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 2020

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 2020 with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	**2020** **HK$**	2019 *HK$*
Revenue	3	**78,417,058**	81,438,154
Other gains or losses, net		**(27,029,283)**	9,766,908
Costs of inventories		**(260,900)**	(12,031,657)
Depreciation on property, plant and equipment		**(1,180,905)**	(5,020,743)
Operating lease payments		—	(22,377,129)
Short term lease payments		**(869,696)**	—
Staff costs		**(21,800,424)**	(16,154,858)
Other operating expenses	4	**(41,943,862)**	(43,377,732)
Finance costs		**(18,291,340)**	(6,496,826)
Loss before income tax expense	5	**(32,959,352)**	(14,253,883)
Income tax expense	6	**(704,047)**	(744,760)
Loss for the year		**(33,663,399)**	(14,998,643)

	Notes	2020 HK$	2019 HK$
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translating foreign operations		**(5,943,253)**	(343,959)
Other comprehensive income for the year, net of tax		**(5,943,253)**	(343,959)
Total comprehensive income for the year		**(39,606,652)**	(15,342,602)
Loss for the year attributable to:			
Owners of the Company	*8*	**(37,308,877)**	(18,871,185)
Non-controlling interests		**3,645,478**	3,872,542
		(33,663,399)	(14,998,643)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(40,695,096)**	(19,101,728)
Non-controlling interests		**1,088,444**	3,759,126
		(39,606,652)	(15,342,602)
Loss per share	*8*		
Basic *(HK cents)*		**(3.46)**	(1.75)
Diluted *(HK cents)*		**(3.46)**	(1.75)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	**31 March 2020** ***HK$***	31 March 2019 *HK$*
Assets			
Non-current assets			
Property, plant and equipment		**2,282,103**	48,436,970
Investment properties	*9*	**183,544,593**	—
Goodwill		**189,554**	201,909
Intangible assets		**438,310**	555,194
Finance lease receivables	*10*	**56,692,467**	—
Deferred tax assets		**—**	587,593
Total non-current assets		**243,147,027**	49,781,666
Current assets			
Inventories		**9,795,255**	10,056,155
Trade and other receivables	*11*	**149,490,951**	153,807,743
Finance lease receivables	*10*	**3,146,305**	—
Amounts due from non-controlling shareholders of subsidiaries		**4,000**	4,000
Amounts due from related parties		**3,240,150**	3,117,634
Cash and bank balances		**150,430,813**	120,346,740
Total current assets		**316,107,474**	287,332,272
Total assets		**559,254,501**	337,113,938
Liabilities			
Current liabilities			
Trade, bills and other payables	*12*	**104,883,379**	91,007,432
Contract liabilities		**1,060,627**	—
Amounts due to related parties		**27,040,427**	27,040,427
Bank and other borrowings		**67,005,712**	43,647,046
Convertible bonds	*13*	**40,685,853**	45,344,878
Lease liabilities		**20,147,259**	—
Current tax liabilities		**542,536**	542,536
Total current liabilities		**261,365,793**	207,582,319
Net current assets		**54,741,681**	79,749,953
Total assets less current liabilities		**297,888,708**	129,531,619

	Notes	31 March 2020 HK$	31 March 2019 HK$
Non-current liabilities			
Bank and other borrowings		**25,534,090**	—
Convertible bonds	*13*	**42,173,321**	37,575,609
Lease liabilities		**101,419,763**	—
Total non-current liabilities		**169,127,174**	37,575,609
Total liabilities		**430,492,967**	245,157,928
NET ASSETS		**128,761,534**	91,956,010
Capital and reserves attributable to owners of the Company			
Share capital		**53,888,928**	53,888,928
Reserves		**46,685,132**	45,258,570
		100,574,060	99,147,498
Non-controlling interests		**28,187,474**	(7,191,488)
TOTAL EQUITY		**128,761,534**	91,956,010

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, except for the investment properties which are measured at fair value.

(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 2019

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23	Annual Improvements to HKFRSs 2015-2017 Cycle

The impact of the adoption of HKFRS 16 Leases have been summarised in below. The other new or amended HKFRSs that are effective from 1 April 2019 did not have any significant 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 consolidated statement of financial position as right-of-use assets and 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 consolidated statement of financial position as of 31 March 2019 to that of 1 April 2019 as follows:

	HK$ increase/ (decrease)
Consolidated statement of financial position as at 1 April 2019	
Right-of-use assets presented in property, plant and equipment	—
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)	(76,594,602)
Lease liabilities (current)	(18,081,373)
Accumulated losses	(41,910,612)
Non-controlling interests	(34,290,518)

The carrying amounts of the right-of-use assets for own use and those under subleases (classified as investment properties) as at 1 April 2019 comprises the following:

	Right-of-use assets *HK$*	Investment properties *HK$*	Total *HK$*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	4,156,107	90,519,868	94,675,975
Reclassification of leasehold improvements included in property, plant and equipment to relevant investment properties	—	45,684,866	45,684,866
Fair value adjustment for leased properties under subleases (as disclosed in section (iv))	—	80,357,237	80,357,237
Less: impairment loss recognised upon application of HKFRS 16	(4,156,107)	—	(4,156,107)
	—	216,561,971	216,561,971

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 consolidated statement of financial position as at 1 April 2019:

Reconciliation of operating lease commitments to lease liabilities	*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 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 consolidated 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 consolidated 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.

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 leased properties to a number of tenants. The application of HKFRS 16 resulted the changes in accounting policies. At the date of initial application, leased properties under subleases were assessed and classified as an operating lease or a finance lease individually based on the remaining contractual terms and conditions of the head lease and the sublease at that date. For all leased properties under subleases as at the date of initial application were classified as operating leases and remeasured to fair value at the date of initial application in accordance with the Group's accounting policies for investment properties. The fair value gain of HK$80,357,237 were adjusted to opening accumulated loss and non-controlling interests on transition as disclosed in section (ii) above.

(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.

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

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

Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting[1]
Amendment to HKAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 3	Definition of a Business[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 16	COVID-19 Related Rent Concessions[2]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 June 2020
3 Effective for annual periods beginning on or after 1 January 2022
4 The amendments were originally intended to be effective for periods beginning on or after 1 January 2017. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

Revised Conceptual Framework — Revised Conceptual Framework for Financial Reporting

The Revised Conceptual Framework for Financial Reporting supersedes the version that was issued in 2010 and is the equivalent of the Conceptual Framework for Financial Reporting issued by the International Accounting Standards Board. The revised framework includes: i) new chapters on measurement and reporting financial performance; ii) new guidance on derecognition of assets and liabilities; iii) updated definitions of asset and liability; and iv) clarifications in the roles of stewardship, prudence and measurement uncertainty in financial reporting.

Amendments to HKAS 1 and HKAS 8 — Definition of Material

The amendments clarify the definition and explanation of "material", aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

Amendments to HKFRS 3 — Definition of a Business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process".

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 — Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

Amendments to HKFRS 16 — COVID-19-Related Rent Concessions

The amendments provide lessees with an exemption from the requirement to determine whether a COVID-19-related rent concession is a lease modification and require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications. The criteria must be satisfied for a rent concession to qualify for the practical expedient.

The Group is in the progress of making assessments of the potential impact of these new or revised HKFRSs upon initial application and the Directors so far concludes that the application of these new/revised HKFRS, will have no material impact on the Group's consolidated 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. The Group is currently organised into 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

Segment information is presented below:

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

	2020					
	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	12,335,610	65,454,859	—	626,589	—	78,417,058
Inter-segment revenue	—	—	—	—	—	—
	12,335,610	65,454,859	—	626,589	—	78,417,058
Reportable segment (loss)/profit before income tax expense	(2,858,230)	10,996,660	(84,974)	126,874	—	8,180,330
Other segment information						
Interest income	6,465	11,588	—	22,093	—	40,146
Interest expenses	86,805	12,065,980	—	—	—	12,152,785
Depreciation of property, plant and equipment	43,677	516,772	—	—	—	560,449
Impairment losses on property, plant and equipment	213,930	—	81,944	20,486	—	316,360
Fair value loss of investment properties	—	24,254,795	—	—	—	24,254,795
Loss on disposal of property, plant and equipment	15,757	—	—	—	—	15,757
Gain on disposal of right-of-use assets	—	10,152,574	—	—	—	10,152,574
Impairment loss for finance lease receivables	—	281,393	—	—	—	281,393
Provision for/(reversal of) impairment loss on trade and other receivables	—	933,415	—	(65,930)	—	867,485
Reportable segment assets	15,258,794	389,220,702	45,789	61,420,839	—	465,946,124
Expenditure for reportable segment non-current assets	—	56,957,919	—	—	—	56,957,919
Reportable segment liabilities	9,628,845	315,117,228	143,655	3,546	—	324,893,274

	2019					
	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**
Impairment loss 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**

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

Loss before income tax expense

	2020	2019
	HK$	*HK$*
Reportable segment profit/(loss) before income tax expense	**8,180,330**	(199,079)
Unallocated loss on disposal of subsidiaries	**—**	(120,535)
Unallocated gain on disposal of property, plant and equipment	**—**	2,460,008
Unallocated interest income and other income	**170,144**	6,087,215
Unallocated gain on extinguishment of convertible bonds	**5,937,254**	—
Unallocated loss allowance for financial guarantee contracts	**(20,621,019)**	—
Unallocated amortisation of intangible assets	**(116,884)**	(116,884)
Unallocated finance costs	**(6,138,555)**	(4,789,429)
Unallocated staff costs	**(11,006,821)**	(5,632,904)
Unallocated rent, rates and management fee	**—**	(1,831,370)
Unallocated depreciation of property, plant and equipment	**(620,456)**	(963,826)
Unallocated head office and corporate expenses *(note)*	**(8,743,345)**	(9,147,079)
Loss before income tax expense	**(32,959,352)**	(14,253,883)

Note:

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

Assets

	2020	2019
	HK$	*HK$*
Reportable segment assets	**465,946,124**	216,594,051
Property, plant and equipment	**1,072,271**	1,681,285
Trade and other receivables	**8,664,174**	10,353,200
Cash and cash equivalents	**82,928,269**	107,749,758
Unallocated head office and corporate assets	**643,663**	735,644
Total assets	**559,254,501**	337,113,938

Liabilities

	2020	2019
	HK$	*HK$*
Reportable segment liabilities	**324,893,274**	156,933,948
Convertible bonds	**82,859,174**	82,920,487
Lease liabilities	**126,747**	—
Unallocated head office and corporate liabilities	**22,613,772**	5,303,493
Total liabilities	**430,492,967**	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:

		2020	
	Hong Kong	**The PRC**	**Total**
	HK$	***HK$***	***HK$***
Revenue	**626,589**	**77,790,469**	**78,417,058**
Non-current assets other than financial instruments and deferred tax assets	**1,521,119**	**184,933,441**	**186,454,560**

		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

4. OTHER OPERATING EXPENSES

	2020	2019
	HK$	*HK$*
Property sub-leasing, development and investment business expenses	**17,607,561**	7,638,721
Exhibition-related business expenses	**10,831,545**	23,545,205
Legal and professional fees	**4,877,198**	5,110,883
Travelling expenses	**1,677,812**	1,769,450
Auditor's remuneration	**1,400,000**	1,490,000
Others	**5,549,746**	3,823,473
	41,943,862	43,377,732

5. LOSS BEFORE INCOME TAX EXPENSE

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

	2020	2019
	HK$	*HK$*
Amortisation on intangible assets	**116,884**	116,884
Loss on disposal of subsidiaries#	**—**	113,842
Loss/(gain) on disposal of property, plant and equipment, net#	**15,757**	(2,494,989)
Gain on disposal of right-of-use assets#	**(10,152,574)**	—
Impairment loss on finance lease receivables	**281,393**	—
Impairment loss on trade and other receivables, net	**867,485**	344,865
Impairment loss on property, plant and equipment	**316,360**	—
Auditor's remuneration	**1,400,000**	1,490,000
Fair value loss on investment properties#	**24,254,795**	—
Gain on extinguishment of convertible bonds#	**(5,937,254)**	—
Provision/(reversal of) for financial guarantee#	**20,621,019**	(5,865,835)

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

6. INCOME TAX EXPENSE

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

	Total	
	2020	2019
	HK$	*HK$*
Current tax for the year		
— Hong Kong profits tax	**—**	(3,546)
— PRC Enterprise Income Tax	**(116,454)**	(36,101)
Deferred tax	**(587,593)**	(705,113)
	(704,047)	(744,760)

The PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2019: 25%).

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

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 2020, no Hong Kong profits tax have been provided within the Group as there is no estimated assessable profits for the year.

7. DIVIDENDS

No dividend was paid or proposed in respect of the year ended 31 March 2020, nor has any dividend been proposed since the end of reporting period (2019: nil).

8. 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:

	2020	2019
	HK$	*HK$*
Loss for the purpose of basic and diluted loss per share		
Loss for the year attributable to owners of the Company	**(37,308,877)**	(18,871,185)
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 2020 and 2019, 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.

9. INVESTMENT PROPERTIES

	HK$
At 31 March 2019 as originally presented	—
Initial application of HKFRS 16 *(note 2(a))*	216,561,971
At 1 April 2019, as restated	216,561,971
Additions	3,949,274
Change in fair value	(24,254,795)
Exchange realignment	(12,711,857)
At 31 March 2020	183,544,593

Upon the adoption of HKFRS 16 on 1 April 2019, the Group has classified the leased properties held under its sub-leasing business in Nanjing and Shenzhen, the PRC, as investment properties and approximately HK$216,561,971 was recognised as at 1 April 2019 and subsequent fair value loss of approximately HK$24,254,795 was recognised in profit or loss during the year. Please refer to note 2 for the impact of initial adoption of HKFRS 16.

Investment properties were revalued at 31 March 2020 on market value basis by APAC Appraisal and Consulting Limited ("**APAC**"), an independent valuer, has appropriated qualification and relevant experience in the location and category of the investment property being valued.

10. FINANCE LEASE RECEIVABLES

	2020	2019
	HK$	*HK$*
Gross finance lease receivables	**100,642,975**	—
Less: unearned finance income	**(40,522,810)**	—
Net finance lease receivables	**60,120,165**	—
Less: loss allowance	**(281,393)**	—
Finance lease receivables	**59,838,772**	—

The finance lease receivables are arising from the property sub-leasing business. For finance lease receivables, the customers are obligated to settled the amounts according to the terms set out in the relevant lease contracts.

11. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$	*HK$*
Trade receivables *(note (a), (b))*	**5,161,515**	7,465,838
Deposits *(note (c))*	**3,160,462**	3,301,100
Prepayments and other receivables *(note (c))*	**141,168,974**	83,829,523
Loan receivables *(note (d))*	**—**	59,211,282
	149,490,951	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 after impairment loss at the end of the reporting period is as follows:

	2020	2019
	HK$	*HK$*
Within 90 days	**5,161,515**	7,465,838

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

(d) Loan receivables presented:

	2020	2019
	HK$	*HK$*
— Loans to independent third parties	—	59,277,212
Less: loss allowances	—	(65,930)
	—	59,211,282

During the year ended 31 March 2019, the Group entered into the loan agreements with six independent third parties. As at 31 March 2019, the loans to these independent third parties in the aggregate principal amount of HK$58,700,000. The loans receivables are unsecured, interest bearing at 5% per annum and shall be repayable in 12 months from the date of advance.

During the year ended 31 March 2020, all the loans outstanding have been settled and there is no loan to independent third parties as at 31 March 2020.

12. TRADE, BILLS AND OTHER PAYABLES

	2020	2019
	HK$	*HK$*
Trade payables	**954,742**	6,240,770
Bills payables	**3,283,353**	—
Accruals	**10,601,327**	10,523,126
Other payables	**78,276,248**	62,786,789
Other deposits received	**11,767,709**	11,456,747
	104,883,379	91,007,432

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

	2020	2019
	HK$	*HK$*
Current or within 30 days	**68,455**	—
31 to 60 days	**46,339**	—
61 to 90 days	**59,294**	—
Over 90 days	**4,064,007**	6,240,770
	4,238,095	6,240,770

(b) Included in trade, bills and other payables are provision for financial guarantee of HK$20,621,019 as at 31 March 2020 (2019: 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 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 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, RMB80 million and RMB20 million were drawn down in September 2019 and January 2020 respectively. The Group had recognised a loss allowance for the financial guarantee contract of HK$20,621,019 as at 31 March 2020. For further details, please refer to the announcement of the Company dated 8 November 2019.

* *For identification only*

13. 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 year ended 31 March 2020, the Company entered into deed of amendments with those independent third parties in relation to the extension of Bond Maturity Date 1 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 on extinguishment of CB2017 of approximately HK$5,937,254 at the date of extension of Bond Maturity Date 1 ("**Date of Extinguishment**").

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 CB2017 was performed by APAC.

	HK$
Fair value of CB2017 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 on Date of Extinguishment for CB2017 was performed by APAC.

	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 CB2018 was performed by APAC.

	HK$
Fair value of CB2018 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	CB 2018	**Total**
	HK$	*HK$*	***HK$***
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 and 1 April 2019	45,344,878	37,575,609	**82,920,487**
Effective interest expenses	2,976,743	3,110,244	**6,086,987**
Gain on extinguishment of convertible bonds for liability components	(6,148,300)	—	**(6,148,300)**
Carrying amount at 31 March 2020	42,173,321	40,685,853	**82,859,174**
Less: Current portion	—	(40,685,853)	**(40,685,853)**
Non-current portion	42,173,321	—	**42,173,321**

14. SUBSEQUENT EVENTS

(i) On 9 April 2020, the Company entered into the equity sale and purchase agreement with Mr. Chen Weiwu, the 53.8% shareholder of the Company, to acquire entire share capital of the Topper Genius Investments Limited ("**Target Company**") and its subsidiaries (the "**Topper Group**") (the "**Acquisition**"). Upon the Completion of the Acquisition, the Company will indirectly wholly hold 35% of the equity interest in the Dongguan Huachuangwen Land Ltd.* (東莞市華創文置地有限公司) (the "**Project Company**") through the Target Company, thereby commencing its property development business in the PRC. The Consideration shall be settled by way of cash payment of HK$36,861,538 (equivalent to approximately RMB33,544,000) and issue and allotment of 800,000,000 Consideration Shares of the Company. The Acquisition is not yet completed at the date of this announcement. Details of the Acquisition were disclosed in the Company's announcements dated 9 April 2020 and 22 June 2020, respectively.

(ii) Since January 2020, Hong Kong and the PRC has reported certain confirmed cases of novel Coronavirus ("**COVID-19**") which may affect the global business environment. Pending on the developments and spread of COVID-19 subsequent to the date of these consolidated financial statements, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of these consolidated financial statements.

* *For identification only*

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Consolidated results

For the year ended 31 March 2020, the Group recorded revenue of approximately HK$78.4 million compared to approximately HK$81.4 million for the last financial year, representing a decrease of about 3.7%, and loss for the year ended 31 March 2020 of approximately HK$33.7 million compared to approximately HK$15.0 million for the last financial year, representing an increase of about 124.7%. The significant increase in loss was primarily resulted from (i) fair value loss on investment properties of approximately HK$24.3 million after adoption of HKFRS 16 Lease and, (ii) provision for financial guarantee of approximately HK$20.6 million.

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 organiser 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 2020, this business segment recorded revenue of approximately HK$12.3 million compared to approximately HK$26.0 million for the last financial year, representing a decrease of about 52.7%. The drop in revenue was mainly due to the adverse impact of the coronavirus disease 2019 (the "**COVID-19**") pandemic on the exhibition industry. The segment recorded loss for the year ended 31 March 2020 of approximately HK$2.9 million compared to loss of approximately HK$4.0 million for the last financial year, representing a decrease of about 27.5%.

Property sub-leasing, development and investment business

For the year ended 31 March 2020, this business segment recorded revenue of approximately HK$65.5 million compared to approximately HK$45.3 million for the last financial year, representing an increase of about 44.6%, 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$14.7 million of revenue for the year ended 31 March 2020. This business segment recorded profit for the year ended 31 March 2020 of approximately HK$11.0 million as compared to profit of approximately HK$6.6 million for the last financial year, representing an increase of about 66.7%.

Financial Services Business

Money lending

During the year ended 31 March 2020, the Group conducted money lending business in Hong Kong and recognised interest income for approximately HK$0.6 million (2019: HK$2.5 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 considers 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 2020, the Group had bank and other borrowings, bills payables and convertible bonds in total of approximately HK$178.7 million. As at 31 March 2019, the Group had bank borrowings and convertible bonds in total of approximately HK$126.6 million. The gearing ratio of the Group as at 31 March 2020 was 28.1% (2019: 6.4%). 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 2020, the Group had net current assets of approximately HK$54.7 million (2019: net current assets of approximately HK$79.7 million). The current ratio of the Group as at 31 March 2020 was approximately 1.2 compared with 1.4 as at 31 March 2019.

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

	2020	2019
	HK$ Million	*HK$ Million*
Repayable:		
Within one year	**67.0**	43.6
More than one year, but not exceeding two years	**17.3**	—
More than two years, but not exceeding three years	**8.2**	—
Total	**92.5**	43.6

The carrying amounts of all the Group's bank and other borrowings were denominated in RMB. As at 31 March 2020, the Group's bank and other borrowings balance of approximately HK$92.5 million was charged at a floating interest rate. As at 31 March 2020, approximately HK$54.7 million the Group's bank and other borrowings balance was charged at fixed rate, and approximately HK$37.8 million charged at floating rate. The bank and other borrowings carry effective interest rates ranged from 4.15% to 8.23% (2019: 5.66% to 6.84%).

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 2020, 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

In prior years, 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 2020	Unutilised amount as at 31 March 2020
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 to 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 entire share capital of the Topper Genius Investments Limited (峰智投資有限公司), which indirectly wholly hold 35% of the equity interest in Dongguan Huachuangwen Land Ltd* (東莞市華創文置地有限公司) through Topper Genius Investments Limited
		Approximately HK$14.0 million for general working capital of the Group	Approximately HK$14.0 million	Nil

Charges

As at 31 March 2020, all of the bank and other borrowings of the Group in the total amount of approximately HK$92.5 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**"), a related party and the independent third party companies. Certain assets of Mr. Yang Lei, his spouse, a related party, the Related Company, the independent third party companies and investment properties of the Group with carrying amounts of approximately HK$118.7 million were also pledged to secure the aforesaid bank and other borrowings of the Group.

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 subsidiary 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. Such facility shall be matured in 36 months, RMB80 million and RMB20 million were drawn down in September 2019 and January 2020 respectively.

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 other charges on assets as at 31 March 2020.

Contingent liabilities

As at 31 March 2020, the Group had no material contingent liabilities.

Advance to an entity

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 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 at a fixed rate of 6.5% per annum, which was secured by a piece of land owned by the borrower itself in Nanjing, PRC. Such facility shall be matured in 36 months, RMB80 million and RMB20 million were drawn down in September 2019 and January 2020 respectively.

Emolument policy

As at 31 March 2020, the Group employed a total number of 110 (2019: 98) employees. The remuneration of the employees of the Group is amounted to approximately HK$21.8 million for the year ended 31 March 2020 (2019: HK$16.2 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

On 9 April 2020, the Company entered into the equity sale and purchase agreement with Mr. Chen Weiwu, the 53.8% shareholder of the Company, to acquire entire share capital of the Topper Genius Investments Limited ("**Target Company**") and its subsidiaries (the "**Topper Group**") (the "**Acquisition**"). Upon the Completion of the Acquisition, the Company will indirectly wholly hold 35% of the equity interest in the Dongguan Huachuangwen Land Ltd.*（東莞市華創文置地有限公司）(the "**Project Company**") through the Target Company, thereby commencing its property development business in the PRC. The Consideration shall be settled by way of cash payment of HK$36,861,538 (equivalent to approximately RMB33,544,000) and issue and allotment of 800,000,000 Consideration Shares of the Company. The Acquisition is not yet completed at the date of this announcement. Details of the Acquisition were disclosed in the Company's announcements dated 9 April 2020 and 22 June 2020, respectively.

Save as disclosed above, there was no significant investments held, no material acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended 31 March 2020.

Outlook

The outbreak of COVID-19 has resulted in major impact to businesses especially in exhibition segment and the future is challenging and unpredictable in global business environment. The pandemic has put forward higher requirements for the Group to review and perform in terms of its future strategy planning. Despite the challenges currently facing, the PRC economy has shown stable growth momentum, supported by the sustainable development and continuous improvement in the macro economy. As a result of the adverse impact of COVID-19, the Directors of the Group are expecting the businesses to remain cautious and will take appropriate measures as and when it is necessary to minimise the financial impact, meanwhile to also look for potential investment opportunities which could strengthen the financial profitability for the Group.

The management team and the Board of Directors are made up of highly qualified and competent individuals who are experienced in the real estate development industry in PRC. The team possesses significant knowledge, resources and networks in China of which the Company expects to be able to leverage for its future development in the property sub-leasing, development and investment projects in the PRC.

The Group has continued its efforts to consolidate and realign its businesses to enable the Group to achieve improvements in its financial position and to meet its performance objectives. The Group is working towards attaining a sustainable growth whilst continuously exploring and diversifying other suitable investment opportunities (if any) to enhance the overall earning potential, and ultimately maximising the shareholder value.

PROPOSED FINAL DIVIDEND

The Directors do not recommend any payment of final dividend for the year ended 31 March 2020 (2019: nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who are entitled to attend and vote at the 2020 annual general meeting of the Company ("**2020 AGM**"), the register of members of the Company will be closed from Monday, 21 September 2020 to Friday, 25 September 2020, 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 2020 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, 18 September 2020.

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 2020.

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 2020 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 2020, 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 ended 31 March 2020, 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, Ms. Lui Mei Ka and Mr. Zhou Xin, 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 2020.

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 2020 AGM will be held on Friday, 25 September 2020 and the notice of the 2020 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 2020 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, 29 June 2020

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, Ms. Lui Mei Ka and Mr. Zhou Xin.

* *for identification purpose only*