HAN TANG INTERNATIONAL HOLDINGS LIMITED
漢 唐 國 際 控 股 有 限 公 司

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

(Stock Code: 01187)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 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 consolidated results of the Group for the year ended 31 December 2017 together with the comparative figures for the previous financial year. These results have been reviewed by the Company's audit committee (the "**Audit Committee**") and approved by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	**2017** **HK$'000**	2016 HK$'000 (Restated)
CONTINUING OPERATIONS			
Revenue	7	–	–
Other revenue and other net (loss)/income	7	**(1,888)**	264
Administrative expenses		**(30,316)**	(24,672)
Impairment loss on inventories		**(10,000)**	–
Impairment loss on prepayment for acquisition of property, plant and equipment		–	(10,000)
Impairment loss on trade and other receivables		–	(33,706)
Finance costs	8	**(9,319)**	(7,424)
Loss before taxation		**(51,523)**	(75,538)
Income tax	9	–	–
Loss for the year from continuing operations		**(51,523)**	(75,538)
DISCONTINUED OPERATION			
Loss for the year from discontinued operation	10	**(250,201)**	(1,029)
Loss for the year	11	**(301,724)**	(76,567)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of subsidiaries' financial statements		**8,720**	(16,653)
Total other comprehensive income/(loss)		**8,720**	(16,653)
Total comprehensive loss for the year		**(293,004)**	(93,220)

	Notes	2017 HK$'000	2016 HK$'000 (Restated)
Loss for the period attributable to:			
Owners of the Company			
Loss from continuing operations		**(51,523)**	(75,538)
Loss from discontinued operation		**(182,225)**	(749)
		(233,748)	(76,287)
Non-controlling interests			
Loss from discontinued operation		**(67,976)**	(280)
Loss for the year		**(301,724)**	(76,567)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(227,537)**	(88,247)
Non-controlling interests		**(65,467)**	(4,973)
		(293,004)	(93,220)
Loss per share			
From continuing and discontinued operations (Hong Kong cents)			
– Basic	*12(a)*	**(147.8)**	(48.2)
– Diluted	*12(a)*	**N/A**	N/A
From continuing operations (Hong Kong cents)			
– Basic	*12(b)*	**(32.6)**	(47.7)
– Diluted	*12(b)*	**N/A**	N/A
From discontinued operation (Hong Kong cents)			
– Basic	*12(c)*	**(115.2)**	(0.5)
– Diluted	*12(c)*	**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**1,061**	249,489
Goodwill		–	378
Total non-current assets		**1,061**	249,867
Current assets			
Inventories		–	10,000
Trade and other receivables	*14*	**5,474**	6,389
Cash and cash equivalents		**913**	5,163
		6,387	21,552
Disposal group classified as held for sale	*15*	**6,599**	–
Total current assets		**12,986**	21,552
Current liabilities			
Trade and other payables	*16*	**34,514**	18,386
Borrowings	*17*	**38,714**	18,650
Finance lease payables		**434**	739
		73,662	37,775
Liabilities directly associated with the disposal group	*15*	**4,807**	–
Total current liabilities		**78,469**	37,775
Net current liabilities		**(65,483)**	(16,223)
Total assets less current liabilities		**(64,422)**	233,644

	Notes	2017 HK$'000	2016 HK$'000
Non-current liabilities			
Other payables	*16*	–	1,259
Borrowings	*17*	**84,964**	81,480
Finance lease payables		–	434
Amount due to a director		–	6,853
Total non-current liabilities		**84,964**	90,026
NET (LIABILITIES)/ASSETS		**(149,386)**	143,618
EQUITY			
Share capital	*18*	**1,581**	1,581
Reserves		**(152,388)**	75,149
Equity attributable to owners of the Company		**(150,807)**	76,730
Non-controlling interests		**1,421**	66,888
TOTAL (DEFICIT)/EQUITY		**(149,386)**	143,618

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. CORPORATE INFORMATION

The Company was incorporated in the British Virgin Islands (the "**BVI**") on 17 February 1994 and continued under the laws of Bermuda by migration of its domicile to Bermuda on 21 October 1994. The Company was registered in Hong Kong as an oversea company pursuant to the Hong Kong Companies Ordinance on 24 May 1999.

The registered office and principal place of business in Hong Kong are as follows:

Registered office:
Clarendon House, 2 Church Street, Hamilton HM11, Bermuda

Principal place of business in Hong Kong:
Suite 2101, 21st Floor, COFCO Tower, No. 262 Gloucester Road, Causeway Bay, Hong Kong

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding.

During the year ended 31 December 2017, the Group is principally involved in (i) manufacturing of semiconductors; and (ii) the trading of semiconductors/electronic products/components and timber.

3. BASIS OF PREPARATION

The Group incurred a loss of HK$301,724,000 for the year ended 31 December 2017 and as at 31 December 2017 the Group has net current liabilities and net liabilities of HK$65,483,000 and HK$149,386,000 respectively. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

As the Company was unable to demonstrate that it had sufficient operations or assets as required under Rule 13.24 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**"), the Stock Exchange placed the Company into the first and second delisting stages on 8 May 2015 and 11 November 2015 respectively. At the end of the second delisting stage on 10 May 2016, the Company did not provide a viable resumption proposal. Therefore, the Stock Exchange has place the Company into the third delisting stage under Practice Note 17 to the Listing Rules, which commenced on 8 June 2016.

The Company submitted the resumption proposal to the Stock Exchange which involves, among others, (i) the proposed acquisition 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 (the "**Acquisition**") and (ii) a proposed disposal of the Group's entire interest in IC Spectrum (Kunshan) Co., Limited ("**ICSC**"), an indirect 72.79%-owned subsidiary of the Company (the "**Disposal**"). The Acquisition constitutes a connected transaction, a very substantial acquisition and a reverse takeover of the Company under the Listing Rules and will be subject to the reporting, announcement and independent shareholders' approval requirements pursuant to the Listing Rules and approval of the new listing application of the Company by the Stock Exchange.

On 17 February 2017, the Company received a letter from the Stock Exchange, which stated that the Stock Exchange agreed to allow the Company to submit a new listing application relating to the resumption proposal on or before 30 April 2017. If the Company fails to do so or the resumption proposal fails to proceed for any reason, the Stock Exchange will proceed with the cancellation of the Company's listing status.

On 30 June 2017, the Company submitted the new listing application and the circular in relation to, among others, the Acquisition and the Disposal (the "**Circular**") to the Stock Exchange and the Securities and Futures Commission of Hong Kong for their review and comment. As six months have elapsed since the filing of the new listing application dated 30 June 2017, the new listing application has lapsed. On 9 February 2018, the Company re-submitted the new listing application to continue its application to list on the Stock Exchange. The Company expects that the Circular will be dispatched on or before 29 March 2018.

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

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 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 year and prior years.

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

5. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), rounded to the nearest thousand except for per share data.

These consolidated financial statements have been prepared in accordance with HKFRSs and the applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention.

The preparation of the audited consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise their judgements in the process of applying the accounting policies.

6. 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.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Directors monitor the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all tangible, intangible assets and current assets with the exception of other corporate assets. Segment liabilities include trade and other payables and finance lease payables, all of which are attributable to the activities of the individual segments with the exception of other bonds payables, other finance lease payables and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arose from the depreciation or amortisation of assets attributable to those segments. There was no inter-segment sales and transfer during the year (2016: Nil).

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' emoluments and auditor's remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, the executive Director is provided with segment information concerning revenue (including inter-segment sales, if any), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Director for the purpose of resources allocation and assessment of segment performance for the years ended 31 December 2017 and 2016 is set out below:

	2017				
	Continuing operations	**Discontinued operation**			
	Trading business	**Manufacturing of Semiconductors**	**Sub-total**	**Unallocated**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Revenue from external customers	**–**	**–**	**–**		**–**
Reportable segment loss (adjusted EBITDA)	**(10,400)**	**(250,201)**	**(260,601)**		**(260,601)**
Gain on disposal of property, plant and equipment, net			**–**	**163**	**163**
Impairment loss on property, plant and equipment	**–**	**(249,821)**	**(249,821)**	**–**	**(249,821)**
Impairment loss on goodwill	**–**	**(378)**	**(378)**	**–**	**(378)**
Impairment loss on inventories	**(10,000)**	**–**	**(10,000)**	**–**	**(10,000)**
Finance costs	**–**	**–**	**–**	**(9,319)**	**(9,319)**
Depreciation and amortisation	**(2)**	**–**	**(2)**	**(1,160)**	**(1,162)**
Written off of property, plant and equipment			**–**	**(128)**	**(128)**
Income tax expense	**–**	**–**	**–**	**–**	**–**
Reportable segment assets	**21**	**6,599**	**6,620**	**7,427**	**14,047**
Additions to non-current segment assets during the year	**–**	**–**	**–**	**119**	**119**
Reportable segment liabilities	**9,165**	**4,807**	**13,972**	**149,461**	**163,433**

	2016				
	Continuing operations	Discontinued operation			
	Trading business	Manufacturing of Semiconductors	Sub-total	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	–	–	–		–
Reportable segment loss (adjusted EBITDA)	(35,016)	(10,565)	(45,581)		(45,581)
Interest income	3	–	3	–	3
Gain/(loss) on disposal of property, plant and equipment, net	27	–	27	(16)	11
Gain on disposal of prepaid land lease payments	–	350	350	–	350
Impairment loss on acquisition of property, plant and equipment	–	(10,000)	(10,000)	–	(10,000)
Impairment loss on trade and other receivables	(33,706)	–	(33,706)	–	(33,706)
Finance costs	(25)	(786)	(811)	(6,958)	(7,769)
Depreciation and amortisation	(176)	(117)	(293)	(1,719)	(2,012)
Written off of property, plant and equipment	–	–	–	(9)	(9)
Income tax expense	–	–	–	–	–
Reportable segment assets	10,023	247,480	257,503	13,916	271,419
Additions to non-current segment assets during the year	–	–	–	35	35
Reportable segment liabilities	8,748	17,562	26,310	101,491	127,801

(b) Reconciliations of reportable segment loss

	2017 HK$'000	2016 HK$'000
Reportable segment loss	**(260,601)**	(45,581)
Finance costs	**(9,319)**	(7,769)
Depreciation and amortisation	**(1,162)**	(2,012)
Interest income	**–**	3
Gain on disposal of property, plant and equipment, net	**163**	11
Gain on disposal of prepaid land lease payments	**–**	350
Written off of property, plant and equipment	**(128)**	(9)
Unallocated expenses	**(30,677)**	(21,560)
Consolidated loss before taxation	**(301,724)**	(76,567)

(c) Geographic information

The following is an analysis of the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets. The geographical location of customers refers to the location at which the services were provided or the goods delivered. The Group's non-current assets include property, plant and equipment and goodwill. The geographical location of property, plant and equipment is based on the physical location of the asset under consideration. In the case of intangible assets, it is based on the location of operation to which these intangibles are allocated.

	Revenue from external customers		Specified non-current assets	
	2017 HK$'000	2016 HK$'000	2017 HK$'000	2016 HK$'000
Mainland China	**–**	–	**1,059**	247,364
Hong Kong	**–**	–	**2**	2,503
	–	–	**1,061**	249,867

(d) Information about major customer

The revenue generated from the Group's largest customer for the two years ended 31 December 2017 and 2016 was nil.

7. REVENUE, OTHER REVENUE AND OTHER NET (LOSS)/INCOME

(a) No transactions were concluded to generate any trading income during the year.

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

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Other revenue		
Interest income on bank deposits	**–**	3
Other income	**1,327**	–
	1,327	3
Other net (loss)/income		
(Loss)/gain on foreign exchange	**(3,378)**	250
Gain on disposal of prepaid land lease payments	**–**	350
Gain on disposal of property, plant and equipment	**163**	11
	(1,888)	614
Representing:		
– Continuing operations	**(1,888)**	264
– Discontinued operation *(note 10)*	**–**	350
	(1,888)	614

8. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Interests on:		
– convertible bonds	**–**	441
– other bonds	**9,238**	6,710
– other loans	**39**	140
– loan from a non-controlling shareholder of a subsidiary (wholly repayable within five years)	**–**	345
– finance lease	**42**	133
	9,319	7,769
Representing:		
– Continuing operations	**9,319**	7,424
– Discontinued operation *(note 10)*	**–**	345
	9,319	7,769

9. INCOME TAX

No provision for profits tax in Bermuda, the BVI, the PRC or Hong Kong has been made as the Group has no assessable profits derived from or earned in these jurisdictions for the years ended 31 December 2017 and 2016.

10. 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 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 consolidated statement of financial position.

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

	2017 ***HK$'000***	2016 *HK$'000* (Restated)
Revenue	**–**	–
Other revenue and other net income	**–**	350
Administrative expenses	**(2)**	(1,034)
Impairment loss on property, plant and equipment	**(249,821)**	–
Impairment loss on goodwill	**(378)**	–
Finance costs	**–**	(345)
Loss before taxation	**(250,201)**	(1,029)
Income tax	**–**	–
Loss from discontinued operation	**(250,201)**	(1,029)

11. LOSS FOR THE YEAR

The Group's loss for the year is arrived after charging/(crediting) the following:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Staff costs (including Directors' emoluments)		
– Wages, salaries and other benefits	**4,602**	7,325
– Retirement benefit scheme contributions	**75**	163
Auditor's remuneration	**400**	420
Amortisation of prepaid land lease payments	**–**	117
Depreciation	**1,162**	1,895
Gain on disposal of prepaid land lease payments	**–**	(350)
Gain on disposal of property, plant and equipment, net	**(163)**	(11)
Written off of property, plant and equipment	**128**	9
Loss/(gain) on foreign exchange, net	**3,378**	(250)
Operating lease charges	**3,984**	4,490

12. BASIC AND DILUTED LOSS PER SHARE

(a) From continuing and discontinued operations

Basic loss per share

The calculation of basic loss per share from continuing and discontinued operations is based on the loss attributable to owners of the Company of approximately HK$233,748,000 (2016: approximately HK$76,287,000) and the weighted average of approximately 158,128,000 ordinary shares (2016: approximately 158,128,000 ordinary shares) in issue during the year.

Diluted loss per share

No diluted loss per share from continuing and discontinued operations are presented as the Company did not have any dilutive potential ordinary share during the year ended 31 December 2017. For the year ended 31 December 2016, the computation of diluted loss 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.

(b) From continuing operations

Basic loss per share

The calculation of basic loss per share from continuing operations is based on the loss attributable to owners of the Company of approximately HK$51,523,000 (2016: approximately HK$75,538,000) and the weighted average of approximately 158,128,000 ordinary shares (2016: approximately 158,128,000 ordinary shares) in issue during the year.

Diluted loss per share

No diluted loss per share from continuing operations are presented as the Company did not have any dilutive potential ordinary share during the year ended 31 December 2017. For the year ended 31 December 2016, the computation of diluted loss 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.

(c) From discontinued operation

Basic loss per share

The calculation of basic loss per share from discontinued operation is based on the loss attributable to owners of the Company of approximately HK$182,225,000 (2016: approximately HK$749,000) and the weighted average of approximately 158,128,000 ordinary shares (2016: approximately 158,128,000 ordinary shares) in issue during the year.

Diluted loss per share

No diluted loss per share from discontinued operation are presented as the Company did not have any dilutive potential ordinary share during the year ended 31 December 2017. For the year ended 31 December 2016, the computation of diluted loss 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.

13. DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2017 (2016: Nil).

14. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**16,284**	30,478
Less: allowance for impairment loss	**(16,284)**	(30,478)
	–	–
Prepayments and deposits	**5,474**	6,268
Other receivables	**–**	121
	5,474	6,389

(a) Ageing analysis

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

	2017	2016
	HK$'000	*HK$'000*
More than one year but less than two years	**–**	14,194
Over two years	**16,284**	16,284
	16,284	30,478
Less: allowance for impairment loss	**(16,284)**	(30,478)
	–	–

The Group generally requests for full payments upon delivery from its trade customers but also allows certain trade customers a credit period from 30 to 60 days.

(b) Reconciliation of allowance for trade receivables

Reconciliation of allowance for trade receivables:

	2017	2016
	HK$'000	*HK$'000*
At 1 January	**30,478**	–
Allowance for the year	**–**	30,478
Amounts written off	**(14,194)**	–
	16,284	30,478

15. 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 held for sale and are presented separately in the consolidated statement of financial position.

	2017
	HK$'000
Property, plant and equipment	**6,472**
Trade and other receivables	**124**
Cash and cash equivalents	**3**
Total assets associated with the disposal group	**6,599**
Other payables, and total liabilities associated with the disposal group	**(4,807)**
Net assets of disposal group	**1,792**

16. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**4,327**	4,327
Accruals and other payables	**30,187**	15,318
Financial liabilities measured at amortised cost	**34,514**	19,645
Less: non-current portion	**–**	(1,259)
Current portion	**34,514**	18,386

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

	2017 *HK$'000*	2016 *HK$'000*
Over one year	**–**	4,327
Over two years	**4,327**	–
	4,327	4,327

17. BORROWINGS

	Notes	2017 *HK$'000*	2016 *HK$'000*
Other bonds payables	*a*	**113,224**	87,516
Other loans	*b*	**10,454**	12,614
		123,678	100,130
Less: current portion		**(38,714)**	(18,650)
Non-current portion		**84,964**	81,480

The borrowings are repayable as follows:

	2017 *HK$'000*	2016 *HK$'000*
Repayable on demand	**16,150**	3,100
Within one year	**22,564**	15,550
In the second year	**24,020**	21,375
In the third to fifth years, inclusive	**60,944**	54,000
After five years	**–**	6,105
	123,678	100,130

Notes

(a) As at 31 December 2017, the Company issued corporate bonds with total principal amounts of HK$116,280,000 (2016: HK$91,411,000) 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 one to seven-and-a half years from the respective dates of issues.

(b) As at 31 December 2016, a loan amounting to HK$5,050,000 from an independent third party was unsecured, non-interest bearing and repayable in 6 months from the date of issue on 21 July 2016. As at 31 December 2017, several loans amounting to HK$5,650,000 (2016: HK$3,100,000) from independent third parties were unsecured, non-interest bearing and repayable on demand. The remaining loan represents a loan with principal amount of RMB4,000,000, approximately HK$4,804,000 (2016: HK$4,464,000) from an independent third party, which is unsecured, non-interest bearing and repayable on 31 December 2018.

18. SHARE CAPITAL

	Number of ordinary shares of HK$0.01 per share	
	'000	*HK$'000*
Authorised:		
At 31 December 2016 and 2017	250,000	2,500
Issued and fully paid:		
At 31 December 2016 and 2017	158,128	1,581

19. CAPITAL COMMITMENTS

As at 31 December 2017, the Group had capital commitments not provided for in the consolidated financial statements as follows:

	2017	2016
	HK$'000	*HK$'000*
Contracted for		
– Manufacturing of semiconductors segment	**6,895**	6,895

20. 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:

	2017	2016
	HK$'000	*HK$'000*
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	–	345
Disposal of property, plant and equipment to a related company#	–	444

Mr. Lo Kai Wai (an executive Director who resigned on 24 June 2016) was the director of the related company and he had significant influence over the company.

(b) Compensation of key management personnel:

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

	2017	2016
	HK$'000	*HK$'000*
Short-term employees benefits	**2,170**	3,152

21. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Company received a demand note dated 27 February 2018 from a bond holder requesting the settlement of the bond amounting to HK$5,500,000 and the related interest of HK$990,000. The management expects that these amounts are to be settled within 3 weeks from the date of the demand note.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2017. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITORS' REPORT

The following is extract of the independent auditor's report from the external auditor of the Group:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

(a) Opening balances and corresponding figures

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverability and the control rights of the construction-in-progress included in the property, plant and equipment of HK$246,880,000 as at 31 December 2016. There were no other satisfactory audit procedures that we could adopt to determine whether any allowance for non-recovery of the amount should be made in the consolidated financial statements.

(b) Property, plant and equipment and inventories

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the impairment loss on property, plant and equipment included in the loss for the year from discontinued operation and impairment loss on inventories for the year ended 31 December 2017 of approximately HK$249,821,000 and HK$10,000,000 respectively; (ii) the carrying amount of the inventories and the construction-in-progress included in the property, plant and equipment of the disposal group classified as held for sale of approximately HK$nil and HK$6,470,000 respectively as at 31 December 2017; and (iii) the control rights of the construction-in-progress mentioned in (ii).

Any adjustments to the above figures might have a significant consequential effect on the consolidated financial performance for the two years ended 31 December 2016 and 2017, the consolidated financial position as at 31 December 2016 and 2017, and the related disclosures thereof in the consolidated financial statements.

(c) Going Concern

We draw attention to note 3 to the consolidated financial statements which mentions that the Group incurred a loss of HK$301,724,000 for the year ended 31 December 2017 and as at 31 December 2017 the Group has net current liabilities and net liabilities of HK$65,483,000 and HK$149,386,000 respectively. 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 consolidated financial statements have been prepared on a going concern basis, on the assumption that the proposed restructuring of the Company will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future. The consolidated financial statements do not include any adjustments that would result from a failure to complete the restructuring. We consider that the disclosures are adequate. However, in view of the extent of the uncertainty relating to the completion of the restructuring, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

During the year ended 31 December 2017 (the "**Current Year**"), 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 Current Year are set out in the 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 and an extension letter dated 7 February 2018), 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, 江蘇璟鋒能源有限公司 (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$14,800,000. 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 Liujing (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**", together with the Acquisition and the Minority Acquisition, collectively, the "**Resumption Proposal**").

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 Securities and Futures Commission of Hong Kong for their review and comment (the "**First Submission**"). Since the new listing application had lapsed for the six months after the First Submission, the Company re-submitted the new listing application on 9 February 2018. For details, please refer to the Company's latest monthly update announcement dated 28 February 2018.

The Group is progressing and is committed to progressing with the implementation of all the plans contained in the Resumption Proposal once the Stock Exchange grants its in-principle approval. However, if the Company fails to do so or the Resumption Proposal fails to proceed for any reason, the Stock Exchange will proceed with the cancellation of the Company's listing status. The Company will publish further announcement(s) to update the shareholders of the Company (the "**Shareholders**") in relation to the Resumption Proposal as and when appropriate and in compliance with the Listing Rules and the Hong Kong Code on Takeovers and Mergers.

Financial Review

Continuing operations

Operating results

There was no revenue for the Current Year (2016: Nil) as the Company had fully focused its resources on, among others, the Acquisition and the Disposal and thus no trading was concluded.

The administrative expenses increased from approximately HK$24.7 million in the year ended 31 December 2016 (the "**Corresponding Year**") to approximately HK$30.3 million in the Current Year as a result of more professional fee was incurred in relation to the Resumption Proposal.

The finance costs amounted to approximately HK$9.3 million in the Current Year as compared with the Corresponding Year of approximately HK$7.4 million. The increase in finance costs is due to the increase in overall borrowings.

The Group recorded a loss from the continuing operations attributable to the owners of the Company amounting to approximately HK$51.5 million, representing a decrease of approximately 31.8% as compared with approximately HK$75.5 million in the Corresponding Year.

Basic loss from continuing operations attributable to the owners of the Company per Share amounted to approximately HK$0.33 as compared with basic loss of approximately HK$0.48 per Share in the Corresponding Year.

Discontinued operation

As mentioned above, the Company entered into a sale and purchase agreement to dispose 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$249.8 million.

Financial Position

The total assets of the Group decreased from approximately HK$271.4 million as at 31 December 2016 to approximately HK$14.0 million as at 31 December 2017, representing a decrease of approximately 94.8% due to the decrease in the balance of the property, plant and equipment and inventories as explained below.

As at 31 December 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$1.1 million as at 31 December 2017, representing a decrease of approximately 99.6%. The decrease was 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$249.8 million; and (ii) reclassification of Tech One Group to disposal group held for sale with carrying amount of approximately HK$6.5 million.

Trade and other receivables amounted to approximately HK$5.5 million as at 31 December 2017, representing a decrease of approximately 14.1% as compared with approximately HK$6.4 million as at 31 December 2016 which mainly consists of rental and utilities deposits.

Impairment loss on inventories was recognised as HK$10 million as the Group was in difficulty in finding potential customer for its inventories with a reasonable market price. The Group considered that there was no redundancy resource to assess the value of the inventories, and thus impairment loss was fully recognised on inventories. The carrying amount of the inventories was decreased from HK$10 million as at 31 December 2016 to HK$0 as at 31 December 2017. The Group's auditor had not expressed an opinion on the inventories' recoverability as they were unable to obtain sufficient appropriate audit evidence to satisfy themselves as to the carrying amount of the inventories. Despite the fact of the impairment, the Board will use endeavor to identify and negotiate with potential customer for the inventories of the Group.

The net liabilities of the Group attributable to owners of the Company amounted to approximately HK$150.8 million as at 31 December 2017, 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 31 December 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 31 December 2017, the Group had cash and cash equivalents amounted to approximately HK$0.9 million (31 December 2016: approximately HK$5.2 million) mainly denominated in Hong Kong dollars. As at 31 December 2017, total borrowings of the Group amounted to approximately HK$124.1 million (31 December 2016: approximately HK$108.2 million) mainly denominated in Hong Kong dollars. As at 31 December 2017, the Group had net current liabilities of approximately HK$65.5 million as compared with net current liabilities of approximately HK$16.2 million as at 31 December 2016.

During the Current Year, the Company issued corporate bonds in aggregate principal amount of approximately RMB20 million at par value, bearing an interest rate of 9% per annum (payable semiannually) and maturity date of 2 years from the respective date of issue. The net proceeds from the issuance of the aforesaid corporate bonds amounted to approximately HK$21.6 million. Such net proceeds were used as to approximately HK$5.0 million for repayment of loan and the remaining balances of approximately HK$16.6 million were used for general working capital of the Group. For details, please refer to the Company's announcements dated 7 July 2017 and 5 January 2018.

The current ratio of the Group, defined as the total current assets to the total current liabilities, amounted to 0.17 as at 31 December 2017 as compared with 0.57 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 31 December 2017 and amounted to 0.75 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 ventures during the year ended 31 December 2017.

Human Resources

As at 31 December 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 31 December 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 31 December 2017.

Charges On The Group's Assets

There were no material charges on the Group's assets as at 31 December 2017.

Foreign Exchange Risk Management

During the year ended 31 December 2017, the Group's monetary assets and transactions are mainly denominated in Hong Kong dollars. 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, and will remain suspended until further notice.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2017 (2016: Nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries, have purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiries to all Directors, the Directors confirmed that they have complied with the required standard set out in the Model Code throughout the year under review.

CORPORATE GOVERNANCE PRACTICES

The Board and the management are committed to maintaining and ensuring high standards of corporate governance as good corporate governance can safeguard the interests of all Shareholders 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 possesses are regulated in a proper manner.

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 throughout the year ended 31 December 2017, 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 the existing non-executive Directors, including independent 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, each of Ms. Gu and the 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 each 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 consolidated financial statements of the Group for the year ended 31 December 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, 9 March 2018

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 and Ms. Gu Yawei, and independent non-executive Directors, namely Mr. Yao Yongjie, Mr. Ma Jianwei and Mr. Sinn Wai Kin Derek.

** For identification purpose only*