CHINA TANGSHANG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 674)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

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 2019.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2019

		Six months ended 30 September	
		2019	2018
		(Unaudited)	(Unaudited)
	Notes	***HK$***	*HK$*
Revenue	*3*	**41,704,373**	29,959,570
Other gains or losses, net		**(21,873,644)**	6,096,468
Costs of inventories		**—**	(1,063)
Depreciation of property, plant and equipment		**(1,717,893)**	(2,702,867)
Operating lease payments		**(440,429)**	(7,116,889)
Staff costs		**(9,119,251)**	(7,104,964)
Other operating expenses		**(26,186,490)**	(17,526,820)
Finance costs		**(8,789,842)**	(2,183,473)
Loss before income tax expense	*4*	**(26,423,176)**	(580,038)
Income tax expense	*5*	**(516,217)**	(352,556)
Loss for the period		**(26,939,393)**	(932,594)

	Notes	Six months ended 30 September **2019** **(Unaudited)** ***HK$***	2018 (Unaudited) *HK$*
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**(4,459,089)**	(60,448)
Other comprehensive income for the period, net of tax		**(4,459,089)**	(60,448)
Total comprehensive income for the period		**(31,398,482)**	(993,042)
Loss for the year attributable to:			
Owners of the Company		**(24,082,808)**	(1,019,800)
Non-controlling interests		**(2,856,585)**	87,206
		(26,939,393)	(932,594)
Total comprehensive income for the period attributable to:			
Owners of the Company		**(26,632,536)**	(1,068,624)
Non-controlling interests		**(4,765,946)**	75,582
		(31,398,482)	(993,042)
		HK cents	*HK cents*
Loss per share attributable to owners of the Company for the period	*6*		
Basic		**(2.23)**	(0.09)
Diluted		**(2.23)**	(0.09)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Notes	30 September 2019 (Unaudited) HK$	31 March 2019 (Audited) HK$
Assets			
Non-current assets			
Property, plant and equipment	8	**5,540,425**	48,436,970
Investment properties	8	**192,710,200**	—
Goodwill		**201,909**	201,909
Intangible assets		**496,752**	555,194
Deferred tax assets		**832,320**	587,593
Total non-current assets		**199,781,606**	49,781,666
Current assets			
Inventories		**9,972,823**	10,056,155
Trade and other receivables	9	**102,135,657**	153,807,743
Amounts due from non-controlling shareholders of subsidiaries		**4,000**	4,000
Amounts due from related parties		**3,247,365**	3,117,634
Cash and bank balances		**162,209,221**	120,346,740
Total current assets		**277,569,066**	287,332,272
Total assets		**477,350,672**	337,113,938
Liabilities			
Current liabilities			
Trade, bills and other payables	10	**81,490,806**	91,007,432
Contract liabilities		**669,049**	—
Amounts due to related parties		**27,040,427**	27,040,427
Bank and other borrowings		**48,935,156**	43,647,046
Convertible bonds	11	**39,080,748**	45,344,878
Lease liabilities		**18,682,483**	—
Current tax liabilities		**542,536**	542,536
Total current liabilities		**216,441,205**	207,582,319
Net current assets		**61,127,861**	79,749,953
Total assets less current liabilities		**260,909,467**	129,531,619

	Notes	30 September 2019 (Unaudited) HK$	31 March 2019 (Audited) HK$
Non-current liabilities			
Bank and other borrowings		**14,966,575**	—
Convertible bonds	*11*	**40,736,397**	37,575,609
Deferred tax liabilities		**768,165**	—
Lease liabilities		**63,312,519**	—
Total non-current liabilities		**119,783,656**	37,575,609
Total liabilities		**336,224,861**	245,157,928
NET ASSETS		**141,125,811**	91,956,010
Capital and reserves attributable to owners of the Company			
Share capital		**53,888,928**	53,888,928
Reserves		**64,903,797**	45,258,570
		118,792,725	99,147,498
Non-controlling interests		**22,333,086**	(7,191,488)
TOTAL EQUITY		**141,125,811**	91,956,010

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2019 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 provisions of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The unaudited interim condensed consolidated financial statements have been prepared under historical cost basis, except for the investment properties which measured at fair value.

These unaudited interim condensed consolidated financial statements are presented in Hong Kong Dollars ("**HK$**"), unless otherwise stated. These unaudited interim condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2019 annual financial statements.

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 2019.

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 2019, except for those that related to new standard or interpretations effective for the first time for period begining on or after 1 January 2019. This is first set of the Group's financial statements in which HKFRS 16 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 2019 and have not yet been early adopted by the Group.

Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 3	Definition of Business[2]
Amendments to HKFRS 10 and HKAS 28	Sales or contribution of Assets between an Investor and its Associate or Joint Venture[3]

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

[2] Effect for business combinations and assets acquisition for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

[3] 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 16, Lease
- HK(IFRIC)-Interpretation 23, Uncertainty over Income Tax Treatments
- Amendments to HKFRS 9, Prepayment Features with Negative Compensation
- Amendments to HKAS 19, Plan Amendment, Curtailment or Settlement
- Amendments to HKAS 28, Long-term Interests in Associates and Joint Ventures
- Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23 included in Annual Improvements to HKFRSs 2015-2017 Cycle

The impact of the adoption of HKFRS 16 has been summarised in below. The other new or amended HKFRSs that are effective from 1 January 2019 did not have any material impact on the Group's accounting policies.

HKFRS 16 Leases ("HKFRS 16")

(i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("**HKAS 17**"), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the statement of financial position as a right-of-use assets and a lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (ii) to (v) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of accumulated losses at the date of initial application. The comparative information presented in 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The following tables summarised the impact of transition to HKFRS 16 on the Group's unaudited interim condensed consolidated statement of financial position as of 31 March 2019 to that of 1 April 2019 as follows:

	(Unaudited) *HK$* increase/ (decrease)
Condensed consolidated statement of financial position as at 1 April 2019	
Right-of-use assets presented in property, plant and equipment	4,156,107
Right-of-use assets presented in investment properties	216,561,971
Leasehold improvements presented in property, plant and equipment	(45,684,866)
Lease liabilities (non-current)	(77,368,575)
Lease liabilities (current)	(17,307,400)
Accumulated losses	(46,066,719)
Non-controlling interests	(34,290,518)

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 March 2019 could be reconciled to the lease liabilities at the date of initial application recognised in the unaudited interim condensed consolidated statement of financial position as at 1 April 2019:

Reconciliation of operating lease commitments to lease liabilities	(Unaudited) *HK$*
Operating lease commitments as of 31 March 2019	116,013,638
Less: short term leases for which lease terms end within 31 March 2020	(331,634)
Less: future interest expenses	(21,006,029)
Total lease liabilities as of 1 April 2019	94,675,975

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the unaudited condensed consolidated statement of financial position as at 1 April 2019 is 9.31%.

(ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value.

For the Group, leasehold land and buildings that were held for rental or capital appreciation purpose would continue to be accounted for under HKAS 40 and would be carried at fair value. The adoption of HKFRS 16 therefore does not have any significant impact on these right-of-use assets. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises it judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable: (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(iv) Accounting as a lessor

The Group has leased out its investment property to a number of tenants. As the accounting under HKFRS 16 for a lessor is substantially unchanged from the requirements under HKAS 17, the adoption of HKFRS 16 does not have significant impact on these unaudited interim condensed consolidated financial statements.

(v) Transition

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of accumulated losses at the date of initial application (1 April 2019). The comparative information presented in 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 April 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 April 2019.

The Group has elected to recognise all the right-of-use assets at 1 April 2019 for leases previously classified operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied HKAS 36 Impairment of Assets at 1 April 2019 to assess if there was any impairment as on that date.

The Group has also applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 April 2019) and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 April 2019 and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int4.

3. SEGMENT INFORMATION

Management determines operating segments based on the reports regularly reviewed by the chief operating decision maker ("**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 type of services supplied by the Group. During the six months ended 30 September 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 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 2019 (Unaudited)					
	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 sales	**10,337,073**	**30,740,711**	**—**	**626,589**	**—**	**41,704,373**
Inter-segment sales	**—**	**—**	**—**	**—**	**—**	**—**
	10,337,073	**30,740,711**	**—**	**626,589**	**—**	**41,704,373**
Reportable segment (loss)/profit before income tax expense	**(1,780,796)**	**(4,642,459)**	**(1,890)**	**657,086**	**—**	**(5,768,059)**
Other segment information						
Interest income	**4,696**	**5,704**	**—**	**—**	**—**	**10,400**
Interest expenses	**51,548**	**5,650,663**	**—**	**—**	**—**	**5,702,211**
Depreciation of property, plant and equipment	**686,541**	**226,303**	**—**	**—**	**—**	**912,844**
Fair value loss of investment properties	**—**	**15,790,846**	**—**	**—**	**—**	**15,790,846**
Impairment losses on/(reversal of) trade and other receivables	**—**	**92,571**	**—**	**(65,930)**	**—**	**26,641**
Reportable segment assets (As at 30 September 2019) (Unaudited)	**19,339,456**	**286,492,768**	**149,723**	**61,406,611**	**—**	**367,388,558**
Reportable segment liabilities (As at 30 September 2019) (Unaudited)	**10,377,472**	**227,822,479**	**143,655**	**3,546**	**—**	**238,347,152**

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

	Six months ended 30 September 2018 (Unaudited)					
	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 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 31 March 2019) (Audited)	20,799,439	134,936,572	149,363	60,708,677	—	216,594,051
Reportable segment liabilities (As at 31 March 2019) (Audited)	9,888,064	146,898,683	143,655	3,546	—	156,933,948

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	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$	*HK$*
Reportable segment (loss)/profit before income tax expense	**(5,768,059)**	3,114,106
Unallocated interest income and other gains	**93,766**	6,021,171
Unallocated gain on extinguishment of convertible bonds	**5,937,254**	—
Unallocated provision for financial guarantee	**(12,657,292)**	—
Unallocated finance costs	**(3,087,631)**	(1,747,951)
Unallocated staff costs	**(4,053,986)**	(2,687,608)
Unallocated rent, rate and management fee	**(11,100)**	(1,135,820)
Unallocated depreciation of property, plant and equipment	**(805,049)**	(688,282)
Unallocated amortisation of intangible assets	**(58,442)**	(58,442)
Unallocated head office and corporate expenses	**(6,012,637)**	(3,397,212)
Loss before income tax expense	**(26,423,176)**	(580,038)

Assets

	30 September 2019	31 March 2019
	(Unaudited)	(Audited)
	HK$	*HK$*
Reportable segment assets	**367,388,558**	216,594,051
Property, plant and equipment	**1,386,999**	1,681,285
Trade and other receivables	**12,604,517**	10,353,200
Cash and cash equivalents	**93,962,525**	107,749,758
Unallocated head office and corporate assets	**2,008,073**	735,644
Total assets	**477,350,672**	337,113,938

Liabilities

	30 September 2019 (Unaudited)	31 March 2019 (Audited)
	HK$	*HK$*
Reportable segment liabilities	**238,347,152**	156,933,948
Convertible bonds	**79,817,145**	82,920,487
Lease liabilities	**3,021,425**	—
Unallocated head office and corporate liabilities	**15,039,139**	5,303,493
Total liabilities	**336,224,861**	245,157,928

(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:

	Six months ended 30 September 2019 (Unaudited)		
	Hong Kong	**The PRC**	**Total**
	HK$	***HK$***	***HK$***
Revenue *(note)*	**626,589**	**41,077,784**	**41,704,373**
Non-current assets other than financial instruments and deferred tax assets (As at 30 September 2019) (Unaudited)	**5,027,746**	**193,921,540**	**198,949,286**

	Six months ended 30 September 2018 (Unaudited)		
	Hong Kong	The PRC	Total
	HK$	*HK$*	*HK$*
Revenue *(note)*	1,083,894	28,875,676	29,959,570
Non-current assets other than financial instruments and deferred tax assets (As at 31 March 2019) (Audited)	2,430,488	46,763,585	49,194,073

Note:

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

4. LOSS BEFORE INCOME TAX EXPENSE

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

	Six months ended 30 September 2019 (Unaudited) *HK$*	2018 (Unaudited) *HK$*
Crediting		
Bank interest income	**103,635**	32,210
Gain on disposal of property, plant and equipment, net	—	35,652
Reversal of provision for financial guarantee#	—	5,865,835
Gain on extinguishment of convertible bonds	**5,937,254**	—
Charging		
Exhibition-related expenses	**9,610,464**	9,664,127
Business tax	**1,466,193**	1,267,031
Loss on disposal of property, plant and equipment, net	**17,460**	—
Impairment losses on trade and other receivables, net	**26,641**	—
Loss on fair value change in investment properties	**15,790,846**	—
Staff costs	**9,119,251**	7,104,964
Provision for financial guarantee	**12,657,292**	—
Amortisation on intangible assets	**58,442**	58,442

The amounts are included under the "other gains or losses, net" in the unaudited interim condensed 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 2019 (Unaudited) *HK$*	2018 (Unaudited) *HK$*
Current tax — Hong Kong profits tax	—	—
Current tax — PRC Enterprise Income Tax	—	—
Deferred tax	**(516,217)**	(352,556)
	(516,217)	(352,556)

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 2019 (2018: 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	
	2019	2018
	(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	**(24,082,808)**	(1,019,800)
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 2019, nor has any dividend been proposed as at the date of this announcement (2018: Nil).

8. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the six months ended 30 September 2019, the Group purchased and disposed property, plant and equipment of approximately HK$2,638,071 and HK$17,460 (six months ended 30 September 2018: HK$718,060 and HK$2,963) respectively.

Investment properties comprise office buildings that are leased to third parties under operating leases. The investment properties include properties that are held as right-of-use assets. The Group's investment property was valued at 30 September 2019 on a market comparison basis by an independent profession valuer, APAC Assets Valuation and Consulting Limited ("**APAC**"). A loss on fair value of the investment properties of HK$15,790,846 have been recognised in the profit or loss.

9. TRADE AND OTHER RECEIVABLES

	30 September 2019 (Unaudited)	31 March 2019 (Audited)
	HK$	*HK$*
Trade receivables *(note (a), (b))*	**5,051,168**	7,465,838
Deposits *(note (c))*	**5,941,017**	3,301,100
Prepayments and other receivables *(note (c))*	**91,143,472**	83,829,523
Loan receivables *(note (d))*	**—**	59,211,282
	102,135,657	153,807,743

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 2019 (Unaudited)	31 March 2019 (Audited)
	HK$	*HK$*
Within 90 days	**5,051,168**	7,465,838

(c) The balance mainly represented prepayments to contractors, bill receivable and refundable deposits for various potential business development projects.

(d) During the six months ended 30 September 2018, the Group entered into loan agreements with six 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 and are unsecured and bear effective interest rate of 5% per annum and shall be repayable in 12 months from the date of loan.

During the six months ended 30 September 2019, all the loans outstanding have been settled and there is no loan to independent third parties as at 30 September 2019.

10. TRADE, BILLS AND OTHER PAYABLES

(a) 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 2019 (Unaudited) *HK$*	31 March 2019 (Audited) *HK$*
Current or within 30 days	**3,336,113**	—
31 to 60 days	**—**	—
61 to 90 days	**—**	—
Over 90 days	**7,255,746**	6,240,770
	10,591,859	6,240,770

(b) Included in trade, bills and other payables are provision for financial guarantee of HK$12,657,292 as at 30 September 2019 (2018: Nil).

On 3 September 2019, 南京垠坤投資實業有限公司(Nanjing Yinkun Investment Corporation Co. Ltd.*) (the "**Guarantor**"), an indirect non-wholly owned subsidiary of the Company as the guarantor, entered into a guarantee agreement (the "**Guarantee Agreement**"), pursuant to which the Guarantor agreed to guarantee the repayment obligations of Nanjing Ruiyixiang Network Technology Co., Ltd.*(南京瑞益祥網絡科技有限公司), a company established in the PRC and a potential business partner of the Guarantor, as the borrower under a loan agreement dated 3 September 2019 in respect of the loan facility for the principal amount of up to RMB100 million with interest payable at a quarterly basis at a fixed rate of 6.5% per annum, which was secured by a piece of land owned by the borrower itself in Nanjing. Such facility shall be matured in 36 months and RMB80 million was first draw down in September 2019. The Group had recognised a financial guarantee liability at fair value of HK$12,657,292, at the date of providing the guarantee. For further details, please refer to the announcement of the Company dated 8 November 2019.

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 1**"), and 25 July 2019 (the "**Bond Maturity Date 1**"). 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 1 and before Bond Maturity Date 1 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.

During the six months ended 30 September 2019, the Company entered into deed of amendments with those independent third parties in relation to the extension of Bond Maturity Date to 24 July 2021. The details are set out in the Company's announcement dated 9 July 2019, 11 July 2019 and 15 July 2019.

The Group recognised a gain of approximately HK$5,937,254 at the date of modification.

All the other terms and conditions of the CB2017 remain unchanged. As the discounted present value of the cash flows under the new terms, including any fees paid and discounted using the original effective interest rate, was more than 10% different from the discounted present value of the remaining cash flows of the financial liability, the Directors consider the extension of the maturity date as a modification that result in derecognition of the convertible bonds. The effective interest rate of the CB2017 liability component for the remaining period after the modification is revised to 7.38%.

The valuation of the convertible bonds was performed by 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

The valuation of the convertible bonds after modification was performed by APAC.

	(Unaudited) *HK$*
Fair value of CB2017 at date of extinguishment	46,341,960
Issuance cost	(86,920)
Equity component	(6,061,380)
Liability component of CB2017 at date of extinguishment	40,193,660

(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 2**"). 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 2 and before Bond Maturity Date 2 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.

	(Audited) 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$***
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 (Audited) and 1 April 2019	45,344,878	37,575,609	**82,920,487**
Effective interest expenses	1,539,819	1,505,139	**3,044,958**
Gain on extinguishment of convertible bonds	(6,148,300)	—	**(6,148,300)**
Carrying amount at 30 September 2019 (Unaudited)	40,736,397	39,080,748	**79,817,145**
Less: Current portion	—	(39,080,748)	**(39,080,748)**
Non-current portion	40,736,397	—	**40,736,397**

12. EVENTS AFTER THE REPORTING PERIOD

(a) 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 and the Company's circular dated 17 October 2019.

(b) On 5 September 2019, the Group has entered into an acquisition agreement with an independent third party in relation to the acquisition of 49% of the share equity of 855 Crown Property Investment Co., Ltd. ("**Crown**") at a cash consideration of US$1 and committed to provide a shareholder's loan of US$24,000,000 to Crown upon completion. This transaction is still pending for completion. Details of the transaction were disclosed in the Company's announcement dated 5 September 2019, 27 September 2019 and 29 October 2019.

* *For identification only*

MANAGEMENT DISCUSSION AND ANALYSIS

Consolidated Results

For the six months ended 30 September 2019, the Group recorded revenue of approximately HK$41.7 million compared to approximately HK$30.0 million for the corresponding period of 2018, representing an increase of approximately 39.0%, and loss of approximately HK$26.9 million compared to approximately HK$0.9 million for the corresponding period of 2018. Despite an increase in revenue, the significant increase in loss was primarily resulted from 1) fair value loss on investment properties of approximately HK$15.8 million after adoption of HKFRS 16 Lease and 2) provision for financial guarantee of approximately HK$12.7 million.

The Board considers that provision on financial guarantee and the change in fair value of investment properties are non-cash items and has no effect on the cash flow of the Group's operations.

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 2019, this business segment recorded revenue of approximately HK$10.3 million compared to approximately HK$10.8 million for the corresponding period in 2018, representing a decrease of about 4.6%, and loss of approximately HK$1.8 million compared to approximately HK$2.2 million for the corresponding period in 2018, representing a decrease of about 18.2%. The mild 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 2019, this business segment recorded revenue of approximately HK$30.7 million compared to approximately HK$18.1 million for the corresponding period in 2018, representing an increase of about 69.6%, and recorded a loss of approximately HK$4.6 million as compared to gain of approximately HK$4.6 million for the corresponding period of 2018. The increase in the revenue was mainly due to the increase in sub-leasing certain properties in the PRC.

FINANCIAL SERVICES BUSINESS

Money lending

During the period, the Group continued to conduct money lending business in Hong Kong and recognised interest income of approximately HK$0.6 million during the period (2018: HK$1.1 million).

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.

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 2019, the Group had bank and other borrowings and convertible bonds of approximately HK$143.7 million (31 March 2019: approximately HK$126.6 million).

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

	30 September 2019 (Unaudited) *HK$ Million*	31 March 2019 (Audited) *HK$ Million*
Repayable:		
Within one year	**48.9**	43.6
After one year but within two years	**4.5**	—
After two years but within three years	**10.5**	—
	63.9	43.6

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 7.13% per annum.

On 9 July 2019, the Company amended the principal term of convertible bonds in relation to the maturity date and conversion period of the convertible bonds in an aggregate principal amount of HK$46,341,960. For the six months ended 30 September 2019, no such bonds had been converted to ordinary shares of the Company. Please refer to the Company's announcement dated 9 July 2019 for details.

The gearing ratio of the Group as at 30 September 2019 was in net cash position compared with 6.4% as at 31 March 2019. The Directors consider the Group as in a healthy financial position. 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 30 September 2019, the Group had net current assets of approximately HK$61.1 million as compared with the net current assets as at 31 March 2019 of approximately HK$79.7 million. The current ratio of the Group as at 30 September 2019 was 1.3 compared with 1.4 as at 31 March 2019.

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 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

The Group had 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 in 31 August 2018 and raised the gross proceeds of approximately HK$46.3 million, with the net proceeds of approximately HK$46.1 million in 25 July 2017 respectively. 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 2019**	**Unutilised amount as at 30 September 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 was reserved to be used to provide additional resources for expansion and development of the Group's money lending business when such expansion and development plan materializes
		Approximately HK$14.6 million for general working capital of the Group	Approximately HK$14.6 million for general working capital of the Group	Nil
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 intended to be used by the Group to acquire 73% share equity of 深圳金帆投資發展有限公司(Shenzhen Jinfan Investment Development Co., Ltd.*)
		Approximately HK$14.0 million for general working capital of the Group	Approximately HK$14.0 million for general working capital of the Group	Nil

CHARGES AND GUARANTEES

As at 30 September 2019, certain bank and other borrowings of the Group in the total amount of approximately HK$63.9 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 3 September 2019, 南京垠坤投資實業有限公司 (Nanjing Yinkun Investment Corporation Co. Ltd.*) an indirect non-wholly owned subsidary of the Company, provided the guarantees in respect of a loan facility for the principal amount of up to RMB100 million provided to an independent third party from a financial institution in the PRC. The outstanding balance of the loan agreement is RMB80 million as at 30 September 2019.

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 2019.

Advances to Entities

On 3 September 2019, 南京垠坤投資實業有限公司 (Nanjing Yinkun Investment Corporation Co. Ltd.*) (the "**Guarantor**"), an indirect non-wholly owned subsidiaries of the Company as the guarantor, entered into guarantee agreement (the "**Guarantee Agreement**"), pursuant to which the Guarantor agreed to guarantee the repayment obligations of 南京瑞益祥網絡科技有限公司 (Nanjing Ruiyixiang Network Technology 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 RMB100 million on quarterly basis at a fixed rate of 6.5% per annum, which was secured by a piece of land owned by the borrower itself in Nanjing. Such facility shall be matured in 36 months and RMB80 million was first drawdown in September 2019. For further details, please refer to the announcement of the Company dated 8 November 2019.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2019.

EMOLUMENT POLICY

As at 30 September 2019, the Group employed a total of 121 (31 March 2019: 98) employees. The remuneration of the employees of the Group amounted to approximately HK$9.1 million for the six months ended 30 September 2019 (30 September 2018: approximately HK$7.1 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 2019.

CODE OF CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 September 2019, the Company has complied with all code provisions ("**Code Provisions**") of the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Listing Rules, save for the deviations which are explained below:

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

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 2019.

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 2019.

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 2019 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 2019 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, 27 November 2019

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 Chein Kwong William and Ms. Lui Mei Ka.

* *For identification purpose*