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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 2017

The board (the “**Board**”) of directors (the “**Directors**”) of Han Tang International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2017 (the “**Current Period**”) together with the comparative figures for the corresponding period in 2016 (the “**Corresponding Period**”). The unaudited condensed consolidated financial statements for the six months ended 30 June 2017 have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

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

| | | Six Months Ended | |
|--|--------------|-------------------------|-------------|
| | | 30.6.2017 | 30.6.2016 |
| | | HK\$'000 | HK\$'000 |
| | | | (Restated) |
| | <i>Notes</i> | (Unaudited) | (Unaudited) |
| CONTINUING OPERATIONS | | | |
| Revenue | 3 | – | – |
| Other revenue and other net (loss)/gain | 4 | (1,029) | 37 |
| Administrative expenses | | (20,929) | (11,555) |
| Finance costs | 5 | (4,210) | (3,648) |
| | | <hr/> | <hr/> |
| Loss before taxation | | (26,168) | (15,166) |
| Income tax | 6 | – | – |
| | | <hr/> | <hr/> |
| Loss for the period from continuing operations | 7 | (26,168) | (15,166) |
| DISCONTINUED OPERATION | | | |
| Loss for the period from discontinued operation | 8 | (245,188) | (644) |
| | | <hr/> | <hr/> |
| Loss for the period | | (271,356) | (15,810) |
| | | <hr/> <hr/> | <hr/> <hr/> |
| Attributable to: | | | |
| Owners of the Company | | (204,743) | (15,635) |
| Non-controlling interests | | (66,613) | (175) |
| | | <hr/> | <hr/> |
| | | (271,356) | (15,810) |
| | | <hr/> <hr/> | <hr/> <hr/> |
| Loss for the period attributable to owners of the Company arising from: | | | |
| Continuing operations | | (26,168) | (15,166) |
| Discontinued operation | | (178,575) | (469) |
| | | <hr/> | <hr/> |
| | | (204,743) | (15,635) |
| | | <hr/> <hr/> | <hr/> <hr/> |

| | <i>Notes</i> | Six Months Ended | |
|---|--------------|-------------------------|--------------------|
| | | 30.6.2017 | 30.6.2016 |
| | | HK\$'000 | HK\$'000 |
| | | (Unaudited) | (Unaudited) |
| | | | (Restated) |
| Loss for the period | | (271,356) | (15,810) |
| Other comprehensive income/(loss): | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translation of subsidiaries' financial statements | | 3,878 | (5,584) |
| Total comprehensive loss for the period | | (267,478) | (21,394) |
| Attributable to: | | | |
| Owners of the Company | | (201,977) | (19,615) |
| Non-controlling interests | | (65,501) | (1,779) |
| | | (267,478) | (21,394) |
| Loss per share | 9 | | |
| From continuing and discontinued operations | | | |
| – Basic | | HK\$(1.294) | HK\$(0.099) |
| – Diluted | | N/A | N/A |
| From continuing operations | | | |
| – Basic | | HK\$(0.165) | HK\$(0.096) |
| – Diluted | | N/A | N/A |
| From discontinued operation | | | |
| – Basic | | HK\$(1.129) | HK\$(0.003) |
| – Diluted | | N/A | N/A |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | As At | |
|--|-----------|-----------------------------|----------------------|
| | | 30.6.2017 | 31.12.2016 |
| | | HK\$'000 | HK\$'000 |
| <i>Notes</i> | | (Unaudited) | (Audited) |
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | <i>11</i> | 1,488 | 249,489 |
| Goodwill | | – | 378 |
| | | <hr/> | <hr/> |
| | | 1,488 | 249,867 |
| Current assets | | | |
| Inventories | | 10,000 | 10,000 |
| Trade and other receivables | <i>12</i> | 5,333 | 6,389 |
| Cash and cash equivalents | | 2,234 | 5,163 |
| | | <hr/> | <hr/> |
| | | 17,567 | 21,552 |
| Disposal group classified as held for sale | <i>13</i> | 6,440 | – |
| | | <hr/> | <hr/> |
| | | 24,007 | 21,552 |
| Current liabilities | | | |
| Trade and other payables | <i>14</i> | 21,725 | 18,386 |
| Borrowings | <i>15</i> | 34,005 | 18,650 |
| Finance lease payables | | 757 | 739 |
| | | <hr/> | <hr/> |
| | | 56,487 | 37,775 |
| Liabilities directly associated with the disposal group | <i>13</i> | 4,655 | – |
| | | <hr/> | <hr/> |
| | | 61,142 | 37,775 |
| Net current liabilities | | <hr/> (37,135) <hr/> | <hr/> (16,223) <hr/> |
| Total assets less current liabilities | | <hr/> (35,647) <hr/> | <hr/> 233,644 <hr/> |

| | | As At | |
|--|--------------|--------------------|------------------|
| | | 30.6.2017 | 31.12.2016 |
| | | HK\$'000 | HK\$'000 |
| | <i>Notes</i> | (Unaudited) | (Audited) |
| Non-current liabilities | | | |
| Other payables | <i>14</i> | – | 1,259 |
| Borrowings | <i>15</i> | 88,162 | 81,480 |
| Finance lease payables | | 51 | 434 |
| Amount due to a director | | – | 6,853 |
| | | <hr/> | <hr/> |
| | | 88,213 | 90,026 |
| | | <hr/> | <hr/> |
| Net (liabilities)/assets | | (123,860) | 143,618 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| EQUITY | | | |
| Share capital | <i>16</i> | 1,581 | 1,581 |
| Reserves | | (126,828) | 75,149 |
| | | <hr/> | <hr/> |
| Equity attributable to owners of the Company | | (125,247) | 76,730 |
| Non-controlling interests | | 1,387 | 66,888 |
| | | <hr/> | <hr/> |
| Total (deficit)/equity | | (123,860) | 143,618 |
| | | <hr/> <hr/> | <hr/> <hr/> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. BASIS OF PREPARATION

These condensed consolidated 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 (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

These condensed consolidated financial statements should be read in conjunction with the financial statements for the year ended 31 December 2016. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the financial statements for the year ended 31 December 2016.

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 2017. 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 had incurred loss of approximately HK\$271.4 million for the six months ended 30 June 2017 and net current liabilities and net liabilities of approximately HK\$37.1 million and HK\$123.9 million respectively at 30 June 2017. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. The Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

In November 2016, the Company submitted a resumption proposal to the Stock Exchange which involves, among others, (i) the proposed acquisition of interest in a power and heat supply business in the People's Republic of China (the "PRC") with emphasis on energy saving and environmental protection; and (ii) the proposed disposal of the entire equity interest in IC Spectrum (Kunshan) Co., Limited (德芯電子(昆山)有限公司) ("ICSC") (the "Proposed Restructuring").

On 30 June 2017, the Company submitted the new listing application and the circular to the Stock Exchange and the Securities and Futures Commission of Hong Kong ("SFC") for their review and comment. The Company expects that the circular will be despatched on or before 31 August 2017.

The Directors adopted the going concern basis in the preparation of condensed consolidated financial statements on the assumption that the Proposed Restructuring will be successfully completed, and that, following the completion of Proposed Restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future.

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 semiconductors/electronic products/components and timber.

The manufacturing of semiconductors segment was in the construction phase and had not yet started commercial operations.

Segment results, assets and liabilities

Information regarding the Group's reportable segments as provided to the executive Director for the purpose of resources allocation and assessment of segment performance for the six months ended 30 June 2017 and 2016 is set out below:

| | Six Months Ended 30 June 2017 | | |
|---|--------------------------------------|--|--------------------|
| | Continuing operations | Discontinued operation | Total |
| | Trading business | Manufacturing of semiconductors | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) |
| Revenue from external customers | – | – | – |
| Reportable segment loss | (194) | (245,188) | (245,382) |
| Reconciliation: | | | |
| Reportable segment loss (continuing operations) | | | (194) |
| Finance costs | | | (4,210) |
| Depreciation | | | (665) |
| Written off of property, plant and equipment | | | (128) |
| Unallocated expenses | | | (20,971) |
| Consolidated loss before taxation (continuing operations) | | | (26,168) |

As At 30 June 2017

| | Continuing operations | Discontinued operation | Sub-total | Unallocated | Total |
|--------------------------------|--------------------------|---------------------------------------|-----------------|-----------------|-----------------|
| | Trading business | Manufacturing of semiconductors | | | |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Reportable segment assets | 10,103 | 6,440 | 16,543 | 8,952 | 25,495 |
| Reportable segment liabilities | 8,936 | 4,655 | 13,591 | 135,764 | 149,355 |

Six Months Ended 30 June 2016

| | Continuing operations | Discontinued operation | Total |
|---|---------------------------|---------------------------------------|---------------------------|
| | Trading business | Manufacturing of semiconductors | |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Restated) (Unaudited) | (Restated) (Unaudited) | (Restated) (Unaudited) |
| Revenue from external customers | – | – | – |
| Reportable segment loss | (1,016) | (644) | (1,660) |
| Reconciliation: | | | |
| Reportable segment loss (continuing operations) | | | (1,016) |
| Finance costs | | | (3,648) |
| Depreciation | | | (1,148) |
| Written off of property, plant and equipment | | | (9) |
| Interest income | | | 3 |
| Unallocated expenses | | | (9,348) |
| Consolidated loss before taxation (continuing operations) | | | (15,166) |

As At 30 June 2016

| | Continuing operations | Discontinued operation | Sub-total | Unallocated | Total |
|--------------------------------|-----------------------|---------------------------------|-----------------|-----------------|-----------------|
| | Trading business | Manufacturing of semiconductors | | | |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (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 |

3. REVENUE

No transactions were conducted to generate any trading income by the Group during the periods.

4. OTHER REVENUE AND OTHER NET (LOSS)/GAIN

| | Six Months Ended | |
|----------------------------------|------------------|-----------------|
| | 30.6.2017 | 30.6.2016 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Continuing operations | | |
| Other revenue | | |
| Interest income on bank deposits | – | 3 |
| Others | 43 | – |
| | <u>43</u> | <u>3</u> |
| Other net (loss)/gain | | |
| (Loss)/gain on foreign exchange | (1,072) | 34 |
| | <u>(1,029)</u> | <u>37</u> |

5. FINANCE COSTS

| | Six Months Ended | |
|------------------------------|------------------|--------------|
| | 30.6.2017 | 30.6.2016 |
| | HK\$'000 | HK\$'000 |
| | | (Restated) |
| | (Unaudited) | (Unaudited) |
| Continuing operations | | |
| Interests on: | | |
| – other bonds | 4,185 | 3,175 |
| – convertible bonds | – | 394 |
| – finance lease | 25 | 79 |
| | <u>4,210</u> | <u>3,648</u> |

6. INCOME TAX

No provision for profits tax in Bermuda, the British Virgin Islands, the PRC or Hong Kong has been made as the Group has no assessable profits derived from or earned in these jurisdictions for the six months ended 30 June 2017 and 2016.

The PRC enterprise income tax rate for the six months ended 30 June 2017 is 25% (2016: 25%).

7. LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS

| | Six Months Ended | |
|---|------------------|-------------|
| | 30.6.2017 | 30.6.2016 |
| | HK\$'000 | HK\$'000 |
| | | (Restated) |
| | (Unaudited) | (Unaudited) |
| Continuing operations | | |
| Loss for the period has been arrived at after charging: | | |
| Depreciation | 665 | 1,148 |
| Operating lease charges | 1,966 | 2,648 |
| Staff costs (including Directors' emoluments) | | |
| – Wages, salaries and other benefits | 2,380 | 4,381 |
| – Retirement benefit scheme contribution | 39 | 89 |
| | 2,419 | 4,470 |
| Written off of property, plant and equipment | 128 | 9 |

8. DISCONTINUED OPERATION

On 26 April 2017, the Company entered into an agreement to dispose the entire equity interest in Tech One Investments Limited (“**Tech One**”, together with its subsidiaries (including 72.79% indirectly owned subsidiary namely ICSC), collectively, “**Tech One Group**”) and all the loans due from and owing by members of Tech One Group to members of the Group (other than Tech One Group) as at the date of completion at a consideration of HK\$1,000,000. The results of Tech One Group under the business segment of manufacturing of semiconductors has been presented as discontinued operation. The comparative condensed consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations. Tech One Group was classified as disposal group held for sale on the condensed consolidated statement of financial position.

The loss for the period from discontinued operation is analysed as follows:

| | Six Months Ended | |
|--|-------------------------|-----------------|
| | 30.06.2017 | 30.06.2016 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | | (Restated) |
| | (Unaudited) | (Unaudited) |
| Revenue | – | – |
| Administrative expenses | – | (313) |
| Impairment loss on property, plant and equipment | (244,810) | – |
| Impairment loss on goodwill | (378) | – |
| Finance costs | – | (331) |
| | <hr/> | <hr/> |
| Loss before taxation | (245,188) | (644) |
| Income tax | – | – |
| | <hr/> | <hr/> |
| Loss from discontinued operation | (245,188) | (644) |
| | <hr/> <hr/> | <hr/> <hr/> |

Loss for the period from discontinued operation has been arrived at after charging:

| | Six Months Ended | |
|---|-------------------------|-----------------|
| | 30.6.2017 | 30.6.2016 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | | (Restated) |
| | (Unaudited) | (Unaudited) |
| Amortisation of prepaid land lease payments | – | 119 |
| Operating lease charges | – | 62 |
| Staff costs (including Directors' emoluments) | | |
| – Wages, salaries and other benefits | – | 54 |
| – Retirement benefit scheme contribution | – | 12 |
| | – | 66 |
| | <hr/> <hr/> | <hr/> <hr/> |

| Six Months Ended | |
|-------------------------|-----------------|
| 30.6.2017 | 30.6.2016 |
| <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Restated) |
| (Unaudited) | (Unaudited) |

The condensed consolidated cash flows from discontinued operation are set out as below:

| | | |
|--|-------------|-------------|
| Net cash used in operating activities | — | (205) |
| Net cash generated from investing activities | — | 11,662 |
| Net cash used in financing activities | — | (11,662) |
| | <hr/> | <hr/> |
| Net cash outflows | — | (205) |
| | <hr/> <hr/> | <hr/> <hr/> |

9. LOSS PER SHARE

Basic loss per share

Loss attributable to owners of the Company (basic)

| Six Months Ended | | |
|-----------------------------|------------------|-------------|
| 30.6.2017 | 30.6.2016 | |
| <i>HK\$'000</i> | <i>HK\$'000</i> | |
| | (Restated) | |
| (Unaudited) | (Unaudited) | |
| From continuing operations | (26,168) | (15,166) |
| From discontinued operation | (178,575) | (469) |
| | <hr/> | <hr/> |
| Total | (204,743) | (15,635) |
| | <hr/> <hr/> | <hr/> <hr/> |

Weighted average number of ordinary shares (basic)

| Six Months Ended | |
|-------------------------|-------------|
| 30.6.2017 | 30.6.2016 |
| <i>'000</i> | <i>'000</i> |
| | (Unaudited) |
| (Unaudited) | (Unaudited) |

Weighted average number of ordinary shares
for the period

| | |
|----------------|-------------|
| 158,128 | 158,128 |
| <hr/> <hr/> | <hr/> <hr/> |

Diluted loss per share

No diluted loss per share are presented during the six months ended 30 June 2017 and 2016 as the Company did not have any dilutive potential ordinary shares.

10. INTERIM DIVIDEND

No dividend was paid, declared or proposed during the six months ended 30 June 2017 and 2016.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group provided impairment loss with amount of approximately HK\$244,810,000 (2016: Nil).

During the six months ended 30 June 2017, assets of Tech One Group with carrying amount of approximately HK\$6,297,000 (2016: Nil) were classified as disposal group held for sale.

12. TRADE AND OTHER RECEIVABLES

| | As At | |
|-------------------------------------|--------------------|-------------|
| | 30.6.2017 | 31.12.2016 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Audited) |
| Trade receivables | 30,478 | 30,478 |
| Less: allowance for impairment loss | (30,478) | (30,478) |
| | <hr/> | <hr/> |
| | – | – |
| Prepayments and deposits | 5,330 | 6,268 |
| Other receivables | 3 | 121 |
| | <hr/> | <hr/> |
| | 5,333 | 6,389 |
| | <hr/> <hr/> | <hr/> <hr/> |

13. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 26 April 2017, the Company entered into an agreement to dispose the entire equity interest in Tech One and all the loans due from and owing by members of Tech One Group to members of the Group (other than Tech One Group) as at the date of completion . The results of Tech One Group under the business segment of manufacturing of semiconductors has been presented as discontinued operation. Accordingly, the assets and liabilities of Tech One Group have been classified as disposal group as held for sale and are presented separately in the condensed consolidated statement of financial position.

| | As at 30.06.2017 HK\$'000 (Unaudited) |
|--|--|
| Property, plant and equipment | 6,297 |
| Trade and other receivables | 119 |
| Cash and cash equivalents | 24 |
| | <hr/> |
| Total assets associated with the disposal group | 6,440 |
| | |
| Other payables, and total liabilities associated with the disposal group | (4,655) |
| | <hr/> |
| Net assets of disposal group | 1,785 |
| | <hr/> <hr/> |

14. TRADE AND OTHER PAYABLES

| | As At | |
|--|---|--|
| | 30.6.2017 HK\$'000 (Unaudited) | 31.12.2016 HK\$'000 (Audited) |
| Trade payables | 4,327 | 4,327 |
| Accruals and other payables | 17,398 | 15,318 |
| | <hr/> | <hr/> |
| Financial liabilities measured at amortised cost | 21,725 | 19,645 |
| Less: non-current portion | – | (1,259) |
| | <hr/> | <hr/> |
| Current portion | 21,725 | 18,386 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

| | As At | |
|---|--------------------|------------|
| | 30.6.2017 | 31.12.2016 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Audited) |
| More than one year but less than five years | 4,327 | 4,327 |

15. BORROWINGS

| | | As At | |
|-----------------------|--------------|--------------------|------------|
| | | 30.6.2017 | 31.12.2016 |
| | | HK\$'000 | HK\$'000 |
| | <i>Notes</i> | (Unaudited) | (Audited) |
| Other bonds payables | <i>(a)</i> | 99,805 | 87,516 |
| Other loans | <i>(b)</i> | 22,362 | 12,614 |
| | | 122,167 | 100,130 |
| Less: current portion | | (34,005) | (18,650) |
| Non-current portion | | 88,162 | 81,480 |

Notes:

- (a) As at 30 June 2017, the Company issued corporate bonds with total principal amounts of HK\$103,284,000 (2016: HK\$91,411,000) to several parties. The bonds are unsecured, bearing interest at rates ranging from 5% to 9% per annum and maturity dates ranging from one to seven-and-a-half years from the respective dates of issue.
- (b) As at 30 June 2017, several loans amounting to HK\$8,150,000 (2016: HK\$8,150,000) are unsecured, non-interest bearing and repayable on demand. As at 30 June 2017, loan with principal amount of approximately HK\$4,607,000 (2016: HK\$4,464,000) is unsecured, non-interest bearing and repayable on 31 December 2018. The remaining loan amounting to HK\$9,605,000 (2016: Nil) is unsecured, non-interest bearing and has no fixed term of repayment.

16. SHARE CAPITAL

| | Number of ordinary shares '000 | Share capital HK\$'000 |
|--|--------------------------------------|---------------------------|
| Ordinary shares of HK\$0.01 each | | |
| <i>Authorised:</i> | | |
| At 31 December 2016 and 30 June 2017 | 250,000 | 2,500 |
| | <u>250,000</u> | <u>2,500</u> |
| <i>Issued and fully paid:</i> | | |
| At 31 December 2016 (audited) and 30 June 2017 (unaudited) | 158,128 | 1,581 |
| | <u>158,128</u> | <u>1,581</u> |

17. CONNECTED/RELATED PARTY TRANSACTIONS

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

| | Six Months Ended | |
|--|------------------|-------------|
| | 30.6.2017 | 30.6.2016 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Discontinued operation | | |
| Transactions between ICSC and 北京中盈世紀投資有限公司 (Beijing Zhongying Century Investment Co., Limited*) | | |
| – Interest expense for borrowings | – | 331 |
| | <u>–</u> | <u>331</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 | |
|-------------------------------|------------------|--------------|
| | 30.6.2017 | 30.6.2016 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Continuing operations | | |
| Short-term employees benefits | 1,100 | 1,177 |
| | <u>1,100</u> | <u>1,177</u> |

18. CAPITAL COMMITMENTS

As at 30 June 2017, the Group had capital commitments not provided for in the condensed consolidated financial statements as follows:

| | As at | |
|---|------------------------|-----------------|
| | 30.6.2017 | 31.12.2016 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Audited) |
| Contracted for | | |
| – Manufacturing of semiconductors segment | 6,895 | 6,895 |
| | <u>6,895</u> | <u>6,895</u> |

19. CONTINGENT LIABILITIES

As at 30 June 2017 and 31 December 2016, the Group did not have any contingent liabilities.

20. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved and authorised for issue by the Board on 8 August 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2017 (2016: Nil).

BUSINESS REVIEW AND OUTLOOK

During the Current Period, there was no revenue recorded as the Company has been fully focused its resources on, among others, the Acquisition (as defined below) and the Disposal (as defined below). The results of the Group for the six months ended 30 June 2017 are set out in the condensed consolidated statement of profit or loss and other comprehensive income.

The Group's strategies are to maintain the Group's sustainable development and maximise shareholders' interest.

On 22 November 2016, the Company and Mr. Teng Daochun (滕道春) (the “**Vendor**”) entered into an agreement (as amended by the supplemental agreement dated 24 May 2017), pursuant to which the Company has conditionally agreed to acquire from the Vendor the entire issued share capital of a company incorporated in the British Virgin Islands with limited liability, which is a holding company of, among others, the wholly-owned subsidiaries, namely, 江蘇環鋒能源有限公司 (Jiangsu Jingfeng Energy Co., Ltd.*) (“**Jingfeng Energy**”) and 徐州盛輝管道工程有限公司 (Xuzhou Shenghui Pipe Engineering Limited*), and the non-wholly owned subsidiary, namely, 徐州東方熱電有限公司 (Xuzhou Dongfang Thermoelectricity Limited*) (collectively, the “**Target Group**”). The Target Group is engaged in the operation of power generators and generating revenue predominantly from the sale of electricity and heat. The consideration is HK\$327,586,206.70. It will be satisfied by the allotment and issue of 474,383,724 ordinary shares of HK\$0.01 each in the share capital of the Company (the “**Shares**”) at an issue price of HK\$0.12 per Share and the issue of the convertible bonds in the principal amount of HK\$270,660,159.70 (the “**Acquisition**”).

On 24 May 2017, the Company and Mr. Wu Zhao (吳兆) (“**Mr. Wu**”) entered into an agreement, pursuant to which the Company has conditionally agreed to acquire from Mr. Wu (i) the entire issued share capital of Mr. Wu's offshore special purpose vehicle that holds 5% equity interest in Jingfeng Energy; and (ii) the shareholder's loan from Mr. Wu of approximately HK\$14.8 million. The aggregate consideration is HK\$17,241,379.30, which will be settled by the issue of convertible bonds in the principal amount of HK\$17,241,379.30 (the “**Minority Acquisition**”).

On 26 April 2017, the Company and Ms. Chen Liuqing (陳柳靜) (“**Ms. Chen**”) entered into the sale and purchase agreement, pursuant to which the Company agreed to dispose (i) the entire issued capital of Tech One; and (ii) all the loans due from and owing by members of Tech One Group to members of the Group (other than Tech One Group) as at the date of the completion (the “**Sale Loan**”) to Ms. Chen at an aggregate consideration of HK\$1,000,000 (the “**Disposal**”).

The Acquisition and the Minority Acquisition constitute, among others, (i) a very substantial acquisition of the Company under Chapter 14 of the Listing Rules; and (ii) a reverse takeover of the Company under Rule 14.06(6)(a) of the Listing Rules. The Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules. In addition, the Company will be treated as if it was a new listing applicant under Rule 14.54 of the Listing Rules and will be subject to the approval by the Listing Committee of the Stock Exchange of the new listing application. On 30 June 2017, the Company submitted the new listing application and the circular in relation to, among others, the Acquisition and the Disposal to the Stock Exchange and the SFC for their review and comment. For details, please refer to the Company’s announcements dated 28 February 2017, 24 March 2017, 28 April 2017, 24 May 2017, 22 June 2017, 27 June 2017 and 25 July 2017.

FINANCIAL REVIEW

Continuing operations

Operating results

There was no revenue for the six months ended 30 June 2017 (2016: Nil) as the Company has been fully focused its resources on, among others, the Acquisition and the Disposal and thus no trading was conducted.

The administrative expenses increased from approximately HK\$11.6 million in the Corresponding Period to approximately HK\$20.9 million in the Current Period as a result of incurring more professional fee in relation to the Proposed Restructuring.

The finance costs amounted to approximately HK\$4.2 million in the Current Period as compared with the Corresponding Period of approximately HK\$3.6 million.

The Group recorded a loss from the continuing operations attributable to the owners of the Company amounting to approximately HK\$26.2 million, representing an increase of approximately 72.4% as compared with approximately HK\$15.2 million in the Corresponding Period.

Basic loss from continuing operations attributable to the owners of the Company per Share amounted to HK\$0.165 as compared with basic loss of HK\$0.096 per Share in the Corresponding Period.

Discontinued operation

As mentioned above, the Company entered into the sale and purchase agreement to dispose of the entire issued capital of Tech One and the Sale Loan. The results of Tech One Group under the business segment of manufacturing of semiconductors has been presented as discontinued operation according to the applicable financial reporting standard. The loss from discontinued operation was mainly attributable to the impairment loss on property, plant and equipment with an amount of approximately HK\$244.8 million.

FINANCIAL POSITION

The total assets of the Group decreased from approximately HK\$271.4 million as at 31 December 2016 to approximately HK\$25.5 million as at 30 June 2017, representing a decrease of approximately 90.6%.

As at 30 June 2017, the total carrying amount of property, plant and equipment of the Group decreased from approximately HK\$249.5 million as at 31 December 2016 to approximately HK\$1.5 million as at 30 June 2017, representing a decrease of 99.4%. The decrease is mainly attributable to (i) the impairment loss on property, plant and equipment on construction-in-progress owned by ICSC with an amount of approximately HK\$244.8 million; and (ii) reclassification of Tech One Group to assets held for sale with carrying amount of approximately HK\$6.3 million.

Trade and other receivables amounted to approximately HK\$5.3 million as at 30 June 2017, representing a decrease of approximately 17.2% as compared with approximately HK\$6.4 million as at 31 December 2016.

The net liabilities of the Group attributable to owners of the Company amounted to approximately HK\$125.2 million as at 30 June 2017, representing a decrease of approximately 263.2% when compared with net assets of the Group attributable to owners of the Company amounted to approximately HK\$76.7 million as at 31 December 2016.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2017, the Company's issued share capital amounted to HK\$1,581,279.08 and the number of Shares was 158,127,908 with nominal value of HK\$0.01 each.

As disclosed in the Company's announcement dated 24 March 2017, a special resolution will be proposed at the special general meeting for, among others, the reduction of the credit amount standing to the share premium account of the Company.

As at 30 June 2017, the Group had cash and cash equivalents amounted to approximately HK\$2.2 million (31 December 2016: HK\$5.2 million) mainly denominated in Hong Kong dollars. As at 30 June 2017, total borrowings of the Group amounted to approximately HK\$123.0 million (31 December 2016: HK\$108.2 million) mainly denominated in Hong Kong dollars. As at 30 June 2017, the Group had net current liabilities of approximately HK\$37.1 million as compared with net current liabilities of approximately HK\$16.2 million as at 31 December 2016.

During the Current Period, the Company issued corporate bonds in the principal amount of approximately HK\$10.8 million at par value, bearing an interest rate of 9% per annum (payable semiannually) and maturity date of 2 years from the date of issue. The net proceeds from the issuance of the aforesaid corporate bonds amounted to approximately HK\$10.8 million. Such net proceeds were used as to approximately HK\$4.0 million for repayment of loan and the remaining balances of approximately HK\$6.8 million were used for general working capital of the Group. For details, please refer to the Company's announcement dated 7 July 2017.

The current ratio of the Group, defined as the total current assets to the total current liabilities, amounted to 0.4 as at 30 June 2017 as compared with 0.6 as at 31 December 2016.

The gearing ratio of the Group, defined as the total borrowings to the shareholders' equity, was not applicable to the Group as at 30 June 2017 and amounted to 0.753 as at 31 December 2016.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed in the section headed "Business Review and Outlook" above, 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 2017.

HUMAN RESOURCES

As at 30 June 2017, the Group had a total of 11 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.

CONTINGENT LIABILITIES

There was no contingent liability as at 30 June 2017.

CAPITAL COMMITMENTS

Capital commitments outstanding, which were contracted but not provided for, in the financial statements were approximately HK\$6.9 million in respect of the manufacturing of semiconductors segment as at 30 June 2017.

CHARGES ON THE GROUP'S ASSETS

There were no material charges on the Group's assets as at 30 June 2017.

FOREIGN EXCHANGE RISK MANAGEMENT

During the six months ended 30 June 2017, 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

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 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 2017.

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 Directors confirmed that they 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 2017, the Company had complied with all code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules except for the deviation from code provisions A.2.1 and A.4.1 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 Company has not appointed any individual to take up the post of the chairman of the Board. Until the appointment of the 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.4.1 of the CG Code provides that non-executive Directors should be appointed for a specific term, subject to re-election. Ms. Gu Yawei (“**Ms. Gu**”), a non-executive Director, Mr. Yao Yongjie, Mr. Ma Jianwei and Mr. Sinn Wai Kin Derek, independent non-executive Directors, and Mr. Xu Ming, a former non-executive Director who resigned on 17 February 2017, were not appointed for specific terms. However, all existing non-executive Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company at least once every three years in accordance with the bye-laws of the Company. On 20 March 2017, Ms. Gu and each of the existing independent non-executive Directors has been appointed for a fixed term of one year commencing on 20 March 2017, which is automatically renewable for successive term of one year upon the expiry of the said term, unless terminated by not less than one month’s notice in writing served by either party on the other.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Sinn Wai Kin Derek (as committee chairman), Mr. Yao Yongjie and Mr. Ma Jianwei. The principal duties of the Audit Committee include the review of the Company’s financial reporting system, risk management and internal control systems, and interim and annual results of the Group. The unaudited interim results of the Company for the six months ended 30 June 2017 have been reviewed by the Audit Committee.

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

Hong Kong, 8 August 2017

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

** for identification purpose only*