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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)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board (the “**Board**”) of directors (the “**Directors**”) of Han Tang International 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 2015 (the “**Current Period**”) together with the comparative figures for the corresponding period of 2014 (the “**Corresponding Period**”). The unaudited condensed consolidated financial statements for the six months ended 30 June 2015 have been reviewed by the Company’s audit committee (the “**Audit Committee**”) and the Company’s independent auditor.

The financial information set out below in this announcement represents an extract from the condensed consolidated financial statements, which is unaudited but has been reviewed by the Company's independent auditor, ZHONGHUI ANDA CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", and by the Audit Committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Six Months Ended	
		30.6.2015	30.6.2014
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
CONTINUING OPERATIONS			
Turnover	3	18,052	49,244
Cost of sales		<u>(16,227)</u>	<u>(46,902)</u>
Gross profit		1,825	2,342
Other revenue and other net income	4	724	11
Administrative expenses		(13,386)	(12,187)
Finance costs	5	<u>(3,673)</u>	<u>(4,315)</u>
Loss before taxation		(14,510)	(14,149)
Income tax expense	6	<u>–</u>	<u>–</u>
Loss for the period from continuing operations		(14,510)	(14,149)
DISCONTINUED OPERATION			
Profit for the period from discontinued operation		<u>–</u>	<u>1,075</u>
Loss for the period	7	<u>(14,510)</u>	<u>(13,074)</u>

	<i>Notes</i>	Six Months Ended	
		30.6.2015	30.6.2014
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Loss for the period attributable to:			
Owners of the Company		(14,185)	(13,050)
Non-controlling interests		(325)	(24)
		<u> </u>	<u> </u>
Loss for the period		<u>(14,510)</u>	<u>(13,074)</u>
 (Loss)/profit for the period attributable to owners of the Company arising from:			
Continuing operations		(14,185)	(14,125)
Discontinued operation		–	1,075
		<u> </u>	<u> </u>
		<u>(14,185)</u>	<u>(13,050)</u>
 (Loss)/earnings per share (Hong Kong cents)			
From continuing and discontinued operations			
– Basic	8	(9.0)	(8.4)
– Diluted	8	(9.0)	(8.4)
 From continuing operations			
– Basic	8	(9.0)	(9.1)
– Diluted	8	(9.0)	(9.1)
 From discontinued operation			
– Basic	8	–	0.7
– Diluted	8	–	0.7
		<u> </u>	<u> </u>

	Six Months Ended	
	30.6.2015	30.6.2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss for the period	(14,510)	(13,074)
Other comprehensive income/(loss):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of subsidiaries' financial statements	<u>2,762</u>	<u>(5,645)</u>
	2,762	(5,645)
Reclassification adjustment of foreign currency translation reserve upon de-consolidating subsidiaries	<u>–</u>	<u>(4,948)</u>
Total other comprehensive income/(loss) for the period	<u>2,762</u>	<u>(10,593)</u>
Total comprehensive loss for the period	<u>(11,748)</u>	<u>(23,667)</u>
Total comprehensive income/(loss) attributable to:		
Owners of the Company	(12,174)	(23,636)
Non-controlling interests	<u>426</u>	<u>(31)</u>
	<u>(11,748)</u>	<u>(23,667)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As At	
		30.6.2015	31.12.2014
		HK\$'000	HK\$'000
<i>Notes</i>		(Unaudited)	(Audited)
ASSETS AND LIABILITIES			
Non-Current Assets			
Property, plant and equipment	9	421,717	420,063
Prepaid lease payments		12,691	12,607
Prepayment for acquisition of property, plant and equipment		10,000	10,000
Goodwill		378	378
		<u>444,786</u>	<u>443,048</u>
Total Non-Current Assets			
Current Assets			
Trade and other receivables	10	53,982	49,459
Cash and cash equivalents		6,581	8,382
		<u>60,563</u>	<u>57,841</u>
Total Current Assets			
Current Liabilities			
Trade and other payables	11	12,149	5,870
Convertible bonds		14,241	–
Finance lease payables		1,749	1,113
		<u>28,139</u>	<u>6,983</u>
Total Current Liabilities			
Net Current Assets		<u>32,424</u>	<u>50,858</u>
Total Assets Less Current Liabilities		<u>477,210</u>	<u>493,906</u>

		As At	
		30.6.2015	31.12.2014
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Audited)
Non-Current Liabilities			
Other payables	<i>11</i>	697	343
Other borrowings	<i>12</i>	71,533	61,867
Convertible bonds		–	13,783
Finance lease payables		1,955	3,140
		<hr/>	<hr/>
Total Non-Current Liabilities		74,185	79,133
		<hr/>	<hr/>
Net Assets		403,025	414,773
		<hr/>	<hr/>
EQUITY			
Share capital	<i>13</i>	1,581	1,581
Reserves		288,157	300,331
		<hr/>	<hr/>
Total equity attributable to owners of the Company		289,738	301,912
Non-controlling interests		113,287	112,861
		<hr/>	<hr/>
Total Equity		403,025	414,773
		<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed financial statements should be read in conjunction with the 2014 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2014 except as stated below.

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2015. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

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 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 semiconductor/electronic products.

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.

There was no inter-segment sale and transfer during the period ended 30 June 2015 (2014: Nil).

Segment results, assets and liabilities

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 six months ended 30 June 2015 and 2014 is set out below:

	Six Months Ended 30 June 2015		
	Continuing operations		
	Trading business HK\$'000 (Unaudited)	Manufacturing of semiconductors HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue from external customers	<u>18,052</u>	<u>–</u>	<u>18,052</u>
Reportable segment profit/(loss)	<u>900</u>	<u>(844)</u>	<u>56</u>
Reconciliation:			
Finance costs			(1,069)
Depreciation			(174)
Unallocated expenses			<u>(13,323)</u>
Consolidated loss before taxation (continuing operations)			<u>(14,510)</u>

	As At 30 June 2015				
	Continuing operations				
	Trading business HK\$'000 (Unaudited)	Manufacturing of semiconductors HK\$'000 (Unaudited)	Total reportable segment assets/ liabilities HK\$'000 (Unaudited)	Unallocated HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Reportable segment assets	<u>48,271</u>	<u>438,015</u>	<u>486,286</u>	<u>19,063</u>	<u>505,349</u>
Reportable segment liabilities	<u>6,313</u>	<u>27,976</u>	<u>34,289</u>	<u>68,035</u>	<u>102,324</u>

	Six Months Ended 30 June 2014		
	Continuing operations		
	Trading business <i>HK\$'000</i> (Unaudited)	Manufacturing of semiconductors <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue from external customers	49,244	–	49,244
Reportable segment profit/(loss)	1,910	(87)	1,823
Reconciliation:			
Finance costs			(3,180)
Depreciation			(58)
Unallocated expenses			(12,734)
Consolidated loss before taxation (continuing operations)			(14,149)

	As at 31 December 2014				
	Continuing operations				
	Trading business <i>HK\$'000</i> (Audited)	Manufacturing of semiconductors <i>HK\$'000</i> (Audited)	Total reportable segment assets/ liabilities <i>HK\$'000</i> (Audited)	Unallocated <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
Reportable segment assets	43,537	435,679	479,216	21,673	500,889
Reportable segment liabilities	1,130	13,784	14,914	71,202	86,116

3. TURNOVER

	Continuing operations and total	
	Six Months Ended	
	30.6.2015 <i>HK\$'000</i> (Unaudited)	30.6.2014 <i>HK\$'000</i> (Unaudited)
Sale of goods	18,052	49,244

4. OTHER REVENUE AND OTHER NET INCOME

	Continuing operations and total	
	Six Months Ended	
	30.6.2015	30.6.2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other revenue		
Interest income on bank deposits	–	11
	<hr/>	<hr/>
Total interest income on financial assets not at fair value through profit or loss	–	11
Waiver of amounts due to former subsidiaries	722	–
	<hr/>	<hr/>
	722	11
	<hr/>	<hr/>
Other net income		
Gain on disposal of property, plant and equipment	1	–
Gain on foreign exchange	1	–
	<hr/>	<hr/>
	2	–
	<hr/>	<hr/>
	724	11
	<hr/>	<hr/>

5. FINANCE COSTS

	Continuing operations and total	
	Six Months Ended	
	30.6.2015	30.6.2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on:		
– shareholders' loans	–	2,528
– bonds	2,531	1,070
– convertible bonds	681	637
– loan from non-controlling interests of a subsidiary	351	–
Finance lease interests	110	80
	<hr/>	<hr/>
	3,673	4,315
	<hr/>	<hr/>

6. INCOME TAX EXPENSE

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 periods ended 30 June 2015 and 2014.

The PRC enterprise income tax rate for the six months ended 30 June 2015 is 25% (2014: 25%).

7. LOSS FOR THE PERIOD

	Continuing operations and total	
	Six Months Ended	
	30.6.2015	30.6.2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging:		
Auditors' remuneration	340	948
Cost of inventories sold	16,227	46,902
Depreciation of property, plant and equipment	1,170	904
Operating lease payments for land and buildings	3,006	2,474
Staff costs		
– Salaries and allowance (including directors' remuneration)	4,033	2,982
– Retirement benefit scheme contribution	63	52
	4,096	3,034

8. (LOSS)/EARNINGS PER SHARE

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

	Six Months Ended	
	30.6.2015	30.6.2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss)/profit for the year attributable to owners of the Company for the purpose of basic (loss)/earnings per share calculation		
From continuing operations	(14,185)	(14,125)
From discontinued operation	–	1,075
	<u> </u>	<u> </u>
From continuing and discontinued operations	<u>(14,185)</u>	<u>(13,050)</u>
	'000	'000
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<u>158,128</u>	<u>154,923</u>

For the periods ended 30 June 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.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired assets with a cost of HK\$83,000 (six months ended 30 June 2014: HK\$8,581,000).

During the six months ended 30 June 2015, the Group disposed of certain assets with carrying amount of HK\$4,000 (six months ended 30 June 2014: HK\$Nil).

10. TRADE AND OTHER RECEIVABLES

	As At	
	30.6.2015	31.12.2014
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade receivables	25,287	18,608
Other receivables	235	169
	<u>25,522</u>	<u>18,777</u>
Deposits paid to suppliers	20,901	22,328
Prepayments and deposits	7,559	8,354
	<u>53,982</u>	<u>49,459</u>

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

	As At	
	30.6.2015	31.12.2014
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Less than one year	7,903	18,608
More than one year but less than two years	17,384	–
	<u>25,287</u>	<u>18,608</u>

The Group generally requests for full payment 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 payment upon delivery from its trade customers but also allows certain trade customers a credit period from 30 to 60 days). The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management.

As at 30 June 2015, included in trade receivables with amount of approximately HK\$17,384,000, with ageing of more than one year, have a good track record with the Group. The management is in negotiation with the customer on the repayment plan. Based on past experience, the 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 directors of the Company will monitor the procedures on an on-going basis.

11. TRADE AND OTHER PAYABLES

	As At	
	30.6.2015	31.12.2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade payables	5,300	–
Accruals and other payables	<u>7,546</u>	<u>6,213</u>
Financial liabilities measured at amortised cost	12,846	6,213
Less: non-current portion	<u>(697)</u>	<u>(343)</u>
Current portion	<u>12,149</u>	<u>5,870</u>

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

	As At	
	30.6.2015	31.12.2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Less than one year	<u>5,300</u>	<u>–</u>

12. OTHER BORROWINGS

		As At	
		30.6.2015	31.12.2014
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	(Unaudited)	(Audited)
Non-current:			
Loan from non-controlling interests of a subsidiary	<i>a</i>	12,691	12,607
Other bond payables	<i>b</i>	58,842	49,260
		71,533	61,867

- a) On 8 July 2014, 德芯電子(昆山)有限公司 (IC Spectrum (Kunshan) Co., Limited*) (“**ICSC**”), an indirect 72.79%-owned subsidiary of the Company, entered into a loan agreement with 北京中盈世紀投資有限公司 (Beijing Zhongying Century Investment Co., Limited*) (“**Zhongying**”), a shareholder of ICSC holding 27.21% of its equity interest, pursuant to which Zhongying agreed to make available an unsecured 5.6% 5-year loan in the principal amount of RMB10,000,000 to ICSC for the payment of the tender deposit in the amount of RMB10,000,000 as a security for submission of tender for purchase of the land use rights in respect of a parcel of industrial land located at the north of Longfei road and the east of Fuchunjiang road, Kunshan Economic & Technical Development Zone, Kunshan* (昆山市開發區龍飛路北側、富春江路東側), occupying a total site area of approximately 150,481.9 square meters.
- b) As at 30 June 2015, the Company issued corporate bonds with total principal amounts of HK\$64,000,000 (2014: HK\$54,000,000) to several independent third parties. The bonds are unsecured, bearing interest at rates ranging from 5% to 9% per annum and maturity dates ranging from seven to seven-and-a-half years from the respective dates of issues (2014: unsecured, bearing interest at rates ranging from 5% to 9% per annum and maturity dates ranging from seven to seven-and-a-half years from the respective date of issues).

13. SHARE CAPITAL

	Number of ordinary shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
At 31 December 2014 and 30 June 2015	<u>250,000</u>	<u>2,500</u>
<i>Issued and fully paid:</i>		
At 31 December 2014 and 30 June 2015	<u>158,128</u>	<u>1,581</u>

14. INTERIM DIVIDEND

No dividend was paid, declared or proposed during the six months ended 30 June 2015 and 2014.

15. CONNECTED/RELATED PARTY TRANSACTIONS

- (a) 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:

	<u>Continuing operations and total</u>	
	<u>Six Months Ended</u>	
	30.6.2015	30.6.2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Transactions between Rodez [#] and Pacific Union/KL-Kepong ^{##}		
– Interest expenses for borrowings	–	2,528
Transactions between ICSC and Zhongying		
– Interest expense for borrowings	<u>351</u>	<u>–</u>

[#] Rodez Investments Limited (“**Rodez**”) is a wholly owned subsidiary of the Company.

^{##} Pacific Union Pte Ltd. (“**Pacific Union**”) and KL-Kepong International Limited (“**KL-Kepong**”) were the former substantial shareholders of the Company.

- (b) Compensation of key management personnel:

The emoluments of directors and other members of key management during the periods were as follows:

	<u>Continuing operations and total</u>	
	<u>Six Months Ended</u>	
	30.6.2015	30.6.2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Short-term employees benefits	<u>1,200</u>	<u>1,563</u>

16. CAPITAL COMMITMENTS

As at 30 June 2015, the Group had capital commitments not provided for in the condensed consolidated financial statements as follows:

	As At	
	30.6.2015	31.12.2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Contracted for		
– Manufacture of semiconductors segment	<u>58,032</u>	<u>58,032</u>

17. CONTINGENT LIABILITIES

As at 30 June 2015 and 31 December 2014, the Group does not have any contingent liabilities.

18. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 17 August 2015.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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.

For the period under review, the Group recorded revenue of approximately HK\$18.1 million. The results of the Group for the six months ended 30 June 2015 are set out in the condensed consolidated statement of profit or loss.

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 leveraged 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 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 took a prudent measure and realigned its trading strategy, with more focus on the semiconductor/electronic products segment.

In addition, the management has continued its efforts in developing the construction and development of the semiconductor manufacturing factory (owned by IC Spectrum (Kunshan) Co., Limited* (德芯電子(昆山)有限公司) (“ICSC”). Barring unforeseen circumstances, the manufacturing and sale of semiconductor products is expected to commence in 2016.

At present, the Group, is principally involved in (i) the construction and development of the semiconductor manufacturing factory (owned by ICSC); and (ii) the trading of semiconductor/electronic products/components.

FINANCIAL REVIEW

Operating results

The Group's turnover and gross profit for the six months ended 30 June 2015 amounted to approximately HK\$18.1 million (2014: HK\$49.2 million) and HK\$1.8 million (2014: HK\$2.3 million) respectively. As stated above, the Group put more effort on the trading of semiconductor/electronic products segment which commenced in late 2014. The decrease in turnover was mainly attributed to the realignment in the trading operations, from trading of petroleum products to semiconductor/electronic products.

The administrative expenses for continuing operations increased from approximately HK\$12.2 million in the Corresponding Period to approximately HK\$13.4 million in the Current Period, primarily due to the increase in staff cost (including directors' emoluments) of approximately HK\$1.2 million as a result of increase in average staff number caused by the Group's expansion.

The finance costs amounted to approximately HK\$3.7 million in the Current Period as compared with the Corresponding Period of approximately HK\$4.3 million.

As a result, the Group recorded a loss from the continuing operations attributable to the owners of the Company amounting to approximately HK\$14.5 million as compared with a loss from the same of approximately HK\$14.1 million in the Corresponding Period. Basic loss from continuing operations attributable to the owners of the Company per share amounted to HK9.0 cents as compared with basic loss from the same of HK8.4 cents per share in the Corresponding Period.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group had cash and cash equivalents amounted to approximately HK\$6.6 million (2014: HK\$8.4 million) mainly denominated in Hong Kong dollars.

As at 30 June 2015, interest-bearing borrowings of Group amounted to approximately HK\$89.5 million (2014: HK\$79.9 million) denominated in Hong Kong dollars.

As at 30 June 2015, the Group had net current assets of approximately HK\$32.4 million as compared to net current assets of approximately HK\$50.9 million as at 31 December 2014.

During the Current Period, the Group issued 7-year corporate bonds in aggregate principal amounts of HK\$10.0 million to an independent third party. The corporate bonds are unsecured, bearing interest rates of 9% per annum and payable semi-annually. The net proceeds from the issuance were placed with banks in Hong Kong and used as general working capital, mainly general and administrative costs, of the Group and will finance any potential investment opportunities of the Group that may arise from time and time.

The gearing ratios of the Group, defined as the total borrowings to the shareholders' equity, amounted to 0.222 as at 30 June 2015 as compared with 0.193 as at 31 December 2014.

HUMAN RESOURCES

As at 30 June 2015, the Group had a total of 30 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 Current Period and the Corresponding Period.

CONTINGENT LIABILITIES

There was no contingent liability as at 30 June 2015.

CAPITAL COMMITMENTS

Capital commitments outstanding, which were contracted but not provided for, in the financial statements were approximately HK\$58.0 million in respect of the manufacturing of semiconductors segment as at 30 June 2015 (2014: HK\$58.0 million).

FOREIGN EXCHANGE RISK MANAGEMENT

During the six months ended 30 June 2015, the Group's monetary assets and transactions are mainly denominated in Hong Kong dollars, US Dollars and Renminbi. As the risk on exchange rate difference was considered to be not significant, the Group did not use any financial instruments for hedging purposes.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any significant investments, material acquisition or disposal of subsidiaries or associates during the six months ended 30 June 2015.

CHARGES ON THE GROUP'S ASSETS

There were no material charges on the Group's assets as at 30 June 2015.

PROSPECTS

As set out above, the Group has realigned its resources to develop and expand (i) the construction and development of the semiconductor manufacturing factory (owned by ICSC); and (ii) the trading of electronic/semiconductor products (commenced in late 2014). The management is committed to continue identifying investment opportunities that can enhance and/or complement the Group's business development and strengthen its earning base. While pursuing the continuous growth of our business in the future, the management remains committed in reviewing its business and operations, including reinforcing its internal control and operational system to ensure that the Group can accommodate the external challenge under the fluctuating economy outlook, as well as enhancing its corporate governance.

Manufacturing of semiconductors

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

Following the completion of the share transfer of 27.21% minority equity interest in ICSC from Kunshan Economic and Technical Development Zone Asset Management Company, a state owned enterprise, to Beijing Zhongying Century Investment Co., Limited* (北京中盈世紀投資有限公司) (“**Zhongying**”) on 28 February 2014, the management has initiated the construction of production lines in Kunshan, the PRC, including but not limited to the acquisition of the land use rights in respect of the Land (defined below), the construction of the production plant and acquisition of the necessary machineries and equipment for operations.

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

In November 2014, 《國有建設用地使用權出讓合同》 (Contract for the transfer of the land use rights of State-owned land*) was entered into between ICSC and Kunshan State Land Resources Bureau* (昆山市國土資源局) for the acquisition of the land use rights of the Land to facilitate the construction of semiconductor manufacturing factory at Kunshan, the PRC. As at the date of this announcement, the land is yet to be delivered.

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

Development of electronic/semiconductor products

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

SUSPENSION OF TRADING IN SHARES AND FIRST 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 8 May 2015, the Company has been informed by the Stock Exchange that (i) it has placed the Company under the first delisting stage pursuant to Practice Note 17 to Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”); (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 first delisting stage (i.e. 7 November 2015); and (iii) the Stock Exchange may impose further resumptions conditions if necessary. 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 Group 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.

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 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS OF DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix 10 to the Listing Rules 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 2015, 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 to the Listing Rules except for the deviation from code provision A.2.1 of the CG Code.

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 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 2015 have been reviewed by the Audit Committee.

EXTRACT OF AUDITOR’S INDEPENDENT REVIEW REPORT

The unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2015 have been reviewed by the Company’s auditor, ZHONGHUI ANDA CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The auditor’s independent review report will be included in the interim report to shareholders. The Company’s auditor has qualified the Group’s interim condensed consolidated financial statements for the six months ended 30 June 2015, an extract of which is as follows:

Basis for qualified conclusion

Corresponding figures and gain on disposal of subsidiaries

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2014 was qualified because of the possible effects of the limitations on the scope of our audit, details of which are set out in the report dated 9 March 2015. Accordingly, we were then 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 for the year ended 31 December 2014.

Any adjustment to this figure as described above might have a consequential effect on the Group's results for the period ended 30 June 2014.

Conclusion

Based on our review, except for the possible effect of the matter on the 2014 corresponding figures as described in the basis for qualified opinion paragraphs, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

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

Hong Kong, 17 August 2015

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

* *for identification purpose only*