CHINA TANGSHANG HOLDINGS LIMITED

(formerly known as Culture Landmark Investment Limited)

(Incorporated in Bermuda with limited liability)

(Stock Code: 674)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

The board (the "**Board**") of directors (the "**Directors**") of China Tangshang Holdings Limited (the "**Company**") presents the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 September 2017.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2017

		Six months ended 30 September	
		2017	2016
		(Unaudited)	(Unaudited)
	Notes	***HK$***	*HK$*
			(re-presented)
			(note 2)
Continuing Operations			
Revenue	*2*	**30,535,531**	36,330,491
Other income and gains		**11,372,137**	2,482,089
Costs of inventories		**(95,524)**	(1,123,743)
Depreciation of property, plant and equipment		**(5,682,015)**	(7,943,816)
Operating lease payments		**(13,657,376)**	(15,035,235)
Staff costs		**(15,650,902)**	(17,256,486)
Other operating expenses		**(29,102,445)**	(35,620,934)
Finance costs		**(1,539,457)**	(1,735,295)
Loss before income tax expense	*3*	**(23,820,051)**	(39,902,929)
Income tax expense	*4*	**(354,295)**	(351,427)
Loss for the period from continuing operations		**(24,174,346)**	(40,254,356)
Discontinued operation			
Loss for the period from discontinued operation		**(2,249,878)**	(56,535)
Loss for the period		**(26,424,224)**	(40,310,891)

	Notes	Six months ended 30 September 2017 (Unaudited) HK$	2016 (Unaudited) HK$ (re-presented) (note 2)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Loss on revaluation of properties		**(823,631)**	—
Tax expense related to changes on revaluation of properties		**135,899**	—
Item that may be reclassified subsequently to profit or loss			
Available-for-sale investments, change in fair value		**395,206**	7,444,248
Available-for-sale investments, reclassify from equity to profit or loss	*8*	**(7,149,898)**	—
Exchange differences arising on translation of foreign operations		**3,713,294**	1,505,905
Other comprehensive income for the period, net of tax		**(3,729,130)**	8,950,153
Total comprehensive income for the period		**(30,153,354)**	(31,360,738)
Loss for the year attributable to:			
Owners of the Company			
— Continuing operations		**(22,271,796)**	(40,181,665)
— Discontinued operation		**(1,147,438)**	(28,833)
Loss for the year attributable to owners of the Company		**(23,419,234)**	(40,210,498)
Non-controlling interests			
— Continuing operations		**(1,902,550)**	(72,691)
— Discontinued operation		**(1,102,440)**	(27,702)
Loss for the year attributable to non-controlling interests		**(3,004,990)**	(100,393)
		(26,424,224)	(40,310,891)
Total comprehensive income for the period attributable to:			
Owners of the Company		**(27,578,330)**	(31,524,083)
Non-controlling interests		**(2,575,024)**	163,345
		(30,153,354)	(31,360,738)
		HK cents	*HK cents*
Loss per share from continuing operations	*5*		
Basic		**(2.07)**	(5.20)
Diluted		**(2.07)**	(5.20)
Loss per share from discontinued operation	*5*		
Basic		**(0.10)**	(0.00)[1]
Diluted		**(0.10)**	(0.00)[1]
Loss per share from continuing and discontinued operations	*5*		
Basic		**(2.17)**	(5.20)
Diluted		**(2.17)**	(5.20)

(1) Represents the amount less than HK cents 0.01.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

	Notes	30 September 2017 (Unaudited) HK$	31 March 2017 (Audited) HK$
Assets			
Non-current assets			
Property, plant and equipment	7	**61,884,696**	74,930,895
Investment properties		**6,538,977**	6,538,977
Intangible assets		**730,519**	788,962
Available-for-sale investments	8	**29,903,396**	50,367,334
Deferred tax assets		**1,645,263**	—
Total non-current assets		**100,702,851**	132,626,168
Current assets			
Inventories		**29,527,927**	29,735,020
Trade and other receivables	9	**107,404,926**	139,945,887
Amounts due from non-controlling shareholders of subsidiaries		**14,053**	14,053
Amounts due from related parties		**6,393,678**	270,614
Cash and bank balances		**134,288,176**	64,645,440
		277,628,760	234,611,014
Assets classified as held for sale		**49,347,669**	40,855,423
Total current assets		**326,976,429**	275,466,437
Total assets		**427,679,280**	408,092,605
Liabilities			
Current liabilities			
Trade, bills and other payables	10	**149,988,474**	122,522,946
Amounts due to non-controlling shareholders of subsidiaries		**47,667,960**	47,667,960
Amounts due to related parties		**27,052,979**	31,898,038
Amount due to the ultimate holding Company		**4,883,883**	3,267,530
Bank borrowings		**28,246,593**	51,401,458
Provision for long service payments		**—**	42,373
Current tax liabilities		**538,577**	538,577
		258,378,466	257,338,882
Liabilities associated with assets classified as held for sale		**18,411,902**	16,013,447

	Notes	30 September 2017 (Unaudited) HK$	31 March 2017 (Audited) HK$
Total current liabilities		**276,790,368**	273,352,329
Net current assets		**50,186,061**	2,114,108
Total assets less current liabilities		**150,888,912**	134,740,276
Non-current liabilities			
Convertible bonds	*11*	**40,821,185**	—
Deferred tax liabilities		**—**	356,455
Total non-current liabilities		**40,821,185**	356,455
Total liabilities		**317,611,553**	273,708,784
NET ASSETS		**110,067,727**	134,383,821
Capital and reserves attributable to owners of the Company			
Share capital		**53,888,928**	53,888,928
Reserves		**74,050,925**	87,360,249
Reserves of a disposal group/non-current assets held for sale		**(8,818,678)**	(386,926)
		119,121,175	140,862,251
Non-controlling interests		**(9,053,448)**	(6,478,430)
TOTAL EQUITY		**110,067,727**	134,383,821

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2017 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The unaudited interim condensed consolidated financial statements have been prepared under historical cost basis except for certain properties and available-for-sale investments, which are measured at revalued amount or fair value.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosure required in the Group's annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2017.

The HKICPA has issued a few amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") that are relevant to the Group's operation and are mandatory for the first time for the Group's financial year beginning 1 April 2017. These amendments to standards had no material impact on the presentation of the Group's unaudited interim condensed consolidated financial statements.

The accounting policies used in the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2017.

The following new/revised HKFRSs, potentially relevant to the Group have been issued, but are not yet effective for the financial year beginning on 1 April 2017 and have not yet been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2014-2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[2]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[2]
HKFRS 16	Leases[3]
HK (IFRIC) — Int 22	Foreign Currency Transactions and Advance Consideration[2]
HK (IFRIC) — Int 23	Uncertainty over Income Tax Treatments[3]

[1] Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

[2] Effective for annual periods beginning on or after 1 January 2018

[3] Effective for annual periods beginning on or after 1 January 2019

[4] The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

The Group has already commenced an assessment of the potential impact of the new/revised standards but is not yet in a position to state whether these new/revised standards would have a significant impact on the Group's result of operations and financial position.

ESTIMATES

The preparation of the unaudited interim condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing the unaudited interim condensed consolidated financial statements, the significant judgement made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the Group's annual financial statements for the year ended 31 March 2017.

2. SEGMENT INFORMATION

Management determines operating segments based on the reports regularly reviewed by the chief operating decision maker ("**CODM**"), which is the Board, in assessing performance and allocating resources. The CODM considers the business primarily on the basis of the type of services supplied by the Group. During the second half of the year ended 31 March 2017, the Group has re-organised its internal reporting structure so as to enhance the operational efficiency. The segments of property sub-leasing and property development and investment have been grouped into property sub-leasing, development and investment business. The money lending business has been included as a new operating segment as the Group continue to develop the money lending business in Hong Kong. Accordingly, the comparative segment information has been re-presented to conform to current period's segment. The Group is currently organised into seven operating divisions — licence fee collection and provision of intellectual property enforcement services business, exhibition-related business, property sub-leasing, development and investment business, entertainment business, food and beverages, money lending business and sludge and sewage treatment.

Principal activities are as follows:

Licence fee collection and provision of intellectual property enforcement services business	—	operation of the business of the licences of copyright to karaoke music products and provision of intellectual property enforcement services in the People's Republic of China ("**PRC**") as managed by China Music Video Collective Management Association* (中國音像著作權集體管理協會) (the "**MVCM Association**")
Exhibition-related business	—	organising all kinds of exhibition events and meeting events
Property sub-leasing, property development and investment business	—	sub-leasing, development of real estates and leasing of investment of properties
Entertainment business	—	provision of talent management and entertainment and travelling related services

Food and beverages	—	sale of food and beverages and restaurant operations
Money lending business	—	provision of loans to customers, including individual and corporations under the provisions of Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) in Hong Kong
Sludge and sewage treatment	—	operation of sludge and sewage treatment plants in the PRC

Segment information is presented below:

(a) Information about reportable segment revenue, profit or loss and other information

	Six months ended 30 September 2017 (Unaudited)									
	Continuing operations								Discontinued operation	
	Licence fee collection and provision of intellectual property enforcement services business *HK$*	Exhibition-related business *HK$*	Property sub-leasing, development and investment business *HK$*	Entertainment business *HK$*	Food and beverages *HK$*	Money lending business *HK$*	Inter-segment elimination *HK$*	Sub-total *HK$*	Sludge and sewage treatment *HK$*	Total *HK$*
Reportable segment revenue										
External sales	3,308	14,121,610	15,724,538	35,070	–	651,005	–	30,535,531	–	30,535,531
Inter-segment sales	–	–	–	–	–	–	–	–	–	–
	3,308	14,121,610	15,724,538	35,070	–	651,005	–	30,535,531	–	30,535,531
Reportable segment (loss)/profit before income tax expense	(3,059,074)	(1,976,396)	(2,456,315)	(701,001)	(514,756)	645,639	–	(8,061,903)	(2,249,878)	(10,311,781)
Other segment information										
Interest income	842,475	24,108	5,932	883	10	–	–	873,408	154	873,562
Interest expenses	–	–	840,855	–	–	–	–	840,855	–	840,855
Depreciation of property, plant and equipment	313,080	56,401	3,750,992	89,285	176,369	–	–	4,386,127	–	4,386,127
Share of losses of associates	–	–	–	–	–	–	–	–	989,219	989,219
Reportable segment assets (As at 30 September 2017) (Unaudited)	4,726,476	24,328,291	118,255,268	2,656,091	35,828,999	47,469,469	–	233,264,594	38,847,670	272,112,264
Reportable segment liabilities (As at 30 September 2017) (Unaudited)	75,198,001	9,939,372	142,564,491	5,903,982	2,166,210	51,000	–	235,823,056	16,193,527	252,016,583

The inter-segment sales were charged at prevailing market rates.

	Six months ended 30 September 2016 (Unaudited)									
	Continuing operations								Discontinued operation	
	Licence fee collection and provision of intellectual property enforcement services business *HK$*	Exhibition-related business *HK$*	Property sub-leasing, development and investment business *HK$* (re-presented)	Entertainment business *HK$*	Food and beverages *HK$*	Money lending business *HK$* (re-presented)	Inter-segment elimination *HK$*	Sub-total *HK$* (re-presented)	Sludge and sewage treatment *HK$*	Total *HK$* (re-presented)
Reportable segment revenue										
External sales	2,224,967	16,659,858	16,784,162	141,955	–	519,549	–	36,330,491	–	36,330,491
Inter-segment sales	–	–	–	–	1,068,607	–	(1,068,607)	–	–	–
	2,224,967	16,659,858	16,784,162	141,955	1,068,607	519,549	(1,068,607)	36,330,491	–	36,330,491
Reportable segment (loss)/profit before income tax expense	(632,172)	(2,405,070)	1,792,345	(188,857)	(1,162,625)	194,050	–	(2,402,329)	(56,535)	(2,458,864)
Other segment information										
Interest income	4,204	26,398	48,532	46	1	–	–	79,181	2,972	82,153
Interest expenses	–	–	1,265,538	–	–	–	–	1,265,538	–	1,265,538
Depreciation of property, plant and equipment	399,853	214,860	6,137,699	89,502	–	–	–	6,841,914	–	6,841,914
Share of losses of associates	–	–	–	–	–	–	–	–	1,503,474	1,503,474
Reportable segment assets (As at 31 March 2017) (Audited)	38,070,022	24,957,087	92,226,814	3,017,522	43,740,314	95,479,847	–	297,491,606	40,855,423	338,347,029
Reportable segment liabilities (As at 31 March 2017) (Audited)	74,532,858	8,729,964	112,476,299	5,853,450	1,157,427	51,000	–	202,800,998	16,013,447	218,814,445

The inter-segment sales were charged at prevailing market rates.

(b) Reconciliation of reportable segment profit or loss, assets and liabilities

Profit or loss

	Six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$	*HK$*
		(re-presented)
Reportable segment loss before income tax expense from continuing operations	**(8,061,903)**	(2,402,329)
Unallocated gain on disposal of available-for-sale investments	**7,149,898**	—
Unallocated interest income and other income	**1,140,449**	401,115
Unallocated impairment losses	**—**	(8,275)
Unallocated finance costs	**(698,602)**	(469,757)
Unallocated staff costs	**(8,224,638)**	(11,334,318)
Unallocated rent, rate and management fee	**(8,088,982)**	(8,591,064)
Unallocated depreciation of property, plant and equipment	**(1,295,888)**	(1,101,902)
Unallocated amortisation of intangible assets	**(58,442)**	(58,442)
Unallocated head office and corporate expenses	**(5,681,943)**	(16,337,957)
Loss before income tax expense from continuing operations	**(23,820,051)**	(39,902,929)

Assets

	30 September	31 March
	2017	2017
	(Unaudited)	(Audited)
	HK$	*HK$*
Reportable segment assets	**272,112,264**	338,347,029
Property, plant and equipment	**3,330,422**	3,242,771
Available-for-sale investments	**29,903,396**	50,367,334
Trade and other receivables	**7,368,401**	9,518,152
Cash and cash equivalents	**113,965,643**	5,610,107
Unallocated head office and corporate assets	**999,154**	1,007,212
Total assets	**427,679,280**	408,092,605

Liabilities

	30 September 2017 (Unaudited) *HK$*	31 March 2017 (Audited) *HK$*
Reportable segment liabilities	**252,016,583**	218,814,445
Convertible bonds	**40,821,185**	—
Bank borrowings	—	30,000,000
Deposits received from disposal of subsidiaries	**16,000,000**	16,000,000
Unallocated head office and corporate liabilities	**8,773,785**	8,894,339
Total liabilities	**317,611,553**	273,708,784

(c) Geographical information

The Group's operations are mainly located in Hong Kong, the PRC and Korea.

An analysis of the Group's geographical segments is set out as follows:

	Six months ended 30 September 2017 (Unaudited)			
	Hong Kong *HK$*	**The PRC** *HK$*	**Korea** *HK$*	**Total** *HK$*
Revenue *(note)*	**679,614**	**29,849,457**	**6,460**	**30,535,531**
Non-current assets other than financial instruments and deferred tax assets (As at 30 September 2017) (Unaudited)	**4,920,655**	**56,385,590**	**7,847,947**	**69,154,192**

	Six months ended 30 September 2016 (Unaudited)			
	Hong Kong *HK$* (re-presented)	The PRC *HK$*	Korea *HK$*	Total *HK$* (re-presented)
Revenue *(note)*	540,549	35,668,987	120,955	36,330,491
Non-current assets other than financial instruments and deferred tax assets (As at 31 March 2017) (Audited)	15,332,084	58,629,996	8,296,754	82,258,834

Note:

Revenue is attributed to countries on the basis of the customers' location.

3. LOSS BEFORE INCOME TAX EXPENSE

Loss before income tax expense from continuing operations has been arrived at after crediting/charging:

	Six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$	*HK$*
Crediting		
Bank interest income	**901,181**	94,601
Gain on disposal of property, plant and equipment, net	**73,172**	652,956
Gain on disposal of available-for-sale investments *(note 8)*	**7,149,898**	—
Charging		
Staff costs	**15,650,902**	17,256,486
Amortisation on		
— intangible assets	**58,442**	58,442
Impairment losses on		
— other receivables	**—**	8,275
Loss on disposal of a subsidiary	**—**	4,631

4. INCOME TAX EXPENSE

The amount of income tax (expense)/credit in the unaudited interim condensed consolidated statement of comprehensive income represents:

	Six months ended 30 September					
	Continuing operations		Discontinued operation		Total	
	2017	2016	**2017**	2016	**2017**	2016
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Current tax — Hong Kong profits tax	**—**	—	**—**	—	**—**	—
Current tax — PRC Enterprise Income Tax	**—**	1,129	**—**	—	**—**	1,129
Deferred tax	**(354,295)**	(352,556)	**—**	—	**(354,295)**	(352,556)
	(354,295)	(351,427)	**—**	—	**(354,295)**	(351,427)

No Hong Kong profits tax and the PRC Enterprise Income Tax has been provided within the Group as there is no estimated assessable profits for the six months ended 30 September 2017 (2016: Nil).

5. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$	*HK$*
Loss for the purpose of basic and diluted loss per share		
Loss for the period attributable to owners of the Company		
— from continuing operations	**(22,271,796)**	(40,181,665)
— from discontinued operation	**(1,147,438)**	(28,833)
— from continuing and discontinued operations	**(23,419,234)**	(40,210,498)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share *(Note)*	**1,077,778,570**	773,487,718

Note:

There are no dilutive effects on the share options granted and convertible bonds as they are anti-dilutive.

6. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 September 2017, nor has any dividend been proposed as at the date of this announcement (2016: Nil).

7. PROPERTY, PLANT AND EQUIPMENT

On 8 August 2017, the Group entered into a provisional sale and purchase agreement with an independent third party for the disposal of the leasehold land and building at a consideration of HK$10,500,000. The transaction was scheduled to be completed on 8 December 2017. Therefore, the leasehold land and building of HK$10,500,000 was classified as asset held for sale and the relevant deferred tax liabilities of HK$2,218,375 were classified as liabilities associated with asset held for sale as at 30 September 2017. The carrying amount of the leasehold land and building included in property, plant and equipment as at 31 March 2017 was HK$11,500,000.

8. AVAILABLE-FOR-SALE INVESTMENTS

During the six months ended 30 September 2017, the Group disposed on-market a total of 13,500,000 ordinary shares of Leyou Technologies Holdings Limited ("**Leyou**") (Stock code: 1089), a company incorporated in Cayman Islands with limited liabilities and the ordinary shares of which are listed on the Main Board of the Stock Exchange, through a series of transactions on market, at an average price of HK$1.594 per ordinary share of Leyou for an aggregate gross sale proceeds of approximately HK$21,523,838 (excluding transaction costs) (the "**Disposal**"). Accordingly, the accumulated gain of the Disposal of HK$7,146,505 has been recycled from the equity to profit or loss and included in gain on disposal of available-for-sale investments. The carrying amount of 13,500,000 ordinary shares of Leyou included in available-for-sale investments as at 31 March 2017 was HK$20,925,000.

9. TRADE AND OTHER RECEIVABLES

	30 September 2017 (Unaudited) ***HK$***	31 March 2017 (Audited) *HK$*
Trade receivables *(note (a), (b))*	**5,052,826**	11,311,280
Deposits, prepayments and other receivables	**57,268,676**	36,852,513
Loan receivables *(note (c))*	**45,083,424**	91,782,094
	107,404,926	139,945,887

Notes:

(a) The Group generally grants no credit period to its customers, except for transactions with customers in exhibition-related business, in which credit period ranging from 30 to 60 days is granted.

(b) The ageing analysis of trade receivables based on invoice date is as follows:

	30 September 2017 (Unaudited) ***HK$***	31 March 2017 (Audited) *HK$*
Within 90 days	**4,954,549**	11,238,280
91 days to 365 days	**10,300**	26,000
More than 365 days	**87,977**	47,000
	5,052,826	11,311,280

(c) During the six months ended 30 September 2017 and 2016, the Group entered into loan agreements with certain independent third parties. As at 30 September 2017, the loans to these independent third parties amounted to HK$45,083,424 (31 March 2017: HK$91,782,094) and are unsecured and bear effective interest rates ranging from 4% to 8% per annum (31 March 2017: 3% to 10%) and shall be repayable in 12 months to 15 months (31 March 2017: 1 month to 15 months) from the date of loan.

10. TRADE, BILLS AND OTHER PAYABLES

Included in trade, bills and other payables are trade and bills payables with the following ageing analysis as of the end of each reporting period:

	30 September 2017 (Unaudited)	31 March 2017 (Audited)
	HK$	*HK$*
Current or within 30 days	**21,687,231**	1,025,849
31 to 60 days	**—**	15,688
61 to 90 days	**—**	92,827
Over 90 days	**22,276,826**	17,101,827
	43,964,057	18,236,191

11. CONVERTIBLE BONDS

On 3 July 2017, the Company entered into subscription agreements with certain independent third parties in relation to issue of convertible bonds in an aggregate principal amount of HK$46,341,960. The convertible bonds bear zero interest and carry a right to convert the aggregate principal amount into ordinary shares of HK$0.05 each in the share capital of the Company at an initial conversion price of HK$0.215 per share (subject to adjustment) during the period commencing from six months after 25 July 2017, the date on which convertible bonds were issued, and ending on 25 July 2019. The conversion price is subject to adjustment on the occurrence of dilutive or concentration event.

The convertible bonds contain two components: liability and equity components. The equity component is presented in the equity heading "convertible bonds reserve". The effective interest rate of the debt component on initial recognition is 7.25% per annum.

The convertible bonds recognised in the unaudited condensed consolidated statement of financial position as at 30 September 2017 (31 March 2017: Nil) are as follows:

	(Unaudited)
	HK$
Fair value of convertible bonds at 25 July 2017	**46,341,960**
Issuance expenses	**(192,157)**
Equity component	**(5,865,097)**
Liability component on initial recognition at 25 July 2017	**40,284,706**
Effective interest expense	**536,479**
Liability component at 30 September 2017	**40,821,185**

12. EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in this announcement, there is no material subsequent event undertaken by the Company or by the Group after 30 September 2017 and up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Consolidated Results

For the six months ended 30 September 2017, the Group recorded revenue of approximately HK$30.5 million compared to approximately HK$36.3 million for the corresponding period of 2016, representing a decrease of approximately 16.0%, and loss of approximately HK$26.4 million compared to approximately HK$40.3 million for the corresponding period of 2016, representing an decrease of approximately 34.5%. The decrease was primarily resulted from the recognition of gain on disposal of available-for-sale investments and collective efforts by the Group in a series of cost cutting measures.

BUSINESS REVIEW

Licence fee collection and provision of intellectual property enforcement services business

On 8 May 2006, (i) China Music Video Broadcast (Shenzhen) Company Limited*（中音傳播（深圳）有限公司）(“**China Music**”), an indirect non wholly-owned subsidiary of the Company, and MVCM Association entered into a copyright co-operation agreement; and (ii) China Music, Song Labs Co, Ltd*（北京天語同聲信息技術有限公司）(“**Song Labs**”), an indirect wholly-owned subsidiary of the Company, and the MVCM Association entered into a copyright business operation cooperation agreement (together with their supplemental agreements, the “**Copyright Co-operation Agreements**”). Pursuant to the Copyright Co-operation Agreements, the MVCM Association, China Music and Song Labs have set up a market operation team in the PRC to manage and operate the business of the licences of copyright to karaoke music products in the PRC, and China Music and Song Labs are entitled to certain portion of the licence fees in the PRC. Under the Copyright Cooperation Agreements, the MVCM Association takes the role as the sole market manager and China Music and Song Labs together take the role as the sole market operator. Pursuant to the Copyright Co-operation Agreements, the MVCM Association is required to collect the licence fees from the karaoke operators and distribute and pay certain portion of such licence fees to China Music and Song Labs on a weekly basis as operating fees (the “**Operating Fees**”).

On 1 June 2016, China Music and Song Labs have initiated legal proceedings (the “**Litigation**”) against MVCM Association with The People’s Court of Chaoyang, Beijing* (the “**Chaoyang People’s Court**”), the PRC claiming for:

(a) the payment of (i) outstanding Operating Fees of approximately RMB34,000,000 (equivalent to approximately HK$40,800,000) by MVCM Association to China Music and Song Labs pursuant to the Copyright Co-operation Agreements which represents the outstanding Operating Fees up to the second quarter of 2015 (the “**Outstanding Operating Fees**”); and (ii) the default interest of approximately RMB2,000,000 (equivalent to approximately HK$2,400,000), if calculated up to 31 May 2016;

(b) a declaration that the unilateral termination of one of the Copyright Co-operation Agreements by MVCM Association was invalid and that MVCM Association should continue to perform its obligations under the Copyright Co-operation Agreements; and

(c) the costs of the Litigation to be borne by MVCM Association.

On 1 June 2016, the Chaoyang People's Court notified China Music and Song Labs that the application for the Litigation was accepted.

As disclosed in the Company's announcement dated 19 July 2016, the Group received a counter claim (the "**Counter Claim**") filed by MVCM Association (the original defendant to the Litigation) with the Chaoyang People's Court against China Music and Song Labs. Pursuant to the Counter Claim, MVCM Association requested the Chaoyang People's Court to declare that the fifth supplemental agreement dated 16 June 2014 (the "**Fifth Supplemental Agreement**") in relation to the payment of Outstanding Operating Fees under the Copyright Cooperation Agreements be invalidated on the basis that, among other things:

(i) MVCM Association considered the core value of the joint cooperation among MVCM Association, China Music and Song Labs had lapsed;

(ii) the payment of the Operating Fees is in breach of the constitutional documents and distribution plan of MVCM Association; and

(iii) the entering into of the Fifth Supplemental Agreement did not with the relevant internal approval procedures of MVCM Association.

The Counter Claim was accepted by the Chaoyang People's Court on 13 July 2016. The Litigation is in a preliminary stage and the Company's PRC legal counsel is currently taking all necessary steps to protect the Company's interests. For details in relation to the Litigation and the Counter Claim, please also refer to the Company's announcements dated 12 November 2015, 23 May 2016, 2 June 2016 and 19 July 2016.

As at the date of this announcement, it is uncertain as to whether the Group can fully recover the Outstanding Operating Fees from MVCM Association. Accordingly, no Operating Fees were recognised for the Group's licence fee collection and provision of intellectual property enforcement services business for the six months ended 30 September 2017, pending the results of the Litigation.

Exhibition-related business

China Resources Advertising & Exhibition Company Limited, a direct wholly-owned subsidiary of the Company (together with its subsidiaries, the "**CRA Group**") is principally engaged in exhibition related business. The CRA Group has acted as an organizer and contractor for exhibitions and meeting events held in Hong Kong. It has developed over 20 years of relationship with the Hong

Kong Trade Development Council ("**HKTDC**") and has become one of the major agents organising trade fairs for PRC groups whilst most of which were co-organised with the HKTDC. The clients of the CRA Group are primarily PRC based including numerous sub-councils of the China Council for the Promotion of International Trade in the PRC. For the period ended 30 September 2017, this business segment recorded revenue of approximately HK$14.1 million compared to approximately HK$16.7 million for the corresponding period in 2016, representing a decrease of about 15.6%, and loss of approximately HK$2.0 million compared to approximately HK$2.4 million for the corresponding period in 2016, representing an decrease of about 16.7%. The drop in revenue was mainly due to the decrease in the number of participants.

Property sub-leasing, development and investment business

For the six months ended 30 September 2017, this business segment recorded revenue of approximately HK$15.7 million compared to approximately HK$16.8 million for the corresponding period in 2016, representing a decrease of about 6.5%, and recorded a loss of approximately HK$2.5 million as compared to profit of approximately HK$1.8 million for the corresponding period of 2016. The drop in the revenue was mainly due to the discontinuance in sub-leasing certain properties in the PRC.

Money lending

During the period, the Group continued to conduct money lending business in Hong Kong and recognised interest income of approximately HK$0.7 million during the period (2016: HK$0.5 million).

Sludge and sewage treatment

On 30 September 2016, 深圳市文地多媒體技術有限公司 (Shenzhen Wendi Multimedia Technology Company Limited*), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement (the "**Equity Transfer Agreement**") with 重慶宸惠物流有限公司 (Chongqing Chen Hui Logistics Limited*), a party independent of the Company and its connected persons, in respect of a disposal (the "**Suzhou Disposal**") of 51% equity interests in 蘇州格瑞特環保科技產業發展有限公司 (Suzhou Great Research & Industrialization Co., Ltd.*) ("**Great Research**") at a consideration of RMB13,800,000 (equivalent to approximately HK$16,000,000).

In view of (i) the subsequent failure in re-negotiation for reinitiating the certain potential projects and (ii) further future financing needs thereof, the Directors expect the future profits generated by the Great Research and its subsidiaries (the "**Great Group**") to be minimal, and consider that the Disposal will enable the Group to realise its investment in the Great Group and to focus on its existing business and business development.

As at the date of this announcement, the completion has not taken place yet. Upon completion, the Great Group cease to be subsidiaries of the Company and the Group would no longer have any interest in sludge and sewage treatment business.

PROSPECTS

Looking ahead, the Directors expect the business environment to remain challenging, but are cautiously optimistic towards the overall outlook of the Group. The Group has continued the efforts to consolidate and realign its businesses to enable the Group to achieve improvements in its financial position. The Group is working towards to attain a sustainable growth, and at the same time the Group is also continuously exploring and identifying other suitable investment opportunities (if any) to enhance its earning potential so as to enhance shareholder value as a whole.

FINANCIAL REVIEW

Liquidity and financial resources

As at 30 September 2017, the Group had bank borrowings of approximately HK$28.2 million (31 March 2017: approximately HK$51.4 million).

The maturity profile of the Group's bank borrowings is set out as follows:

	30 September 2017 (Unaudited)	31 March 2017 (Audited)
	HK$ Million	*HK$ Million*
Repayable:		
Within one year	**28.2**	51.4
After one year but within two years	**—**	—
	28.2	51.4

The carrying amounts of all the Group's bank loans were denominated in RMB. All of the Group's bank loans balance of HK$28.2 million as at 30 September 2017 which was charged at floating interest rate. The bank loans carry interest rates at 5.22% to 6.5% per annum.

On 3 July 2017, the Company entered into subscription agreements with certain independent individuals in relation to the placing of convertible bonds in an aggregate principal amount of HK$46,341,960. For the six months ended 30 September 2017, no such bonds had been converted to ordinary shares of the Company. The completion of issue of convertible bonds took place on 25 July 2017, please refer to the Company's announcement dated 26 July 2017 for details.

The gearing ratio of the Group as at 30 September 2017 was 58.0% compared with 36.5% as at 31 March 2017. Such ratio was calculated with reference to the bank borrowings and convertible bonds over the Company's equity attributable to owners of the Company. As at 30 September 2017, the Group had net current assets of approximately HK$50.2 million as compared with the net current assets as at 31 March 2017 of approximately HK$2.1 million. The current ratio of the Group as at 30 September 2017 was 1.18 compared with 1.0 as at 31 March 2017.

The revenue of the Group, being mostly denominated in RMB and Hong Kong dollar, matches the currency requirement of the Group's expenses while other foreign currencies were immaterial. During the six months ended 30 September 2017, no financial instrument was entered into by the Group used for hedging purpose. The Group was not exposed to any exchange rate risk or any related hedges.

FUND RAISING ACTIVITIES

During the six months ended 30 September 2017, the Group completed the following fund raising exercise to strengthen its financial position and raised the gross proceeds of approximately HK$46.3 million, with the net proceeds of approximately HK$46.1 million. Details of which are set out as follows:

Date of announcement	Description of fund raising activities	Intended use of proceeds	Actual use of proceeds as at 30 September 2017	Unutilised amount as at 30 September 2017
26 July 2017	Issue of convertible bonds in an aggregate principal amount of HK$46,341,960	Approximately HK$46.1 million for general working capital of the Group	Approximately HK$2.1 million	Approximately HK$44.0 million

CHARGES AND GUARANTEES

As at 30 September 2017, certain bank deposits of the Group in the aggregate amount of HK$2.3 million were pledged to secure certain credit facilities of the Group.

As at 30 September 2017, certain bank loans of the Group in the total amount of approximately HK$28.2 million were secured by personal and corporate guarantees provided by Mr. Yang Lei (a director of certain subsidiaries of the Company), his spouse and a company beneficially owned by Mr. Yang Lei and his spouse (the "**Related Company**") and certain assets of Mr. Yang Lei, his spouse, a related party and the Related Company.

On 25 November 2015, 南京垠坤投資實業有限公司 (Nanjing Yinkun Investment Corporation Co. Ltd.*), an indirect non-wholly owned subsidiary of the Company, provided the guarantee in respect of a loan facility for the principal amount of up to RMB35 million provided to an independent third party from a financial institution in the PRC. The amount under the loan facility has been fully repaid on 21 November 2017.

On 13 September 2017, 南京垠坤投資實業有限公司 (Nanjing Yinkun Investment Corporation Co. Ltd.*) and 南京創意東八區科技有限責任公司 (Nan Jing Chuang Yi Dong Ba Qu Technology Development Co., Ltd.*), two indirect non-wholly owned subsidiaries of the Company, provided the guarantees in respect of a loan facility for the principal amount of up to RMB40 million provided to an independent third party from a financial institution in the PRC. As at the date of this announcement, the utilised amount of the loan facility is RMB20 million.

Details of which are set out in the paragraph headed "Advance to Entities" in this announcement.

Save as disclosed above, the Group did not have any charges on assets as at 30 September 2017.

Advances to Entities

(i) On 25 November 2015, 南京垠坤投資實業有限公司 (Nanjing Yinkun Investment Corporation Co. Ltd.*) (the "**Guarantor**"), an indirect non-wholly owned subsidiary of the Company as the guarantor, entered into a guarantee agreement (the "**Guarantee Agreement**"), pursuant to which the Guarantor agreed to guarantee the repayment obligations of 南京瑞益恒通科技發展有限公司 (Nanjing Ruiyi Heng Tong Technology Development Co., Ltd.*), a company established in the PRC and a potential business partner of the Guarantor, as the borrower under the loan agreement in respect of the loan facility for the principal amount of up to RMB35 million at a floating rate in accordance with the benchmark lending rate of one-to-five year term loan as announced by the People's Bank of China, subject to adjustments, which was secured by certain properties in the PRC and was provided by a financial institution in the PRC in October 2015. Such facility's outstanding balance as at 30 September 2017 was RMB11.9 million and was fully repaid on 21 November 2017. For further details, please refer to the announcements of the Company dated 14 June 2016 and 27 November 2017.

(ii) On 13 September 2017, 南京垠坤投資實業有限公司 (Nanjing Yinkun Investment Corporation Co. Ltd.*) and 南京創意東八區科技有限公司(Nanjing Chuangyi Dong Ba Qu technology Corporation Co. Ltd.*)(the "**Guarantors**"), indirect non-wholly owned subsidiaries of the Company as the guarantor, entered into two guarantee agreements (the "**Guarantee Agreements**"), pursuant to which the Guarantors agreed to guarantee the repayment obligations of 南京伯泰科技發展有限公司 (Nanjing Botai Technology Development Co., Ltd.*), a company established in the PRC and a potential business partner of the Guarantor, as the borrower under the loan agreement in respect of the loan facility for the principal amount of up to RMB40 million at a floating rate in accordance with the benchmark lending rate as announced by the People's Bank of China plus 4.25%, which was secured by certain properties in the PRC and was provided by a financial institution in the PRC in September 2017. Such facility shall be matured in 36 months and RMB20 million was first drawdown in November 2017. For further details, please refer to the announcement of the Company dated 27 November 2017.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2017.

EMOLUMENT POLICY

As at 30 September 2017, the Group employed a total of 111 employees (31 March 2017: 139). The remuneration of the employees of the Group amounted to approximately HK$16.4 million for the six months ended 30 September 2017 (30 September 2016: approximately HK$17.9 million). The Group remunerates its employees based on their performance, experience and prevailing industry practices. The emoluments of the Directors and senior management of the Company are reviewed and decided by the remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics.

The Group periodically reviews its remuneration package in order to attract, motivate and retain its employees. Discretionary bonuses are awarded to Directors and the employees of the Group based on its operating results and their performance.

Further, the Company has also adopted the Share Option Scheme for the purpose of providing incentives or rewards to any Director, employee and other eligible participant who made significant contribution to the Group. The Group also provides external training courses to its staff to improve their skills and services on an on — going basis.

DIVIDENDS

The Board has resolved not to declare any interim dividend of the Company for the six months ended 30 September 2017.

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 September 2017, the Company has complied with all code provisions ("**Code Provisions**") and the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Listing Rules, save for the deviations which are explained below:

Pursuant to code provision A.1.1 of the CG Code, Board meetings should be held at least four times a year at approximately quarterly internals. Although only two regular Board meetings were held during the year, the Board considered that sufficient meetings had been held as business operations were under the management and the supervision of the executive Directors. In addition, senior management of the Group provided to the Directors the information in respect of the Group's business development and activities from time to time and, when required, ad hoc Board meetings will be held.

Pursuant to code provision C.2.5 of the CG Code, the Group should have an internal audit function. The Company conducted an annual review on the need for setting up an internal audit department. Given the Group's simple operating structure, it was decided that the Board would be directly responsible and review on the adequacy and effectiveness of the risk management and internal control systems of the Group. During the six months ended 30 September 2017, the Board through the Audit Committee had reviewed on the risk management and internal control systems of the Group, including the analysis and appraisal of its adequacy and effectiveness, are conducted in an ongoing basis.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption by the Company or any of its subsidiaries of its securities during the six months ended 30 September 2017.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company follows the Model Code in Appendix 10 to the Listing Rules as the code of conduct for Directors in their dealings in the securities of the Company. Having made specific enquiry with Directors, all Directors confirmed that they have fully complied with the Model Code during the six months ended 30 September 2017.

AUDIT COMMITTEE

The audit committee of the Company ("**Audit Committee**"), comprises three independent non-executive Directors, namely Mr. Chen Youchun, Mr. Chan Chein Kwong William and Ms. Lui Mei Ka, has reviewed, together with the participation of the management, the accounting principles and practices adopted by the Group and discussed, among other things, financial report matters including a review of the unaudited interim results for the six months ended 30 September 2017 of the Group.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE STOCK EXCHANGE'S AND COMPANY'S WEBSITE

The Company's interim report for the six months ended 30 September 2017 will be despatched to the shareholders of the Company and available for viewing on the website of the Stock Exchange at www.hkexnews.hk under "Latest Listed Company Information" and on the website of the Company at http://www.ts674.com in due course.

By Order of the Board
China Tangshang Holdings Limited
Chen Weiwu
Chairman

Hong Kong, 28 November 2017

As at the date of this announcement, the executive Directors are Mr. Chen Weiwu (Chairman), Mr. Chen Gengxian and Mr. Zhou Houjie; and the independent non-executive Directors are Mr. Chen Youchun, Mr. Chan Chien Kwong William and Ms. Lui Mei Ka.

* *For identification purpose*