CHINA TANGSHANG HOLDINGS LIMITED
中國唐商控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 674)

ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

FINAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of China Tangshang Holdings Limited (the "**Company**", together with its subsidiaries, collectively, the "**Group**") announces the consolidated results of the Group for the year ended 31 March 2019 with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2019

	Notes	2019 HK$	2018 HK$
Continuing operations			
Revenue	3	**81,438,154**	81,333,379
Other gains or losses, net		**9,766,908**	63,506,155
Costs of inventories		**(12,031,657)**	(7,783,976)
Depreciation on property, plant and equipment		**(5,020,743)**	(10,324,796)
Operating lease payments		**(22,377,129)**	(23,797,310)
Staff costs		**(16,154,858)**	(22,400,620)
Other operating expenses		**(43,377,732)**	(78,652,126)
Finance costs		**(6,496,826)**	(6,657,000)
Loss before income tax expense	4	**(14,253,883)**	(4,776,294)
Income tax (expense)/credit	5	**(744,760)**	1,377,306
Loss for the year from continuing operations		**(14,998,643)**	(3,398,988)
Discontinued operations			
Loss for the year from discontinued operations		—	(9,951,805)
Loss for the year		**(14,998,643)**	(13,350,793)

	Notes	**2019**	2018
		HK$	*HK$*
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Loss on revaluation of properties		**—**	(850,522)
Tax credit related to changes on revaluation of properties		**—**	140,336
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translating foreign operations		**(343,959)**	2,287,229
Available-for-sale investments, change in fair value		**—**	312,998
Release of foreign exchange reserve upon disposal of subsidiaries		**—**	(19,179,185)
Reclassification adjustment for realisation upon disposal of available-for-sale investments		**—**	(6,276,790)
Other comprehensive income for the year, net of tax		**(343,959)**	(23,565,934)
Total comprehensive income for the year		**(15,342,602)**	(36,916,727)
Loss for the year attributable to:			
Owners of the Company			
— Continuing operations	*7*	**(18,871,185)**	(3,995,690)
— Discontinued operations		**—**	(7,062,681)
Loss for the year attributable to owners of the Company	*7*	**(18,871,185)**	(11,058,371)
Non-controlling interests			
— Continuing operations		**3,872,542**	596,702
— Discontinued operations		**—**	(2,889,124)
Profit/(loss) for the year attributable to non-controlling interests		**3,872,542**	(2,292,422)
		(14,998,643)	(13,350,793)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(19,101,728)**	(34,815,694)
Non-controlling interests		**3,759,126**	(2,101,033)
		(15,342,602)	(36,916,727)
Loss per share from continuing and discontinued operations	*7*		
Basic (HK cents)		**(1.75)**	(1.03)
Diluted (HK cents)		**(1.75)**	(1.03)
Loss per share from continuing operations	*7*		
Basic (HK cents)		**(1.75)**	(0.37)
Diluted (HK cents)		**(1.75)**	(0.37)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	**31 March 2019** ***HK$***	31 March 2018 *HK$*
Assets			
Non-current assets			
Property, plant and equipment		**48,436,970**	56,486,517
Goodwill	*11*	**201,909**	—
Intangible assets		**555,194**	672,078
Deferred tax assets		**587,593**	1,292,706
Total non-current assets		**49,781,666**	58,451,301
Current assets			
Inventories		**10,056,155**	22,087,812
Trade and other receivables	*8*	**153,807,743**	113,691,596
Amounts due from non-controlling shareholders of subsidiaries		**4,000**	4,000
Amounts due from related parties		**3,117,634**	5,832,800
Cash and bank balances		**120,346,740**	114,165,492
Total current assets		**287,332,272**	255,781,700
Total assets		**337,113,938**	314,233,001
Liabilities			
Current liabilities			
Trade and other payables	*9*	**91,007,432**	113,101,516
Amounts due to related parties		**27,040,427**	27,040,427
Bank and other borrowings		**43,647,046**	29,953,198
Convertible bonds	*10*	**45,344,878**	—
Current tax liabilities		**542,536**	539,250
Total current liabilities		**207,582,319**	170,634,391
Net current assets		**79,749,953**	85,147,309
Total assets less current liabilities		**129,531,619**	143,598,610

	Notes	31 March 2019 HK$	31 March 2018 HK$
Non-current liabilities			
Convertible bonds	*10*	**37,575,609**	42,278,487
Total non-current liabilities		**37,575,609**	42,278,487
Total liabilities		**245,157,928**	212,912,878
NET ASSETS		**91,956,010**	101,320,123
Capital and reserves attributable to owners of the Company			
Share capital		**53,888,928**	53,888,928
Reserves		**45,258,570**	58,381,809
		99,147,498	112,270,737
Non-controlling interests		**(7,191,488)**	(10,950,614)
TOTAL EQUITY		**91,956,010**	101,320,123

Notes

1. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

(c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company.

2. ADOPTION OF NEW OR REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new or revised HKFRSs — effective 1 April 2018

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The impact of the adoption of HKFRS 9 Financial Instruments (see note 2(a)A below) and HKFRS 15 Revenue from Contracts with Customers (see note 2(a)B 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 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	73,198,830	73,198,830
Amount due from non-controlling shareholders of subsidiaries	Loans and receivables	Amortised cost	4,000	4,000
Amounts due from related parties	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 bank balances 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 receivables

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a life time ECLs for all trade receivables. To measure the ECLs, trade 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 receivables, no expected credit loss allowance was recognised by the Group upon transition to HKFRS 9 as of 1 April 2018 and for the year ended 31 March 2019 as the amount is not material.

(b) Impairment of loan receivables

All of the balances of loans of the Group are considered to have low credit risk, and the loss allowances recognised during the year was therefore limited to 12 months ECLs, no loss allowance is recognised for loans receivable upon the transition to HKFRS 9 as of 1 April 2018 as the management considered the loss allowance is immaterial after their assessment.

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

Other financial assets at amortised cost of the Group includes amounts due from related parties 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 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 accumulated losses 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;
- 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 an 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 accumulated losses 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 relevant applications are approved and 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.

Revenue from sub-leasing of properties will continue to be accounted for in accordance with Hong Kong Accounting Standard 17 "Leases", there is no impact on the Group's revenue recognition policy for the sub-leasing business after adoption of HKFRS 15.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements 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.

HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, Business Combinations[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK$116,013,639 as disclosed in the notes to the consolidated financial statements. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases. In addition, the Group currently considers refundable rental deposits paid of HK$2,695,045 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments of refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

HK(IFRIC)-Int 23 – Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Amendments to HKAS 1 and HKAS 8 – Definition of Material

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 April 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKFRS 3, Business Combinations

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 23, Borrowing Costs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the Directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

3. SEGMENT REPORTING

Management determines operating segments based on the reports regularly reviewed by the chief operating decision maker (the "**CODM**"), which is the Board of Directors (the "**Board**"), in assessing performance and allocating resources. The CODM considers the business primarily on the basis of the types of services supplied by the Group. During the year ended 31 March 2019, the Group had four operating divisions — exhibition-related business, property sub-leasing, development and investment business, food and beverages and money lending business.

Principal activities of the Group are as follows:

Exhibition-related business	—	organising all kinds of exhibition events and meeting events
Property sub-leasing, development and investment business	—	sub-leasing, development of real estates and leasing of investment properties
Food and beverages	—	sale of food and beverages and restaurant operations
Money lending business	—	provision of loans to customers, including individuals and corporations under the provisions of Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) in Hong Kong

Upon completion of disposal of the entire interests of a number of subsidiaries on 31 March 2019 to independent third parties (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.

Segment information is presented below:

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

	2019					
	Continuing operations					
	Exhibition-related business *HK$*	Property sub-leasing, development and investment business *HK$*	Food and beverages *HK$*	Money lending business *HK$*	Inter-segment elimination *HK$*	Total *HK$*
Reportable segment revenue						
External revenue	**26,032,001**	**45,309,786**	**7,550,176**	**2,546,191**	**—**	**81,438,154**
Inter-segment revenue	—	—	—	—	—	—
	26,032,001	**45,309,786**	**7,550,176**	**2,546,191**	**—**	**81,438,154**
Reportable segment (loss)/profit before income tax expense	**(4,027,432)**	**6,572,155**	**(4,485,036)**	**1,741,234**	**—**	**(199,079)**
Other segment information						
Interest income	**9,224**	**9,803**	**—**	**155**	**—**	**19,182**
Interest expenses	**—**	**1,707,397**	**—**	**—**	**—**	**1,707,397**
Depreciation of property, plant and equipment	**50,643**	**4,006,274**	**—**	**—**	**—**	**4,056,917**
Gain on disposal of property, plant and equipment	**—**	**34,981**	**—**	**—**	**—**	**34,981**
Gain on disposal of subsidiaries	**6,693**	**—**	**—**	**—**	**—**	**6,693**
Expected credit loss allowance on trade and other receivable	**—**	**278,935**	**—**	**65,930**	**—**	**344,865**
Reportable segment assets	**20,799,439**	**134,936,572**	**149,363**	**60,708,677**	**—**	**216,594,051**
Expenditure for reportable segment non-current assets	**180,819**	**4,729,938**	**—**	**—**	**—**	**4,910,757**
Reportable segment liabilities	**9,888,064**	**146,898,683**	**143,655**	**3,546**	**—**	**156,933,948**

	2018									
	Continuing operations						Discontinued operations			
	Exhibition-related business *HK$*	Property sub-leasing, development and investment business *HK$*	Food and beverages *HK$*	Money lending business *HK$*	Inter-segment elimination *HK$*	Sub-total *HK$*	Sludge and sewage treatment *HK$*	License fee collection and provision of intellectual property enforcement services business *HK$*	Entertainment business *HK$*	Total *HK$*
Reportable segment revenue										
External revenue	39,395,656	35,763,016	3,961,513	2,213,194	—	81,333,379	—	3,383	44,033	81,380,795
Inter-segment revenue	—	—	22,163,815	—	(22,163,815)	—	—	—	—	—
	39,395,656	35,763,016	26,125,328	2,213,194	(22,163,815)	81,333,379	—	3,383	44,033	81,380,795
Reportable segment (loss)/profit before income tax expense	(2,694,636)	432,517	(4,425,697)	2,195,660	—	(4,492,156)	(3,585,346)	(5,396,131)	(946,064)	(14,419,697)
Other segment information										
Interest income	27,318	9,454	37	—	—	36,809	678	753,940	1,647	793,074
Interest expenses	—	4,501,705	—	—	—	4,501,705	—	—	—	4,501,705
Depreciation of property, plant and equipment	96,366	7,312,518	149,478	—	—	7,558,362	—	557,612	173,486	8,289,460
Loss on disposal of property, plant and equipment	47,394	—	—	—	—	47,394	—	—	—	47,394
Impairment losses on trade and other receivables	—	322,545	—	—	—	322,545	—	—	—	322,545
Share of losses of associates	—	—	—	—	—	—	1,011,613	—	—	1,011,613
Reportable segment assets	25,029,038	119,648,170	12,290,282	49,028,292	—	205,995,782	—	—	—	205,995,782
Expenditure for reportable segment non-current assets	32,490	3,511,834	—	—	—	3,544,324	—	840,253	—	4,384,577
Reportable segment liabilities	10,222,278	148,722,583	554,160	51,000	—	159,550,021	—	—	—	159,550,021

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

Loss before income tax expense

	2019	2018
	HK$	*HK$*
Reportable segment loss before income tax expense	**(199,079)**	(4,492,156)
Unallocated gain on disposal of available-for-sale investments	**—**	6,276,790
Unallocated (loss)/gain on disposal of subsidiaries	**(120,535)**	58,240,950
Unallocated gain on disposal of property, plant and equipment	**2,460,008**	100,000
Unallocated interest income and other income	**6,087,215**	1,320,244
Unallocated amortisation of intangible assets	**(116,884)**	(116,884)
Unallocated finance costs	**(4,789,429)**	(2,155,295)
Unallocated staff costs	**(5,632,904)**	(11,945,477)
Unallocated rent, rates and management fee	**(1,831,370)**	(13,450,292)
Unallocated depreciation of property, plant and equipment	**(963,826)**	(2,766,434)
Unallocated head office and corporate expenses *(note)*	**(9,147,079)**	(35,787,740)
Loss before income tax expense from continuing operations	**(14,253,883)**	(4,776,294)

Note:

Unallocated head office and corporate expenses mainly include professional and consultancy fees, administrative expenses and business development expenses.

Assets

	2019	2018
	HK$	*HK$*
Reportable segment assets	**216,594,051**	205,995,782
Property, plant and equipment	**1,681,285**	2,840,102
Trade and other receivables	**10,353,200**	5,270,588
Cash and cash equivalents	**107,749,758**	99,273,990
Unallocated head office and corporate assets	**735,644**	852,539
Total assets	**337,113,938**	314,233,001

Liabilities

	2019	2018
	HK$	*HK$*
Reportable segment liabilities	**156,933,948**	159,550,021
Convertible bonds	**82,920,487**	42,278,487
Unallocated head office and corporate liabilities	**5,303,493**	11,084,370
Total liabilities	**245,157,928**	212,912,878

(c) Geographical information

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

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

		2019	
	Hong Kong	**The PRC**	**Total**
	HK$	***HK$***	***HK$***
Revenue	**10,096,367**	**71,341,787**	**81,438,154**
Non-current assets other than financial instruments and deferred tax assets	**2,430,488**	**46,763,585**	**49,194,073**

		2018	
	Hong Kong	The PRC	Total
	HK$	*HK$*	*HK$*
Revenue	6,174,707	75,158,672	81,333,379
Non-current assets other than financial instruments and deferred tax assets	3,577,470	53,581,125	57,158,595

4. LOSS BEFORE INCOME TAX EXPENSE

Loss before income tax expense is arrived at after charging/(crediting):

	2019	2018
	HK$	*HK$*
Continuing operations		
Amortisation on intangible assets	**116,884**	116,884
Loss/(gain) on disposal of subsidiaries, net#	**113,842**	(58,240,950)
Gain on disposal of property, plant and equipment#	**(2,494,989)**	(52,606)
Impairment losses on trade and other receivables	**—**	322,545
Expected credit loss allowance on:		
— trade and other receivables	**278,935**	—
— loan receivables	**65,930**	—
Auditor's remuneration	**1,490,000**	1,490,000
Exhibition-related expenses	**23,545,205**	34,720,189
Value-added and other taxes	**2,725,101**	2,420,855
(Reversal of)/provision for financial guarantee#	**(5,865,835)**	5,865,835
Discontinued operations		
Share of losses of associates	**—**	1,011,613

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

5. INCOME TAX (EXPENSE)/CREDIT

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

	Continuing operations		Discontinued operations		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Current tax — Hong Kong profits tax						
— tax for the year	**(3,546)**	—	**—**	—	**(3,546)**	—
	(3,546)	—	**—**	—	**(3,546)**	—
Current tax — PRC Enterprise Income Tax						
— tax for the year	**(36,101)**	(131,519)	**—**	(24,264)	**(36,101)**	(155,783)
	(36,101)	(131,519)	**—**	(24,264)	**(36,101)**	(155,783)
Deferred tax	**(705,113)**	1,508,825	**—**	—	**(705,113)**	1,508,825
	(744,760)	1,377,306	**—**	(24,264)	**(744,760)**	1,353,042

The PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2018: 25%).

Overseas tax is calculated at the rate applicable in the respective jurisdictions.

Under the two-tiered profits tax rates regime in Hong Kong, the first HK$2,000,000 of profits of qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

For the year ended 31 March 2019, Hong Kong Profits Tax is calculated at 8.25% on the first HK$2,000,000 of the estimated assessable profits of one of the subsidiaries of the Company and at 16.5% on the estimated assessable profits above HK$2,000,000 of that subsidiary. The profits of other group entities not qualified for the two-tier profits tax regime will continue to be taxed at a flat rate of 16.5%.

For the year ended 31 March 2018, Hong Kong profits tax was calculated at the flat rate of 16.5% of the estimated assessable profits.

6. DIVIDENDS

No dividend was paid or proposed in respect of the year ended 31 March 2019, nor has any dividend been proposed since the end of reporting period (2018: nil).

7. LOSS PER SHARE

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

	2019	2018
	HK$	*HK$*
Loss for the purpose of basic and diluted loss per share		
Loss for the year attributable to owners of the Company		
— from continuing operations	**(18,871,185)**	(3,995,690)
— from discontinued operations	**—**	(7,062,681)
— from continuing and discontinued operations	**(18,871,185)**	(11,058,371)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,077,778,570**	1,077,778,570

For the year ended 31 March 2019 and 2018, basic loss per share is the same as diluted loss per share. There are no dilutive effects on the share options granted and convertible bonds, as they are anti-dilutive.

8. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$	*HK$*
Trade receivables *(note (a))*	**7,465,838**	3,468,540
Deposits	**3,301,100**	1,281,534
Prepayments and other receivables	**83,829,523**	59,921,485
Loan receivables *(note (b))*	**59,211,282**	49,020,037
	153,807,743	113,691,596

Notes:

(a) The ageing analysis of trade receivables based on invoice date after impairment loss at the end of the reporting period is as follows:

	2019	2018
	HK$	*HK$*
Within 90 days	**7,465,838**	**3,468,540**
91 days to 365 days	—	—
More than 365 days	—	—
	7,465,838	**3,468,540**

(b) Loan receivables presented:

	2019 *HK$*	2018 *HK$*
— Loans to independent third parties	**59,277,212**	49,020,037
Less: loss allowances	**(65,930)**	—
	59,211,282	49,020,037

It represented advances to six (2018: ten) independent third parties. The Group and the independent third parties entered into the loan agreements in which the Group agreed to advance loans to the independent third parties in the aggregate principal amount of HK$58,700,000 (2018: HK$45,083,424) and related interest receivables of HK$577,212 (2018: HK$3,936,613). The loans are unsecured and bear an effective interest rate ranging at 5% (2018: 4% to 8%) per annum and shall be repayable in 12 months (2018: 3 to 12 months) from the date of advance. The entire balance was subsequently received before the date of this announcement.

9. TRADE AND OTHER PAYABLES

	2019 *HK$*	2018 *HK$*
Trade payables	**6,240,770**	5,296,071
Bills payables	—	25,915,008
Accruals	**10,523,126**	12,629,517
Other payables	**62,775,131**	58,577,351
Other deposits received	**11,456,747**	10,683,569
	90,995,774	113,101,516

Included in trade and other payables are trade and bills payables with the following ageing analysis based on invoice date as of the end of reporting period:

	2019 *HK$*	2018 *HK$*
Current or within 30 days	—	—
31 to 60 days	—	876,792
61 to 90 days	—	57,964
Over 90 days	**6,240,770**	30,276,323
	6,240,770	31,211,079

Trade and bills payables are expected to be settled within one year.

10. 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 share capital of the company at an initial conversion price of HK$0.215 per share (subject to adjustment) during the period from six months after 25 July 2017 (the "**Bond Issue Date 1**") and 24 July 2019 (the "**Bond Maturity Date**"). The conversion price was subject to adjustment on the occurrence of dilutive or concentration event. The Company may at any time after six months from the Bond Issue Date 1 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" in the consolidated statement of changes in equity. 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**"), an independent professional valuer.

	HK$
Fair value of the 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 2**") 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 any time after six months from the Bond Issue Date 2 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.

	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 1	40,284,706	—	**40,284,706**
Effective interest expenses	1,993,781	—	**1,993,781**
Carrying amount at 31 March 2018 and 1 April 2018	42,278,487	—	**42,278,487**
Initial recognition at Bond Issue Date 2	—	35,852,591	**35,852,591**
Effective interest expenses	3,066,391	1,723,018	**4,789,409**
Carrying amount at 31 March 2019	45,344,878	37,575,609	**82,920,487**
Less: Current portion	(45,344,878)	—	**(45,344,878)**
Non-current portion	—	37,575,609	**37,575,609**

During the year, there is no conversion of the convertible bonds by the holders.

11. ACQUISITION OF A SUBSIDIARY

In October 2018, the Group completed the acquisition of entire equity interests of the Shenzhen Qianhai Zhong Run Hong Da Management Company Limited* (深圳前海中潤宏達企業管理有限公司) ("Zhong Run") at an aggregate consideration of HK$1.

The fair values of net liabilities acquired at the date of acquisition are as follows:

	HK$
Fair values of assets and liabilities acquired:	
Trade and other receivables	2,055,695
Cash and cash equivalents	1,126,389
Trade and other payables	(3,383,992)
Net liabilities acquired	(201,908)
Goodwill	201,909
Total purchase consideration satisfied by:	
Cash	1
Net cash inflows arising on acquisition	
Consideration paid	(1)
Cash and cash equivalents acquired	1,126,389
	1,126,388

Zhong Run contributed revenue of approximately HK$5,489,190 and net loss of approximately HK$351,803 to the Group from the date of acquisition to 31 March 2019.

Had the business combination taken place on 1 April 2018, revenue of the Group for the year ended 31 March 2019 would have been increased by approximately HK$3,689,741 and net loss would have increased by HK$2,927,197. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the operations of the Group that actually would have been achieved had the acquisition of the Zhong Run been completed on 1 April 2018 nor are they intended to be a projection of future results.

12. SUBSEQUENT EVENTS

On 21 May 2019, the Group has entered into an acquisition agreement with an independent third party in relation to the acquisition of 73% of the share equity of Shenzhen Jinfan Investment Development Co., Ltd.* (深圳市金帆投資發展有限公司) at a cash consideration of RMB40 million. This transaction is still pending for completion. Details of the transaction were disclosed in the Company's announcement dated 21 May 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Consolidated results

For the year ended 31 March 2019, the Group recorded revenue of approximately HK$81.4 million compared to approximately HK$81.3 million for the last financial year, representing a slight increase of about 0.1%, and loss for the year ended 31 March 2019 of approximately HK$15.0 million compared to approximately HK$13.4 million for the last financial year, representing an increase of about 11.9%. If the Group's last year net loss excluded the one-off net gain of HK$58.2 million attributable to the completion of disposal of subsidiaries of the Company, the net loss would be HK$61.6 million ("**Adjusted Net Loss**"). By comparing this year's net loss and last year's Adjusted Net Loss, it represented a significant decrease of approximately HK$46.6 million or 75.7%. This improvement of the financial performance 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 year ended 31 March 2019, this business segment recorded revenue of approximately HK$26.0 million compared to approximately HK$39.4 million for the last financial year, representing a decrease of about 34.0%. The drop in revenue was mainly due to the decrease in number of events participants. The segment loss for the financial year of approximately HK$4.0 million compared to approximately HK$2.7 million for the last financial year, representing an increase of about 48.2%.

Property sub-leasing, development and investment business

For the year ended 31 March 2019, this business segment recorded revenue of approximately HK$45.3 million compared to approximately HK$35.8 million for the last financial year, representing an increase of about 26.5%, the increase in revenue was mainly resulted from: (i) the increase in rent for new tenants and renewal tenants in sub-leasing certain properties in Nanjing, PRC; and (ii) acquisition of a PRC company engaging in sub-leasing business in Shenzhen in October 2018, which contributed approximately HK$5.5 million of revenue from the date of acquisition to 31 March 2019.

This business segment recorded profit for the financial year of approximately HK$6.6 million as compared to loss of approximately HK$0.4 million for the last financial year, primarily attributable to improvement of financial result of the existing sub-leasing business in Nanjing, PRC.

Financial Services Business

Money lending

During the year, the Group conducted money lending business in Hong Kong and recognised interest income for approximately HK$2.5 million during the year (2018: HK$2.2 million). The Group will continue to explore opportunities prudently to develop this business sector but at the same time will maintain a balance and review its loan portfolio so as to control the risks of debt default.

Securities, futures and asset management

The Group was successfully granted Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) licenses by Securities and Futures Commission ("**SFC**") in May 2019 and Type 2 (dealing in futures contracts) license by SFC in June 2019. By obtaining these licenses, the management consider this would enable the Group to further diversify its business within the financial services sector, and thereby provide viable business development opportunities to the Group.

Liquidity and financial resources

As at 31 March 2019, the Group had bank and other borrowings and convertible bonds in total of approximately HK$126.6 million. As at 31 March 2018, the Group has bank borrowings, bills payables, and convertible bonds in total of approximately HK$98.1 million. The gearing ratio of the Group as at 31 March 2019 was 6.4% (2018: N/A). Such ratio was calculated with reference to the bank and other borrowings, bills payables and convertible bonds, and deduction of cash and cash equivalents, over the Company's equity attributable to owners of the Company. As at 31 March 2019, the Group had net current assets of approximately HK$79.7 million (2018: net current assets of approximately HK$85.1 million). The current ratio of the Group as at 31 March 2019 was approximately 1.4 compared with 1.5 as at 31 March 2018.

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

	2019	2018
	HK$ Million	*HK$ Million*
Repayable:		
Within one year	**43.6**	30.0

The carrying amounts of all the Group's bank and other borrowings were denominated in RMB. As at 31 March 2019, the Group's bank and other borrowings balance of approximately HK$12.8 million was charged at a fixed interest rate, and approximately HK$30.8 million was charged at a floating interest rate. As at 31 March 2018, all of the Group's bank borrowings balance was charged at a fixed interest rate. The bank and other borrowings carry effective interest rates ranged from 5.73% to 7.36% (2018: 5.8%).

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 year ended 31 March 2019, 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 revenue of the Group, being mostly denominated in Renminbi and Hong Kong dollar, matches the currency requirement of the Group's expenses while other foreign currencies were immaterial. During the year ended 31 March 2019, 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 year ended 31 March 2019, 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 after deduction of issuance expenses. 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 31 March 2019	Unutilised amount as at 31 March 2019
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$7.4 million	Approximately HK$7.2 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

As at 31 March 2019, all of the bank and other borrowings of the Group in the total amount of HK$43.6 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 related company, which is beneficially owned by Mr. Yang Lei and his spouse (the "**Related Company**") and certain assets of Mr. Yang Lei, his spouse and a related party.

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 year and accordingly, the guarantee arrangement was terminated.

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

Save as disclosed above, the Group did not have any charges on assets as at 31 March 2019.

Contingent liabilities

As at 31 March 2019, the Group had no material contingent liabilities.

Advance to an entity

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 guarantors, entered into two guarantee agreements (the "**Guarantee Agreements**") respectively, 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.

Emolument policy

As at 31 March 2019, the Group employed a total number of 98 (2018: 85) employees. The remuneration of the employees of the Group for continuing operations is amounted to approximately HK$16.2 million for the year ended 31 March 2019 (2018: HK$22.4 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 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 may be rewarded to the Directors and employees depending on the Group's operating results and their performance.

Further, the Company has also adopted a share option scheme for the primary purpose of providing incentives or rewards to any the 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 ongoing basis.

Significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures, and future plans for material investments or capital assets

There was no significant investments held, no material acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended 31 March 2019.

On 21 May 2019, the Group has entered into an acquisition agreement with an independent third party in relation to the acquisition of 73% of the share equity of Shenzhen Jinfan Investment Development Co., Ltd.*（深圳市金帆投資發展有限公司）at a cash consideration of RMB40 million. This transaction is still pending for completion. Details of the transaction were disclosed in the Company's announcement dated 21 May 2019.

Outlook

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.

PROPOSED FINAL DIVIDEND

The Directors do not recommend any payment of final dividend for the year ended 31 March 2019 (2018: nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who are entitled to attend and vote at the 2019 annual general meeting of the Company ("**2019 AGM**"), the register of members of the Company will be closed from Monday, 23 September 2019 to Friday, 27 September 2019, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the 2019 AGM, unregistered holders of shares of the Company should ensure that all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company's Share Registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 20 September 2019.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor its subsidiaries purchased, sold or redeemed the Company's listed securities during the year ended 31 March 2019.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

CODE OF CORPORATE GOVERNANCE

Throughout the year ended 31 March 2019, the Company has complied with the code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules, save for the deviation of code provision A.1.1 of the CG Code 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.

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 year.

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 auditing and financial reporting matters including the review of the audited financial statements of the Group for the year ended 31 March 2019.

PUBLIC FLOAT

As at the date of this announcement, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

ANNUAL GENERAL MEETING

The 2019 AGM will be held on Friday, 27 September 2019 and the notice of the 2019 AGM will be published and despatched in the manner as required by the Listing Rules and the Company's memorandum and articles in due course.

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

The Company's annual report for the year ended 31 March 2019 will be despatched to the shareholders of the Company and available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk under "**Latest Listed Company Information**" and on the website of the Company at http://www.ts674.com in due course.

On behalf of the Board
China Tangshang Holdings Limited
Chen Weiwu
Chairman

Hong Kong, 27 June 2019

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

* *for identification purpose only*