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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 2016

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 2016 (the “**Current Period**”) together with the comparative figures for the corresponding period in 2015 (the “**Corresponding Period**”). The unaudited condensed consolidated financial statements for the six months ended 30 June 2016 have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

	<i>Notes</i>	Six Months Ended	
		30.6.2016 <i>HK\$'000</i> (Unaudited)	30.6.2015 <i>HK\$'000</i> (Unaudited)
Revenue	3	–	18,052
Cost of sales		–	(16,227)
Gross profit		–	1,825
Other revenue and other net income	4	37	724
Administrative expenses		(11,868)	(13,386)
Finance costs	5	(3,979)	(3,673)
Loss before taxation		(15,810)	(14,510)
Income tax	6	–	–
Loss for the period	7	<u>(15,810)</u>	<u>(14,510)</u>
Attributable to:			
Owners of the Company		(15,635)	(14,185)
Non-controlling interests		<u>(175)</u>	<u>(325)</u>
Loss for the period		<u>(15,810)</u>	<u>(14,510)</u>

	<i>Notes</i>	Six Months Ended	
		30.6.2016	30.6.2015
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Loss for the period		(15,810)	(14,510)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of subsidiaries' financial statements		<u>(5,584)</u>	<u>2,762</u>
Total comprehensive loss for the period		<u>(21,394)</u>	<u>(11,748)</u>
Attributable to:			
Owners of the Company		(19,615)	(12,174)
Non-controlling interests		<u>(1,779)</u>	<u>426</u>
		<u>(21,394)</u>	<u>(11,748)</u>
Loss per share (Hong Kong cents)			
– Basic	8(a)	(9.9)	(9.0)
– Diluted	8(b)	<u>(9.9)</u>	<u>(9.0)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As At	
		30.6.2016	31.12.2015
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	(Unaudited)	(Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	<i>10</i>	263,066	270,097
Prepaid land lease payments		11,326	11,704
Prepayment for acquisition of property, plant and equipment		10,000	10,000
Goodwill		378	378
		<hr/>	<hr/>
Total non-current assets		284,770	292,179
Current assets			
Inventories		10,000	–
Trade and other receivables	<i>11</i>	40,230	52,017
Cash and cash equivalents		251	1,317
		<hr/>	<hr/>
Total current assets		50,481	53,334
Current liabilities			
Trade and other payables	<i>12</i>	14,468	12,107
Borrowings	<i>13</i>	18,820	–
Convertible bonds		–	14,728
Finance lease payables		1,160	1,607
		<hr/>	<hr/>
Total current liabilities		34,448	28,442
Net current assets		16,033	24,892
		<hr/>	<hr/>
Total assets less current liabilities		300,803	317,071
		<hr/>	<hr/>

		As At	
		30.6.2016	31.12.2015
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Audited)
Non-current liabilities			
Other payables	<i>12</i>	1,297	993
Borrowings	<i>13</i>	82,609	77,708
Finance lease payables		1,453	1,532
		<hr/>	<hr/>
Total non-current liabilities		85,359	80,233
		<hr/>	<hr/>
Net assets		215,444	236,838
		<hr/>	<hr/>
EQUITY			
Share capital	<i>14</i>	1,581	1,581
Reserves		143,781	163,396
		<hr/>	<hr/>
		145,362	164,977
Non-controlling interests		70,082	71,861
		<hr/>	<hr/>
Total equity		215,444	236,838
		<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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 annual financial statements for the year ended 31 December 2015. 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 2015.

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 2016. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the Current Period and prior years.

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

The Group has applied the following accounting policy for inventories during the Current Period.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories represent finished goods and are determined using the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

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 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 (i) petroleum and semiconductors/electronic products/components and (ii) timber.

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

Segment results, assets and liabilities

Information regarding the Group's reportable segments as provided to the executive Directors for the purpose of resources allocation and assessment of segment performance for the six months ended 30 June 2016 and 2015 is set out below:

	Six Months Ended 30 June 2016		
	Trading business HK\$'000 (Unaudited)	Manufacturing of semiconductors HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue from external customers	—	—	—
Reportable segment loss	(1,016)	(194)	(1,210)
Reconciliation:			
Finance costs			(3,979)
Depreciation and amortisation			(1,267)
Interest income			3
Unallocated expenses			(9,357)
Consolidated loss before taxation			(15,810)

	As At 30 June 2016				
	Trading business HK\$'000 (Unaudited)	Manufacturing of semiconductors HK\$'000 (Unaudited)	Sub-total HK\$'000 (Unaudited)	Unallocated HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Reportable segment assets	45,069	280,175	325,244	10,007	335,251
Reportable segment liabilities	9,883	29,481	39,364	80,443	119,807

	Six Months Ended 30 June 2015		
	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	18,052	–	18,052
Reportable segment profit/(loss)	900	(844)	56
Reconciliation:			
Finance costs			(3,673)
Depreciation			(1,170)
Unallocated expenses			(9,723)
Consolidated loss before taxation			(14,510)

	As At 31 December 2015				
	Trading business <i>HK\$'000</i> (Audited)	Manufacturing of semiconductors <i>HK\$'000</i> (Audited)	Sub-total <i>HK\$'000</i> (Audited)	Unallocated <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
Reportable segment assets	46,318	286,485	332,803	12,710	345,513
Reportable segment liabilities	5,233	29,034	34,267	74,408	108,675

3. REVENUE

	Six Months Ended	
	30.6.2016 <i>HK\$'000</i> (Unaudited)	30.6.2015 <i>HK\$'000</i> (Unaudited)
Trading of semiconductors/electronic products/components	–	18,052

4. OTHER REVENUE AND OTHER NET INCOME

	Six Months Ended	
	30.6.2016	30.6.2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other revenue		
Interest income on bank deposits	3	–
Waiver of amounts due to former subsidiaries	–	722
	<u>3</u>	<u>722</u>
Other net income		
Gain on foreign exchange	34	1
Gain on disposal of property, plant and equipment	–	1
	<u>34</u>	<u>2</u>
	<u>37</u>	<u>724</u>

5. FINANCE COSTS

	Six Months Ended	
	30.6.2016	30.6.2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on:		
– bonds	3,175	2,531
– convertible bonds	394	681
– loan from a non-controlling shareholder of a subsidiary	331	351
– finance lease	79	110
	<u>3,979</u>	<u>3,673</u>

6. INCOME TAX

No provision for profits tax in Bermuda, the British Virgin Islands, the People's Republic of China (the "PRC") or Hong Kong has been made as the Group has no assessable profits derived from or earned in these jurisdictions for the six months ended 30 June 2016 and 2015.

The PRC enterprise income tax rate for the six months ended 30 June 2016 is 25% (2015: 25%).

7. LOSS FOR THE PERIOD

	Six Months Ended	
	30.6.2016 HK\$'000 (Unaudited)	30.6.2015 HK\$'000 (Unaudited)
Loss for the period has been arrived at after charging:		
Cost of inventories	–	16,227
Amortisation of prepaid land lease payments	119	–
Depreciation	1,148	1,170
Operating lease charges	2,710	3,006
Staff costs (including Directors' emoluments)		
– Wages, salaries and other benefits	4,435	4,033
– Retirement benefit scheme contribution	101	63
	<u>4,536</u>	<u>4,096</u>

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately HK\$15,635,000 (2015: HK\$14,185,000) and the weighted average of approximately 158,128,000 ordinary shares (2015: 158,128,000) in issue during the period.

(b) Diluted loss per share

For the six months ended 30 June 2016 and 2015, the computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds since their conversion would result in decrease in the loss per share.

9. INTERIM DIVIDEND

No dividend was paid, declared or proposed during the six months ended 30 June 2016 and 2015.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired assets with a cost of approximately HK\$35,000 (2015: HK\$83,000).

During the six months ended 30 June 2016, the Group disposed of certain assets with carrying amount of HK\$Nil (2015: approximately HK\$4,000).

11. TRADE AND OTHER RECEIVABLES

	As At	
	30.6.2016	31.12.2015
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade receivables	30,478	31,578
Other receivables	189	212
	<u>30,667</u>	<u>31,790</u>
Deposits paid to suppliers	3,228	13,228
Prepayments and deposits	6,335	6,999
	<u>40,230</u>	<u>52,017</u>

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

	As At	
	30.6.2016	31.12.2015
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Less than one year	10,791	14,194
More than one year but less than five years	19,687	17,384
	<u>30,478</u>	<u>31,578</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 (2015: 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 2016, trade receivables with an amount of approximately HK\$19,687,000 with ageing of more than one year, 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 will monitor the process on an on-going basis.

12. TRADE AND OTHER PAYABLES

	As At	
	30.6.2016	31.12.2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade payables	4,327	4,327
Accruals and other payables	11,438	8,773
	<u>15,765</u>	<u>13,100</u>
Financial liabilities measured at amortised cost		
Less: non-current portion	(1,297)	(993)
	<u>14,468</u>	<u>12,107</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	
	30.6.2016	31.12.2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Less than one year	2,227	4,327
More than one year but less than five years	2,100	–
	<u>4,327</u>	<u>4,327</u>

13. BORROWINGS

		As At	
		30.6.2016	31.12.2015
		<i>HK\$'000</i>	<i>HK\$'000</i>
	Notes	(Unaudited)	(Audited)
Loan from a shareholder	<i>a</i>	5,850	1,000
Loan from a director	<i>b</i>	1,500	–
Loan from a non-controlling shareholder of a subsidiary	<i>c</i>	11,676	11,943
Other bond payables	<i>d</i>	70,933	64,765
Other loans	<i>e</i>	11,470	–
		<u>101,429</u>	<u>77,708</u>
Current portion		18,820	–
Non-current portion		82,609	77,708
		<u>101,429</u>	<u>77,708</u>

Notes:

- (a) The loan from a shareholder is unsecured, non-interest bearing and no fixed repayment terms.
- (b) The loan from a director is unsecured, non-interest bearing and no fixed repayment terms.
- (c) On 8 July 2014, 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 (the “**Land**”).
- (d) As at 30 June 2016, the Company issued corporate bonds with total principal amounts of HK\$75,250,000 (31 December 2015: HK\$69,500,000) 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 two to seven-and-a-half years from the respective dates of issues (31 December 2015: unsecured, bearing interest at rates ranging from 5% to 9% per annum and maturity dates ranging from two to seven-and-a-half years from the respective date of issues).
- (e) The loans from third parties are unsecured, non-interest bearing and no fixed repayment terms.

14. SHARE CAPITAL

	Number of ordinary shares ’000	Share capital HK\$’000
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
At 31 December 2015 and 30 June 2016	<u>250,000</u>	<u>2,500</u>
<i>Issued and fully paid:</i>		
At 31 December 2015 and 30 June 2016	<u>158,128</u>	<u>1,581</u>

* *for identification purpose only*

15. CONNECTED/RELATED PARTY TRANSACTIONS

- (a) In addition to those connected/related party transactions and balances disclosed elsewhere in the condensed consolidated interim financial statements, the Group had the following transactions with its connected/related parties during the periods:

	Six Months Ended	
	30.6.2016	30.6.2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Transactions between ICSC and Zhongying		
– Interest expense for borrowings	<u>331</u>	<u>351</u>

- (b) Compensation of key management personnel:

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

	Six Months Ended	
	30.6.2016	30.6.2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term employees benefits	<u>1,177</u>	<u>1,200</u>

16. CAPITAL COMMITMENTS

As at 30 June 2016, the Group had capital commitments not provided for in the condensed consolidated financial statements as follows:

	As at	
	30.6.2016	31.12.2015
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Contracted for		
– Manufacturing of semiconductors segment	<u>54,225</u>	<u>55,337</u>

17. CONTINGENT LIABILITIES

As at 30 June 2016 and 31 December 2015, the Group does not have any contingent liabilities.

18. EVENTS AFTER THE REPORTING PERIOD

As disclosed in the Company's announcements dated 10 July 2014, 25 November 2014 and 12 February 2015, ICSC entered into 《國有建設用地使用權出讓合同》 (contract for the transfer of the land use rights of State-owned land*) with Kunshan State Land Resources Bureau (昆山市國土資源局) on 25 November 2014 for the acquisition of the land use rights of the Land at a cash consideration of approximately RMB50.6 million. A sum of RMB10 million has been paid by ICSC to Kunshan State Land Resources Bureau on 8 July 2014 as security deposit (“**Security Deposit**”), which was funded by the sum of the Loan advanced by Zhongying, details of which has been disclosed in the Company's announcement dated 10 July 2014. On 11 July 2016, the Security Deposit was refunded by Kunshan State Land Resources Bureau to ICSC and ICSC has on 12 July 2016 repaid the Loan in full to Zhongying. Up to the date of this announcement, ICSC is yet to receive any updates from Kunshan State Land Resources Bureau. Further announcement will be made in due course, as and when appropriate.

19. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved and authorised for issue by the Board on 23 August 2016.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2016 (2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

There was no turnover in the Current Period. The results of the Group for the six months ended 30 June 2016 are set out in the condensed consolidated statement of profit or loss and other comprehensive income.

The Board is in the process of identifying potential acquisition targets and preparing a viable resumption proposal.

FINANCIAL REVIEW

Operating results

There was no turnover for the six months ended 30 June 2016 (2015: HK\$18.1 million).

The administrative expenses decreased from approximately HK\$13.4 million in the Corresponding Period to approximately HK\$11.9 million in the Current Period as a result of tighter control on operating expenses.

The finance costs amounted to approximately HK\$4.0 million in the Current Period as compared with the Corresponding Period of approximately HK\$3.7 million.

The Group recorded a loss attributable to the owners of the Company amounting to approximately HK\$15.7 million, representing an increase of approximately 10.6% as compared with approximately HK\$14.2 million in the Corresponding Period.

Basic loss attributable to the owners of the Company per share amounted to HK9.9 cents as compared with basic loss of HK9.0 cents per share in the Corresponding Period.

FINANCIAL POSITION

The total assets of the Group decreased from approximately HK\$345.5 million as at 31 December 2015 to approximately HK\$335.3 million, representing a decrease of approximately HK\$10.2 million.

As at 30 June 2016, the total carrying amount of property, plant and equipment of the Group decreased from approximately HK\$270.1 million as at 31 December 2015 to approximately HK\$263.1 million.

The net asset value of the Group attributable to owners of the Company amounted to approximately HK\$145.4 million as at 30 June 2016 as compared with approximately HK\$165.0 million as at 31 December 2015.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2016, the Group had cash and cash equivalents amounted to approximately HK\$0.3 million (31 December 2015: HK\$1.3 million) mainly denominated in Hong Kong dollars and Renminbi. As at 30 June 2016, total borrowings of the Group amounted to approximately HK\$104.0 million (31 December 2015: HK\$95.6 million) mainly denominated in Hong Kong dollars. As at 30 June 2016, the Group had net current assets of approximately HK\$16.0 million as compared with approximately HK\$24.9 million as at 31 December 2015.

During the six months ended 30 June 2016, the Company issued 2-year unsecured bonds in the principal amount of HK\$5.75 million, bearing an interest rate of 9% per annum (payable semiannually), to an independent third party. The net proceeds from the issuance, amounted to HK\$5.75 million, have been used as repayments of convertible bonds and general working capital, mainly general and administrative costs, of the Group.

3% 3-year convertible bonds issued by the Company were matured on 8 April 2016. During the six months ended 30 June 2016, the Company has made various loans with independent third parties with interest rates ranging from 0% to 9% in order to better manage its foreign exchange and cash positions.

The gearing ratio of the Group, defined as the total borrowings to the shareholders' equity, amounted to 0.483 as at 30 June 2016 as compared with 0.404 as at 31 December 2015.

PROSPECTS

The Board is in the process of identifying potential acquisition targets and preparing a viable resumption proposal.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any significant investments held, material acquisition or disposal of subsidiaries, associates and joint venture during the six months ended 30 June 2016.

HUMAN RESOURCES

As at 30 June 2016, the Group had a total of 21 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.

CONTINGENT LIABILITIES

There was no contingent liability as at 30 June 2016.

CAPITAL COMMITMENTS

Capital commitments outstanding, which were contracted but not provided for, in the financial statements were approximately HK\$54.2 million in respect of the manufacturing of semiconductors segment as at 30 June 2016.

EVENTS AFTER THE REPORTING PERIOD

As disclosed in the Company's announcements dated 10 July 2014, 25 November 2014 and 12 February 2015, ICSC entered into 《國有建設用地使用權出讓合同》 (contract for the transfer of the land use rights of State-owned land*) with Kunshan State Land Resources Bureau (昆山市國土資源局) on 25 November 2014 for the acquisition of the land use rights of the Land at a cash consideration of approximately RMB50.6 million. A sum of RMB10 million has been paid by ICSC to Kunshan State Land Resources Bureau on 8 July 2014 as security deposit (“**Security Deposit**”), which was funded by the sum of the Loan advanced by Zhongying, details of which has been disclosed in the Company's announcement dated 10 July 2014. On 11 July 2016, the Security Deposit was refunded by Kunshan State Land Resources Bureau to ICSC and ICSC has on 12 July 2016 repaid the Loan in full to Zhongying. Up to the date of this announcement, ICSC is yet to receive any updates from Kunshan State Land Resources Bureau. Further announcement will be made in due course, as and when appropriate.

CHARGES ON THE GROUP'S ASSETS

There were no material charges on the Group's assets as at 30 June 2016.

FOREIGN EXCHANGE RISK MANAGEMENT

During the six months ended 30 June 2016, the Group's monetary assets and transactions are mainly denominated in Hong Kong dollars and Renminbi. The Group did not use any financial instruments for hedging purposes.

SUSPENSION OF TRADING IN SHARES AND THIRD DELISTING STAGE

At the request of the Company, trading in the shares of the Company (the “**Shares**”) 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 27 May 2016, the Company has been informed by the Stock Exchange that (i) it has decided to place the Company into the third delisting stage pursuant to Practice Note 17 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), which stage was expected to commence on 8 June 2016, the date that the Stock Exchange would issue an announcement in relation to the same; and (ii) the Company is required to submit a viable resumption proposal to address the resumption conditions at least 10 business days before the third delisting stage expires, and that the resumption proposal should comply with the Listing Rules and all applicable laws and regulations. If no viable resumption proposal is submitted by the end of the third delisting stage, the Company's listing will be cancelled. Subsequently, on 8 June 2016, an announcement has been issued by the Stock Exchange in relation thereto and the third delisting stage will expire at the end of six months from its commencement date (i.e. 7 December 2016).

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

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 2016.

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 2016, 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 provisions A.2.1 and A.5.1 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**”) performs these two roles during the period under review. The dual role helps to maintain the continuity of the policies and the stability of the operations of the Company. Since the resignation of Mr. Yang as the Chairman, CEO and an executive Director on 25 July 2016, the Company has not appointed a new Chairman. Until the appointment of the new Chairman, the Board collectively focuses on the overall strategic planning and development of the Group and effective functioning of the Board. The Board will review the current situation from time to time and shall make necessary arrangements when the Board considers appropriate.

Code provision A.5.1 of the CG Code provides that the issuer should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. Following the retirement of Mr. Liu Hongjun as independent non-executive Director at the annual general meeting of the Company held on 27 June 2016, he also ceased to be the member of the nomination committee of the Company (the “**Nomination Committee**”). As a result, the number of independent non-executive Directors acting as members of the Nomination Committee decreased from two to one, which is less than the majority of the independent non-executive Directors required under the terms of reference of the Nomination Committee and being deviated from the code provision A.5.1 of the CG Code.

Subsequent to the period under review, on 25 July 2016, Mr. Lai Ho Man, Dickson ceased to be the chairman of the Nomination Committee and Mr. Yang Liu ceased to be a member of the Nomination Committee following their resignations as Directors, and Mr. Sinn Wai Kin Derek has been appointed as the chairman of the Nomination Committee and Ms. Zhao Wenjia, Mr. Xu Lei, Mr. Yao Yongjie and Mr. Ma Jianwei have been appointed as members of the Nomination Committee, and therefore the Nomination Committee comprises a majority of independent non-executive Directors with effect from 25 July 2016.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Sinn Wai Kin Derek (Chairman), Mr. Yao Yongjie and Mr. Ma Jianwei. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal control procedures and financial reporting matters including review the Group's interim financial statements for the six month ended 30 June 2016.

By Order of the Board
Han Tang International Holdings Limited
Zhao Wenjia
Chief Executive Officer

Hong Kong, 23 August 2016

As at the date of this announcement, the Board comprises executive Director, namely, Ms. Zhao Wenjia (Chief Executive Officer), non-executive Directors, namely, Mr. Xu Lei, Ms. Gu Yawei and Mr. Xu Ming and independent non-executive Directors, namely, Mr. Yao Yongjie, Mr. Ma Jianwei and Mr. Sinn Wai Kin Derek.