CHINA TANGSHANG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 674)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

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 2018.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2018

		Six months ended 30 September	
		2018	2017
		(Unaudited)	(Unaudited)
	Notes	***HK$***	*HK$*
Continuing Operations			
Revenue	*3*	**29,959,570**	30,535,531
Other gains or losses, net		**6,096,468**	11,372,137
Costs of inventories		**(1,063)**	(95,524)
Depreciation of property, plant and equipment		**(2,702,867)**	(5,682,015)
Operating lease payments		**(7,116,889)**	(13,657,376)
Staff costs		**(7,104,964)**	(15,650,902)
Other operating expenses		**(17,526,820)**	(29,102,445)
Finance costs		**(2,183,473)**	(1,539,457)
Loss before income tax expense	*4*	**(580,038)**	(23,820,051)
Income tax expense	*5*	**(352,556)**	(354,295)
Loss for the period from continuing operations		**(932,594)**	(24,174,346)
Discontinued operation			
Loss for the period from discontinued operation		**—**	(2,249,878)
Loss for the period		**(932,594)**	(26,424,224)

	Notes	Six months ended 30 September **2018** **(Unaudited)** ***HK$***	2017 (Unaudited) *HK$*
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
Available-for-sale investments, reclassify from equity to profit or loss		—	(7,149,898)
Exchange differences arising on translation of foreign operations		**(60,448)**	3,713,294
Other comprehensive income for the period, net of tax		**(60,448)**	(3,729,130)
Total comprehensive income for the period		**(993,042)**	(30,153,354)
Loss for the year attributable to:			
Owners of the Company			
— Continuing operations		**(1,019,800)**	(22,271,796)
— Discontinued operation		—	(1,147,438)
Loss for the year attributable to owners of the Company		**(1,019,800)**	(23,419,234)
Non-controlling interests			
— Continuing operations		**87,206**	(1,902,550)
— Discontinued operation		—	(1,102,440)
Loss for the year attributable to non-controlling interests		**87,206**	(3,004,990)
		(932,594)	(26,424,224)
Total comprehensive income for the period attributable to:			
Owners of the Company		**(1,068,624)**	(27,578,330)
Non-controlling interests		**75,582**	(2,575,024)
		(993,042)	(30,153,354)
		HK cents	*HK cents*
Loss per share from continuing operations	*6*		
Basic		**(0.09)**	(2.07)
Diluted		**(0.09)**	(2.07)
Loss per share from discontinued operation	*6*		
Basic		—	(0.10)
Diluted		—	(0.10)
Loss per share from continuing and discontinued operations	*6*		
Basic		**(0.09)**	(2.17)
Diluted		**(0.09)**	(2.17)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Notes	30 September 2018 (Unaudited) HK$	31 March 2018 (Audited) HK$
Assets			
Non-current assets			
Property, plant and equipment	*8*	**48,637,469**	56,486,517
Intangible assets		**613,636**	672,078
Deferred tax assets		**940,150**	1,292,706
Total non-current assets		**50,191,255**	58,451,301
Current assets			
Inventories		**22,086,750**	22,087,812
Trade and other receivables	*9*	**107,350,906**	113,691,596
Amounts due from non-controlling shareholders of subsidiaries		**4,000**	4,000
Amounts due from related parties		**9,784,402**	5,832,800
Cash and bank balances		**128,359,588**	114,165,492
Total current assets		**267,585,646**	255,781,700
Total assets		**317,776,901**	314,233,001
Liabilities			
Current liabilities			
Trade, bills and other payables	*10*	**66,692,967**	113,101,516
Amounts due to related parties		**27,040,427**	27,040,427
Bank and other borrowings		**28,410,705**	29,953,198
Convertible bonds	*11*	**43,782,717**	—
Current tax liabilities		**538,626**	539,250
Total current liabilities		**166,465,442**	170,634,391
Net current assets		**101,120,204**	85,147,309
Total assets less current liabilities		**151,311,459**	143,598,610

	Notes	30 September 2018 (Unaudited) HK$	31 March 2018 (Audited) HK$
Non-current liabilities			
Bank and other borrowings		**8,909,597**	—
Convertible bonds	*11*	**36,096,292**	42,278,487
Total non-current liabilities		**45,005,889**	42,278,487
Total liabilities		**211,471,331**	212,912,878
NET ASSETS		**106,305,570**	101,320,123
Capital and reserves attributable to owners of the Company			
Share capital		**53,888,928**	53,888,928
Reserves		**63,291,674**	58,381,809
		117,180,602	112,270,737
Non-controlling interests		**(10,875,032)**	(10,950,614)
TOTAL EQUITY		**106,305,570**	101,320,123

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2018 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.

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 2018.

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 2018, except for those that related to new standard or interpretations effective for the first time for period begining on or after 1 January 2018. This is first set of the Group's financial statements in which HKFRS 9 and HKFRS 15 have been adopted. Detail of any changes in accounting policy are set out in Note 2.

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 2018 and have not yet been early adopted by the Group.

Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]

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

[2] 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.

2. CHANGE IN HKFRSs

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

- HKFRS 9, Financial Instruments
- HKFRS 15, Revenue from Contracts with Customers
- HK(IFRIC)-Interpretation 22, Foreign Currency Transactions and Advance Considerations
- Amendments to HKFRS 2, Classification and Measurement of Share-based Payment Transactions
- Amendments to HKFRS 4, Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
- Amendments to HKAS 28 included in Annual Improvements to HKFRSs 2014-2016 Cycle, Investments in Associates and Joint Ventures
- Amendments to HKAS 40, Transfers of Investment Property
- Amendments to HKFRS 1 included in Annual Improvements to HKFRSs 2014-2016 Cycle, First-time Adoption of Hong Kong Financial Reporting Standards

The impact of the adoption of HKFRS 9 Financial Instruments (see note 2A below) and HKFRS 15 Revenue from Contracts with Customers (see note 2B below) have been summarised in below. The other new or amended HKFRSs that are effective from 1 January 2018 did not have any material impact on the Group's accounting policies.

A. HKFRS 9 Financial Instruments ("HKFRS 9")

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment; and (3) hedge accounting. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group.

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurements of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVTPL**"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("**amortised costs**"); (ii) financial assets at fair value through other comprehensive income ("**FVOCI**"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "**solely payments of principal and interest**" criterion, also known as "**SPPI criterion**"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions are met and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

FVTPL	FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Amortised costs	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.
FVOCI (debt investments)	Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
FVOCI (equity investments)	Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 April 2018 under HKAS 39** *HK$*	**Carrying amount as at 1 April 2018 under HKFRS 9** *HK$*
Trade and other receivables	Loans and receivables	Amortised cost	113,691,596	113,691,596
Amount due from non-controlling shareholders of subsidiaries	Loans and receivables	Amortised cost	4,000	4,000
Amounts due from related parites	Loans and receivables	Amortised cost	5,832,800	5,832,800
Cash and bank balances	Loans and receivables	Amortised cost	114,165,492	114,165,492

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("**ECLs**") model". HKFRS 9 requires the Group to recognised ECL for trade receivables, financial assets at amortised costs, contract assets and debt investment at FVOCI earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group's debt investment at FVOCI are considered to have low credit risk since the issuers' credit rating are high.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt investment at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the assets.

Impact of the ECL model

(a) Impairment of trade and loan receivables

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a life time ECLs for all trade and loan receivables. To measure the ECLs, trade and loan receivables have been grouped based on shared credit risk characteristics and the days past due.

After performing the assessment of expected credit loss on the Group's existing trade and loan receivables, no expected credit loss allowance was recognised by the Group as at 1 April 2018 as the amount is not material.

(b) Impairment of amount due from related parties and non-controlling shareholders of subsidiaries and other receivables

Other financial assets at amortised cost of the Group includes amount due from related parites and non-controlling shareholders of subsidiaries and other receivables. No changes in loss allowance upon the transition to HKFRS 9 as of 1 April 2018 and no further increase of loss allowance during the six months period ended 30 September 2018 for such balances as the amount of additional impairment measured under the ECL model is immaterial.

(iii) Hedge accounting

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not have any hedging relationships.

(iv) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassification and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 March 2018, but are recognised in the statement of financial position on 1 April 2018. This means that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained profits and reserves as at 1 April 2018. Accordingly, the information presented for 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 (the "**DIA**"):

- The determination of the business model within which a financial asset is held; and
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and
- The designation of certain investments in equity investments not held for trading as at FVOCI.

If any investment in a debt investment had low credit risk at the DIA, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

B. HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 April 2018). As a result, the financial information presented for 2018 has not been restated.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. Based on the assessment of the Group, the adoption of HKFRS 15 from 1 April 2018 has resulted in changes of accounting policies of the Group, however, it does not have significant impact on the timing and amounts of revenue recognition of the Group, and no adjustment to the opening balance of equity at 1 April 2018 have been made.

Revenue from sales of goods is recognised at a point in time as when the control of the goods has been transferred to the customers and there is no unfulfilling performance obligation after the acceptance of the goods. Service fees and commission income are recognised when the relevant services provided to the customers and there is no unfulfilling performance obligation after the services rendering.

Upon the adoption of HKFRS 15, if there is any satisfied performance obligation but where the Group does not have an unconditional right to consideration, the Group should recognised a contract asset. No contract asset is recognised upon transition and at the end of reporting period. If the Group does not satisfied any performance obligation but the Group has an unconditional right to consideration, the Group should recognised contract liabilities. No contract liabilities is recognised upon transition.

3. 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 six months ended 30 September 2017, the Group had 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.

Upon completion of disposals of the entire interests of a number of subsidiaries on 31 March 2018 to an independent third party (the "**Disposal**"), management considers that the key operating divisions of the Group are exhibition-related business, property sub-leasing, development and investment business, food and beverages and money lending business.

Principal activities are as follows:

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
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

Segment information is presented below:

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

	Six months ended 30 September 2018 (Unaudited)					
	Continuing operations					
	Exhibition-related business	**Property sub-leasing, development and investment business**	**Food and beverages**	**Money lending business**	**Inter-segment elimination**	**Total**
	HK$	***HK$***	***HK$***	***HK$***	***HK$***	***HK$***
Reportable segment revenue						
External sales	**10,771,117**	**18,104,559**	**1,063**	**1,082,831**	**—**	**29,959,570**
Inter-segment sales	**—**	**—**	**—**	**—**	**—**	**—**
	10,771,117	**18,104,559**	**1,063**	**1,082,831**	**—**	**29,959,570**
Reportable segment (loss)/profit before income tax expense	**(2,216,801)**	**4,614,293**	**(1,650)**	**718,264**	**—**	**3,114,106**
Other segment information						
Interest income	**3,916**	**2,597**	**—**	**—**	**—**	**6,513**
Interest expenses	**—**	**435,522**	**—**	**—**	**—**	**435,522**
Depreciation of property, plant and equipment	**24,456**	**1,990,129**	**—**	**—**	**—**	**2,014,585**
Reportable segment assets (As at 30 September 2018) (Unaudited)	**21,162,387**	**94,253,104**	**12,379,780**	**59,311,443**	**—**	**187,106,714**
Reportable segment liabilities (As at 30 September 2018) (Unaudited)	**8,461,617**	**117,385,106**	**143,655**	**—**	**—**	**125,990,378**

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

	Six months ended 30 September 2017 (Unaudited)									
	Continuing operations								Discontinued operation	
	Licence fee collection and provision of intellectual property enforcement services business HK$ (Note)	Exhibition-related business HK$	Property sub-leasing, development and investment business HK$	Entertainment business HK$ (Note)	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 31 March 2018) (Audited)	–	25,029,038	119,648,170	–	12,290,282	49,028,292	–	205,995,782	–	205,995,782
Reportable segment liabilities (As at 31 March 2018) (Audited)	–	10,222,278	148,722,583	–	554,160	51,000	–	159,550,021	–	159,550,021

Note: During the second half of the year ended 31 March 2018, the Group completed disposal of the entire issued capital of a number of subsidiaries of the Company. These subsidiaries carry out businesses in license fee collection and provision of intellectual property enforcement services business and entertainment business. Licence fee collection and provision of intellectual property enforcement services business and entertainment business were classified as discontinued operations in the Group's annual financial statements for the year ended 31 March 2018.

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	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$	*HK$*
Reportable segment profit/(loss) before income tax expense from continuing operations	**3,114,106**	(8,061,903)
Unallocated gain on disposal of available-for-sale investments	**—**	7,149,898
Unallocated interest income and other gains	**6,021,171**	1,140,449
Unallocated finance costs	**(1,747,951)**	(698,602)
Unallocated staff costs	**(2,687,608)**	(8,224,638)
Unallocated rent, rate and management fee	**(1,135,820)**	(8,088,982)
Unallocated depreciation of property, plant and equipment	**(688,282)**	(1,295,888)
Unallocated amortisation of intangible assets	**(58,442)**	(58,442)
Unallocated head office and corporate expenses	**(3,397,212)**	(5,681,943)
Loss before income tax expense from continuing operations	**(580,038)**	(23,820,051)

Assets

	30 September 2018	31 March 2018
	(Unaudited)	(Audited)
	HK$	*HK$*
Reportable segment assets	**187,106,714**	205,995,782
Property, plant and equipment	**2,151,822**	2,840,102
Trade and other receivables	**8,520,519**	5,270,588
Cash and cash equivalents	**119,203,763**	99,273,990
Unallocated head office and corporate assets	**794,083**	852,539
Total assets	**317,776,901**	314,233,001

Liabilities

	30 September 2018 (Unaudited) *HK$*	31 March 2018 (Audited) *HK$*
Reportable segment liabilities	**125,990,378**	159,550,021
Convertible bonds	**79,879,009**	42,278,487
Unallocated head office and corporate liabilities	**5,601,944**	11,084,370
Total liabilities	**211,471,331**	212,912,878

(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 2018 (Unaudited)			
	Hong Kong *HK$*	**The PRC *HK$***	**Korea *HK$***	**Total *HK$***
Revenue *(note)*	**1,083,894**	**28,875,676**	**—**	**29,959,570**
Non-current assets other than financial instruments and deferred tax assets (As at 30 September 2018) (Unaudited)	**2,984,239**	**46,266,866**	**—**	**49,251,105**

	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 31 March 2018) (Audited)	3,577,470	53,581,125	—	57,158,595

Note:

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

4. 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	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$	*HK$*
Crediting		
Bank interest income	**32,210**	901,181
Gain on disposal of property, plant and equipment, net	**35,652**	73,172
Gain on disposal of available-for-sale investments	**—**	7,149,898
Reversal of provision for financial guarantee#	**5,865,835**	—
Charging		
Exhibition-related expenses	**9,664,127**	12,538,590
Business tax	**1,267,031**	1,265,305
Staff costs	**7,104,964**	15,650,902
Amortisation on		
— intangible assets	**58,442**	58,442

The amounts are included under the "other gains or losses, net" in the consolidated statement of comprehensive income.

5. INCOME TAX EXPENSE

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

	Six months ended 30 September					
	Continuing operations		Discontinued operation		Total	
	2018	2017	**2018**	2017	**2018**	2017
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Current tax — Hong Kong profits tax	**—**	—	**—**	—	**—**	—
Current tax — PRC Enterprise Income Tax	**—**	—	**—**	—	**—**	—
Deferred tax	**(352,556)**	(354,295)	**—**	—	**(352,556)**	(354,295)
	(352,556)	(354,295)	**—**	—	**(352,556)**	(354,295)

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 2018 (2017: Nil).

6. 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	
	2018	2017
	(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	**(1,019,800)**	(22,271,796)
— from discontinued operation	**—**	(1,147,438)
— from continuing and discontinued operations	**(1,019,800)**	(23,419,234)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share *(Note)*	**1,077,778,570**	1,077,778,570

Note:

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

7. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 September 2018, nor has any dividend been proposed as at the date of this announcement (2017: Nil).

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2018, the Group purchased and disposed property, plant and equipment of approximately HK$718,060 and HK$2,963 (six months ended 30 September 2017: HK$826,341 and HK$26,828) respectively.

9. TRADE AND OTHER RECEIVABLES

	30 September 2018 (Unaudited) *HK$*	31 March 2018 (Audited) *HK$*
Trade receivables *(note (a), (b))*	**4,143,332**	3,468,540
Deposits, prepayments and other receivables	**43,926,341**	61,203,019
Loan receivables *(note (c))*	**59,281,233**	49,020,037
	107,350,906	113,691,596

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 2018 (Unaudited) *HK$*	31 March 2018 (Audited) *HK$*
Within 90 days	**4,143,332**	3,468,540

(c) During the six months ended 30 September 2018, the Group entered into loan agreements with six (31 March 2018: ten) independent third parties. As at 30 September 2018, the loans to these independent third parties in the aggregate principal amount of HK$58,700,000 (31 March 2018: HK$45,083,424) and are unsecured and bear effective interest rate of 5% per annum (31 March 2018: ranging from 4% to 8%) and shall be repayable in 12 months (31 March 2018: 3 months to 12 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 2018 (Unaudited) *HK$*	31 March 2018 (Audited) *HK$*
Current or within 30 days	**185,576**	—
31 to 60 days	—	876,792
61 to 90 days	—	57,964
Over 90 days	**9,488,440**	30,276,323
	9,674,016	31,211,079

11. CONVERTIBLE BONDS

(a) CB 2017

On 3 July 2017, the Company entered into Subscription Agreements with certain independent third parties in relation to the 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 principal amount into share 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 "**Bond Issue Date**"), and 25 July 2019 (the "**Bond Maturity Date**"). The conversion price is subject to adjustment on the occurrence of dilutive or concentration event. The Company may at anytime after six months from the Bond Issue Date and before Bond Maturity Date redeem the convertible bonds at par ("**CB 2017**").

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 valuation of the convertible bonds was performed by APAC Asset Valuation and Consulting Limited ("**APAC**").

	(Audited) ***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**

(b) CB 2018

On 15 August 2018, the Company entered into Subscription Agreements with certain independent third parties in relation to the issue of convertible bonds in an aggregate principal amount of HK$42,031,080. The convertible bonds bear zero interest and carry a right to convert the principal amount into share of HK$0.05 each in the share capital of the Company at the initial conversion price of HK$0.195 per share (subject to adjustment) during the period commencing from six months after 31 August 2018 (the "**Bond Issue Date**") and 31 August 2020 (the "**Bond Maturity Date**"). The conversion price was subject to adjustment on the occurrence of dilutive or concentration event. The Company may at anytime after six months from the Bond Issue Date and before Bond Maturity Date redeem the convertible bonds at par ("**CB 2018**").

The convertible bonds contain two components: liability and equity components. The equity component is presented in the equity heading "convertible bonds reserve" in the consolidated statement of changes in equity. The effective interest rate of the debt component on initial recognition is 8.27% per annum.

The valuation of the convertible bonds was performed by APAC.

	(Unaudited) ***HK$***
Fair value of convertible bonds at 31 August 2018	**42,031,080**
Issuance expenses	**(174,688)**
Equity component	**(6,003,801)**
Liability component on initial recognition at 31 August 2018	**35,852,591**

The movements of the liability components of the convertible bonds are set out below:

	CB 2017 *HK$*	CB 2018 *HK$*	**Total** ***HK$***
Initial recognition at bond issue date	40,284,706	—	**40,284,706**
Effective interest expenses	1,993,781	—	**1,993,781**
Carrying amount at 31 March 2018 (Audited) and 1 April 2018	42,278,487	—	**42,278,487**
Initial recognition at bond issue date	—	35,852,591	**35,852,591**
Effective interest expenses	1,504,230	243,701	**1,747,931**
Carrying amount at 30 September 2018 (Unaudited)	43,782,717	36,096,292	**79,879,009**
Less: Current portion	(43,782,717)	—	**(43,782,717)**
Non-current portion	—	36,096,292	**36,096,292**

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 2018 and up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Consolidated Results

For the six months ended 30 September 2018, the Group recorded revenue of approximately HK$30.0 million compared to approximately HK$30.5 million for the corresponding period of 2017, representing a mild decrease of approximately 1.6%, and loss of approximately HK$0.9 million compared to approximately HK$26.4 million for the corresponding period of 2017, representing a decrease of approximately 96.6%. The significant decrease in loss was primarily resulted from 1) completion of disposal of loss-making subsidiaries in March 2018, 2) reversal of provision for financial guarantee and 3) collective efforts by the management in a series of cost cutting measures.

BUSINESS REVIEW

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 2018, this business segment recorded revenue of approximately HK$10.8 million compared to approximately HK$14.1 million for the corresponding period in 2017, representing a decrease of about 23.4%, and loss of approximately HK$2.2 million compared to approximately HK$2.0 million for the corresponding period in 2017, representing an increase of about 10.0%. 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 2018, this business segment recorded revenue of approximately HK$18.1 million compared to approximately HK$15.7 million for the corresponding period in 2017, representing an increase of about 15.3%, and recorded a gain of approximately HK$4.6 million as compared to loss of approximately HK$2.5 million for the corresponding period of 2017. The increase in the revenue was mainly due to the increase 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$1.1 million during the period (2017: HK$0.7 million).

PROSPECTS

China continued to advance its industrialisation and urbanisation, and deepen the supply-side reform. As the recurrent intensification of the Sino-US trade war may become a normalised phenomenon and exports to the United States may continue to weaken, economic development will be under pressure. However, driven by "The Belt and Road Initiative" and other favorable policies, domestic demand promotion, economic development structure adjustment and other measures to promote high-quality economic development will remain as the dominant trend. Therefore, the Directors expect the business environment to remain challenging, but are cautiously optimistic towards the overall outlook of the Group.

The management team and Board of Directors are highly experienced in the real estate development industry in China and possess significant resources and networks in China which the Company expects to be able to leverage for its future development in the property sub-leasing, development and investment business sector.

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 attaining 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 2018, the Group had bank and other borrowings of approximately HK$37.3 million (31 March 2018: approximately HK$30.0 million).

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

	30 September 2018 (Unaudited)	31 March 2018 (Audited)
	HK$ Million	*HK$ Million*
Repayable:		
Within one year	**28.4**	30.0
After one year but within two years	**8.9**	—
	37.3	30.0

The carrying amounts of the Group's bank and other borrowings were denominated in RMB. The bank loans carry interest rates at 4.35% to 6.54% per annum.

On 15 August 2018, 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$42,031,080. For the six months ended 30 September 2018, no such bonds had been converted to ordinary shares of the Company. The completion of issue of convertible bonds took place on 31 August 2018, please refer to the Company's announcement dated 31 August 2018 for details.

The gearing ratio of the Group as at 30 September 2018 was 100% compared with 87.4% as at 31 March 2018. Such ratio was calculated with reference to the bank and other borrowings, bills payables and convertible bonds over the Company's equity attributable to owners of the Company. As at 30 September 2018, the Group had net current assets of approximately HK$101.1 million as compared with the net current assets as at 31 March 2018 of approximately HK$85.1 million. The current ratio of the Group as at 30 September 2018 was 1.6 compared with 1.5 as at 31 March 2018.

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 2018, 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 2018, the Group completed the following fund raising exercise to strengthen its financial position and raised the gross proceeds of approximately HK$42.0 million, with the net proceeds of approximately HK$41.8 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 2018**	**Unutilised amount as at 30 September 2018**
31 August 2018	Issue of convertible bonds in an aggregate principal amount of HK$42,031,080	Approximately HK$27.2 million for money lending business of the Group in Hong Kong	Nil	Approximately HK$27.2 million
		Approximately HK$14.6 million for general working capital of the Group	Approximately HK$1.5 million	Approximately HK$13.1 million
26 July 2017	Issue of convertible bonds in an aggregate principal amount of HK$46,341,960	Approximately HK$32.1 million for potential acquisition	Nil	Approximately HK$32.1 million
		Approximately HK$14.0 million for general working capital of the Group	Approximately HK$14.0 million	Nil

CHARGES AND GUARANTEES

As at 30 September 2018, certain bank and other borrowings of the Group in the total amount of approximately HK$37.3 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 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. The amount under the loan facility has been fully repaid during the period and accordingly, the guarantee arrangement was terminated.

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 2018.

Advances to Entities

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. The amount under the loan facility has been fully repaid during the period and accordingly, the guarantee arrangement was terminated.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2018.

EMOLUMENT POLICY

As at 30 September 2018, the Group employed a total of 87 employees (31 March 2018: 85). The remuneration of the employees of the Group amounted to approximately HK$7.1 million for the six months ended 30 September 2018 (30 September 2017: approximately HK$15.7 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 2018.

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 September 2018, 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 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. Review 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 through the Audit Committee of the Board.

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 2018.

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 2018.

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 2018 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 2018 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 2018

As at the date of this announcement, the Executive Directors are Mr. Chen Weiwu (the Chairman), 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*