HAN TANG INTERNATIONAL HOLDINGS LIMITED
漢唐國際控股有限公司

(Continued in Bermuda with limited liability)

(Stock Code: 01187)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

The board (the "Board") of directors (the "Directors") of Han Tang International Holdings Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2014 together with the comparative figures for the previous year. 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

	Notes	Year ended 31 December 2014 HK$'000	2013 HK$'000 (Restated)
CONTINUING OPERATIONS			
Turnover	6	**50,467**	–
Cost of sales		**(48,002)**	–
Gross profit		**2,465**	–
Other revenue and other net income	6	**28**	–
Administrative expenses		**(27,998)**	(4,302)
Finance costs	7	**(7,335)**	(8,612)
Loss before taxation		**(32,840)**	(12,914)
Income tax	9	**–**	–
Loss for the year from continuing operations		**(32,840)**	(12,914)
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	10	**1,075**	98,400
(Loss)/profit for the year	8	**(31,765)**	85,486
Attributable to:			
Owners of the Company		**(31,510)**	86,166
Non-controlling interests		**(255)**	(680)
(Loss)/profit for the year		**(31,765)**	85,486
(Loss)/profit for the year attributable to owners of the Company arising from:			
Continuing operations		**(32,585)**	(12,879)
Discontinued operations		**1,075**	99,045
		(31,510)	86,166

	Notes	Year ended 31 December **2014** ***HK$'000***	 2013 *HK$'000* (Restated)
(Loss)/profit for the year		**(31,765)**	85,486
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of:			
– Subsidiaries' financial statements		**(1,040)**	17,458
– Available-for-sale investments		**–**	292
Fair value gain on available-for-sale investments		**–**	4,115
		(1,040)	21,865
Reclassification adjustments for:			
– Foreign currency translation reserve		**(4,948)**	(70,051)
– Revaluation reserve		**–**	(33,677)
		(4,948)	(103,728)
Total other comprehensive loss		**(5,988)**	(81,863)
Total comprehensive (loss)/income for the year		**(37,753)**	3,623
Attributable to:			
Owners of the Company		**(41,365)**	2,212
Non-controlling interests		**3,612**	1,411
Total comprehensive (loss)/income for the year		**(37,753)**	3,623
(Loss)/earnings per share (Hong Kong cents)			
From continuing and discontinued operations			
– Basic	*11*	**(20.1)**	73.0
– Diluted	*11*	**(20.1)**	73.0
From continuing operations			
– Basic	*11*	**(20.8)**	(10.9)
– Diluted	*11*	**(20.8)**	(10.9)
From discontinued operations			
– Basic	*11*	**0.7**	83.9
– Diluted	*11*	**0.7**	83.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**420,063**	165,701
Prepaid lease payments		**12,607**	16,225
Prepayment for acquisition of property, plant and equipment	*13*	**10,000**	303,985
Goodwill		**378**	378
Total non-current assets		**443,048**	486,289
Current assets			
Inventories		**–**	150,620
Trade and other receivables	*14*	**49,459**	98,243
Pledged bank deposits		**–**	1,153
Cash and cash equivalents		**8,382**	50,604
Total current assets		**57,841**	300,620
Current liabilities			
Trade and other payables	*15*	**5,870**	182,070
Provisions		**–**	6,652
Bank and other borrowings		**–**	61,447
Finance lease payables		**1,113**	212
Total current liabilities		**6,983**	250,381
Net current assets		**50,858**	50,239
Total assets less current liabilities		**493,906**	536,528

		As at 31 December	
		2014	2013
	Note	***HK$'000***	*HK$'000*
Non-current liabilities			
Other payables	*15*	**343**	–
Bank and other borrowings		**61,867**	158,700
Convertible bonds		**13,783**	12,927
Deferred tax liabilities		**–**	574
Finance lease payables		**3,140**	518
Total non-current liabilities		**79,133**	172,719
Net assets		**414,773**	363,809
EQUITY			
Share capital		**1,581**	1,381
Reserves		**300,331**	292,715
		301,912	294,096
Non-controlling interests		**112,861**	69,713
Total equity		**414,773**	363,809

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Share capital *HK$'000*	Share premium *HK$'000*	Revaluation reserve *HK$'000*	Equity component of convertible bonds *HK$'000*	Capital reserve *HK$'000*	Foreign currency translation reserve *HK$'000*	Contributed surplus *HK$'000*	Accumulated losses *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
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/(loss) 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
At 1 January 2014	1,381	181,344	–	2,263	1,553	15,447	109,665	(17,557)	294,096	69,713	363,809
Changes in equity for 2014:											
Loss for the year	–	–	–	–	–	–	–	(31,510)	(31,510)	(255)	(31,765)
Other comprehensive income/(loss):											
Exchange difference on translation of:											
– Subsidiaries' financial statements	–	–	–	–	–	(4,907)	–	–	(4,907)	3,867	(1,040)
Reclassification adjustments for:											
– Foreign currency translation reserve	–	–	–	–	–	(4,948)	–	–	(4,948)	–	(4,948)
	–	–	–	–	–	(9,855)	–	–	(9,855)	3,867	(5,988)
Total comprehensive income/(loss)	–	–	–	–	–	(9,855)	–	(31,510)	(41,365)	3,612	(37,753)
Issue of shares on placement	200	48,981	–	–	–	–	–	–	49,181	–	49,181
Capital contribution from non-controlling interest	–	–	–	–	–	–	–	–	–	108,840	108,840
Disposal of subsidiaries *(Note 10(c)(ii))*	–	–	–	–	–	–	–	–	–	(69,304)	(69,304)
	200	48,981	–	–	–	–	–	–	49,181	39,536	88,717
At 31 December 2014	1,581	230,325	–	2,263	1,553	5,592	109,665	(49,067)	301,912	112,861	414,773

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

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	:	Clarendon House 2 Church Street Hamilton HM11 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 2014, the Group's principal activities are the trading of petroleum, semiconductor/electronic 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 2014. 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.

The Group has not applied the 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 consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention.

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.

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 two reportable segments. These segments are managed separately. Each segment offers very different products and services:

1. Trading business

2. Manufacturing of semiconductor

The trading business derives its revenue primarily from the trading of petroleum and semiconductor/electronic products.

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

The manufacturing of tyres segment in 2013 derived its revenue primarily from the manufacture and sale of various types of tyres for commercial vehicles and it was de-consolidated with effect from 1 January 2014 and its results for both years are presented as discontinued operations.

The investment holding segment in 2013 derived its revenue primarily from dividends income from investments.

(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 other corporate assets. Segment liabilities include trade and other payables, provisions, bank loans, shareholders' loans, finance lease payables and the liability components of convertible bonds, all of which are attributable to the activities of the individual segments with the exception of other bonds payable, other 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 arose from the depreciation or amortisation of assets attributable to those segments. There was no inter-segment sale and transfer during the year (2013: Nil).

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 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, if any) 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 years ended 31 December 2014 and 2013 is set out below:

	2014					
	Continuing operations			Discontinued operation		
	Trading business	Manufacturing of Semiconductor	Sub-total	Manufacturing of Tyres	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	**50,467**	**–**	**50,467**	**–**		**50,467**
Reportable segment profit/(loss) (adjusted EBITDA)	**(2,192)**	**(595)**	**(2,787)**	**1,075**		**(1,712)**
Interest income	**–**	**1**	**1**	**–**	**11**	**12**
Finance costs	**(48)**	**(4,177)**	**(4,225)**	**–**	**(3,110)**	**(7,335)**
Depreciation	**(232)**	**–**	**(232)**	**–**	**(1,781)**	**(2,013)**
Income tax expense	**–**	**–**	**–**	**–**	**–**	**–**
Reportable segment assets	**43,537**	**435,679**	**479,216**	**–**	**21,673**	**500,889**
Additions to non-current segment assets during the year	**1,734**	**131,485**	**133,219**	**–**	**7,773**	**140,992**
Reportable segment liabilities	**(1,130)**	**(13,784)**	**(14,914)**	**–**	**(71,202)**	**(86,116)**

	2013					
	Continuing operations	Discontinued operations				
	Manufacturing of Semiconductor	Manufacturing of Tyres (Restated)	Investment holding	Sub-total (Restated)	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)	(90)	25,181	20,392	45,573		45,483
Interest income	–	40	–	40	–	40
Finance costs	(8,612)	(3,184)	–	(3,184)	–	(11,796)
Depreciation and amortisation	–	(20,569)	–	(20,569)	(13)	(20,582)
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	305,863	469,992	–	469,992	11,054	786,909
Additions to non-current segment assets during the year	303,985	196,638	–	196,638	730	501,353
Reportable segment liabilities	168,318	238,977	–	238,977	15,805	423,100

(b) Reconciliations of reportable segment (loss)/profit

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Reportable segment loss (continuing operations)	**(2,787)**	(90)
Finance costs	**(4,225)**	(8,612)
Depreciation and amortisation	**(232)**	–
Interest income	**1**	–
Unallocated expenses	**(25,597)**	(4,212)
Consolidated loss before taxation (continuing operations)	**(32,840)**	(12,914)

(c) Revenue from major products and services

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

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Trading of petroleum and semiconductor/electronic products	**50,467**	–

(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 delivered. The Group's non-current assets include property, plant and equipment, prepaid lease payments, prepayment for acquisition of property, plant and equipment and goodwill. 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.

	Revenue from external customers		**Specified non-current assets**	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		
Mainland China	**50,467**	–	**434,848**	485,571
Hong Kong	**–**	–	**8,200**	718
	50,467	–	**443,048**	486,289

(e) Information about major customers

For the year ended 31 December 2014, the revenue from the Group's largest customer was approximately 94% (2013: Nil) of the Group's total revenue.

6. TURNOVER, OTHER REVENUE AND OTHER NET INCOME

(a) Turnover of the Group, which is also its revenue, represents the invoiced value of goods sold and services rendered less discounts and returns for each reporting period and is analysed as follows:

	Continuing operations		Discontinued operations		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		
Trading of petroleum products	**49,244**	–	**–**	–	**49,244**	–
Trading of semiconductor/ electronic products	**1,223**	–	**–**	–	**1,223**	–
Manufacture and sales of tyres	**–**	–	**–**	667,290	**–**	667,290
	50,467	–	**–**	667,290	**50,467**	667,290

(b) The analysis of other revenue and other net income is as follows:

	Continuing operations		Discontinued operations		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		
Other revenue						
Interest income on bank deposits	**12**	–	**–**	40	**12**	40
Total interest income on financial assets not at fair value through profit or loss	**12**	–	**–**	40	**12**	40
Government grant received	**–**	–	**–**	305	**–**	305
Others	**–**	–	**–**	2,718	**–**	2,718
	12	–	**–**	3,063	**12**	3,063
Other net income						
Reversal of impairment loss on property, plant and equipment	**–**	–	**–**	11	**–**	11
Gain on foreign exchange	**16**	–	**–**	124	**16**	124
	16	–	**–**	135	**16**	135
	28	–	**–**	3,198	**28**	3,198

7. FINANCE COSTS

	Continuing operations		Discontinued operations		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		
Interests on:						
– bank loans wholly repayable within one year	**–**	–	**–**	3,184	**–**	3,184
– convertible bonds	**1,306**	3,179	**–**	–	**1,306**	3,179
– shareholders' loans	**2,528**	5,392	**–**	–	**2,528**	5,392
– other bonds	**2,975**	–	**–**	–	**2,975**	–
– loan from non-controlling interest of a subsidiary wholly repayable within five years	**343**	–	**–**	–	**343**	–
– finance lease	**183**	–	**–**	–	**183**	–
Other interest expenses	**–**	41	**–**	–	**–**	41
	7,335	8,612	**–**	3,184	**7,335**	11,796

8. (LOSS)/PROFIT FOR THE YEAR

(Loss)/profit for the year is arrived at after charging/(crediting) the followings:

	Continuing operations		Discontinued operations		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		
Cost of inventories	**48,002**	–	**–**	596,193	**48,002**	596,193
Staff costs (including directors' emoluments)						
– Wages, salaries and other benefits	**6,955**	810	**–**	80,412	**6,955**	81,222
– Retirement benefit scheme contributions	**117**	32	**–**	12,855	**117**	12,887
Auditor's remuneration						
– current year	**680**	1,420	**–**	95	**680**	1,515
Amortisation of prepaid lease payments (included in administrative expenses)	**–**	–	**–**	1,611	**–**	1,611
Depreciation of property, plant and equipment	**2,013**	13	**–**	18,958	**2,013**	18,971
Plant and equipment written off	**–**	–	**–**	148	**–**	148
Reversal of impairment loss on property, plant and equipment	**–**	–	**–**	(11)	**–**	(11)
(Gain)/loss on foreign exchange, net	**(11)**	–	**–**	2,599	**(11)**	2,599
Loss on fair value changes of held for trading investments	**–**	–	**–**	303	**–**	303
Operating lease payments:						
– land and buildings	**5,032**	–	**–**	5,680	**5,032**	5,680
– machinery	**–**	–	**–**	2,524	**–**	2,524
Provision for product warranty	**–**	–	**–**	3,534	**–**	3,534

9. INCOME TAX

(a) Income tax represents:

	Continuing operations		Discontinued operations		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		
Current tax						
– Hong Kong Profits Tax	**–**	–	**–**	–	**–**	–
– PRC Enterprise Income Tax ("EIT")	**–**	–	**–**	–	**–**	–
Deferred tax						
– Origination of temporary difference	**–**	–	**–**	(57)	**–**	(57)
Income tax credit	**–**	–	**–**	(57)	**–**	(57)

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 both financial years.

The EIT for the year ended 31 December 2014 is 25% (2013: 25%).

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

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Loss before taxation (from continuing operations)	**(32,840)**	(12,914)
Profit before taxation (from discontinued operations)	**1,075**	98,343
	(31,765)	85,429
Notional tax on profit before taxation, calculated at the rates applicable to profit/(loss) in the tax jurisdictions concerned		
– Mainland China @25% (2013: 25%)	**(517)**	19,455
– Hong Kong @16.5% (2013: 16.5%)	**(4,899)**	1,255
	(5,416)	20,710
Tax effects of:		
Non-deductible expenses	**2,004**	1,926
Non-taxable income	**(199)**	(23,187)
Deferred tax assets not recognised during the year	**3,611**	494
Income tax credit	**–**	(57)

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

	2014			2013		
	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*
Exchange differences on translation of:						
– Subsidiaries' financial statements	**(1,040)**	**–**	**(1,040)**	17,458	–	17,458
– Available-for-sale investments	**–**	**–**	**–**	292	–	292
Available-for-sale investments:						
– Fair value gain arising on revaluation of available-for-sale investments	**–**	**–**	**–**	4,115	–	4,115
Reclassification adjustments for:						
– Foreign currency translation reserve	**(4,948)**	**–**	**(4,948)**	(70,051)	–	(70,051)
– Revaluation reserve	**–**	**–**	**–**	(33,677)	–	(33,677)
	(5,988)	**–**	**(5,988)**	(81,863)	–	(81,863)

10. PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS

(a) Rodez Investments Limited ("Rodez"), a wholly owned subsidiary of the Company, received demand letters from Pacific Union Pte Ltd. ("Pacific Union") and KL-Kepong International Limited ("KL-Kepong") in April 2014 demanding repayment of the respective principal and interest accrued and claiming that an event of default had occurred. In response to these, the Company has on behalf of Rodez entered into negotiations with Pacific Union and KL-Kepong respectively. Rodez received letters from Pacific Union and KL-Kepong on 9 July 2014 and 11 July 2014 respectively, stating that payments had not been received by the deadlines and they had exercised their rights and powers under the deed of charge by transferring the secured shares in Carham Assets Limited ("Carham"), the then subsidiary of the Company, to themselves.

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 with effect from 29 May 2014. This means that the Company no longer has any interest in Carham and its subsidiary – Guangzhou Pearl River Rubber Type Limited ("GPRT") (collectively referred to as the "Carham sub-group").

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 agreements and share charges.

The Board considers that the Group no longer has the power to exercise its right as a shareholder of Carham and thus has lost its control over Carham as a result of transferring its 55% and 45% equity interests upon the enforcement of the aforesaid loan securities 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 during the year.

Since the Group has been unable to obtain necessary financial information of the Carham sub-group for the year ended 31 December 2014, the Directors consider that, in the consolidated financial statements for the year ended 31 December 2014, 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 unaudited financial statements of Carham sub-group as at 31 December 2013, which was further set out as below Note 10(c)(ii).

(b) On 7 December 2012, the Company has entered into a conditional share transfer agreement with Pacific Union to dispose a wholly-owned subsidiary, namely PRT Capital Pte. Ltd. ("PRT Capital") at a consideration HK$85 million ("Conditional Disposal"). Pacific Union, 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 results of PRT Capital under the business segment of investment holding has been presented as discontinued operation during the year ended 31 December 2013.

(c) The analysis of the results, net assets and cash flows from discontinued operations

(i) The results of the discontinued operations

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Profit on discontinued operations for the year	**–**	77,824
Gain on disposal of discontinued operation	**1,075**	20,576
	1,075	98,400

As mentioned in Note 10(a), the financial information of Carham sub-group was de-consolidated from 1 January 2014, thus no profit or loss item from the operation was recorded in the year ended 31 December 2014. The analysis of profit/loss from the discontinued operations of Carham sub-group and PRT Capital during the year ended 31 December 2013 was as follows:

	Notes	**Carham sub-group** *HK$'000*	**PRT Capital** *HK$'000*	**Total** *HK$'000*
Turnover		667,290	–	667,290
Cost of sales		(596,193)	–	(596,193)
Gross profit		71,097	–	71,097
Other revenue and other net income	*6*	3,074	124	3,198
Gain on reclassification from interest in a joint venture to interest in a subsidiary		80,157	–	80,157
Selling and distribution expenses		(21,539)	–	(21,539)
Administrative expenses		(48,736)	(5)	(48,741)
Other operating expenses		(2,918)	(303)	(3,221)
Finance costs	*7*	(3,184)	–	(3,184)
Profit/(loss) before taxation		77,951	(184)	77,767
Income tax credit		57	–	57
Profit/(loss) for the year from discontinued operations attributable to owners of the Company		78,008	(184)	77,824

(ii) The net assets of the discontinued operations

Carham sub-group as at the date of de-consolidation

	2014
	HK$'000
Property, plant and equipment	**164,983**
Prepaid lease payments	**16,225**
Inventories	**150,620**
Trade and other receivables	**98,245**
Pledged bank deposits	**1,153**
Cash and cash equivalents	**38,856**
Trade and other payables	**(170,423)**
Provisions	**(6,534)**
Bank and other borrowings	**(61,447)**
Deferred tax liabilities	**(574)**
Net assets de-consolidated	**231,104**
Non-controlling interest	**(69,304)**
Foreign currency translation reserve	**(4,948)**
Gain on disposal	**1,075**
Satisfied by:	
Derecognition of the loans and accrued interests	**157,927**
Net cash outflow arising on disposal:	
Cash and cash equivalents disposed of	**(38,856)**

PRT Capital as at the date of disposal

	2013
	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

(iii) Cash flows from the discontinued operations

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Net cash inflows from operating activities	–	43,797
Net cash outflows from investing activities	–	(29,070)
Net cash outflows from financing activities	–	(3,049)
Net cash inflows	–	11,678

11. BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company of approximately HK$31,510,000 (2013: profit of approximately HK$86,166,000) and the weighted average of approximately 156,538,000 ordinary shares (2013: approximately 118,065,000 ordinary shares) in issue during the year calculated as follows:

(Loss)/profit attributable to owners of the Company (basic)

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
From continuing operations	**(32,585)**	(12,879)
From discontinued operations	**1,075**	99,045
Total	**(31,510)**	86,166

Weighted average number of ordinary shares (basic)

	2014	2013
	'000	*'000*
Issued ordinary shares at 1 January	**138,128**	115,628
Effect of share placement (weighted average)	**18,410**	–
Effect of conversion of convertible bonds (weighted average)	**–**	2,437
Weighted average number of ordinary shares at 31 December	**156,538**	118,065

(b) Diluted (loss)/earnings per share

For the years ended 31 December 2014 and 2013, the computation of diluted (loss)/earnings per share does not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in decrease in the loss per share from continuing operations.

12. LOSS/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY AND DIVIDEND

a. The consolidated loss attributable to owners of the Company includes a loss of HK$11,210,000 (2013: profit of HK$43,851,000) which has been dealt with in the financial statements of the Company.

b. The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2014 (2013: Nil).

13. PREPAYMENT FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	2014	2013
	HK$'000	*HK$'000*
Prepayment for acquisition of equipment	**10,000**	–
Prepayment for the transfer of buildings and developmental costs *(Note)*	**–**	303,985
	10,000	303,985

Note:

IC Spectrum (Kunshan) Co., Limited ("ICSC"), an indirect 72.79%-owned subsidiary of the Company, entered into a project transfer agreement and the supplemental agreement (collectively "Project Transfer Agreement") both dated 28 January 2013 with 北京中盈世紀投資有限公司 (Beijing Zhongying Century Investment Co, Limited*) ("Zhongying"), a shareholder of ICSC holding 27.21% of its equity interest, for the transfer of buildings and development costs pursuant to which RMB237,248,000 (equivalent to HK$303,985,000 as at 31 December 2013) was paid by ICSC to Zhongying.

The Board did not consider recoverability of the prepayments as an issue because 昆山市國土資源局 (Kunshan State Land Resources Bureau*) (the "Bureau") entered into a《國有建設用地使用權出讓合同》(Contract for the transfer of the land use rights of State-owned land*) with ICSC on 25 November 2014, pursuant to which 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 semiconductor 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 of HK$302,973,000 (after deducting an exchange re-alignment of HK$1,012,000 in 2014) was reclassified to property, plant and equipment as construction-in-progress in the consolidated financial statements of the Company for the year ended 31 December 2014.

* *for identification purpose only*

14. TRADE AND OTHER RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**18,608**	129,600
Less: allowance for impairment loss *(Note 14(b))*	**–**	(51,772)
	18,608	77,828
Other receivables	**169**	11,233
	18,777	89,061
Deposits paid to suppliers	**22,328**	9,142
Prepayments and deposits	**8,354**	40
	49,459	98,243

(a) Ageing analysis

The following is an aging analysis of trade receivables based on invoice dates:

	2014	2013
	HK$'000	*HK$'000*
Less than one year	**18,608**	75,625
More than one year but less than two years	**–**	763
More than two years	**–**	53,212
	18,608	129,600
Less: allowance for impairment loss	**–**	(51,772)
	18,608	77,828

The Group generally requests for full payments upon delivery from its trade customers but also allows certain trade customers a credit period from 30 to 60 days (2013: the normal credit period terms 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:

	2014	2013
	HK$'000	*HK$'000*
At 1 January	**51,772**	–
Acquisition of a subsidiary	**–**	50,295
Disposal of subsidiaries	**(51,772)**	–
Exchange re-alignment	**–**	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:

	2014	2013
	HK$'000	*HK$'000*
Neither past due nor impaired	**1,224**	26,573
Less than one year past due	**17,384**	49,052
More than one year but less than two years past due	**–**	763
More than two years past due	**–**	1,440
	18,608	77,828

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

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. At 31 December 2013, in respect of receivables of HK$77,828,000, the Group had received bank's acceptance bills for HK$37,434,000. 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:

	2014	2013
	HK$'000	*HK$'000*
Hong Kong Dollar	**28,571**	–
Renminbi	**276**	76,024
United States Dollar	**20,612**	22,219
	49,459	98,243

15. TRADE AND OTHER PAYABLES

	2014	2013
	HK$'000	*HK$'000*
Trade payables	**–**	83,377
Amount owing to a non-controlling interest of GPRT	**–**	6,135
Accruals and other payables	**6,213**	89,114
Financial liabilities measured at amortised cost	**6,213**	178,626
Sales deposits received	**–**	3,444
	6,213	182,070
Less: non-current portion	**(343)**	–
Current portion	**5,870**	182,070

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

	2014	2013
	HK$'000	*HK$'000*
Hong Kong Dollar	**5,077**	11,042
Renminbi	**381**	168,699
Ringgit Malaysia	**755**	722
United States Dollar	**–**	1,607
	6,213	182,070

The ageing analysis of trade payables, based on invoice dates, as at the end of the reporting period is as follows:

	2014	2013
	HK$'000	*HK$'000*
Less than one year	**–**	73,910
More than one year but less than two years	**–**	159
More than two years	**–**	9,308
	–	83,377

16. COMPARATIVE FIGURES

As a result of the de-consolidation of Carham sub-group constituting discontinued operations under HKFRS 5 *Non-current Assets held for Sale and Discontinued Operations*, certain comparative figures have been re-presented to reflect the results of the continuing and discontinued operations.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2014. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

ZHONGHUI ANDA CPA Limited has expressed qualified opinion on the audited consolidated financial statements of the Group for the financial year ended 31 December 2014, an extract of which is as follow:

BASIS FOR QUALIFIED OPINION

1. Opening balances and corresponding figures

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2013, which forms the basis for the corresponding figures presented in the current year's consolidated financial statements, was disclaimed because of the significance of the possible effects of the limitations on the scope of our audit, details of which are set out in our audit report dated 13 November 2014. Accordingly, we were then unable to form an opinion as to whether the financial statements gave a true and fair view of the state of affairs of the Group as at 31 December 2013 and of the Group's results and cash flows for the year then ended.

2. De-consolidation and gain on disposal of subsidiaries

As set out in Note 12 to the consolidated financial statements, Carham Assets Limited ("Carham") and its subsidiary, Guangzhou Pearl River Rubber Tyre Limited ("GPRT") (collectively the "Carham sub-group") was deconsolidated from the Group commencing on 1 January 2014. No sufficient evidence has been provided to satisfy ourselves as to whether the Company had lost control of Carham sub-group since 1 January 2014 and for the period from 1 January 2014 to 23 April 2014, the date immediately before the disposal being completed. Accordingly, no sufficient evidence has been provided to satisfy ourselves, in relation to the Carham sub-group, as to the completeness of the transactions of the Group for the period from 1 January 2014 to 23 April 2014.

An amount of approximately HK$1,075,000 relating to the gain on disposal of Carham sub-group has been recognized in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014. No sufficient evidence has been provided to satisfy ourselves as to the assets and liabilities of Carham sub-group as at 1 January 2014. As a result, we are unable to satisfy ourselves as to the gain on disposal of subsidiaries of approximately HK$1,075,000 included in the consolidated profit or loss.

Any adjustments to the figures as described from points 1 and 2 above might have a consequential effect on the Group's results and cash flows for the two years ended 31 December 2013 and 2014, and the financial position of the Group as at 31 December 2013, and the related disclosures thereof in the consolidated financial statements.

QUALIFIED OPINION

In our opinion, except for the possible effects of the matters as described in the basis for qualified opinion paragraphs, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2014, and of the results and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the period under review, the Group recorded revenue of approximately HK$50.5 million. The results of the Group for the financial year ended 31 December 2014 are set out in the consolidated statement of profit or loss and other comprehensive income.

As a result of the enforcement of the loan securities by the lenders, the Group lost control over Carham Assets Limited ("Carham"). Accordingly, the financial results of the tyre manufacturing segment, carried out by Carham and its 70% equity owned subsidiary, Guangzhou Pearl River Rubber Tyre Limited ("GPRT"), (collectively known as "Carham sub-group"), for the current year and the corresponding year are presented as discontinued operations.

Despite the loss in control over the tyre manufacturing operations, 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 in March 2014 and expanding into semiconductors/electronic products trading business in late 2014, 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 petroleum and semiconductor/electronic products trading operations; and (ii) the construction and development of the semiconductor manufacturing factory (owned by ICSC). Barring unforeseen circumstances, the manufacturing and sale of semiconductor products is expected to commence in 2016.

FINANCIAL REVIEW

Continuing operations

Operating results

The Group's turnover and gross profit for the year ended 31 December 2014 amounted to approximately HK$50.5 million and HK$2.5 million respectively, which was contributed by the trading of petroleum and semiconductor/electronic products segment.

The administrative expenses increased from approximately HK$4.3 million in the corresponding year to approximately HK$28.0 million in the current year, primarily due to the increase in staff cost (including directors' emoluments) of approximately HK$6.8 million as a result of increase of average staff number in connection with the Group's expansion, rental expenses of approximately HK$5.6 million due to office expansion, legal and professional fees of approximately HK$5.5 million in relation to the regularization exercise and other general administrative expenses.

The finance cost amounted to approximately HK$7.3 million in the current year as compared with the corresponding year of approximately HK$8.6 million. The decrease of approximately HK$1.3 million was primarily due to the net effect of (i) decrease in interest charges of approximately HK$2.9 million from shareholders' loans as a result of derecognition of relevant loans in April and May of current year as compared with almost 11-months interest-charging period in corresponding year; and (ii) decrease in interest charges of approximately HK$1.9 million on convertible bonds as a result of lower average outstanding principal amounts in current year following exercising the conversion rights of considerable amounts of convertible bonds into shares of the Company in November 2013 and December 2013, outweighing the increase in finance cost on corporate bonds, a connected loan and finance leases payables in aggregate of approximately HK$3.5 million.

As a result, the Group recorded a loss from the continuing operations attributable to the owners of the Company amounting to approximately HK$32.6 million as compared with a loss from the same of approximately HK$12.9 million in the corresponding year. Basic loss from continuing operations attributable to the owners of the Company per share amounted to HK20.8 cents as compared with basic loss from the same of HK10.9 cents per share in the corresponding year.

Discontinued Operations

Gain/Loss on deconsolidation of Carham sub-group

In April 2014, the Group lost control of Carham sub-group as a result of the enforcement of the loan securities by the lenders. Accordingly, the Group de-consolidated Carham sub-group based on the latest available financial information as at 31 December 2013.

The net loss on de-consolidating Carham sub-group is estimated at approximately HK$156.8 million with reference to its net asset value attributable to the owners of the Company and its foreign currency translation reserve as at 31 December 2013.

Upon enforcement of the loan securities, the loans and its accrued interests were also derecognized. The gain of the derecognition of the loans and accrued interests, of which the shares of Carham was charged as loan securities, is approximately HK$157.9 million with reference to the fair value of the loan amounts and accrued interests upon the respective enforcement dates of the loan securities.

For the year ended 31 December 2013, 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. Along with operating loss of approximately HK$2.2 million, Carham sub-group contributed a profit of approximately HK$78.0 million to the Group.

As a result, the Group reported a net profit of approximately HK$1.1 million and a net profit of approximately HK$78.0 million from Carham sub-group for the year ended 31 December 2014 and 2013 respectively.

Loss on disposal of PRT Capital

The disposal of PRT Capital was completed on 16 April 2013. The Group recognized a one-off gain of HK$20.6 million in the corresponding year.

Results from discontinued operations

The Group recorded a profit from the discontinued operations attributable to the owners of the Company amounting to approximately HK$1.1 million for year ended 31 December 2014 as compared with a profit from the same of approximately HK$77.8 million in the corresponding year. Basic gain from discontinued operations attributable to the owners of the Company per share amounted to HK0.7 cent as compared with basic gain from the same of HK83.9 cents per share in the corresponding year.

FINANCIAL POSITION

As at 31 December 2014, the total assets of the Group decreased from approximately HK$786.9 million (as at 31 December 2013) to approximately HK$500.9 million. The decrease of approximately HK$286.0 million was primarily due to the reduction in total assets from the deconsolidation of Carham sub-group of approximately HK$470.1 million.

The net asset value of the Group attributable to owners of the Company amounted to approximately HK$301.9 million as at 31 December 2014 as compared with approximately HK$294.1 million as at 31 December 2013.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2014, the Group had cash and cash equivalents amounted to approximately HK$8.4 million (2013: HK$50.6 million) mainly denominated in Hong Kong dollars, US dollars and Renminbi. As at 31 December 2014, interest-bearing borrowings of Group amounted to approximately HK$79.9 million (2013: HK$233.8 million) denominated in Hong Kong dollars.

As at 31 December 2014, the Group had net current assets of approximately HK$50.9 million as compared to net current assets of approximately HK$50.2 million as at 31 December 2013.

During the period under review, the Group issued corporate bonds in aggregate principal amounts of HK$44 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 issues. The net proceeds from the issuance were placed with banks in Hong Kong and used as general working capital of the Group and will finance any potential investment opportunities of the Group that may arise from time and time.

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 share capital of the Company (the "Placing Shares") on a best efforts basis to not less than six places who and whose ultimate beneficial owners shall be independent third parties at a price of HK$2.50 per Placing Share ("Placing"). The price of HK$2.5 per Placing Share represents a discount of approximately 11.66% to the closing price of HK$2.83 per share of the Company ("Shares") 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 Placing was carried out 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.

The gearing ratios of the Group, defined as the total borrowings to the shareholders' equity, amounted to 0.193 as at 31 December 2014 as compared with 0.643 as at 31 December 2013.

PROSPECTS

As set out above, 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 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. The management is committed to continue identifying investment opportunities that can enhance and/or complement the Group's business development and strengthen its earning base. 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,《國有建設用地使用權出讓合同》(Contract for the transfer of the land use rights of State-owned land*) was entered into between ICSC and Kunshan State Land Resources Bureau* (昆山市國土資源局) for the acquisition of the land use rights of the Land to facilitate the construction of semiconductor manufacturing factory at Kunshan, the PRC. As at the date of this announcement, the land is yet to be delivered.

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.

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 and R&D of semiconductor/electronic products. 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 enlarge its 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.

* *for identification purpose only*

FORENSIC REVIEW

On 3 April 2014, the Company formed 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 has retained Tang Tso & Lau (the "SIC Legal Adviser") to advise its independent review, and that the SIC Legal Adviser has retained Deloitte & Touche Financial Advisory Services Ltd on 14 April 2014 to conduct forensic review to assist the SIC Legal Adviser and Special Investigation Committee 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 against the earlier allegations made by certain former directors of the Company. Detailed findings of the Forensic Review were set out in the announcement of the Company dated 15 September 2014.

INTERNAL CONTROL REVIEW

The Special Investigation Committee, among others, noted that the Forensic Review has pointed to certain areas of internal control which requires further enhancement by the Group. Accordingly, the Board engaged an independent professional firm (the "Internal Control Reviewer") to carry out a review of the internal control over certain corporate governance, financial procedures, systems and internal controls of the Company and ICSC. 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 and the Company has taken relevant remedial actions accordingly. Details of the internal control review were set out in the announcement of the Company dated 11 November 2014. The Board will take further appropriate steps in respect of internal controls if it considers appropriate.

SIGNIFICANT INVESTMENT HELD AND MATERIAL ACQUISITIONS AND DISPOSALS

As detailed in Note 10, following the transfers of 55% and 45% equity interests in Carham upon the enforcement of the loan securities by the lenders on 24 April 2014 and 29 May 2014 respectively, the Group no longer has control, within the meaning of HKFRS 10, over Carham sub-group and its results have been de-consolidated accordingly.

HUMAN RESOURCES

As at 31 December 2014, the Group had a total of 23 employees (including Directors) (2013: 1,412 employees (including Directors)). The decrease in number of employees was mainly due to the loss of control of GPRT. 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. Total staff costs including Directors' remuneration for the current year amounted to approximately HK$7.1 million (2013: HK$94.1 million). On irregular but necessary basis, adequate on-job trainings 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 share option schemes adopted on 21 May 2004 (expired on 20 May 2014) and 8 September 2014 as a part of remuneration of its Directors and employees. There was no share option granted during the current year and the corresponding year.

CONTINGENT LIABILITIES

There was no contingent liability as at 31 December 2014 and 31 December 2013.

CAPITAL COMMITMENTS

Capital commitments outstanding, which were contracted but not provided for, in the financial statements were approximately HK$58.0 million in respect of the manufacture of semiconductor segment as at 31 December 2014 (2013: HK$108.0 million in respect of the manufacture of semiconductor segment and the manufacture of tyre segment (discontinued)).

CHARGES ON THE GROUP ASSETS

Other than the motor vehicles with carrying amount of HK$5.8 million (2013: HK$0.7 million) charged under finance leases, the Group did not have any charges on the Group's assets as at 31 December 2014 following the enforcement of the loan securities by the lenders as discussed in the section under "Gain/Loss on deconsolidation of Carham sub-group".

As at 31 December 2013, the Group, through Carham sub-group, pledged its leasehold buildings, prepaid lease payment and bank deposits in an aggregate carrying amount of HK$87.7 million to secure banking facilities granted to Carham sub-group as at 31 December 2013.

As at 31 December 2013, the Group, through Rodez, pledged all its 100 shares or 100% shareholding in Carham to secure the shareholders' loans in an aggregate amount of HK$150 million.

FOREIGN EXCHANGE RISK MANAGEMENT

The Group is exposed to foreign currency risk on sales and purchases 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 US dollars.

CHANGE OF COMPANY NAME

The special resolution regarding the change of the English name of the Company from "Pearl River Tyre (Holdings) Limited" to "Han Tang International Holdings Limited", and the adoption of "漢唐國際控股有限公司" as its secondary name in Chinese to replace the former Chinese name "珠江輪胎(控股)有限公司" which was used for identification purposes only, was duly passed by the shareholders of the Company (the "Shareholders") at the special general meeting of the Company held on 2 January 2015 (the "Change of Company Name"). The Change of Company name became effective on 12 January 2015.

Both the Certificate of Incorporation on Change of Name and the Certificate of Secondary Name were issued by the Registrar of Companies in Bermuda on 14 January 2015 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 29 January 2015.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2014 (2013: Nil).

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 year ended 31 December 2014.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Having made specific enquiries of 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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company had complied with the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2014, except for the deviations from code provisions A.1.8, A.2.1, A.4.1, A.6.7, C.1.2 and D.1.4 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. The Company arranged an insurance in early March 2014 with 12 months coverage starting from 10 March 2014 in respect of legal action against its Directors.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of the responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Subsequent to the resignation of former chairman of the Company on 2 January 2014, the position of chairman remained vacant, and the duties were undertaken by the members of the Board, until the appointment of Mr. Yang Liu ("Mr. Yang"), an executive Director and the chief executive officer of the Company as the chairman of the Board with effect from 1 September 2014. After evaluation of the current situation of the Company and taking into account of the experience and past performance of Mr. Yang, the Board is of the opinion that it is appropriate and in the best interests of the Company at the present stage for Mr. Yang to hold both positions as the Chairman and the chief executive officer as it helps to maintain the continuity of the policies and the stability of the operations of the Company.

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 (the "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. Xu Lei, the non-executive Director, and Mr. Liu Hongjun, the independent non-executive Director, did not attend the annual general meeting of the Company held on 8 September 2014 (the "2014 AGM") and the special general meeting held on 27 October 2014 (the "SGM") as they had other business engagement. Mr. Wong Lit Chor, Alexis, did not attend the SGM due to another 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. Before 1 April 2014, the management of the Company did not provide 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.

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 2014.

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 2014 have been reviewed by the Audit Committee.

PROPOSED ADOPTION OF NEW BYE-LAWS

With a view to bringing the Bye-Laws in line with certain amendments made to the Listing Rules and Bermuda laws, incorporating certain housekeeping amendments and updating certain provisions, the Board proposes to adopt a new set of Bye-laws (the "Proposed Adoption").

The Proposed Adoption is subject to the approval of the Shareholders by way of special resolution at the forthcoming annual general meeting of the Company (the "2015 AGM"). A circular containing, among other things, the notice of 2015 AGM and an explanatory statement on the Proposed Adoption will be despatched to the Shareholders as soon as practicable.

By Order of the Board
Han Tang International Holdings Limited
Yang Liu
Chairman and Chief Executive Officer

Hong Kong, 9 March 2015

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.