conditions precedent to the Investment Agreement entered into between BEH and Zhongying, was completed.

iii. Subsequent to the reporting period and up to the date of approval of these consolidated financial statements, the Group issued bonds to eight independent third parties with aggregate principal amount of HK$41,000,000, bearing interest rates of not more than 9% per annum and maturity dates ranging from seven to seven-and-a-half years from the respective date of issue for working capital and potential opportunistic investments.

iv. On 8 July 2014, ICSC entered into the loan agreement with Zhongying, pursuant to which Zhongying agreed to make available the 5.6% 5-year loan in the principal amount of RMB10,000,000 to ICSC for the payment of the tender deposit in the amount of RMB10,000,000 as a security for submission of tender for purchase of the land use rights in respect of a parcel of industrial land located at the north of Longfei road and the east of Fuchunjiang road, Kunshan Economic & Technical Development Zone, Kunshan* (昆山市開發區龍飛路北側、富江春路東側), occupying a total site area of approximately 150,481.9 square meters. Further details of the loan agreement were set out on the announcement of the Company dated 10 July 2014.

v. On 4 April 2014, Pacific Union issued a demand letter to Rodez, a wholly-owned subsidiary of the Company, demanding repayment of the principal and interest accrued in the sum of HK$86,428,361 by 11 April 2014 and that an event of default had occurred. In response to this, the Company has on behalf of Rodez entered into negotiations with Pacific Union in relation to its demand.

On 9 July 2014, Rodez received a letter from Pacific Union stating that, as payment had not been received by the payment deadline, it had on 24 April 2014 exercised its rights and powers under the deed of charge by having the ownership of the 55 shares in Carham transferred to itself.

On 16 April 2014, KL-Kepong issued a demand letter to Rodez demanding repayment of the principal and interest accrued in the sum of HK$70,360,802 by 30 April 2014 and that an event of default had occurred.

On 26 May 2014, KL-Kepong issued a second demand letter to Rodez demanding repayment of outstanding principal and accrued interest by 9 June 2014. In response to this, the Company has on behalf of Rodez entered into negotiations with KL-Kepong in relation to its demand.

On 11 July 2014, Rodez received a letter from KL-Kepong stating that, as payment had not been received by the payment deadline, it had exercised its rights and powers under the deed of charge by having the ownership of the 45 shares in Carham transferred to itself.

Pacific Union was a substantial shareholder of the Company until 29 November 2013, and that Mr. Goh Nan Kioh, who has a controlling interest in Pacific Union, was a director and Chairman of the Company until his resignation on 2 January 2014. KL-Kepong was a substantial shareholder (as defined in the Listing Rules) of the Company until 22 April 2013. In spite of the provisions in loan agreements regarding payment of interest every three months, no interest has been paid by the Company since the drawdown of the loans in February 2013. According to records available, the lenders have neither made any demand for payment of the interests in arrears nor declared the occurrence of an event of default pursuant to loan agreements, until April 2014.

As a result of the transfer of the 55 shares in Carham to Pacific Union, the Company's shareholding (through Rodez) in Carham is reduced to 45% with effect from 24 April 2014. As a result of the transfer of the 45 shares in Carham to KL-Kepong, the Company (through Rodez) no longer has any shareholding in Carham. This means that the Company no longer has any interest in GPRT.

According to the loan agreements, upon occurrence of an event of default, all amounts, outstanding principal, accrued interest, default interest and any other amount shall become due and payable immediately. The security created by the share charges covers all amounts due under the loan agreements, which include outstanding principal, accrued interest, default interest and any amount payable by the borrower under the terms of the loan agreement and share charge.

The Board considers that the Group no longer has the power to exercise its right as a shareholder and thus lost its control over Carham as a result of transferring its 55% and 45% equity interests upon the enforcement of the aforesaid security on 24 April 2014 and 29 May 2014 respectively. Accordingly, the Directors consider that it is inappropriate to consolidate the financial statements of Carham sub-group into the Group and it is de-consolidated and classified as discontinued operation in the subsequent period.

Since the Group has been unable to obtain necessary financial information for the subsequent period, the Directors consider that the financial information of Carham sub-group should be de-consolidated with effect from 1 January 2014. According to the Group's accounting policy when the Company loses control of a subsidiary, it will account for as a disposal of the entire interest in that subsidiary. The calculation of the financial impact on de-consolidating Carham sub-group was based on the latest available financial statements of Carham sub-group as at 31 December 2013, which was further set out as below.

Financial impact on de-consolidating Carham sub-group and derecognition of the loans

The net loss on deconsolidating the Carham sub-group is estimated approximately HK$157 million with reference to the net asset value and the foreign currency translation reserve of Carham sub-group attributable to the Company as at 31 December 2013. The gain of the derecognition of the loans is estimated approximately HK$158 million with reference to the fair value of the loan amounts and accrued interests upon the respective events of defaults. The net profit or loss effect is estimated to be a net gain of approximately HK$1 million and will be accounted in the profit or loss for the year ending 31 December 2014.

21. COMPARATIVE FIGURES

As a result of the application of HKFRS 11 certain comparative figures have been adjusted to conform to current year's presentation.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. Opening balances and corresponding figures

The consolidated financial statements of the Group for the year ended 31 December 2012 which form the basis for the corresponding figures presented in the current year's consolidated financial statements were not audited by us. There were no satisfactory audit procedures to ascertain the existence, accuracy, presentation and completeness of opening balances and corresponding figures shown in the current year's consolidated financial statements.

As set out in Note to the consolidated financial statements, a wholly owned subsidiary, PRT Capital Pte. Ltd. ("PRT Capital") was disposed of during the year ended 31 December 2013. An amount of approximately HK$20 million relating to the profit on disposal for the year from discontinued operation has been recognized in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2013. No sufficient evidence has been provided to satisfy ourselves, that the profit on disposal for the year from discontinued operation amounting to approximately HK$20 million is fairly stated.

2. Consolidation of a subsidiary and gain on reclassification from interest in a joint venture to interest in a subsidiary

As set out in Note to the consolidated financial statements, Guangzhou Pearl River Rubber Tyre Limited ("GPRT") was accounted for as a subsidiary of the Group commencing on 1 January 2013. An amount of approximately HK$80 million relating to the gain on reclassification from interest in a joint venture to interest in a subsidiary has been recognized in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2013. Subsequently to the end of the reporting period, Carham Assets Limited ("Carham") and its subsidiary, GPRT (collectively the "Carham sub-group") were deconsolidated from the Group since 1 January 2014. As a result, the Group has been unable to obtain the financial information for the period from 1 January 2013. No sufficient evidence has been provided to satisfy ourselves as to whether the Company had controlled GPRT since 1 January 2013 and throughout the year ended 31 December 2013. We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the existence, accuracy and completeness of the transactions and the related disclosures in the consolidated financial statements for the year ended 31 December 2013 in relation to the Carham sub-group. The consolidated financial information of the Carham sub-group is set out in the Note to the consolidated financial statements.

In addition, no sufficient evidence has been provided to satisfy ourselves that the gain on reclassification from interest in a joint venture to interest in a subsidiary amounting to HK$80 million is fairly stated.

3. Prepayment for acquisition of property, plant and equipment

Up to the date of this report, we have not yet obtained sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of the prepayment for acquisition of property, plant and equipment of approximately HK$304 million as at 31 December 2013. There were no other satisfactory audit procedures that we could adopt to determine whether any allowance for non-recovery of the amounts should be made in the consolidated financial statements.

Any adjustments to the matters as described from points 1 to 3 may have a significant consequential effect on the Group's results for the two years ended 31 December 2012 and 2013, the Group's cash flows for the two years ended 31 December 2012 and 2013 and the financial positions of the Group as at 31 December 2012 and 2013, and the related disclosures thereof in the consolidated financial statements.

DISCLAIMER OF OPINION

Because of the significance of the matters as described in the basis for disclaimer of opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in accordance with the disclosure requirement of Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year under review, the Group recorded revenue of approximately HK$667.3 million. The results of the Group for the financial year ended 31 December 2013 are set out in the consolidated statement of profit or loss and other comprehensive income.

The performance of the Group for the financial year ended 31 December 2013 were mainly contributed by the tyre manufacturing business. Given the stiff competition from radial tyres and the soft overseas market demand (from the Group's overseas customers), the overall performance of the tyre manufacturing segment of the Group was adversely affected. On 11 July 2014, the Company announced that the Group had lost control over Carham Assets Limited ("Carham") and its subsidiary – Guangzhou Pearl River Rubber Tyre Limited ("GPRT") (collectively referred to as "the Carham sub-group"), the tyre manufacturing segment of the Group, due to the enforcement of the loan securities by the lenders.

Despite the above, the management of the Company has continued its efforts in carrying out reviews and evaluations on its operation and marketing strategies, whilst leveraging on the network and experience of its management team in exploring new businesses or investment opportunities, including diversifying its business into the petroleum products trading business and semiconductor/electronic products trading, manufacturing and research and development ("R&D"), in order to enhance its future business development and financial position.

At present, the Group has realigned its resources to develop and expand (i) the construction and development of the semiconductor manufacturing factory; (ii) the trading and R&D of electronic/semiconductor products; and (iii) the sales and trading of petroleum products.

FINANCIAL REVIEW

Continuing operations

For the financial year ended 31 December 2013, the Group has, within the meaning of HKFRS 10, consolidated results of GPRT as a subsidiary, due to the executive power granted to a general manager of GPRT appointed by the Group which took effect on 1 January 2013 (herein referred to as "the Consolidation"). Following the Consolidation, the Group reported turnover of HK$667.3 million for the financial year ended 31 December 2013 with gross profit of HK$71.1 million. The turnover represents a decline of approximately 19% from revenue reported by GPRT for financial year ended 31 December 2012 (HK$827.5 million), mainly due to decrease in demand of bias truck tyres for both the domestic and export markets.

The Group's administrative expenses for the year under review was HK$53.0 million, approximately 846% higher as compared to HK$5.6 million (restated) for the comparative year. The higher administrative expenses was mainly a result of the Consolidation, as the administrative expenses of GPRT amounted HK$48.7 million was consolidated (into the Group) whilst only 70% of the expense (approximately HK$31.5 million) was recognized and included in "share of profit of a joint venture" in the comparative financial year.

Finance costs of the Group soared to HK$11.8 million in the current year as compared with nil balance (restated) in the comparative year. The finance costs are mainly consist of (i) interest expenses of HK$5.4 million arising from the loans from Pacific Union Pte Limited and KL-Kepong; (ii) interest expenses of HK$3.2 million arising from the convertible bonds issued in the year for fulfillment of the capital requirements in ICSC; and (iii) interest expenses of HK$3.2 million arising from bank loans for working capital of GPRT.

The consolidation, or reclassification of GPRT from an interest in a joint venture to interest in a subsidiary, led to a one-off gain of approximately HK$80.2 million. Such gain was recognized and resulted from (i) a fair value surplus arising from the fair value of the 70% equity interest in GPRT over its previous carrying amount of investment cost amounting to HK$1.3 million; and (ii) reclassification of the foreign currency translation reserve from equity to profit or loss of HK$78.9 million upon deemed disposal of a joint venture.

Disposal of PRT Capital Pte. Ltd (Discontinued operation)

As announced in 16 April 2013, the Group completed the disposal of its subsidiary, namely PRT Capital on 16 April 2013 ("the Disposal"). Accordingly, PRT Capital ceased to be a subsidiary of the Group and its financial results are de-consolidated from the Group with effect from 16 April 2013 (herein referred to as "the Discontinued Operation"). For the financial year ended 31 December 2013, the Group recorded operating loss of HK$0.2 million on the Discontinued Operation and a one-off gain of approximately HK$20.6 million arising from the disposal of PRT Capital. Such gain was derived at based on (i) the reclassification of net reserve surplus from the available-for-sale investments from equity to profit or loss amounting to HK$24.9 million; and (ii) the net off with the excess of the carrying amount of the net asset over the consideration amounting to HK$4.3 million upon disposal of the subsidiary.

Results from continuing operations and discontinued operation

Total profits attributable to owners of the Company for the financial year under review was approximately HK$86.2 million, after taking into consideration the one-off gains of approximately HK$100.8 million arising from (i) the Consolidation; and (ii) the Disposal.

The basic and diluted earnings per share from the continuing operations and Discontinued Operation for the financial year under review represent HK73.0 cents and HK64.9 cents respectively (2012: HK8.5 cents and HK8.4 cents respectively (restated)).

FINANCIAL POSITION

The Group doubled its total assets from HK$244.7 million (restated) as at 31 December 2012 to approximately HK$786.9 million as at 31 December 2013, mainly due to (i) the Consolidation; and (ii) the prepayment for acquisition of property, plant and equipment for the construction of semiconductor manufacturing factory in Kunshan.

The net asset value of the Group attributable to owners of the Company as at 31 December 2013 amounted to HK$294.1 million when compared to HK$242.8 million (restated) as at 31 December 2012.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2013, the Group had cash and cash equivalents amounted to HK$50.6 million (2012: HK$2.4 million (restated)) mainly denominated in Hong Kong dollars, RMB and US dollars.

As at 31 December 2013, the Group had interest-bearing borrowing in an aggregate amount of HK$233.8 million (2012: nil (restated)) denominated in Hong Kong dollars, RMB and US dollars.

As at 31 December 2013, the Group had net current assets of the approximately HK$50.2 million as compared to net current assets of approximately HK$85.7 million (restated) as at 31 December 2012.

The gearing ratio of the Group, defined as the total borrowings to the shareholders' equity, amounted to approximately 0.643 as at 31 December 2013 as compared with nil (restated) as at 31 December 2012.

Finance by convertible bonds and shareholders' loans

During the year ended 31 December 2013, the Group (i) issued HK$60 million 3% 3-year convertible bonds ("2013 CB") to not less than six independent third parties of which an aggregate face value of HK$45 million 2013 CB were converted into 22.5 million ordinary shares at a conversion price of HK$2 per share. Further details of the 2013 CB were set out in the circular of the Company dated 26 December 2012, announcements of the Company dated 4 October 2012, 8 April 2013 and 20 November 2013 respectively; and (ii) obtained loan amounts of HK$82.5 million and HK$67.5 million from Pacific Union and KL-Kepong, both of them were the then substantial shareholders on the date of the shareholder's loan agreements both dated 7 December 2012, respectively. The 2013 CB and loan proceeds were utilized as capital injections into ICSC during the year.

During the period from December 2013 up to the date hereof, the Group issued corporate bonds in aggregate principal amounts of HK$51 million to nine independent third parties. The corporate bonds are unsecured, bearing interest rates of not more than 9% per annum and maturity dates ranging from seven to seven-and-a-half years from the respective dates of issue. The net proceeds were placed with banks in Hong Kong and used as general working capital of the Group and to finance any potential investment opportunities of the Group that may arise from time and time.

The management believes that the existing financial resources will be sufficient to meet existing operations as well as existing and future expansion plans and, if necessary, the Group will be able to obtain additional financing with reasonable terms. There is no material effect of seasonality on the Group's borrowing requirements.

PROSPECTS

As set out in the business review section, the Group has realigned its resources to develop and expand (i) the construction and development of the semiconductor manufacturing factory (owned by ICSC); (ii) the trading and R&D of electronic/semiconductor products (commenced in late 2014); and (iii) the trading of petroleum products (commenced in early 2014), as its core businesses and operations. While pursuing the continuous growth of our business in the future, the management remains committed in reviewing its business and operations, including reinforcing its internal control and operational system to ensure that the Group can accommodate the external challenge under the fluctuating economy outlook, as well as enhancing its corporate governance.

Manufacturing of semiconductor

The management has continued its efforts in the construction and development of the semiconductor manufacturing factory in the PRC, with an aim to expand its business to design, R&D, processing, manufacturing and sale of semiconductor, integrated circuits and new type of electronic components and the provision of related consultancy services in 2016.

Following the completion of the share transfer of 27.21% minority equity interest in ICSC from Kunshan Economic and Technical Development Zone Asset Management Company, a state owned enterprise, to Zhongying on 28 February 2014, the management has initiated the construction of production lines in Kunshan, the PRC, including but not limited to the acquisition of the land use rights in respect of the Land (defined below), the construction of the production plant and acquisition of the necessary machineries and equipment for operations.

On 8 July 2014, ICSC entered into a loan agreement with Zhongying, pursuant to which Zhongying agreed to make available a loan in the principal amount of RMB10.0 million to ICSC for the payment of the RMB10.0 million security deposit required for submission of tender for purchase of the land use rights of a parcel of industrial land located at the north of Longfei road and the east of Fuchunjiang road, Kunshan Economic & Technical Development Zone, Kunshan* (昆山市開發區龍飛路北側，富春江路東側) measuring approximately 150,481.9 square meters (the "Land") in respect of the project.

In November 2014, ICSC was informed by the Kunshan State Land Resources Bureau* (昆山市國土資源局) that it has successfully won the tender. In this regard, a land transfer contract is expected to be entered into between ICSC and Kunshan State Land Resources Bureau* (昆山市國土資源局) in November 2014 for the acquisition of the land use rights of the Land to facilitate the construction of semiconductor manufacturing factory at Kunshan, the PRC.

Leveraging on the expertise and industry network of ICSC's management and taking into consideration the current measures/support from the local government in relation to the semiconductor industry, the Group targets to commence the manufacturing of semiconductor in 2016 and is confident that it will contribute positively to the overall performance of the Group.

Trading and research and development of electronic/semiconductor products

To further complement the semiconductor segment, the Company, leveraging on the experience and business network of its management, is expanding into the trading of electronic products and R&D of semiconductor in late 2014. It is expected that such expansion/development will contribute positively to both the Group's performance as well as broaden the customer base and industry networks for future development of the Group's semiconductor business.

Trading of petroleum products

In early 2014, the management, as part of its efforts to diversify the Group's business and earning base, has developed and expanded its business into trading of petroleum products. The Group will continue to leverage on the network and experience of its management team to expand and develop the existing platform of petroleum products trading activities to other petroleum products and commodities.

EVENTS AFTER THE REPORTING PERIOD

Placing agreement

On 21 January 2014, the Company entered into the placing agreement with China Times Securities Limited (the "Placing Agent") pursuant to which the Placing Agent has conditionally agreed with the Company to place 20,000,000 new shares of HK$0.01 each in the issued share capital of the Company (the "Placing Shares") on a best efforts basis to not less than six placees who and whose ultimate beneficial owners shall be independent third parties at a price of HK$2.50 per Placing Share (the "Placing"), representing a discount of approximately 11.66% to the closing price of HK$2.83 per share of the Company as quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 21 January 2014. The net price to the Company of each Placing Share is approximately HK$2.45. The proceeds was intended to be applied for opportunistic investments when appropriate opportunities arise and where the Directors consider it is in the interest of the Company to do so and/or for general working capital of the Group. The reasons for carrying out the Placing were to raise capital for the Company while broadening the Shareholder's base and capital base of the Company. The Placing was completed on 30 January 2014. The net proceeds amounted to approximately HK$49.2 million was fully utilised as working capital of the Group. Relevant disclosure was made in the announcement of the Company dated 21 January 2014.

Forensic Review

On 3 April 2014, the Company established a special investigation committee of the Board (the "Special Investigation Committee") to coordinate and oversee the conduct of the Forensic Review (as defined below). The Special Investigation Committee, through its legal adviser, retained Deloitte & Touche Financial Advisory Services Ltd to conduct forensic review in relation to the investment in ICSC and the issuance of the 3% 3-year convertible bonds due 2016 by the Company ("Forensic Review"). The Forensic Review has been completed. Save and except for certain improvement areas on internal control, the review has not indicated any irregularities. Details of the Forensic Review findings were set out in the Company's announcement dated 15 September 2014 ("Forensic Review Announcement").

Internal control review

The Special Investigation Committee noted that the Forensic Review has pointed to certain areas of internal control which requires further enhancement by the Group. The Company has since reviewed and enhanced the internal control procedures.

As set out in the Forensic Review Announcement, an independent professional firm of internal control consultants ("Internal Control Reviewer") was engaged in September 2014 to perform an assessment of the internal controls over certain corporate governance, financial procedures, systems and internal controls of the Company and ICSC (the "Internal Control Review").

Based on the findings of the Internal Control Reviewer, no material deficiencies were found during the review period, except for the matters relating to the access right to financial reporting system and notification and reporting mechanism for change in board members of ICSC.

The Company has since taken remedial actions after taking into consideration recommendations of the Internal Control Reviewer. The same were also brought to the attention of the Board and the Internal Control Reviewer.

Having considered the findings set out under the report of the Internal Control Review and all remedial actions taken by the Company, the Directors are of the view that the Group has established adequate internal control policies and procedures in all material respects, and the Group currently maintains an adequate and effective internal control system.

Loss of control over the Carham sub-group and the deconsolidation

In April 2014, Rodez Investments Limited ("Rodez"), a wholly-owned subsidiary of the Company, received demand letters from Pacific Union and KL-Kepong International Ltd ("KL-Kepong") (collectively "the Lenders"), for the repayment of the principal and interest accrued in the sum of HK$86,428,361 and HK$70,360,802 by 11 April 2014 and 30 April 2014 respectively and the occurrence of the event of default. Subsequently, in July 2014, Rodez received further notification from the Lenders, stating that they have exercised their rights and powers under the respective deed of charge by transferring the ownership of the 55 shares and 45 shares in Carham to themselves, following Rodez' failure in fulfilling the settlement by the stipulating deadline. Details of the matters relevant to the enforcement were set out in the Company's announcement dated 11 July 2014.

The Board considers that the Group has lost its control over Carham as a result the abovementioned transfers. Accordingly, the Directors consider that it is inappropriate to consolidate the financial statements of Carham sub-group into the Group and it is de-consolidated and classified as discontinued operation in the subsequent financial period.

MATERIAL ACQUISITION AND DISPOSAL

As detailed in Note 15 to the consolidated financial statements, following an executive power granted to a general manager of GPRT appointed by the Group with effect from 1 January 2013, the Group has control, within the meaning of HKFRS 10, over GPRT and has consolidated its results into the Group as a subsidiary accordingly.

Acquisition of interest in ICSC

On 23 November 2012, the Group, through BEH, an indirect wholly owned subsidiary of the Company, entered into a share and purchase agreement with IC Spectrum Co., Limited to acquire 72.79% equity interest in ICSC at consideration of RMB1. This transaction was completed on 22 January 2013.

Disposal of PRT Capital

On 7 December 2012, the Company entered into a conditional share transfer agreement with Pacific Union, the then controlling shareholder of the Company, to dispose of a wholly owned subsidiary, namely PRT Capital, at consideration of HK$85 million. This transaction was completed on 16 April 2013.

HUMAN RESOURCES

As at 31 December 2013, the Group had a total of employees of 1,412 (including Directors). The remuneration was linked to the financial results of the Group as well as the performance of individual staff. The remuneration policies of the Group's employees are subject to review regularly.

The Group's total staff costs including Directors' remuneration for the year ended 31 December 2013 amounted to HK$93.5 million (2012: HK$2.6 million (restated)). On necessary basis, adequate on-job training had been provided to staff in need.

The Group has implemented a social insurance scheme for its PRC staff and mandatory provident fund for its Hong Kong staff in compliance with requirements of the relevant employment regulations in the PRC and Hong Kong respectively.

The Group operates a share option scheme adopted on 21 May 2004 as a part of remuneration of its Directors or employees which has expired on 20 May 2014. During the year ended 31 December 2013, there was no share option granted (2012: 410,000 options). An ordinary resolution was passed by the shareholders of the Company at the annual general meeting of the Company held on 8 September 2014 for the adoption of a new share option scheme.

CONTINGENT LIABILITIES

There was no contingent liability as at 31 December 2013 and 2012.

CAPITAL COMMITMENT

The Group's outstanding capital commitments, which were contracted but not provided for, in the financial statements were HK$108.3 million as at 31 December 2013 (2012: nil (restated)).

CHARGES ON GROUP ASSETS

The Group has pledged the leasehold buildings and prepaid lease payment in an aggregate carrying amount of HK$86.5 million to secure banking facilities granted to the Group as at 31 December 2013 (2012: nil (restated)).

The Group pledged all its 100 shares or 100% shareholding in Carham to secure the shareholders' loans in an aggregate amount of HK$150 million as at 31 December 2013 (2012: nil).

As at the date of this announcement, the Group does not have any charges on the abovesaid assets following the enforcement of the loan securities by the leaders as discussed in paragraph v of Note 20 to the consolidated financial statements.

FOREIGN EXCHANGE RISK MANAGEMENT

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in foreign currencies. The Group does not use any derivative financial instruments to manage its exposure to foreign currency risk as the Directors are of the opinion that the net exposure is not significant. The majority of the Group's foreign currency transactions and balances are denominated in RMB and USD.

FINAL DIVIDEND

No dividend had been paid during the year ended 31 December 2013 and the Directors do not recommend the payment of any dividend for the financial year ended 31 December 2013.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries, have purchased, sold or redeemed any of the Company's listed securities during the financial year ended 31 December 2013.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the conduct regarding the securities transactions by Directors. Having made specific enquiries to all Directors, the Company confirmed that all Directors had complied with the required standard set out in the Model Code throughout the year under review.

CODE OF CORPORATE GOVERNANCE PRACTICES

The Board and the management are committed to maintaining and ensuring high standards of corporate governance as good corporate governance can safeguard the interests of all shareholders and enhance corporate value. The Board continuously reviews and improves the corporate governance practices and standards of the Group from time to time to ensure that business activities and decision making possesses are regulated in a proper manner.

The Company had complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2013, except for the deviations from code provisions A.1.8, A.4.1, A.6.7, C.1.2, D.1.4 and E.1.2 of the CG Code.

Code provision A.1.8 of the CG Code provides that the Company should arrange appropriate insurance cover in respect of legal action against its directors. As it took time for the Company to solicit a suitable insurer at reasonable commercial terms and conditions, the Company subsequently arranged appropriate insurance cover in respect of legal action against its Directors for the period from 10 March 2014 to 9 March 2015.

Code provision A.4.1 of the CG Code provides that non-executive Directors should be appointed for a specific term and subject to re-election. Mr. Yeow See Yuen (a former independent non-executive Director and re-designated as non-executive Director on 24 April 2014 and subsequently resigned on 16 June 2014), and Mr. Goh Nan Kioh (the former chairman of the Company and former non-executive Director resigned on 2 January 2014) have no specific terms of service but shall retire from office on a rotational basis in accordance with the bye-laws of the Company ("Bye-Laws").

Code provision A.6.7 of the CG Code provides that independent non-executive Directors and other non-executive Directors should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the view of shareholders. Mr. Goh Nan Kioh (the then chairman and former non-executive Director resigned on 2 January 2014), and Dato Yeoh Eng Khoon (the former non-executive Director retired on 10 June 2013), did not attend the 19th annual general meeting of the Company held on 10 June 2013 (the "2013 AGM") due to they had other business pressing engagement. Mr. Liu Hongjun, the independent non-executive Director, did not attend the special general meetings of the Company both held on 28 January 2013 and 2013 AGM, due to he had other scheduled business engagement.

Code provision C.1.2 of the CG Code provides that management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. The management of the Company did not provide a regular monthly update to all members of the Board, but the management keeps providing information and update to the members of the Board irregularly.

Code provision D.1.4 of the CG Code provides that the Directors should clearly understand delegation arrangements in place. Issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letter of appointment with Mr. Goh Nan Kioh (the former chairman of the Company and non-executive Director resigned on 2 January 2014), and Mr. Yeow See Yuen, (the former independent non-executive Director and re-designated as non-executive Director on 24 April 2014 and subsequently resigned on 16 June 2014). However, all Directors were subject to retirement by rotation in accordance with the Bye-Laws and all Directors actively comply with the requirements under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

Code provision E.1.2 of the CG Code provides that the chairman of the board should attend the annual general meeting. He should invite the chairman of the audit, remuneration, nomination committee and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. Mr. Goh Nan Kioh, the then chairman of the Company, did not attend the 2013 AGM due to he had other business pressing engagement. However, the then chairman of each of the Audit Committee, the remuneration committee and nomination committee of the Company attended the 2013 AGM.

Save as those mentioned above, in the opinion of the Directors, the Company has met the code provisions set out in the CG Code during the year ended 31 December 2013.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Lai Ho Man, Dickson (as chairman), Mr. Wong Lit Chor, Alexis and Mr. Liu Hongjun. The principal duties of the Audit Committee include the review of the Company's financial reporting procedure, internal controls and interim and annual results of the Group. The consolidated financial statements of the Group for the year ended 31 December 2013 have been reviewed by the Audit Committee.

By Order of the Board
Pearl River Tyre (Holdings) Limited
Yang Liu
Chairman and Chief Executive Officer

Hong Kong, 13 November 2014

As at the date of this announcement, the Board comprises executive Directors, namely, Mr. Yang Liu (Chairman and Chief Executive Officer) and Mr. Lo Ka Wai, non-executive Director, namely, Mr. Xu Lei, and independent non-executive Directors, namely, Mr. Lai Ho Man, Dickson, Mr. Wang Xiao Chuan, Mr. Wong Lit Chor, Alexis, and Mr. Liu Hongjun.

* *for identification purposes only*