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## **HAN TANG INTERNATIONAL HOLDINGS LIMITED**

**漢唐國際控股有限公司**

*(Incorporated in the British Virgin Islands and continued in Bermuda with limited liability)*

**(Stock Code: 01187)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015**

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 2015 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**

		<b>Year ended 31 December</b>	
	<i>Notes</i>	<b>2015</b>	2014
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>	<i>6(a)</i>	<b>28,844</b>	50,467
<b>Cost of sales</b>		<u>(25,927)</u>	<u>(48,002)</u>
<b>Gross profit</b>		<b>2,917</b>	2,465
<b>Other revenue and other net income</b>	<i>6(b)</i>	<b>724</b>	28
<b>Administrative expenses</b>		<b>(26,288)</b>	(27,998)
<b>Impairment loss on property, plant and equipment</b>	<i>13</i>	<b>(130,932)</b>	–
<b>Finance costs</b>	<i>7</i>	<u>(7,736)</u>	<u>(7,335)</u>
<b>Loss before taxation</b>		<b>(161,315)</b>	(32,840)
<b>Income tax</b>	<i>9</i>	<u>–</u>	<u>–</u>
<b>Loss for the year from continuing operations</b>		<b>(161,315)</b>	(32,840)
<b>DISCONTINUED OPERATIONS</b>			
<b>Profit for the year from discontinued operations</b>	<i>10</i>	<u>–</u>	<u>1,075</u>
<b>Loss for the year</b>	<i>8</i>	<u><b>(161,315)</b></u>	<u>(31,765)</u>
<b>Attributable to:</b>			
<b>Owners of the Company</b>		<b>(124,871)</b>	(31,510)
<b>Non-controlling interests</b>		<u>(36,444)</u>	<u>(255)</u>
<b>Loss for the year</b>		<u><b>(161,315)</b></u>	<u>(31,765)</u>
<b>(Loss)/profit for the year attributable to owners of the Company arising from:</b>			
<b>Continuing operations</b>		<b>(124,871)</b>	(32,585)
<b>Discontinued operations</b>		<u>–</u>	<u>1,075</u>
		<u><b>(124,871)</b></u>	<u>(31,510)</u>

	<i>Notes</i>	<b>Year ended 31 December</b>	
		<b>2015</b>	<b>2014</b>
		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>Loss for the year</b>		<b><u>(161,315)</u></b>	<b><u>(31,765)</u></b>
<b>Items that may be reclassified subsequently to profit or loss:</b>			
<b>Exchange differences on translation of subsidiaries' financial statements</b>		<b>(16,620)</b>	<b>(1,040)</b>
<b>Reclassification adjustments for foreign currency translation reserve upon de-consolidating subsidiaries</b>		<b><u>–</u></b>	<b><u>(4,948)</u></b>
<b>Total other comprehensive loss</b>		<b><u>(16,620)</u></b>	<b><u>(5,988)</u></b>
<b>Total comprehensive loss for the year</b>		<b><u>(177,935)</u></b>	<b><u>(37,753)</u></b>
<b>Attributable to:</b>			
<b>Owners of the Company</b>		<b>(136,935)</b>	<b>(41,365)</b>
<b>Non-controlling interests</b>		<b><u>(41,000)</u></b>	<b><u>3,612</u></b>
<b>Total comprehensive loss for the year</b>		<b><u>(177,935)</u></b>	<b><u>(37,753)</u></b>
<b>(Loss)/earnings per share (Hong Kong cents)</b>			
<b>From continuing and discontinued operations</b>			
– Basic	<i>11(a)</i>	<b>(79.0)</b>	<b>(20.1)</b>
– Diluted	<i>11(b)</i>	<b>(79.0)</b>	<b>(20.1)</b>
<b>From continuing operations</b>			
– Basic	<i>11(a)</i>	<b>(79.0)</b>	<b>(20.8)</b>
– Diluted	<i>11(b)</i>	<b>(79.0)</b>	<b>(20.8)</b>
<b>From discontinued operations</b>			
– Basic	<i>11(a)</i>	<b>–</b>	<b>0.7</b>
– Diluted	<i>11(b)</i>	<b><u>–</u></b>	<b><u>0.7</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<b>As at 31 December</b>	
		<b>2015</b>	2014
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	<b>270,097</b>	420,063
Prepaid land lease payments		<b>11,704</b>	12,607
Prepayment for acquisition of property, plant and equipment		<b>10,000</b>	10,000
Goodwill		<b>378</b>	378
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>292,179</b>	443,048
		<hr/>	<hr/>
<b>Current assets</b>			
Trade and other receivables	14	<b>52,017</b>	49,459
Cash and cash equivalents		<b>1,317</b>	8,382
		<hr/>	<hr/>
<b>Total current assets</b>		<b>53,334</b>	57,841
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade and other payables	15	<b>12,107</b>	5,870
Convertible bonds		<b>14,728</b>	–
Finance lease payables		<b>1,607</b>	1,113
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>28,442</b>	6,983
		<hr/>	<hr/>
<b>Net current assets</b>		<b>24,892</b>	50,858
		<hr/>	<hr/>
Total assets less current liabilities		<b>317,071</b>	493,906
		<hr/>	<hr/>

		<b>As at 31 December</b>	
		<b>2015</b>	2014
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current liabilities</b>			
Other payables	15	<b>993</b>	343
Borrowings		<b>77,708</b>	61,867
Convertible bonds		–	13,783
Finance lease payables		<b>1,532</b>	3,140
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>80,233</b>	79,133
		<hr/>	<hr/>
<b>Net assets</b>		<b>236,838</b>	414,773
		<hr/>	<hr/>
<b>EQUITY</b>			
Share capital		<b>1,581</b>	1,581
Reserves		<b>163,396</b>	300,331
		<hr/>	<hr/>
		<b>164,977</b>	301,912
Non-controlling interests		<b>71,861</b>	112,861
		<hr/>	<hr/>
<b>Total equity</b>		<b>236,838</b>	414,773
		<hr/>	<hr/>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Share capital	Share premium	Equity component of convertible bonds	Capital reserve	Foreign currency translation reserve	Contributed surplus	Accumulated losses	Sub-total	Non- controlling interests	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2014	1,381	181,344	2,263	1,553	15,447	109,665	(17,557)	294,096	69,713	363,809
<b>Changes in equity for 2014:</b>										
Loss for the year	-	-	-	-	-	-	(31,510)	(31,510)	(255)	(31,765)
Other comprehensive income/(loss):										
Exchange differences on translation of:										
– Subsidiaries' financial statements	-	-	-	-	(4,907)	-	-	(4,907)	3,867	(1,040)
Reclassification adjustments for:										
– Foreign currency translation reserve upon de-consolidating subsidiaries	-	-	-	-	(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 interests	-	-	-	-	-	-	-	-	108,840	108,840
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(69,304)	(69,304)
	200	48,981	-	-	-	-	-	49,181	39,536	88,717
<b>At 31 December 2014</b>	<b>1,581</b>	<b>230,325</b>	<b>2,263</b>	<b>1,553</b>	<b>5,592</b>	<b>109,665</b>	<b>(49,067)</b>	<b>301,912</b>	<b>112,861</b>	<b>414,773</b>
At 1 January 2015	1,581	230,325	2,263	1,553	5,592	109,665	(49,067)	301,912	112,861	414,773
<b>Changes in equity for 2015:</b>										
Loss for the year	-	-	-	-	-	-	(124,871)	(124,871)	(36,444)	(161,315)
Other comprehensive loss:										
Exchange differences on translation of:										
– Subsidiaries' financial statements	-	-	-	-	(12,064)	-	-	(12,064)	(4,556)	(16,620)
Total comprehensive loss	-	-	-	-	(12,064)	-	(124,871)	(136,935)	(41,000)	(177,935)
<b>At 31 December 2015</b>	<b>1,581</b>	<b>230,325</b>	<b>2,263</b>	<b>1,553</b>	<b>(6,472)</b>	<b>109,665</b>	<b>(173,938)</b>	<b>164,977</b>	<b>71,861</b>	<b>236,838</b>

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For the year ended 31 December 2015*

### **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 overseas 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 2015, the Group is principally involved in (i) manufacturing of semiconductors; and (ii) the trading of semiconductors/electronic products/components.

### **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 that are relevant to its operations and effective for its accounting year beginning on 1 January 2015. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; 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 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 semiconductors

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

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

The manufacturing of tyres segment derived its revenue from the manufacture and sale of various types of tyres for commercial vehicles and it was de-consolidated with effect from 1 January 2014.



**(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, 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 (2014: 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 2015 and 2014 is set out below:

	2015				
	Continuing operations		Sub-total HK\$'000	Unallocated HK\$'000	Total HK\$'000
	Trading business HK\$'000	Manufacturing of Semiconductors HK\$'000			
Revenue from external customers	<u>28,844</u>	<u>-</u>	<u>28,844</u>		<u>28,844</u>
Reportable segment loss (adjusted EBITDA)	<u>(2,484)</u>	<u>(2,062)</u>	<u>(4,546)</u>		<u>(4,546)</u>
Interest income	-	1	1	-	1
Finance costs	(65)	(2,099)	(2,164)	(5,572)	(7,736)
Depreciation and amortisation	(348)	(248)	(596)	(1,983)	(2,579)
Impairment loss on property, plant and equipment	-	(130,932)	(130,932)	-	(130,932)
Income tax expense	-	-	-	-	-
Reportable segment assets	<u>46,318</u>	<u>286,485</u>	<u>332,803</u>	<u>12,710</u>	<u>345,513</u>
Additions to non-current segment assets during the year	<u>-</u>	<u>77</u>	<u>77</u>	<u>5</u>	<u>82</u>
Reportable segment liabilities	<u>5,233</u>	<u>29,034</u>	<u>34,267</u>	<u>74,408</u>	<u>108,675</u>
	2014				
	Continuing operations		Discontinued operations		Total HK\$'000
	Trading business HK\$'000	Manufacturing of Semiconductors HK\$'000	Sub-total HK\$'000	Manufacturing of Tyres HK\$'000	
Revenue from external customers	<u>50,467</u>	<u>-</u>	<u>50,467</u>	<u>-</u>	<u>50,467</u>
Reportable segment profit/(loss) (adjusted EBITDA)	<u>(2,192)</u>	<u>(595)</u>	<u>(2,787)</u>	<u>1,075</u>	<u>(1,712)</u>
Interest income	-	1	1	-	11
Finance costs	(48)	(4,177)	(4,225)	-	(3,110)
Depreciation	(232)	-	(232)	-	(1,781)
Income tax expense	-	-	-	-	-
Reportable segment assets	<u>43,537</u>	<u>435,679</u>	<u>479,216</u>	<u>-</u>	<u>21,673</u>
Additions to non-current segment assets during the year	<u>1,734</u>	<u>131,485</u>	<u>133,219</u>	<u>-</u>	<u>7,773</u>
Reportable segment liabilities	<u>1,130</u>	<u>13,784</u>	<u>14,914</u>	<u>-</u>	<u>71,202</u>

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Reportable segment loss (continuing operations)	(4,546)	(2,787)
Finance costs	(7,736)	(7,335)
Depreciation and amortisation	(2,579)	(2,013)
Impairment loss on property, plant and equipment	(130,932)	–
Interest income	1	12
Unallocated expenses	(15,523)	(20,717)
	<u>(161,315)</u>	<u>(32,840)</u>
Consolidated loss before taxation (continuing operations)	<u>(161,315)</u>	<u>(32,840)</u>

(c) **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 land 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 land 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	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Mainland China	28,844	50,467	288,669	434,848
Hong Kong	–	–	3,510	8,200
	<u>28,844</u>	<u>50,467</u>	<u>292,179</u>	<u>443,048</u>

(d) **Information about major customer**

For the year ended 31 December 2015, the revenue from the Group's largest customer was 100% (2014: approximately 94%) of the Group's total revenue.

## 6. REVENUE, OTHER REVENUE AND OTHER NET INCOME

- (a) Revenue represents the invoiced value of goods sold and services rendered less discounts and returns for each reporting period and is analysed as follows:

	<b>Continuing operations and total</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trading of petroleum products	–	49,244
Trading of semiconductors/electronic products/components	<u>28,844</u>	<u>1,223</u>
	<u><b>28,844</b></u>	<u><b>50,467</b></u>

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

	<b>Continuing operations and total</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Other revenue</b>		
Interest income on bank deposits	<b>1</b>	12
Waiver of amounts due to former subsidiaries	<u>722</u>	<u>–</u>
	<u><b>723</b></u>	<u>12</u>
<b>Other net income</b>		
Gain on foreign exchange	<u>1</u>	<u>16</u>
	<u><b>724</b></u>	<u><b>28</b></u>

## 7. FINANCE COSTS

	Continuing operations and total	
	2015	2014
	HK\$'000	HK\$'000
Interests on:		
– convertible bonds	1,403	1,306
– shareholders' loans	–	2,528
– other bonds	5,434	2,975
– loan from non-controlling shareholder of a subsidiary (wholly repayable within five years)	695	343
– finance lease	204	183
	<u>7,736</u>	<u>7,335</u>

## 8. LOSS FOR THE YEAR

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

	Continuing operations and total	
	2015	2014
	HK\$'000	HK\$'000
Cost of inventories	25,927	48,002
Staff costs (including directors' emoluments)		
– Wages, salaries and other benefits	8,271	6,955
– Retirement benefit scheme contributions	277	117
Auditor's remuneration	580	680
Amortisation of prepaid land lease payments	248	–
Depreciation	2,331	2,013
Loss on disposals of property, plant and equipment	73	–
Gain on foreign exchange, net	(1)	(16)
Operating lease charges	<u>5,875</u>	<u>5,032</u>

## 9. INCOME TAX

- (a) No provision for profits tax in Bermuda, the British Virgin Islands, the PRC or Hong Kong has been made as the Group has no assessable profits derived from or earned in these jurisdictions for the years ended 31 December 2015 and 2014.
- (b) A reconciliation of the income tax expense applicable to the (loss)/profit before taxation at the statutory tax rates to income tax expense at the effective tax rates of the Group is as follows:

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Profit/(loss) before taxation		
– from continuing operations	<b>(161,315)</b>	(32,840)
– from discontinued operations	–	1,075
	<u><b>(161,315)</b></u>	<u>(31,765)</u>
Notional tax on loss before taxation, calculated at the rates applicable to profit/(loss) in the tax jurisdictions concerned		
– Mainland China @25% (2014: 25%)	<b>(33,960)</b>	(517)
– Hong Kong @16.5% (2014: 16.5%)	<b>(4,204)</b>	(4,899)
	<u><b>(38,164)</b></u>	<u>(5,416)</u>
Tax effects of:		
Non-deductible expenses	<b>35,089</b>	2,004
Non-taxable income	<b>(1)</b>	(199)
Deferred tax assets not recognised during the year	<b>3,076</b>	3,611
	<u><b>–</b></u>	<u>–</u>
Income tax	<u><b>–</b></u>	<u>–</u>

## 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 Tyre Limited (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 ended 31 December 2014.

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(b)(ii).

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

(i) *The results of the discontinued operations*

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Gain on disposal of discontinued operations	<u>–</u>	<u>1,075</u>

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 for the year ended 31 December 2014.

(ii) *The net assets of the discontinued operations*

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

	2014 <i>HK\$'000</i>
Property, plant and equipment	164,983
Prepaid land 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)
	<hr/>
Net assets de-consolidated	231,104
Non-controlling interests	(69,304)
Foreign currency translation reserve	(4,948)
Gain on disposal	1,075
	<hr/>
Satisfied by:	
Derecognition of the loans and accrued interests	157,927
	<hr/>
Net cash outflow arising on disposal:	
Cash and cash equivalents disposed of	(38,856)
	<hr/>



## 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\$124,871,000 (2014: approximately HK\$31,510,000) and the weighted average of approximately 158,128,000 ordinary shares (2014: approximately 156,538,000 ordinary shares) in issue during the year calculated as follows:

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

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
From continuing operations	<b>(124,871)</b>	(32,585)
From discontinued operations	–	1,075
	<hr/>	<hr/>
Total	<b><u>(124,871)</u></b>	<b><u>(31,510)</u></b>

*Weighted average number of ordinary shares (basic)*

	<b>2015</b> <i>'000</i>	2014 <i>'000</i>
Issued ordinary shares at 1 January	<b>158,128</b>	138,128
Effect of share placement (weighted average)	–	18,410
	<hr/>	<hr/>
Weighted average number of ordinary shares for the year	<b><u>158,128</u></b>	<b><u>156,538</u></b>

### (b) Diluted loss/earnings per share

For the years ended 31 December 2015 and 2014, 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. DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2015 (2014: Nil).

## 13. PROPERTY, PLANT AND EQUIPMENT

The Group carried out reviews of the recoverable amount of its construction-in-progress in 2015, having regard to the construction work on the semiconductor manufacturing factory in the PRC was behind schedule. The reviews led to the recognition of an impairment loss of approximately HKD130,932,000 that has been recognised in profit or loss. The recoverable amount of the relevant assets has been determined on the basis of their fair value less cost of disposal measured by reference to their depreciated replacement cost (level 2 fair value measurement) by Roma Appraisals Limited, an independent firm of chartered surveyors.

#### 14. TRADE AND OTHER RECEIVABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables	31,578	18,608
Less: allowance for impairment loss	—	—
	<u>31,578</u>	<u>18,608</u>
Deposits paid to suppliers	13,228	22,328
Prepayments and deposits	6,999	8,354
Other receivables	212	169
	<u>52,017</u>	<u>49,459</u>

(a) Ageing analysis

The ageing analysis of trade receivables, based on invoice dates, is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Less than one year	14,194	18,608
More than one year but less than two years	17,384	—
	<u>31,578</u>	<u>18,608</u>
Less: allowance for impairment loss	—	—
	<u>31,578</u>	<u>18,608</u>

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 (2014: generally requests for full payments upon delivery from its trade customers but also allows certain trade customers credit period terms from 30 to 60 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
At 1 January	—	51,772
Disposal of subsidiaries	—	(51,772)
	<u>—</u>	<u>—</u>
At 31 December	<u>—</u>	<u>—</u>

(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:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Neither past due nor impaired	–	1,224
Less than one year past due	<b>14,194</b>	17,384
More than one year but less than two years past due	<b>17,384</b>	–
	<b><u>31,578</u></b>	<b><u>18,608</u></b>

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. The Group does not hold any collateral over these balances.

## 15. TRADE AND OTHER PAYABLES

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade payables	<b>4,327</b>	–
Accruals and other payables	<b>8,773</b>	6,213
	<b><u>13,100</u></b>	<u>6,213</u>
Financial liabilities measured at amortised cost	<b>13,100</b>	6,213
Less: non-current portion	<b>(993)</b>	(343)
	<b><u>12,107</u></b>	<u>5,870</u>

The ageing analysis of trade payables, based on invoice dates, is as follows:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Less than one year	<b>4,327</b>	–

## **SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statements of changes in equity and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2015. 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 2015, an extract of which is as follows:

### **BASIS FOR QUALIFIED OPINION**

#### **Corresponding figures**

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2014, which forms the basis for the corresponding figures presented in the current year's consolidated financial statements, was qualified because of the possible effects of the limitations on the scope of our audit, details of which are set out in our audit report dated 9 March 2015.

An amount of approximately HK\$1,075,000 relating to the gain on disposal of Carham Assets Limited and its subsidiary, Guangzhou Pearl River Rubber Tyre Limited (collectively the "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 this figure as described above might have a consequential effect on the Group's financial performance and cash flows for the year ended 31 December 2014, 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 2015, and of the financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

For the year under review, the Group recorded revenue of approximately HK\$28.8 million. The results of the Group for the financial year ended 31 December 2015 are set out in the consolidated statement of profit or loss and other comprehensive income.

Since the loss in control over the tyre manufacturing operations, the management of the Company carried 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 semiconductors/electronic products/components trading business and petroleum products trading business, in order to enhance its future business development and financial position.

Nevertheless, following the slippage in global oil and gas prices, and taking into consideration the uncertainties in the relevant industry environment, the management decided to take a prudent approach and realigned its trading strategy, with more focus on the trading of semiconductors/electronic products/components segment.

The management has continued its efforts in developing the construction and development of the semiconductor manufacturing factory (owned by IC Spectrum (Kunshan) Co., Limited (“ICSC”)).

At present, the Group is principally involved in (i) the manufacturing of semiconductors; and (ii) the trading of semiconductors/electronic products/components.

## **FINANCIAL REVIEW**

### *Operating results*

Revenue of the Group for the year ended 31 December 2015 was approximately HK\$28.8 million, representing a decrease of approximately 43.0% as compared with approximately HK\$50.5 million for the year ended 31 December 2014. As stated above, the Group planned to put more emphasis on the trading of semiconductors/electronic products components segment which commenced in late 2014. The decrease in revenue was mainly attributable to the realignment in the trading operations, from trading of petroleum products to semiconductors/electronic products/components.

Gross profit amounted to approximately HK\$2.9 million, representing an increase of approximately 16% in current year as compared with the corresponding year of approximately HK\$2.5 million.

The administrative expenses for continuing operations decreased from approximately HK\$28.0 million in the corresponding year to approximately HK\$26.3 million in the current year, primarily due to the decrease in professional fees in relation to the regularization exercise.

Impairment loss on ICSC's property was approximately HK\$130.9 million which is in alignment with the valued amounts which is valued by an independent professional valuer.

The finance costs amounted to approximately HK\$7.7 million in the current year as compared with the corresponding year of approximately HK\$7.3 million.

As a result, the Group recorded a loss from the continuing operations attributable to the owners of the Company amounting to approximately HK\$124.9 million, representing an increase in loss of approximately 283.1% as compared with a loss from the same of approximately HK\$32.6 million in the corresponding year. Basic loss from continuing operations attributable to the owners of the Company per share amounted to HK79.0 cents as compared with basic loss from the same of HK20.8 cents per share in the corresponding year.

## **FINANCIAL POSITION**

The total assets of the Group decreased from approximately HK\$500.9 million (as at 31 December 2014) to approximately HK\$345.5 million, representing a decrease of approximately HK\$155.4 million.

As at 31 December 2015, the total carrying amount of property, plant and equipment of the Group decreased from approximately HK\$420.1 million (as at 31 December 2014) to approximately HK\$270.1 million. The decrease is mainly due to the provision for impairment on the property owned by ICSC, an indirect 72.79%-owned subsidiary of the Company, having considered the valuation report for the year ended 31 December 2015 prepared by an independent professional valuer.

The net asset value of the Group attributable to owners of the Company amounted to approximately HK\$165.0 million as at 31 December 2015 as compared with approximately HK\$301.9 million as at 31 December 2014.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 31 December 2015, the Group had cash and cash equivalents amounted to approximately HK\$1.3 million (2014: approximately HK\$8.4 million) mainly denominated in Hong Kong dollars. As at 31 December 2015, total borrowings of the Group amounted to approximately HK\$95.6 million (2014: approximately HK\$79.9 million) denominated in Hong Kong dollars. As at 31 December 2015, the Group had net current assets of approximately HK\$24.9 million as compared with net current assets of approximately HK\$50.9 million as at 31 December 2014.

During the year ended 31 December 2015, the Company issued 7-year unsecured bonds in the principal amount of HK\$10 million and 2-year unsecured bonds in the principal amount of HK\$5.5 million, both bearing interest rate of 9% per annum (payable semi-annually), to two separate independent third parties. The issue of unsecured bonds were to obtain funding, which could be used to finance any potential investment opportunity of the Group that may arise from time to time and for the general working capital of the Company. The net proceeds from the issuance, amounted to HK\$15.5 million, have been used as general working capital, mainly general and administrative costs, of the Group. The Company also issued 3% 3-year convertible bonds with outstanding amount of HK\$15,000,000 on 8 April 2013. Such convertible bonds shall mature on 7 April 2016.

The gearing ratio of the Group, defined as the total borrowings to the shareholders' equity, amounted to 0.404 as at 31 December 2015 as compared with 0.193 as at 31 December 2014.

## **PROSPECTS**

The management is committed to continue identifying investment opportunities that can enhance the Group's business development and strengthen its earning base. 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 semiconductors**

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

## **Trading of semiconductors/electronic products/components**

To further complement the trading of semiconductors/electronic products/components segment, the Company, leveraging on the experience and business network of its management, is expanding into the trading and research and development of semiconductors/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 semiconductors business.

## **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITION AND DISPOSAL**

The Group did not have any significant investments held, material acquisition or disposal of subsidiaries, associates and joint venture during the year ended 31 December 2015.

## **HUMAN RESOURCES**

As at 31 December 2015, the Group had a total of 29 employees (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. 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 adopted a new share option scheme on 8 September 2014 (the operation of which has yet commenced) as a part of remuneration of its Directors and employees. There was no share option granted during the years ended 31 December 2015 and 2014.



## **CONTINGENT LIABILITIES**

There was no contingent liability as at 31 December 2015.

## **CAPITAL COMMITMENTS**

Capital commitments outstanding, which were contracted but not provided for, in the financial statements were approximately HK\$55.3 million in respect of the manufacturing of semiconductors segment as at 31 December 2015 (2014: approximately HK\$58.0 million).

## **CHARGES ON THE GROUP'S ASSETS**

There were no material charges on the Group's assets as at 31 December 2015.

## **FOREIGN EXCHANGE RISK MANAGEMENT**

During the year ended 31 December 2015, the Group's monetary assets and transactions are mainly denominated in Hong Kong dollars, US dollars and Renminbi. The Group did not use any financial instruments for hedging purposes.

## **CHANGE OF COMPANY NAME**

Pursuant to a special resolution passed at the special general meeting of the Company held on 2 January 2015, the shareholders of the Company have approved to change the name of the Company from "Pearl River Tyre (Holdings) Limited" to "Han Tang International Holdings Limited" and to adopt "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. With the approval of the Registrar of Companies in Bermuda, the change of the company name became effective on 12 January 2015.

## **SUSPENSION OF TRADING IN SHARES AND SECOND DELISTING STAGE**

At the request of the Company, trading in the shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has been suspended with effect from 9:00 a.m. on 1 April 2014. On 11 November 2015, the Company has been informed by the Stock Exchange that (i) it has placed the Company under the second delisting stage pursuant to Practice Note 17 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), and the second delisting stage will expire on 10 May 2016; and (ii) the Company is required to submit a viable resumption proposal to address the resumption conditions at least 10 business days before the expiry date of the second delisting stage (i.e. 10 May 2016). Details

of the resumption conditions imposed by the Stock Exchange were set out in the Company's announcement dated 11 September 2014. Further announcement(s) will be made by the Company in compliance with the requirements of the Listing Rules to inform the shareholders of the Company in relation to the development of the Company as and when appropriate.

## **FINAL DIVIDEND**

The Board does not recommend the payment of any final dividend for the year ended 31 December 2015 (2014: 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 2015.

## **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. 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.

## **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 of the Company 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 process are regulated in a proper manner.

The Company had complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Listing Rules throughout the year ended 31 December 2015, except for the deviation from code provision A.2.1 of the CG Code as described below.

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 role of the chairman of the Board (the “Chairman”) and chief executive officer of the Company (the “CEO”) were not separate and Mr. Yang Liu (“Mr. Yang”) currently performs these two roles. 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 CEO as it helps to maintain the continuity of the policies and the stability of the operations of the Company.

## **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, financial control, risk management and internal control systems and interim and annual results of the Group. The consolidated financial statements of the Group for the year ended 31 December 2015 have been reviewed by the Audit Committee.

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

Hong Kong, 10 March 2016

*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.*