CHINA TANGSHANG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 674)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

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 2020.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2020

		Six months ended 30 September	
		2020	2019
		(Unaudited)	(Unaudited)
	Notes	***HK$***	*HK$*
Revenue	*3*	**30,805,336**	41,704,373
Other gains or losses, net		**(38,857,758)**	(21,873,644)
Costs of inventories		**(118,924)**	—
Depreciation of property, plant and equipment		**(632,762)**	(1,717,893)
Operating lease payments		—	(440,429)
Short term lease payments		**(256,371)**	—
Staff costs		**(12,293,741)**	(9,119,251)
Other operating expenses	*4*	**(14,735,685)**	(26,186,490)
Finance costs		**(11,854,004)**	(8,789,842)
Loss before income tax expense	*5*	**(47,943,909)**	(26,423,176)
Income tax expense	*6*	**(184,044)**	(516,217)
Loss for the period		**(48,127,953)**	(26,939,393)

	Notes	Six months ended 30 September **2020** **(Unaudited)** ***HK$***	2019 (Unaudited) *HK$*
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**15,749,189**	(4,459,089)
Other comprehensive income for the period, net of tax		**15,749,189**	(4,459,089)
Total comprehensive income for the period		**(32,378,764)**	(31,398,482)
Loss for the period attributable to:			
Owners of the Company		**(30,155,490)**	(24,082,808)
Non-controlling interests		**(17,972,463)**	(2,856,585)
		(48,127,953)	(26,939,393)
Total comprehensive income for the period attributable to:			
Owners of the Company		**(24,486,039)**	(26,632,536)
Non-controlling interests		**(7,892,725)**	(4,765,946)
		(32,378,764)	(31,398,482)
		HK cents	*HK cents*
Loss per share attributable to owners of the Company for the period	*7*		
Basic		**(1.99)**	(2.23)
Diluted		**(1.99)**	(2.23)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Notes	30 September 2020 (Unaudited) HK$	31 March 2020 (Audited) HK$
Assets			
Non-current assets			
Property, plant and equipment	9	**3,432,105**	2,282,103
Investment properties	9	**174,560,817**	183,544,593
Goodwill		**197,100**	189,554
Intangible assets		**379,868**	438,310
Finance lease receivables	10	**121,239,562**	56,692,467
Total non-current assets		**299,809,452**	243,147,027
Current assets			
Inventories		**9,676,331**	9,795,255
Properties under development	11	**665,911,604**	—
Trade and other receivables	12	**359,709,203**	149,490,951
Finance lease receivables	10	**7,135,702**	3,146,305
Amounts due from non-controlling shareholders of subsidiaries		**4,000**	4,000
Amounts due from related parties		**411,643**	3,240,150
Cash and bank balances		**225,698,502**	150,430,813
Total current assets		**1,268,546,985**	316,107,474
Total assets		**1,568,356,437**	559,254,501
Liabilities			
Current liabilities			
Trade, bills and other payables	13	**134,730,392**	104,883,379
Contract liabilities		**122,078,103**	1,060,627
Amounts due to related parties		**27,138,693**	27,040,427
Amounts due to non-controlling shareholders of subsidiaries		**36,706,573**	—
Bank and other borrowings		**99,693,771**	67,005,712
Convertible bonds	14	**—**	40,685,853
Lease liabilities		**29,486,775**	20,147,259
Current tax liabilities		**542,172**	542,536
Total current liabilities		**450,376,479**	261,365,793
Net current assets		**818,170,506**	54,741,681
Total assets less current liabilities		**1,117,979,958**	297,888,708

	Notes	30 September 2020 (Unaudited) HK$	31 March 2020 (Audited) HK$
Non-current liabilities			
Bank and other borrowings		**207,904,402**	25,534,090
Convertible bonds	*14*	**—**	42,173,321
Lease liabilities		**172,619,163**	101,419,763
Total non-current liabilities		**380,523,565**	169,127,174
Total liabilities		**830,900,044**	430,492,967
NET ASSETS		**737,456,393**	128,761,534
Capital and reserves attributable to owners of the Company			
Share capital		**115,443,328**	53,888,928
Reserves		**216,140,423**	46,685,132
		331,583,751	100,574,060
Non-controlling interests		**405,872,642**	28,187,474
TOTAL EQUITY		**737,456,393**	128,761,534

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2020 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 2020 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 2020.

These unaudited interim condensed consolidated financial statements have been prepared with the same accounting policies adopted in the 2020 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 April 2020.

The following new/revised HKFRSs, potentially relevant to the Company's financial statements have been issued, but are not yet effective for the financial year beginning on 1 April 2020 and have not yet been early adopted by the Company.

Amendments to HKFRS 16	COVID-19 Related Rent Concessions[1]
Amendments to HKAS 16	Property, plant and equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS Standards	Annual Improvements to HKFRS Standards 2018-2020[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[2]

1 Effective for annual periods beginning on or after 1 June 2020

2 Effective for annual periods beginning on or after 1 January 2022

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 HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting

The new or revised HKFRSs that are effective from 1 April 2020 did not have any material impact on the Company's accounting policies.

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 2020, 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, 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 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 2020 (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 revenue	**305,304**	**30,500,032**	**—**	**—**	**—**	**30,805,336**
Inter-segment revenue	**—**	**—**	**—**	**—**	**—**	**—**
	305,304	**30,500,032**	**—**	**—**	**—**	**30,805,336**
Reportable segment loss before income tax expense	**(1,085,503)**	**(28,591,527)**	**(8,695)**	**(119,208)**	**—**	**(29,804,933)**
Other segment information						
Interest income	**540**	**116,528**	**—**	**10,292**	**—**	**127,360**
Interest expenses	**18,555**	**9,792,118**	**—**	**—**	**—**	**9,810,673**
Depreciation of property, plant and equipment	**792**	**318,665**	**—**	**—**	**—**	**319,457**
Fair value loss on investment properties	**—**	**39,319,178**	**—**	**—**	**—**	**39,319,178**
Gain on disposal of right-of-use assets	**—**	**3,110,477**	**—**	**—**	**—**	**3,110,477**
Impairment loss for finance lease receivables	**—**	**325,146**	**—**	**—**	**—**	**325,146**
Reversal of loss allowance on trade and other receivables	**—**	**180,820**	**—**	**—**	**—**	**180,820**
Reportable segment assets (As at 30 September 2020) (Unaudited)	**12,490,001**	**1,450,852,398**	**45,529**	**12,530,431**	**—**	**1,475,918,359**
Reportable segment liabilities (As at 30 September 2020) (Unaudited)	**8,059,766**	**794,603,511**	**143,655**	**3,546**	**—**	**802,810,478**

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

	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 revenue	10,337,073	30,740,711	—	626,589	—	41,704,373
Inter-segment revenue	—	—	—	—	—	—
	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 on 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 31 March 2020) (Audited)	15,258,794	389,220,702	45,789	61,420,839	—	465,946,124
Reportable segment liabilities (As at 31 March 2020) (Audited)	9,628,845	315,117,228	143,655	3,546	—	324,893,274

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

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

Loss before income tax expense

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$	*HK$*
Reportable segment loss before income tax expense	**(29,804,933)**	(5,768,059)
Unallocated interest income and other gains	**44,877**	93,766
Unallocated gain on extinguishment of convertible bonds	**—**	5,937,254
Unallocated provision for financial guarantee	**(6,529,873)**	(12,657,292)
Unallocated finance costs	**(2,043,331)**	(3,087,631)
Unallocated staff costs	**(7,004,087)**	(4,053,986)
Unallocated rent, rate and management fee	**—**	(11,100)
Unallocated depreciation of property, plant and equipment	**(313,305)**	(805,049)
Unallocated amortisation of intangible assets	**(58,442)**	(58,442)
Unallocated head office and corporate expenses (note)	**(2,234,815)**	(6,012,637)
Loss before income tax expense	**(47,943,909)**	(26,423,176)

Note:

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

Assets

	30 September 2020	31 March 2020
	(Unaudited)	(Audited)
	HK$	*HK$*
Reportable segment assets	**1,475,918,359**	465,946,124
Property, plant and equipment	**784,020**	1,072,271
Trade and other receivables	**8,829,176**	8,664,174
Cash and cash equivalents	**81,996,926**	82,928,269
Unallocated head office and corporate assets	**827,956**	643,663
Total assets	**1,568,356,437**	559,254,501

Liabilities

	30 September 2020 (Unaudited) *HK$*	31 March 2020 (Audited) *HK$*
Reportable segment liabilities	**802,810,478**	324,893,274
Convertible bonds	**—**	82,859,174
Lease liabilities	**569,046**	126,747
Unallocated head office and corporate liabilities	**27,520,520**	22,613,772
Total liabilities	**830,900,044**	430,492,967

(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 2020 (Unaudited)		
	Hong Kong *HK$*	**The PRC** *HK$*	**Total** *HK$*
Revenue *(note)*	**284,501**	**30,520,835**	**30,805,336**
Non-current assets other than financial instruments and deferred tax assets (As at 30 September 2020) (Unaudited)	**1,753,608**	**176,816,282**	**178,569,890**

	Six months ended 30 September 2019 (Unaudited)		
	Hong Kong *HK$*	The PRC *HK$*	Total *HK$*
Revenue *(note)*	626,589	41,077,784	41,704,373
Non-current assets other than financial instruments and deferred tax assets (As at 31 March 2020) (Audited)	1,521,119	184,933,441	186,454,560

Note:

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

4. OTHER OPERATING EXPENSES

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$	*HK$*
Property sub-leasing, development and investment business expenses	**8,188,033**	5,317,904
Exhibition-related business expenses	**187,896**	9,610,464
Legal and professional fee	**1,356,154**	4,920,233
Travelling expenses	**529,888**	765,863
Others	**4,473,714**	5,572,026
	14,735,685	26,186,490

5. LOSS BEFORE INCOME TAX EXPENSE

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

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$	*HK$*
Crediting		
Bank interest income#	**160,816**	103,635
Gain on extinguishment of convertible bonds#	—	5,937,254
Gain on disposal of right-of-use assets#	**3,110,477**	—
Reversal of loss allowance on trade and other receivables	**180,820**	—
Charging		
Loss on disposal of property, plant and equipment, net#	—	17,460
Impairment loss on finance lease receivables	**325,146**	—
Impairment loss on trade and other receivables	—	26,641
Loss on fair value change in investment properties#	**39,319,178**	15,790,846
Staff costs	**12,293,741**	9,119,251
Provision for financial guarantee#	**6,529,873**	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.

6. 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	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$	*HK$*
Current tax — PRC Enterprise Income Tax	**(184,044)**	—
Deferred tax	—	(516,217)
	(184,044)	(516,217)

No Hong Kong profits tax has been provided within the Group as there is no estimated assessable profits for the six months ended 30 September 2020 (2019: Nil).

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

7. LOSS PER SHARE

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

	Six months ended 30 September	
	2020	2019
	(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	**(30,155,490)**	(24,082,808)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share *(Note)*	**1,514,710,505**	1,077,778,570

Note:

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

8. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 September 2020, nor has any dividend been proposed as at the date of this announcement (2019: Nil).

9. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the six months ended 30 September 2020, the Group purchased and disposed property, plant and equipment of approximately HK$144,353 and HK$Nil (six months ended 30 September 2019: HK$2,638,071 and HK$17,460) 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. During the six months ended 30 September 2020, the Group's additions in investment properties were approximately HK$23,428,765 (six months ended 30 September 2019: HK$Nil). The Group's investment properties were valued at 30 September 2020 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$39,319,178 has been recognised in the profit or loss.

10. FINANCE LEASE RECEIVABLES

	30 September 2020 (Unaudited) ***HK$***	31 March 2020 (Audited) *HK$*
Gross finance lease receivables	**201,765,261**	100,642,975
Less: unearned finance income	**(72,783,458)**	(40,522,810)
Net finance lease receivables	**128,981,803**	60,120,165
Less: loss allowance	**(606,539)**	(281,393)
Finance lease receivables	**128,375,264**	59,838,772

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

11. PROPERTIES UNDER DEVELOPMENT

	30 September 2020 (Unaudited) ***HK$***
Properties under development expected to be completed and delivered:	
— Within normal operating cycle included under current assets	**665,911,604**
Amounts comprises:	
— Land cost	**600,748,979**
— Construction cost	**62,035,352**
— Borrowing costs capitalised	**3,127,273**
	665,911,604

Properties under development comprise certain construction and development costs and leasehold interest in land located in land located in PRC with lease term of 70 years.

12. TRADE AND OTHER RECEIVABLES

	30 September 2020 (Unaudited)	31 March 2020 (Audited)
	HK$	*HK$*
Trade receivables *(note (a), (b))*	**2,550,277**	5,161,515
Deposits *(note (c))*	**7,193,505**	3,160,462
Prepayments and other receivables *(note (c))*	**349,965,421**	141,168,974
	359,709,203	149,490,951

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 2020 (Unaudited)	31 March 2020 (Audited)
	HK$	*HK$*
Within 90 days	**2,550,277**	5,161,515

(c) The balance mainly represented prepayments for purchases of construction materials and services, contractors and refundable deposits for various potential business development projects.

13. TRADE, BILLS AND OTHER PAYABLES

(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 each reporting period:

	30 September 2020 (Unaudited) *HK$*	31 March 2020 (Audited) *HK$*
Current or within 30 days	**28,114,084**	68,455
31 to 60 days	**15,717**	46,339
61 to 90 days	**—**	59,294
Over 90 days	**1,055,578**	4,064,007
	29,185,379	4,238,095

(b) Included in trade, bills and other payables are provision for financial guarantee of HK$27,150,892 as at 30 September 2020 (31 March 2020: HK$20,621,019).

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 and RMB20 million were first draw down in September 2019 and January 2020 respectively. The Group had recognised a provision for loss allowance for financial guarantee contract of HK$6,529,873 for the six months ended 30 September 2020 (six months ended 30 September 2019: HK$12,657,292). For further details, please refer to the announcement of the Company dated 8 November 2019 and circular of the Company dated 22 January 2020.

14. 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 Company has entered into deed of amendments with those independent third parties in relation to the extension of Bond Maturity Date 1 to 24 July 2021 during the period ended 30 September 2019.

On 30 July 2020, the bondholder of CB 2017 has exercised the conversion right and converted the CB 2017 to 215,544,000 shares of the Company.

(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**").

On 30 July 2020, the bondholder of CB 2018 has exercised the conversion right and converted the CB 2018 to 215,544,000 shares of the Company.

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 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 (Audited) and 1 April 2020	42,173,321	40,685,853	**82,859,174**
Effective interest expenses	983,274	1,055,991	**2,039,265**
Derecognition upon conversion of convertible bonds by the bondholders	(43,156,595)	(41,741,844)	**(84,898,439)**
Carrying amount at 30 September 2020 (Unaudited)	—	—	—

15. ACQUISITION OF SUBSIDIARIES UNDER ASSET ACQUISITION

On 27 July 2020, the Group acquired the entire equity interest in Topper Genius Investments Limited at a total consideration of (i) cash of HK$37,219,417 (equivalent to RMB33,544,000) and (ii) 800,000,000 shares of the Company. The directors of the Company were of the opinion that acquisition of Topper Genius Investments Limited did not constitute business combinations as defined in HKFRS 3, therefore, the acquisition had been accounted for as asset acquisition.

Assets and liabilities recognised at the date of acquisition are as follows:

Net assets acquired of:	*HK$*
Property, plant and equipment	1,030,025
Properties under development	614,701,803
Trade and other receivables	191,126,639
Cash and bank balances	49,608,024
Trade and other payables	(11,263,636)
Contract liabilities	(43,659,316)
Amounts due to non-controlling shareholders of subsidiaries	(28,521,276)
Bank borrowings	(179,494,294)
Lease liabilities	(331,212)
Non-controlling interests	(385,577,892)
Net assets	207,618,865

16. EVENTS AFTER THE REPORTING PERIOD

On 29 October 2020, 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, entered into the Guarantee Agreement with the Lender, pursuant to which the Guarantor agreed to guarantee the repayment obligations of the 南京垠瑞萬錦智能科技有限公司 (Nanjing Yinrui Wanjin Intelligent Technology Co., Ltd.*), a company established in the PRC, as the borrower under the Loan Agreement in respect of the Loan Facility for the principal amount of up to RMB40 million with interest payable at a 7% per annum. For futher details, please refer to the announcement of the Company dated 29 October 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Consolidated Results

For the six months ended 30 September 2020, the Group recorded revenue of approximately HK$30.8 million compared to approximately HK$41.7 million for the corresponding period of 2019, representing a decrease of approximately 26.1%, and loss of approximately HK$48.1 million compared to approximately HK$26.9 million for the corresponding period of 2019. The significant increase in loss was primarily resulted from 1) fair value loss on investment properties of approximately HK$39.3 million after adoption of HKFRS 16 Lease and 2) provision for financial guarantee of approximately HK$6.5 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 2020, this business segment recorded revenue of approximately HK$0.3 million compared to approximately HK$10.3 million for the corresponding period in 2019, representing a decrease of about 97.1%, and loss of approximately HK$1.1 million compared to approximately HK$1.8 million for the corresponding period in 2019, representing a decrease of about 38.9%. The drop in revenue was mainly due to the business travel restrictions and the fact that many exhibitions have been cancelled or postponed, there had been significant reduction in revenue during the period ended 30 September 2020.

Property sub-leasing, development and investment business

For the six months ended 30 September 2020, this business segment recorded revenue of approximately HK$30.5 million compared to approximately HK$30.7 million for the corresponding period in 2019, representing a slightly decrease of about 0.7%, and recorded a loss of approximately HK$28.6 million as compared to loss of approximately HK$4.6 million for the corresponding period of 2019. The increase in the loss was mainly due to the fair value loss on investment properties after adoption of HKFRS 16.

FINANCIAL SERVICES BUSINESS

Money lending

For the six months ended 30 September 2020, no interest income was recognised (2019: HK$0.6 million). The management would continue to find new opportunity for this segment.

Securities, futures and asset management

The Group was returned Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) licenses to Securities and Futures Commission ("**SFC**") by SFC in November 2020. The management would like to focus more on the property sub-leasing, development and investment business segment.

PROSPECTS

The outbreak of COVID-19 has resulted in major impact to businesses especially in exhibition segment and property sub-leasing, development and investment segments, the future is challenging and unpredictable in global business environment. Despite the challenging environment, the Group will continuously deploy outreach strategies and monitor the potential economic impacts of COVID-19 in particular financing and liquidity. The PRC economy continued to experience a challenging operating environment with the protracted COVID-19 pandemic. The PRC has been able to control the pandemic to certain extent, however, the consumer's demand for leasing in second-tier city has shown sign of slow recovery in the short term. 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 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.

FINANCIAL REVIEW

Liquidity and financial resources

As at 30 September 2020, the Group had bank and other borrowings and convertible bonds of approximately HK$307.6 million (31 March 2020: approximately HK$175.4 million).

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

	30 September 2020 (Unaudited)	31 March 2020 (Audited)
	HK$ Million	*HK$ Million*
Repayable:		
Within one year	**99.7**	67.0
More than one year, but not exceeding two years	**165.2**	17.3
More than two years, but not exceeding three years	**42.7**	8.2
	307.6	92.5

The carrying amounts of the Group's bank and other borrowings were denominated in RMB. The bank loans carry interest rates at 4.15% to 8.23% per annum.

For the six months ended 30 September 2020, all convertible bonds has converted to ordinary shares of the Company. Please refer to the Company's announcement dated 30 July 2020 for details.

The gearing ratio of the Group as at 30 September 2020 was 24.7% compared with 28.1% as at 31 March 2020. 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 2020, the Group had net current assets of approximately HK$818.2 million as compared with the net current assets as at 31 March 2020 of approximately HK$54.7 million. The current ratio of the Group as at 30 September 2020 was 2.8 compared with 1.2 as at 31 March 2020.

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 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

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 2020	Unutilised amount as at 30 September 2020
31 August 2018	Issue of convertible bonds in an aggregate principal amount of HK$42,031,080, which has been converted into ordinary shares of the Company on 30 July 2020	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, which has been converted into ordinary shares of the Company on 30 July 2020	Approximately HK$32.1 million for potential acquisition	Approximately HK$32.1 million for acquisition the entire share capital of the Topper Genius Investment Limited（峰智投資有限公司）, which indirectly 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	Nil

* *For identification only*

Date of announcement	Description of fund raising activities	Intended use of proceeds	Actual use of proceeds as at 30 September 2020	Unutilised amount as at 30 September 2020
		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 2020, certain bank and other borrowings of the Group in the total amount of approximately HK$307.6 million were secured by (i) personal and corporate guarantees provided by Mr. Chen Weiwu, a director of the Group, his spouse, Mr. Yang Lei (a director of certain subsidiaries of the Company), his spouse and a related company, which beneficially owned by Mr. Yang Lei and his spouse (the "**Related Company**") and (ii) certain assets of Mr. Yang Lei, his spouse, a related party and the Related Company; (iii) certain investment properties with carrying amounts of HK$95,549,000 (2020: HK$118,651,000) of the Group; and (iv) certain shares of a subsidiary 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 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 RMB100 million as at 30 September 2020.

On 29 October 2020, 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 RMB40 million provided to an independent third party from a financial institution in the PRC.

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 2020.

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, RMB80 million and RMB20 million were drawn down in September 2019 and January 2020 respectively. Pursuant to Rule 13.20 of the Listing Rules, details of Guarantee Agreement were disclosed in the Company announcement dated 8 November 2019 and circular dated 22 January 2020.

On 29 October 2020, 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, entered into the guarantee agreement (the "**Guarantee Agreement**") with the Lender, pursuant to which the Guarantor agreed to guarantee the repayment obligations of the 南京垠瑞萬錦智能科技有限公司 (Nanjing Yinrui Wanjin Intelligent 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 RMB40 million at a fixed rate of 7%. Such facility shall be matured in 36 months and RMB16 million was drawn under the Loan Facility in October 2020. For further details, please refer to the announcement of the Company dated 29 October 2020.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2020.

EMOLUMENT POLICY

As at 30 September 2020, the Group employed a total of 130 (31 March 2020: 110) employees. The remuneration of the employees of the Group amounted to approximately HK$12.3 million for the six months ended 30 September 2020 (30 September 2019: approximately HK$9.1 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 2020.

CODE OF CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 September 2020, 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 2020.

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 2020.

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, among other things, financial report matters including a review of the unaudited interim results for the six months ended 30 September 2020 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 2020 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, 30 November 2020

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

* *For identification purpose*