

2014

Interim Report



PEARL RIVER TYRE (HOLDINGS) LIMITED

(Continued in Bermuda with limited liability)
(Stock Code: 01187)

The board (the “Board”) of directors (the “Directors”) of Pearl River Tyre (Holdings) Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2014 (the “Current Period”) together with the comparative figures for the corresponding period of 2013 (the “Corresponding Period”). The unaudited condensed consolidated interim results have been reviewed by the Company’s audit committee (the “Audit Committee”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Unaudited	
		Six Months Ended	
	<i>Notes</i>	30.6.2014	30.6.2013
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Re-presented)	
CONTINUING OPERATIONS			
Turnover	3	49,244	–
Cost of sales		(46,902)	–
		<hr/>	<hr/>
Gross profit		2,342	–
Other revenue and other gains or losses	4	11	6,477
Administrative expenses		(12,187)	(2,514)
Finance costs	5	(3,901)	(2,767)
		<hr/>	<hr/>
(Loss)/profit before taxation	6	(13,735)	1,196
Income tax expense	7	–	–
		<hr/>	<hr/>
(Loss)/profit for the period from continuing operations		(13,735)	1,196
DISCONTINUED OPERATIONS			
Profit for the period from discontinued operations	8	1,075	23,101
		<hr/>	<hr/>
(Loss)/profit for the period		(12,660)	24,297
		<hr/>	<hr/>
(Loss)/profit for the period attributable to:			
Owners of the Company			
– from continuing operations		(13,711)	(683)
– from discontinued operations		1,075	22,288
		<hr/>	<hr/>
		(12,636)	21,605
		<hr/>	<hr/>
Non-controlling interests			
– from continuing operations		(24)	1,880
– from discontinued operations		–	812
		<hr/>	<hr/>
		(24)	2,692
		<hr/>	<hr/>
(Loss)/profit for the period		(12,660)	24,297
		<hr/>	<hr/>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(CONTINUED)**

		Unaudited	
		Six Months Ended	
		30.6.2014	30.6.2013
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Re-presented)	
(Loss)/earnings per share for (loss)/profit attributable to the owners of the Company during the period (<i>HK cents</i>)			
– Basic			
From continuing and discontinued operations	9	(8.2)	18.7
		<u> </u>	<u> </u>
From continuing operations	9	(8.9)	(0.6)
		<u> </u>	<u> </u>
From discontinued operations	9	0.7	19.3
		<u> </u>	<u> </u>
– Diluted			
From continuing and discontinued operations	9	(8.2)	18.7
		<u> </u>	<u> </u>
From continuing operations	9	(8.9)	(0.6)
		<u> </u>	<u> </u>
From discontinued operations	9	0.7	19.3
		<u> </u>	<u> </u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited	
	Six Months Ended	
	30.6.2014	30.6.2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Re-presented)	
(Loss)/profit for the period	(12,660)	24,297
Other comprehensive (loss)/income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating of:		
– Subsidiaries' financial statements	(5,645)	3,905
– Available-for-sale investments	–	293
Fair value gain on available-for-sale investments	–	4,115
	<u>(5,645)</u>	<u>8,313</u>
Reclassification adjustment of foreign currency translation reserve upon de-consolidating subsidiaries	<u>(4,948)</u>	<u>–</u>
Total other comprehensive (loss)/income for the period	<u>(10,593)</u>	<u>8,313</u>
Total comprehensive (loss)/income for the period	<u>(23,253)</u>	<u>32,610</u>
Total comprehensive (loss)/income attributable to:		
Owners of the Company	(23,222)	28,746
Non-controlling interests	<u>(31)</u>	<u>3,864</u>
	<u>(23,253)</u>	<u>32,610</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As At	
		30.6.2014	31.12.2013
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
ASSETS AND LIABILITIES			
Non-Current Assets			
Property, plant and equipment	10	8,396	165,701
Prepaid lease payments		–	16,225
Prepayment for acquisition of property, plant and equipment		298,363	303,985
Goodwill		378	378
		<hr/>	<hr/>
Total Non-Current Assets		307,137	486,289
Current Assets			
Inventories		–	150,620
Trade and other receivables	11	59,216	98,243
Pledged bank deposits		–	1,153
Cash and cash equivalents		13,424	50,604
		<hr/>	<hr/>
Total Current Assets		72,640	300,620
Current Liabilities			
Trade and other payables	12	4,880	181,550
Provisions		–	6,652
Interest-bearing borrowings	13	–	61,447
Finance leases payables		961	212
		<hr/>	<hr/>
Total Current Liabilities		5,841	249,861
Net Current Assets		<hr/>	<hr/>
		66,799	50,759
Total Assets Less Current Liabilities		<hr/>	<hr/>
		373,936	537,048
Non-Current Liabilities			
Interest-bearing borrowings	13	36,935	158,700
Convertible bonds		22,673	22,673
Deferred tax liabilities		–	574
Finance leases payables		3,122	518
		<hr/>	<hr/>
		62,730	182,465
Net Assets		<hr/>	<hr/>
		311,206	354,583

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

		As At	
	<i>Notes</i>	30.6.2014 <i>HK\$'000</i> (Unaudited)	31.12.2013 <i>HK\$'000</i> (Unaudited)
EQUITY			
Share capital	<i>14</i>	1,581	1,381
Reserves		<u>309,247</u>	<u>283,489</u>
Total equity attributable to owners of the Company		310,828	284,870
Non-controlling interests		<u>378</u>	<u>69,713</u>
Total Equity		<u>311,206</u>	<u>354,583</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Re-presented)	
NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES	(70,280)	37,927
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(47,437)	(220,652)
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>80,553</u>	<u>185,625</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(37,164)	2,900
Cash and cash equivalents at beginning of period	50,604	23,086
Effects of foreign exchange rate changes, net	<u>(16)</u>	<u>2,886</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>13,424</u>	<u>28,872</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents stated in the condensed consolidated statement of financial position	<u>13,424</u>	<u>28,872</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited six months ended 30 June 2014
 Attributable to owners of the Company

	Share Capital <i>HK\$'000</i>	Share Premium <i>HK\$'000</i>	Foreign Currency			Accumulated Losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- Controlling Interest <i>HK\$'000</i>	Total Equity <i>HK\$'000</i>
			Capital Reserve <i>HK\$'000</i>	Translation Reserve <i>HK\$'000</i>	Contributed Surplus <i>HK\$'000</i>				
At 1 January 2014	1,381	199,093	1,553	15,447	109,665	(42,269)	284,870	69,713	354,583
Loss for the period	-	-	-	-	-	(12,636)	(12,636)	(24)	(12,660)
Other comprehensive loss for the period:									
Exchange difference on translation of:									
- Subsidiary's financial statement	-	-	-	(5,638)	-	-	(5,638)	(7)	(5,645)
Reclassification adjustment of foreign currency translation reserve upon de-consolidating subsidiaries	-	-	-	(4,948)	-	-	(4,948)	-	(4,948)
	-	-	-	(10,586)	-	-	(10,586)	(7)	(10,593)
Total comprehensive loss	-	-	-	(10,586)	-	(12,636)	(23,222)	(31)	(23,253)
De-consolidating subsidiaries	-	-	-	-	-	-	-	(69,304)	(69,304)
Issue of shares upon share placement	200	48,980	-	-	-	-	49,180	-	49,180
At 30 June 2014	1,581	248,073	1,553	4,861	109,665	(54,905)	310,828	378	311,206

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Unaudited six months ended 30 June 2013
Attributable to owners of the Company

	Share Capital HK\$'000	Share Premium HK\$'000	Revaluation Reserve HK\$'000	Foreign Currency		Convertible Bonds		Accumulated Losses HK\$'000	Non- Controlling Total Interest HK\$'000	Total Equity HK\$'000	
				Capital Reserve HK\$'000	Translation Reserve HK\$'000	Contributed Surplus HK\$'000	Reserve HK\$'000				
At 1 January 2013	1,156	136,258	35,980	37,344	69,839	109,665	-	(147,485)	242,757	-	242,757
Profit for the period	-	-	-	-	-	-	-	21,605	21,605	2,692	24,297
Other comprehensive income for the period:											
Exchange difference on translation of:											
- Joint venture's financial statements	-	-	-	-	2,733	-	-	-	2,733	1,172	3,905
- Available-for-sale investments	-	-	-	-	293	-	-	-	293	-	293
Changes in fair value of available-for-sale investments, net of tax	-	-	4,115	-	-	-	-	-	4,115	-	4,115
	-	-	4,115	-	3,026	-	-	-	7,141	1,172	8,313
Total comprehensive income	-	-	4,115	-	3,026	-	-	21,605	28,746	3,864	32,610
Non-controlling interest arising from acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	67,169	67,169
Convertible bonds - equity components	-	-	-	-	-	-	9,053	-	9,053	-	9,053
Realised on sales of a subsidiary	-	-	(33,677)	-	8,818	-	-	-	(24,859)	-	(24,859)
At 30 June 2013	1,156	136,258	6,418	37,344	81,683	109,665	9,053	(125,880)	255,697	71,033	326,730

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the relevant provisions thereof. It was authorised for issuance by the Board on 29 August 2014.

The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those used in the unaudited annual financial statements for the financial year ended 31 December 2013, except for (i) the adoption of the standards, amendments and interpretations issued by the HKICPA mandatory for annual periods beginning 1 January 2014 and (ii) accounting treatment in relation to the loss of control over Carham Assets Limited (“Carham”) and its 70% equity owned subsidiary – Guangzhou Pearl River Rubber Tyre Limited (“GPRT”) and collectively “Carham sub-group”). The adoption of these standards, amendments or interpretations has no material effect on the Group’s financial position or results of operations.

The Group has not early adopted the new standards, amendments or interpretations that have been issued but not yet effective. The Directors anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

This interim report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2013 unaudited annual financial statements. The unaudited condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards.

These unaudited condensed consolidated interim financial statements have been reviewed by the Audit Committee.

As mentioned in the following Forensic Review section of this interim report, the Forensic Review has been completed. Save and except for certain improvement areas on internal control, the review result has not indicated any irregularities against the earlier allegations made by certain former directors of the Company. Accordingly, no financial adjustments need to be made based on the result of the Forensic Review.

Loss of Control Over Carham Sub-Group

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

1. BASIS OF PREPARATION (CONTINUED)

Loss of Control Over Carham Sub-Group (Continued)

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

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

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

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

Pacific Union was a substantial shareholder and controlling shareholder of the Company until 29 November 2013, and that Mr. Goh Nan Kioh, who has a controlling interest in Pacific Union, was a non-executive Director and Chairman of the Company until his resignation on 2 January 2014. KL-Kepong was a substantial shareholder (as defined in the Listing Rules) of the Company until 22 April 2013. In spite of the provisions in loan agreements regarding payment of interest every three months, no interest has been paid by the Company since the drawdown of the loans in February 2013. According to records available, the lenders have neither made any demand for payment of the interests in arrears nor declared the occurrence of an event of default pursuant to loan agreements, until April 2014. As a result of the transfer of the 55 shares in Carham to Pacific Union, the Company's shareholding (through Rodez) in Carham is reduced to 45% with effect from 24 April 2014. As a result of the transfer of the 45 shares in Carham to KL-Kepong, the Company (through Rodez) no longer has any shareholding in Carham with effect from 29 May 2014. This means that the Company no longer has any interest in GPRT.

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

The Board considers that the Group no longer has the power to exercise its right as a shareholder 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 security on 24 April 2014 and 29 May 2014 respectively. Accordingly, the Directors consider that it is inappropriate to consolidate the financial statements of Carham sub-group into the Group and it is de-consolidated and classified as discontinued operation during the period.

1. BASIS OF PREPARATION (CONTINUED)

Loss of Control Over Carham Sub-Group (Continued)

Since the Group has been unable to obtain necessary financial information for the Current Period, the Directors consider that, in the unaudited condensed consolidated financial statements for the six months ended 30 June 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.

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

The net loss on de-consolidating Carham sub-group is estimated approximately HK\$157 million with reference to its net asset value attributable to the Company and its foreign currency translation reserve as at 31 December 2013. The gain of the derecognition of the loans is estimated approximately HK\$158 million with reference to the fair value of the loan amounts and accrued interests upon the respective enforcement dates of the loan securities. The net profit or loss effect is estimated to be a net gain of approximately HK\$1 million and recorded in the profit or loss for the six months ended 30 June 2014.

2. 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 for the purposes of resources allocation and performance assessment, the Group has presented the following three reportable segments of continuing operations.

By division, the Group has presented the following three reportable segments of continuing operations. These segments are managed separately. Each segment offers different products and/or services:

1. Trading – petroleum products
2. Manufacturing – semiconductors
3. Investment holding

The trading – petroleum products segment derives its revenue primarily from the trading of petroleum products.

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

2. SEGMENT REPORTING (CONTINUED)

The investment holding segment of continuing operations derives its revenue primarily from dividend income from investments.

The manufacturing – tyres segment, derives its revenue from manufacture and sale of various types of tyres for commercial vehicles, was de-consolidated with effect from 1 January 2014 and its results for current and prior periods are presented as discontinued operations.

No reportable operating segment has been aggregated. There was no inter-segment sale and transfer during the Current Period (2013: Nil).

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Directors 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. Segment liabilities include trade and other payables attributable to the activities of the individual segments and interest-bearing borrowings managed directly by the segments.

The measure used for reporting segment profit is “adjusted EBITDA” i.e., “adjusted earnings before interest, taxes, depreciation and amortisation”, where “interest” is regarded as including interest income and finance cost 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 material non-cash items.

In addition to receiving segment information concerning adjusted EBITDA, the Directors are provided with segment information concerning revenue, 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.

2. SEGMENT REPORTING (CONTINUED)

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

Information regarding the Group's reportable segments as provided to the Directors for the purpose of resources allocation and assessment of segment performance for the six months ended 30 June 2014 and 2013 is set out below:

	Unaudited Six Months Ended 30 June 2014					
	Continuing operations				Discontinued operation	Total
	Trading business	Manufacturing semiconductors	Investment holding	Sub-total	Manufacturing tyres	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	49,244	-	-	49,244	-	49,244
Reportable segment profit/(loss) (adjusted EBITDA)	1,910	(87)	(10,764)	(8,941)	-	(8,941)
Interest income	-	-	11	11	-	11
Finance costs	(15)	(2,751)	(1,135)	(3,901)	-	(3,901)
Depreciation and amortisation	(58)	-	(846)	(904)	-	(904)
Material non-cash items:						
Net gain on de-consolidating subsidiaries and derecognition of loans and accrued interests	-	-	-	-	1,075	1,075
Income tax expense	-	-	-	-	-	-
Additions to non-current segment assets	1,734	-	6,847	8,581	-	8,581
	As At 30 June 2014 (Unaudited)					
	Continuing operations				Discontinued operation	Total reportable segment assets/liabilities and consolidated assets/liabilities
	Trading business	Manufacturing semiconductors	Investment holding	Sub-total	Manufacturing tyres	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	53,372	300,126	26,279	379,777	-	379,777
Reportable segment liabilities	1,434	22,674	44,463	68,571	-	68,571

2. SEGMENT REPORTING (CONTINUED)

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

	Unaudited Six Months Ended 30 June 2013						Total HK\$'000
	Continuing operations			Discontinued operations			
	Manufacturing semiconductors	Investment holding	Sub-total	Investment holding	Manufacturing tyres	Sub-total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Revenue from external customers	-	-	-	-	332,522	332,522	332,522
Reportable segment profit/ (loss) (adjusted EBITDA)	6,456	(2,493)	3,963	(184)	15,078	14,894	18,857
Interest income	-	-	-	-	27	27	27
Finance costs	-	(2,767)	(2,767)	-	(1,752)	(1,752)	(4,519)
Depreciation and amortisation	-	-	-	-	(10,644)	(10,644)	(10,644)
Material non-cash items:							
Gain on disposal of a subsidiary	-	-	-	20,576	-	20,576	20,576
Income tax expense	-	-	-	-	-	-	-
Additions to non-current segment assets	299,977	-	299,977	-	15,871	15,871	315,848

	As At 31 December 2013 (Unaudited)					
	Continuing operations			Discontinued operation		Total reportable segment assets/ liabilities and consolidated assets/ liabilities HK\$'000
	Manufacturing semiconductors	Investment holding	Sub-total	Manufacturing tyres		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Reportable segment assets	305,863	11,054	316,917	469,992	786,909	
Reportable segment liabilities	178,065	15,284	193,349	238,977	432,326	

2. SEGMENT REPORTING (CONTINUED)

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

	Unaudited Six Months Ended	
	30.6.2014	30.6.2013
	HK\$'000	HK\$'000
		(Re-presented)
(Loss)/Profit		
Reportable segment (loss)/profit (continuing operations)	(8,941)	3,963
Finance costs	(3,901)	(2,767)
Depreciation and amortisation	(904)	–
Interest income	11	–
	<u> </u>	<u> </u>
Consolidated (loss)/profit before tax expense (continuing operations)	<u>(13,735)</u>	<u>1,196</u>

(c) Revenue from major products and services

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

	Unaudited Six Months Ended	
	30.6.2014	30.6.2013
	HK\$'000	HK\$'000
		(Re-presented)
Trading business (continuing operation)	<u>49,244</u>	<u>–</u>
Manufacturing of tyres (discontinued operation)	<u>–</u>	<u>332,522</u>

(d) Geographic information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets. 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, and prepaid lease payments. The geographical location 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.

2. SEGMENT REPORTING (CONTINUED)

(d) Geographic information (Continued)

	Revenue from external customers (Unaudited)		Specified non-current assets (Unaudited)					
	Continuing operations	Discontinued operations	Continuing operations		Discontinued operations		Total	
	Six Months Ended		As at		As at		As at	
	30.6.2014 HK\$'000	30.6.2013 HK\$'000 (Re-presented)	30.6.2014 HK\$'000	31.12.2013 HK\$'000 (Re-presented)	30.6.2014 HK\$'000	31.12.2013 HK\$'000 (Re-presented)	30.6.2014 HK\$'000	31.12.2013 HK\$'000 (Re-presented)
Mainland China (place of domicile)	49,244	148,617	298,756	304,362	-	181,209	298,756	485,571
The People's Republic of Bangladesh	-	26,937	-	-	-	-	-	-
Republic of Yemen	-	38,712	-	-	-	-	-	-
Singapore	-	22,057	-	-	-	-	-	-
Malaysia	-	14,892	-	-	-	-	-	-
Kingdom of Cambodia	-	13,176	-	-	-	-	-	-
Republic of Indonesia	-	14,105	-	-	-	-	-	-
Hong Kong Republic of the Union of Myanmar	-	9,672	8,381	718	-	-	8,381	718
Taiwan	-	5,408	-	-	-	-	-	-
Republic of India	-	3,906	-	-	-	-	-	-
United States of America	-	3,686	-	-	-	-	-	-
Republic of Philippines	-	6,456	-	-	-	-	-	-
Others	-	16,504	-	-	-	-	-	-
	-	8,394	-	-	-	-	-	-
	<u>49,244</u>	<u>332,522</u>	<u>307,137</u>	<u>305,080</u>	<u>-</u>	<u>181,209</u>	<u>307,137</u>	<u>486,289</u>

3. TURNOVER

	Continuing operations		Discontinued operations		Total	
	Unaudited six months ended		Unaudited six months ended		Unaudited six months ended	
	30.6.2014	30.6.2013	30.6.2014	30.6.2013	30.6.2014	30.6.2013
	HK\$'000	HK\$'000 (Re-presented)	HK\$'000	HK\$'000 (Re-presented)	HK\$'000	HK\$'000 (Re-presented)
Sale of goods	49,244	-	-	332,522	49,244	332,522

4. OTHER REVENUE AND OTHER GAINS OR LOSSES

	Continuing operations		Discontinued operations		Consolidated	
	Unaudited Six Months Ended		Unaudited Six Months Ended		Unaudited Six Months Ended	
	30.6.2014	30.6.2013	30.6.2014	30.6.2013	30.6.2014	30.6.2013
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
	(Re-presented)		(Re-presented)		(Re-presented)	
Other revenue						
Interest income on bank deposits	11	-	-	27	11	27
Total interest income on financial assets not at fair value through profit or loss	11	-	-	27	11	27
Other gains or losses						
Loss on fair value change of listed securities classified as held for trading	-	-	-	(303)	-	(303)
Gain/(loss) on foreign exchange	-	6,477	-	(1,646)	-	4,831
	-	6,477	-	(1,949)	-	4,528
	11	6,477	-	(1,922)	11	4,555

5. FINANCE COSTS

	Continuing operations		Discontinued operations		Total	
	Unaudited Six Months Ended		Unaudited Six Months Ended		Unaudited Six Months Ended	
	30.6.2014	30.6.2013	30.6.2014	30.6.2013	30.6.2014	30.6.2013
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
	(Re-presented)		(Re-presented)		(Re-presented)	
Interest on shareholders' loans	2,528	2,367	-	-	2,528	2,367
Interest on bonds	1,070	-	-	-	1,070	-
Interest on convertible bonds	223	400	-	-	223	400
Finance lease interests	80	-	-	-	80	-
Interest on bank loan wholly repayable within one year	-	-	-	1,752	-	1,752
	3,901	2,767	-	1,752	3,901	4,519

6. (LOSS)/PROFIT BEFORE TAXATION FOR THE PERIOD

	Continuing operations		Discontinued operations		Total	
	Unaudited Six Months Ended		Unaudited Six Months Ended		Unaudited Six Months Ended	
	30.6.2014 HK\$'000	30.6.2013 HK\$'000	30.6.2014 HK\$'000	30.6.2013 HK\$'000	30.6.2014 HK\$'000	30.6.2013 HK\$'000
		(Re-presented)		(Re-presented)		(Re-presented)
(Loss)/profit for the period has been arrived at after charging:						
Auditors' remuneration	948	-	-	-	948	-
Cost of inventories sold	46,902	-	-	280,369	46,902	280,369
Depreciation of property, plant and equipment	904	-	-	9,958	904	9,958
Amortisation of operating lease prepayments	-	-	-	686	-	686
Operating lease payments						
- Land and buildings	-	-	-	2,484	-	2,484
- Machinery & hostel	-	-	-	1,619	-	1,619
- Office premise and staff quarters	2,474	-	-	-	2,474	-
Staff costs						
- Salaries and allowance (including directors' remuneration)	2,982	81	-	40,244	2,982	40,325
- Retirement benefit scheme contribution	52	18	-	6,426	52	6,444
	<u>3,034</u>	<u>99</u>	<u>-</u>	<u>46,670</u>	<u>3,034</u>	<u>46,769</u>

7. INCOME TAX EXPENSE

The Company was incorporated under the laws of the British Virgin Islands and continued under the laws of Bermuda subsequent to its migration. At the present time, no income, profit, capital or capital gain taxes are levied in Bermuda. Accordingly, no provision for such taxes has been recorded by the Company. In the event that such taxes are levied, the Company has received an undertaking from the Bermuda Government exempting it from all such taxes until 28 March 2016.

No provision for Hong Kong profits tax has been made as the Group has no assessable profits derived from or earned in Hong Kong for the Current Period and the Corresponding Period.

The PRC enterprise income tax for the six months ended 30 June 2014 is 25% (2013: 25%).

8. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)

As detailed in note 1, the manufacturing of tyres business as carried out by Carham sub-group, is deconsolidated and presented as discontinued operations in accordance with HKFRS 5 during the Current Period.

On 7 December 2012, the Company has entered into a conditional share transfer agreement with Pacific Union Pte. Ltd. to dispose of a wholly-owned subsidiary, namely PRT Capital Pte. Ltd. (“PRT Capital”) at a consideration of HK\$85 million (“Conditional Disposal”). Pacific Union, a company incorporated under the laws of the 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 its 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 was presented as discontinued operation for the Corresponding Period.

8. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS) (CONTINUED)

An analysis of the results and cash flows of discontinued operations included in the condensed consolidated financial statements and the condensed consolidated statement of cash flows was as follows:

	Unaudited Six Months Ended 30.6.2014		Unaudited Six Months Ended 30.6.2013	
	Manufacturing of tyres HK\$'000	Manufacturing of tyres HK\$'000 (Re-presented)	Investment holding HK\$'000	Total HK\$'000 (Re-presented)
Turnover	-	332,522	-	332,522
Cost of sales	-	(280,369)	-	(280,369)
Gross profit	-	52,153	-	52,153
Other revenue and other gains or losses (Note 4)	-	(1,743)	(179)	(1,922)
Selling and distribution expenses	-	(9,709)	-	(9,709)
Administrative expenses	-	(36,240)	(5)	(36,245)
Finance costs (Note 5)	-	(1,752)	-	(1,752)
Income tax expense	-	-	-	-
	-	2,709	(184)	2,525
Gain on disposal on PRT Capital (Note 8(b))	-	-	20,576	20,576
Loss on de-consolidating Carham sub-group (Note 8(a))	(156,852)	-	-	-
Gain on derecognition of the loans and accrued interests (Note 13(2))	157,927	-	-	-
	1,075	-	20,576	20,576
Profit from discontinued operations for the period	1,075	2,709	20,392	23,101
Operating cash inflow/(outflow)	-	36,258	(1)	36,257
Investing cash inflow/(outflow)	-	(15,487)	1	(15,486)
Financing cash outflow	-	(23,622)	-	(23,622)
	-	(2,851)	-	(2,851)

8. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS) (CONTINUED)

- (a) The net assets of Carham sub-group at the date of de-consolidation with effect from 1 January 2014 were as follows:

	<u>Unaudited</u> <i>HK\$'000</i>
Property, plant and equipment	164,983
Prepaid lease payments	16,225
Cash and cash equivalents	38,856
Pledged bank balances	1,153
Trade and other receivables	98,243
Inventories	150,620
Interest-bearing borrowings	(61,447)
Trade and other payables	(170,421)
Provisions	(6,534)
Deferred tax liability	<u>(574)</u>
Net assets de-consolidated	231,104
Non-controlling interest	<u>(69,304)</u>
Net assets attributable to owners of the Company de-consolidated	161,800
Gain on release of foreign currency translation reserve on de-consolidating subsidiaries	<u>(4,948)</u>
Loss on de-consolidating subsidiaries	<u>156,852</u>
Net cash outflow arising from the de-consolidation	<u>38,856</u>

8. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS) (CONTINUED)

(b) The net assets of PRT Capital at the date of disposal on 16 April 2013 were as follows:

	Unaudited <i>HK\$'000</i>
Investment in an associate	4,475
Investment in listed securities	
– available-for-sale	61,724
– held for trading	20,040
Other receivables and prepayment	–
Cash and bank balances	44
	<hr/>
	90,283
Impairment	(1,000)
Revaluation reserve	(33,677)
Foreign currency reserve	8,818
	<hr/>
Net assets disposed of	64,424
Gain on disposal	20,576
	<hr/>
Total consideration	85,000
	<hr/>
Satisfied by:	
Bank balances	85,000
	<hr/>
Net cash inflow arising on disposal:	
Total cash consideration received	85,000
Cash and bank balances disposed of	(44)
	<hr/>
	84,956
	<hr/>

9. (LOSS)/EARNINGS PER SHARE

The calculations of basic (loss)/earnings per share from continuing and discontinued operations are based on the following data:

	Unaudited Six Months Ended	
	30.6.2014	30.6.2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Re-presented)</i>	
(Loss)/profit for the year attributable to owners of the Company for the purpose of basic (loss)/earnings per share calculation		
From continuing operations	(13,711)	(683)
From discontinued operations	<u>1,075</u>	<u>22,288</u>
From continuing and discontinued operations	<u>(12,636)</u>	<u>21,605</u>
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<u>154,923</u>	<u>115,628</u>

For the periods ended 30 June 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.

10. PROPERTY, PLANT AND EQUIPMENT

During the unaudited six months ended 30 June 2014, the Group acquired assets with a cost of HK\$8,581,000 (the unaudited six months ended 30 June 2013: HK\$9,958,000).

Assets of Carham Sub-group with a net book value of HK\$164,983,000 were de-consolidated by the Group during the unaudited six months ended 30 June 2014.

11. TRADE AND OTHER RECEIVABLES

	Unaudited	
	As At	
	30.6.2014	31.12.2013
	HK\$'000	HK\$'000
Trade receivables	47,383	129,600
Less: allowance for impairment loss	–	(51,772)
	<hr/>	<hr/>
	47,383	77,828
Amount owing by a connected/related party ⁽¹⁾	–	1,321
Deposits and other receivables	1,569	9,912
	<hr/>	<hr/>
Loan and receivables	48,952	89,061
Deposits paid to suppliers	3,228	9,142
Prepayments	7,036	40
	<hr/>	<hr/>
	59,216	98,243
	<hr/>	<hr/>

Note:

1. The connected/related party refers to a company established in the PRC, in which certain directors of the subsidiary were key management personnel. The amount owing was trading in nature, unsecured, interest-free and had no fixed terms of repayment.

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

	Unaudited	
	As At	
	30.6.2014	31.12.2013
	HK\$'000	HK\$'000
Less than one year	47,383	75,625
More than one year but less than two years	–	763
More than two years	–	53,212
	<hr/>	<hr/>
	47,383	129,600
Less: allowance for doubtful debts	–	(51,772)
	<hr/>	<hr/>
	47,383	77,828
	<hr/>	<hr/>

The Group not only requests for full payment upon delivery but it also allows certain trade customers up to 60 days (2013: normal credit terms range from 7 to 30 days). The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. Trading receivables are non-interest bearing.

12. TRADE AND OTHER PAYABLES

	Unaudited	
	As At	
	30.6.2014	31.12.2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	–	83,377
Other payables	722	81,615
Amount due to a director ⁽¹⁾	1,120	1,120
Amount owing to a related party ^{(1) & (2)}	–	722
Amount owing to non-controlling interest ⁽¹⁾	–	6,135
Accruals	3,038	5,137
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	4,880	178,106
Sales deposits received	–	3,444
	<hr/>	<hr/>
	4,880	181,550
	<hr/>	<hr/>

Note:

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

	Unaudited	
	As At	
	30.6.2014	31.12.2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cambrew Asia Limited, a company incorporated in Cayman Islands, in which a director had substantial financial interests	–	722
	<hr/>	<hr/>

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

	Unaudited	
	As At	
	30.6.2014	31.12.2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Less than one year	–	73,910
More than one year but less than two years	–	159
More than two years	–	9,308
	<hr/>	<hr/>
	–	83,377
	<hr/>	<hr/>

13. INTEREST-BEARING BORROWINGS

	Unaudited	
	As At	
	30.6.2014 HK\$'000	31.12.2013 HK\$'000
Current		
Bank loans, secured ⁽¹⁾	–	61,447
Non-current		
Shareholders' loans ⁽²⁾	–	150,000
Bonds ⁽³⁾	36,935	8,700
	<u>36,935</u>	<u>158,700</u>

Notes:

(1) As at 31 December 2013, the loans were wholly repayable within one year. The weighted average interest rate ranged from 2.72% to 6.60% per annum. The directors of the Company estimated that the fair value of the bank loans was not significantly different from the carrying amount. The loans were secured by way of:

- (i) legal charges over the leasehold land and buildings of a subsidiary, Guangzhou Pearl River Rubber Tyre Limited (“GPRT”); and
- (ii) a lien over all the fixed deposits of GPRT.

(2) As at 31 December 2013, the loan amounts of HK\$82.5 million and HK\$67.5 million were obtained by a wholly owned subsidiary of the Company, Rodez from Pacific Union and KL-Kepong both of which were the then substantial shareholders on the date of the shareholders' loan agreements of 7 December 2012, respectively. The loan amounts of HK\$82.5 million and HK\$67.5 million were collateralised by 55 shares and 45 shares of Carham with total issued shares of 100 respectively. The borrowings bear interest of 4% per annum and the interests, accrued up to the dates of exercising their enforcement rights over the loan securities during the period, have been included in finance costs as disclosed in Note 5.

As detailed in Note 1, since Pacific Union and KL-Kepong had exercised its rights and powers under the deed of charge by having the ownership of the 55 shares and 45 shares in Carham transferred to them on 24 April 2014 and 29 May 2014 respectively, the respective loan amounts and accrued interests in aggregate amounts of HK\$157,927,000 were discharged and recorded as a gain in the discontinued operations during the period (Note 8).

(3) As at 30 June 2014, the bonds represent unsecured corporate bonds in the aggregate principal amounts of HK\$41,000,000, bearing interest rates of not more than 9% per annum and maturity dates ranging from seven to seven-and-a-half years from the respective dates of issues.

As at 31 December 2013, the bond was unsecured, bearing interest rate at 5% and repayable after seven-and-a-half year from the date of issue.

14. SHARE CAPITAL

	Unaudited	
	Number of ordinary shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
At 31 December 2013 and 30 June 2014	250,000	2,500
<i>Issued and fully paid:</i>		
At 31 December 2013 and 1 January 2014	138,128	1,381
Share issue upon share placement ⁽¹⁾	20,000	200
At 30 June 2014	158,128	1,581

Note:

1. On 21 January 2014, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent has conditionally agreed with the Company to place 20 million placing shares on a best efforts basis to not less than six independent places at HK\$2.5 per placing share. The share allotment was completed on 30 January 2014. The net placing proceeds of approximately HK\$49.2 million was fully utilised as working capital of the Group.

15. INTERIM DIVIDENDS

No dividend was paid, declared or proposed during the six months ended 30 June 2014. The Directors have determined that no dividend will be paid in respect of the period under review.

16. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 – Quoted price (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted price included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

16. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

As at 30 June 2014, without conversion of the convertible bonds designated as FVTPL during the period, the directors of the Company estimated that its fair value is not materially different from that as at 31 December 2013. All other financial instruments are carried at amounts not materially different from their fair values as at 30 June 2014 and 31 December 2013.

As at 31 December 2013, the Group engaged independent professional valuers performing valuations for the convertible bonds designated as FVTPL which are categorized into Level 3 of the fair value hierarchy. The professional valuers report directly to the Group's management. Valuation reports with analysis of changes in fair value measurement are prepared by professional valuers at each annual reporting date, and are reviewed and approved by the Group's management. Discussion of the valuation process and results with the Group's management is held at least once a year to coincide with the reporting dates.

As at 30 June 2014 and 31 December 2013 (Unaudited)				
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The Group				
Recurring fair value measurements				
Liabilities:				
Convertible bonds ⁽¹⁾	–	–	22,673	22,673
	–	–	22,673	22,673

During the six months ended 30 June 2013 and 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

Financial Instruments	Valuation techniques	Significant unobservable inputs
Convertible bonds	Binomial option pricing model	Expected volatility of 51.85% Estimated discount rate of 12.12%

Note:

- The Company designates the whole unlisted convertible bonds, comprising of conversion component and liability component, as FVTPL. The fair value was determined based on the binomial option pricing model in which the inputs used in the fair value measurement mainly include the underlying stock price, exercise price of the convertible bonds, estimated discount rate, risk free rate, expected remaining lives of the convertible bonds, expected volatility of the underlying stock price and expected dividend yields at the end of the relevant reporting period. The significant unobservable inputs are the expected volatility rate of the underlying stock price and the discount rate and the fair value of the convertible bonds is classified as level 3 accordingly. The fair value measurement of the convertible bonds is positively correlated to the expected volatility and oppositely correlated to the estimated discount rate. As at 30 June 2014, it is estimated that with all other variables held constant, an increase/decrease in the expected volatility rate by 5% would have increased and decreased the Group's loss before tax by HK\$80,000 and HK\$355,000 respectively while with all other variables held constant, an increase/decrease in the estimated discount rate by 1% would have decreased and increased the Group's loss before tax by HK\$125,000 and HK\$128,000 respectively.

17. CONNECTED/RELATED PARTY TRANSACTIONS

- (a) In addition to the amount owing by/to connected/related parties as disclosed in Notes 11 and 12 respectively to the interim report, the following is a summary of the transactions with connected/related parties, which were carried out in the normal course of operations of the Group:

	Discontinued operations	
	Unaudited Six Months Ended	
	30.6.2014	30.6.2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Re-presented)	
Transactions between GPRT and GGXEG ⁽¹⁾ / GIGBM ⁽²⁾		
Payments relating to:		
– lease rental for a piece of land and buildings erected thereon	–	2,463
– lease rental for the exclusive right to use certain machinery	–	1,252
– royalties for the right to use the trademark “Pearl River” and any technology and know- how necessary for the production of bias tyres	–	319
– lease rental for workers’ hostel*	–	354
– lease rental for the dining hall*	–	59
	<u>–</u>	<u>4,447</u>

Notes:

- The agreements relating to these transactions were between GPRT and Guangzhou Rubber Tyre Factory (“GRTF”), which was the former PRC partner owning 30% equity in GPRT. In 2001, GRTF was taken over by Guangzhou Guang Xiang Enterprises Group Company Limited (“GGXEG”).
- GGXEG is a connected person of the Company under the Listing Rules as GGXEG is the owner of 30% equity in GPRT (in which the Group owns the balance of 70% equity). GGXEG is 100% owned by Guangzhou Rubber Enterprises Group Co. Ltd. (“GREG”) and GREG is in turn 100% owned by Guangzhou International Group Co. Ltd. (“GIG”). Meanwhile, Guangzhou International Group Building Management Company Limited (“GIGBM”) is 100% owned by GIG and thus, GIGBM is a fellow subsidiary of GGXEG and a connected person of the Company. As such, the GIGBM Transactions constitute continuing connected transactions for the Company.

In addition, pursuant to Rule 14.23 of the Listing Rules, given GIGBM is connected with GGXEG, the GIGBM Transactions marked * above are required to be aggregated with the GGXEG Transactions.

The relevant percentage ratios on aggregate value of the transactions with GGXEG/GIGBM were less than 25% (on the basis of in accordance with the prevailing accounting standards applicable to the Group) and the transaction amounts with GGXEG/GIGBM were less than HK\$10 million.

17. CONNECTED/RELATED PARTY TRANSACTIONS (CONTINUED)

(b)

	<u>Continuing operations</u>	
	<u>Unaudited Six Months Ended</u>	
	<u>30.6.2014</u>	<u>30.6.2013</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Transactions between Rodez and Pacific Union/KL-Kepong		
Interest expenses for borrowings	2,528	2,367

18. OPERATING LEASE COMMITMENTS

The Group as lessee

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

	<u>Unaudited</u>	
	<u>As at</u>	
	<u>30.6.2014</u>	<u>31.12.2013</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	4,947	7,095
In the second to fifth years inclusive	5,008	28,380
Over five years	–	21,253
	<u>9,955</u>	<u>56,728</u>

As at 30 June 2014, the operating lease payments represent rentals payable by the Group for its office property and staff quarters in Hong Kong. Leases are negotiated and rentals are fixed for terms ranging from two to three years. None of these leases includes contingent rentals.

As at 31 December 2013, the operating leases were in respect of land and buildings in relation to the operation of GPRT in the PRC. None of these leases includes contingent rentals. As a result of de-consolidating Carham sub-group with effect from 1 January 2014 as set out in Note 1, those lease commitments were not included in the Group as at 30 June 2014 accordingly.

19. CAPITAL COMMITMENTS

Capital commitments outstanding at the end of the reporting period not provided for in the financial statements were as follows:

	Unaudited	
	As at	
	30.6.2014	31.12.2013
	HK\$'000	HK\$'000
Contracted for		
– Manufacture of semi-conductors segment	52,797	47,175
– Manufacture of tyres segment	–	60,857
	52,797	108,032
Authorised but not contracted for	–	–
	52,797	108,032

20. CONTINGENT LIABILITIES

As at 30 June 2014 and 31 December 2013 the Group does not have any contingent liabilities.

21. EVENT AFTER THE REPORTING PERIOD

On 8 July 2014, IC Spectrum (Kunshan) Co., Limited (德芯電子(昆山)有限公司) (“ICSC”) entered into a loan agreement with Beijing Zhongying Century Investment Co., Limited (北京中盈世紀投資有限公司) (“Zhongying”), pursuant to which Zhongying agreed to make available the 5.6% p.a. 5-year loan in the principal amount of RMB10,000,000 to ICSC for the payment of the tender deposit in the amount of RMB10,000,000 as a security for submission of tender for purchase of the land use right in respect of a parcel of industrial land located at the north of Longfei road and the east of Fuchunjiang road, Kunshan Economic & Technical Development Zone, Kunshan (昆山市開發區龍飛路北側、富春江路東側), occupying a total site area of approximately 150,481.9 square meters (the “Land”). Further details of the transaction were set out in the announcement of the Company dated 10 July 2014.

22. COMPARATIVE FIGURES

The loss of control over Carham sub-group results in the manufacturing and sales of tyres segment constituting discontinued operations under HKFRS 5 *Non-current Assets held for sale and Discontinued Operations*. Accordingly, certain comparative figures were re-presented so as to reflect the results for continuing operations and discontinued operations. Details of loss of control over Carham sub-group and the discontinued operations are set out in Note 1 and Note 8 respectively.

INTERIM DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the period under review, the Group recorded revenue of approximately HK\$49.2 million. The results of the Group for the six months ended 30 June 2014 are set out in the condensed consolidated interim income statement.

As a result of the enforcement of the loan securities by the lenders, the Group lost control over Carham. Accordingly, the financial results of the tyre manufacturing segment, carried out by Carham sub-group, for the Current Period and the Corresponding Period 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, in order to enhance its future business development and financial position.

At present, the Group, following the cease of control over the tyre manufacturing operations, has realigned its resources to develop and expand (i) the petroleum products trading operations; and (ii) the construction and development of the semiconductor manufacturing factory (owned by ICSC). Barring unforeseen circumstances, the manufacturing and sales of semiconductor products is expected to commence by mid 2016.

FINANCIAL REVIEW

Continuing Operations

Operating Results

The Group's turnover and gross profit for the six months ended 30 June 2014 amounted to HK\$49.2 million and HK\$2.3 million respectively, which was contributed by the trading of petroleum products segment.

The administrative expenses increased from HK\$2.5 million in the Corresponding Period to HK\$12.2 million in the Current Period, primarily due to the increase in staff cost, rental expenses, professional fees and expenses and other general administrative expenses.

The finance cost amounted to HK\$3.9 million in the Current Period as compared with the Corresponding Period of HK\$2.8 million. The increase was primarily due to the interest expenses of HK\$1.1 million arising from issuance of corporate bonds in an aggregate principal amount of HK\$41 million since December 2013.

As a result, the Group recorded a loss from the continuing operations attributable to the owners of the Company amounting to HK\$13.7 million as compared with a loss from the same of HK\$0.7 million in the Corresponding Period. Basic loss from continuing operations attributable to the owners of the Company per share amounted to HK8.9 cents as compared with basic loss from the same of HK0.6 cents per share in the Corresponding Period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 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 security, is estimated at 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. Such gain (on derecognition of loan) was estimated based on information available at the time of preparing this interim result and may be subject to changes if further information is made available to the borrower.

The gain/loss arising from the deconsolidation of the Carham sub-group and the derecognition of loan are one-off and may subject to changes upon obtaining further information from the borrower (if provided).

The Group reported a net profit of approximately HK\$1.1 million for the six months ended 30 June 2014.

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 Period.

Results from discontinued operations

The Group recorded a gain from the discontinued operations attributable to the owners of the Company amounting to HK\$1.1 million for the six months ended 30 June 2014 as compared with a gain from the same of HK\$22.3 million in the Corresponding Period. 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 HK19.3 cents per share in the Corresponding Period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL POSITION

As at 30 June 2014, the total assets of the Group decreased from HK\$786.9 million (as at 31 December 2013) to HK\$379.8 million. The decrease of HK\$407.1 million was primarily due to the net effect of (i) reduction in total assets from the deconsolidation of Carham sub-group of HK\$470.1 million; and (ii) increase in total assets from the Placing (as defined below) of HK\$49.2 million.

The net asset value of the Group attributable to owners of the Company amounted to HK\$310.8 million as at 30 June 2014 as compared with HK\$284.9 million as at 31 December 2013.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2014, the Group had cash and cash equivalents amounted to HK\$13.4 million (2013: HK\$50.6 million) mainly denominated in Hong Kong dollars, US dollars and Renminbi. As at 30 June 2014, interest-bearing borrowings of Group amounted to HK\$63.7 million (2013: HK\$243.6 million) denominated in Hong Kong dollars.

As at 30 June 2014, the Group had net current assets of approximately HK\$66.8 million as compared to net current assets of approximately HK\$50.8 million as at 31 December 2013.

During the period under review, the Group issued corporate bonds in aggregate principal amounts of HK\$31 million to seven 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 to 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 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 ("Placing") at a price of HK\$2.50 per Placing Share representing a discount of approximately 11.66% to the closing price of HK\$2.83 per share of the Company as quoted on the Stock Exchange on 21 January 2014. The net price to the Company of each Placing Share is approximately HK\$2.45. The proceeds was intended to be applied for opportunistic investments when appropriate opportunities arise and where the Directors consider it is in the interest of the Company to do so and/or for general working capital of the Group. The reasons for carrying out the Placing were to raise capital for the Company while broadening the Shareholder's base and capital base of the Company. The Placing was completed on 30 January 2014. The net proceeds amounted to approximately HK\$49.2 million was fully utilised as working capital of the Group. Relevant disclosure was made in the announcement of the Company dated 21 January 2014.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

LIQUIDITY AND FINANCIAL RESOURCES (CONTINUED)

The gearing ratios of the Group, defined as the total borrowings to the shareholders' equity, amounted to 0.204 as at 30 June 2014 as compared with 0.687 as at 31 December 2013.

According to the latest 18-month cash flow forecast of the Group for the period from July 2014 to December 2015, the management believes that the financial resources are sufficient to meet existing operations as well as existing and future expansion plans and, if necessary, the Group will be able to obtain additional financing with favorable terms. There is no material effect of seasonality on the Group's borrowing requirements.

AUDITOR'S REMUNERATION

During the six months ended 30 June 2014, the remunerations of the auditor of the Company, Crowe Horwath (HK) CPA Limited ("Crowe Horwath"), amounted to approximately HK\$498,000. The Company engaged Crowe Horwath to conduct agreed-upon procedures on certain issues of the condensed consolidated financial statements for the six months ended 30 June 2014 in accordance with HKSRS 4400 "Engagements to perform agreed-upon procedures regarding financial information" issued by the HKICPA.

PROSPECTS

As set out above, the Group has realigned its resources to develop and expand (i) the petroleum products trading operations; and (ii) the construction and development of the semiconductor manufacturing factory (owned by ICSC), as its core business and operations.

While pursuing the continuous growth of our business in the future, the management remained 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.

Trading of petroleum products

With a view to diversify the Group's business and its earning base, the Group 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.

Manufacturing of semiconductor

In addition to the trading business of petroleum products, the management has also 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, research and development, 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 is in process of the reduction in the registered capital of ICSC from US\$215 million to HK\$400 million and initiate the construction of production lines in Kunshan, PRC, including but not limited to the acquisition of land, completion of the construction of the production plant and acquisition of the necessary machineries and equipment for operations. These start-up procedures were expected to be completed in 2015.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

PROSPECTS (CONTINUED)

Manufacturing of semiconductor (Continued)

On 8 July 2014, ICSC entered into a loan agreement with Zhongying, pursuant to which Zhongying agreed to make available of the loan in the principal amount of RMB10 million to ICSC for the payment of the tender deposit in the amount of RMB10 million as a security for submission of tender for purchase of the land use right in respect of the project. The application of the bidding of the Land was closed on 9 July 2014 and the result of the auction is still subject to the administrative procedures required by the relevant government entity. Zhongying also had 3 rounds of discussions with a Japanese equipment supplier and intend to engage in in-depth multi-faceted strategic co-operation including procurement and selection of equipment and necessary technologies.

In addition, Zhongying has commenced the recruitment process of expertise and manpower for the project. They are arranging the source of finance to meet the future capital expenditures and regularly liaised with the Kunshan government to maintain their support on the project.

With the support from Zhongying, the Group expects to commence the manufacturing of semiconductor by mid 2016. The Group expect that the commencement of the semiconductor business will contribute positively to the financial performance of the Group.

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 “Legal Adviser”) to advise its independent review, and that the Legal Adviser has retained Deloitte & Touche Financial Advisory Services Ltd on 14 April 2014 to conduct forensic review to assist the 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. Details of the Forensic Review findings will be separately announced by the Company in due course.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 is in the process of engaging an independent professional firm to carry out a review of the Group's internal control procedures. Meanwhile, the Board has also taken measures to improve the internal control system of the Company including but not limited to the following checks and balance procedures:

1. Regular board meetings to communicate the operations of the Group and approve significant capital expenditure and payments.
2. Tightened control (and monitoring) measures over the Group's capital expenditure, including evaluation and assessment on approved budget of individual projects (with more specific control), pre-approval for unbudgeted expenditure, material expenditure and etc.

The Board will take further appropriate steps in respect of internal controls if it considers appropriate.

MATERIAL ACQUISITION AND DISPOSAL

As detailed in Note 1, 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 30 June 2014, the Group had a total of employees of 26 (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 Period amounted to HK\$3.0 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 a share option scheme adopted on 21 May 2004 as a part of remuneration of its Directors and employees. The Share Option Scheme expired on 20 May 2014. An ordinary resolution relating to the adoption of a new share option scheme will be proposed at the forthcoming annual general meeting to be held on 8 September 2014. During the Current Period and the Corresponding Period, there was no share option granted.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CONTINGENT LIABILITIES

There was no contingent liability as at 30 June 2014 and 31 December 2013.

CAPITAL COMMITMENTS

Capital commitments outstanding, which were contracted but not provided for, in the financial statements were approximately HK\$52.8 million in respect of the acquisition of the Land as at 30 June 2014 (2013: HK\$108.0 million).

CHARGES ON THE GROUP'S ASSETS

The Group did not have any charges on the Group's assets as at 30 June 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 and prepaid lease payment in an aggregate carrying amount of HK\$86.5 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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2014, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules, are set out below:

Interests and short positions in shares, underlying shares and debentures of the Company

Name of Director	Capacity	Long position/ short position	Number of ordinary shares held	Approximate percentage of shareholding in the Company
Yang Liu	Beneficial owner	Long position	33,000,000	20.87%
Lo Ka Wai	Beneficial owner	Long position	4,000,000	2.53%

Save as disclosed above, as at 30 June 2014, none of the Directors, chief executives of the Company or any of their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2014, as far as is known to the Directors, the following persons (other than the Directors and the chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Interests or short positions in shares and underlying shares of the Company

Name of Shareholder	Capacity	Long position/ short position	Number of ordinary shares held	Approximate percentage of shareholding in the Company
First Call Investments Limited (<i>Note</i>)	Beneficial owner	Long position	8,000,000	5.06%
Zhu Baoguo (<i>Note</i>)	Interest of Controlled Corporation	Long position	8,000,000	5.06%

Note: These shares are held by First Call Investments Limited which is owned as to 100% by Zhu Baoguo. By virtue of holding the entire interest in First Call Investments Limited, Zhu Baoguo is deemed to be interested in these 8,000,000 shares held by First Call Investments Limited pursuant to the SFO.

Save as disclosed above, as at 30 June 2014, the Directors are not aware of any other persons (other than the Directors and the chief executives of the Company) who have interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under section 336 of SFO.

SHARE OPTION SCHEME

Under the share option scheme of the Company adopted on 21 May 2004 (the “Share Option Scheme”), the Board may, at its discretion, grant options to the Directors and employee of the Group and suppliers, consultants, advisors, agents, customers, service providers, contractors, any member of or any holder of any securities issued by any member of the Group or any entity in which the Group holds any equity interest (the “Participants”) pursuant to the Share Option Scheme to enable them to subscribe for shares of the Company as incentives to Participants to contribute to the Group and to enable the Group to recruit high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest.

The Share Option Scheme has expired on 20 May 2014. All share options granted in the prior years have been exercised during the year 2012 and there was no share option granted during the period under review.

The Directors propose to recommend to the shareholders of the Company at the annual general meeting to be held on Monday, 8 September 2014 to approve the adoption of a new share option scheme. Details of the new share option scheme was disclosed in the circular of the Company dated 8 August 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS OF DIRECTORS

The Company has adopted the Model Code as the code of conduct regarding the securities transactions by Directors.

Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the required standards as set out in the Model Code throughout the period 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.

During the six months ended 30 June 2014, the Company had complied with all code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Appendix 14 of the Listing Rules except for the deviations from code provisions A.1.8, A.2.1, A.4.1, 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. As it took time for the Company to solicit a suitable insurer at reasonable commercial terms and conditions, the Company subsequently arranged appropriate insurance cover in respect of legal action against its Directors for the period from 10 March 2014 to 9 March 2015.

Code provision A.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 Mr. Goh Nan Kioh as a non-executive Director and the 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, existing executive Director and the chief executive officer of the Company as the chairman of the Board with effect from 1 September 2014 as disclosed in the announcement of the Company dated 29 August 2014.

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 Company’s bye-laws (the “Bye-Laws”).

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

CORPORATE GOVERNANCE PRACTICES (CONTINUED)

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.

AUDIT COMMITTEE

The Audit Committee comprising three independent non-executive Directors namely Mr. Lai Ho Man, Dickson (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 unaudited condensed consolidated financial statements for the six months ended 30 June 2014 have been reviewed by the Audit Committee.

DIRECTORS

The Directors of the Company as the date of this report are as follows:

Executive Directors

Yang Liu (*Chief Executive Officer*)

Lo Ka Wai

Wang Shu Jie

Non-executive Director

Xu Lei

Independent Non-executive Directors

Lai Ho Man, Dickson

Wang Xiao Chuan

Wong Lit Chor, Alexis

Liu Hongjun

There are 4 Board committees. Below provides membership information of these committees on which each Board member serves:

Audit Committee

Lai Ho Man, Dickson (*Chairman*)

Liu Hongjun (*Member*)

Wong Lit Chor, Alexis (*Member*)

Remuneration Committee

Wang Xiao Chuan (*Chairman*)

Lai Ho Man, Dickson (*Member*)

Lo Ka Wai (*Member*)

Nomination Committee

Lai Ho Man, Dickson (*Chairman*)

Liu Hongjun (*Member*)

Lo Ka Wai (*Member*)

Share Option Committee

Lai Ho Man, Dickson (*Chairman*)

Yang Liu (*Member*)

Lo Ka Wai (*Member*)

By Order of the Board

Pearl River Tyre (Holdings) Limited

Yang Liu

Chief Executive Officer

Hong Kong, 29 August 2014