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CHINA TANGSHANG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 674)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

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 2021.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2021

	Notes	Six months ended	
		2021	2020
		(Unaudited)	(Unaudited)
		HK\$	HK\$
Revenue	3	24,543,234	30,805,336
Other gains or losses, net		(4,888,630)	(38,857,758)
Costs of inventories		—	(118,924)
Depreciation of property, plant and equipment		(1,424,966)	(632,762)
Short term lease payments		—	(256,371)
Staff costs		(5,490,053)	(12,293,741)
Other operating expenses	4	(5,221,820)	(14,735,685)
Finance costs		(15,971,422)	(11,854,004)
Loss before income tax expense	5	(8,453,657)	(47,943,909)
Income tax expense	6	(378,296)	(184,044)
Loss for the period		(8,831,953)	(48,127,953)

	Six months ended	
	30 September	
	2021	2020
	(Unaudited)	(Unaudited)
<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	<u>7,033,744</u>	<u>15,749,189</u>
Other comprehensive income for the period, net of tax	<u>7,033,744</u>	<u>15,749,189</u>
Total comprehensive income for the period	<u>(1,798,209)</u>	<u>(32,378,764)</u>
Loss for the period attributable to:		
Owners of the Company	(5,791,569)	(30,155,490)
Non-controlling interests	<u>(3,040,384)</u>	<u>(17,972,463)</u>
	<u>(8,831,953)</u>	<u>(48,127,953)</u>
Total comprehensive income for the period attributable to:		
Owners of the Company	(1,555,419)	(24,486,039)
Non-controlling interests	<u>(242,790)</u>	<u>(7,892,725)</u>
	<u>(1,798,209)</u>	<u>(32,378,764)</u>
	<i>HK cents</i>	<i>HK cents</i>
Loss per share attributable to owners of the Company for the period		
	7	
Basic	<u>(0.25)</u>	<u>(1.99)</u>
Diluted	<u>(0.25)</u>	<u>(1.99)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

		30 September 2021 (Unaudited) HK\$	31 March 2021 (Audited) HK\$
	<i>Notes</i>		
Assets			
Non-current assets			
Property, plant and equipment	9	7,105,736	7,913,992
Investment properties	9	276,486,688	284,436,451
Finance lease receivables	10	294,677,125	275,396,189
Total non-current assets		<u>578,269,549</u>	<u>567,746,632</u>
Current assets			
Properties under development	11	901,265,292	770,392,961
Trade and other receivables	12	271,090,059	337,632,775
Contract costs		13,799,291	3,948,423
Finance lease receivables	10	33,216,654	26,161,513
Amount due from a director		77,800	77,800
Amounts due from non-controlling shareholders of subsidiaries		—	5,217,644
Amounts due from related parties		2,980,695	2,366
Prepaid tax		20,118,003	9,558,949
Cash and bank balances		333,978,122	175,939,276
Total current assets		<u>1,576,525,916</u>	<u>1,328,931,707</u>
Total assets		<u>2,154,795,465</u>	<u>1,896,678,339</u>
Liabilities			
Current liabilities			
Trade and other payables	13	90,491,136	27,528,453
Contract liabilities	13	636,760,345	434,758,001
Amounts due to non-controlling shareholders of subsidiaries		33,426,969	32,737,288
Bank borrowings		270,088,091	289,531,436
Lease liabilities		53,633,808	51,532,095
Current tax liabilities		381,255	85,706
Total current liabilities		<u>1,084,781,604</u>	<u>836,172,979</u>
Net current assets		<u>491,744,312</u>	<u>492,758,728</u>
Total assets less current liabilities		<u>1,070,013,861</u>	<u>1,060,505,360</u>

	30 September 2021 (Unaudited) <i>Notes</i> HK\$	31 March 2021 (Audited) <i>HK\$</i>
Non-current liabilities		
Lease liabilities	<u>509,699,322</u>	<u>498,392,612</u>
Total non-current liabilities	<u>509,699,322</u>	<u>498,392,612</u>
Total liabilities	<u>1,594,480,926</u>	<u>1,334,565,591</u>
NET ASSETS	<u>560,314,539</u>	<u>562,112,748</u>
Capital and reserves attributable to owners of the Company		
Share capital	<u>115,443,328</u>	115,443,328
Reserves	<u>247,951,573</u>	<u>249,506,992</u>
Non-controlling interests	<u>363,394,901</u> <u>196,919,638</u>	364,950,320 <u>197,162,428</u>
TOTAL EQUITY	<u>560,314,539</u>	<u>562,112,748</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2021 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 2021 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 2021.

These unaudited interim condensed consolidated financial statements have been prepared with the same accounting policies adopted in the 2021 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 2021.

The following new or amended 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 2021 and have not yet been early adopted by the Company.

Amendments to HKAS 1 Hong Kong Interpretation 5 (2020)	Classification of Liabilities as Current or Non-current ³ Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³
Amendments to HKAS 1	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 16	Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ¹
Annual Improvements to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

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

² Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The Group has already commenced an assessment of the potential impact of the new or amended standards but is not yet in a position to state whether these new or amended 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:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

The new or revised HKFRSs that are effective from 1 April 2021 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 period ended 30 September 2021, the Group has re-organised its internal reporting structure so as to enhance the operational efficiency. The segments of property sub-leasing, development and investment business were previously separated into two business as property sub-leasing and investment business and property development business. The Group is currently re-organised into three operating divisions — property sub-leasing and investment business, property development business and money lending business. Accordingly, the comparative segment information has been re-presented to conform to current period's presentation.

Principal activities are as follows:

Property sub-leasing and investment business	— sub-leasing and leasing of investment properties
Property development business	— development of real estates
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 2021 (Unaudited)				
	Property sub-leasing and investment business <i>HK\$</i>	Property development business <i>HK\$</i>	Money lending business <i>HK\$</i>	Inter- segment elimination <i>HK\$</i>	Total <i>HK\$</i>
Reportable segment revenue					
External revenue	24,543,234	—	—	—	24,543,234
Inter-segment revenue	—	—	—	—	—
	<u>24,543,234</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>24,543,234</u>
Reportable segment profit/(loss) before income tax expense	<u>2,010,595</u>	<u>(5,314,715)</u>	<u>(123,028)</u>	<u>—</u>	<u>(3,427,148)</u>
Other segment information					
Interest income	3,838	249,319	1,877	—	255,034
Interest expenses	15,956,008	—	—	—	15,956,008
Depreciation of property, plant and equipment	—	985,622	—	—	985,622
Fair value loss on investment properties	12,106,749	—	—	—	12,106,749
Gain on disposal of right-of-use assets	4,523,417	—	—	—	4,523,417
Impairment loss for finance lease receivables	66,308	—	—	—	66,308
(Reversal of)/provision for impairment loss on trade and other receivables, net	<u>(1,896)</u>	<u>616,981</u>	<u>—</u>	<u>—</u>	<u>615,085</u>
Reportable segment assets (As at 30 September 2021) (Unaudited)	<u>664,614,220</u>	<u>1,456,990,247</u>	<u>533,633</u>	<u>—</u>	<u>2,122,138,100</u>
Reportable segment liabilities (As at 30 September 2021) (Unaudited)	<u>586,287,851</u>	<u>1,006,990,860</u>	<u>3,546</u>	<u>—</u>	<u>1,593,282,257</u>

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

Six months ended 30 September 2020 (Unaudited)

	Exhibition- related business <i>HK\$</i>	Property sub-leasing and investment business <i>HK\$</i> <i>(re-presented)</i>	Property development business <i>HK\$</i> <i>(re-presented)</i>	Food and beverages <i>HK\$</i>	Money lending business <i>HK\$</i>	Inter- segment elimination <i>HK\$</i>	Total <i>HK\$</i>
Reportable segment revenue							
External revenue	305,304	30,500,032	—	—	—	—	30,805,336
Inter-segment revenue	—	—	—	—	—	—	—
	<u>305,304</u>	<u>30,500,032</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>30,805,336</u>
Reportable segment loss before income tax expense	<u>(1,085,503)</u>	<u>(25,346,561)</u>	<u>(3,244,966)</u>	<u>(8,695)</u>	<u>(119,208)</u>	<u>—</u>	<u>(29,804,933)</u>
Other segment information							
Interest income	540	71,523	45,005	—	10,292	—	127,360
Interest expenses	18,555	9,792,118	—	—	—	—	9,810,673
Depreciation of property, plant and equipment	792	317,006	1,659	—	—	—	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 impairment loss on trade and other receivables, net	—	180,820	—	—	—	—	180,820
Reportable segment assets (As at 31 March 2021) (Audited)	<u>—</u>	<u>615,539,894</u>	<u>1,211,004,569</u>	<u>—</u>	<u>12,532,456</u>	<u>—</u>	<u>1,839,076,919</u>
Reportable segment liabilities (As at 31 March 2021) (Audited)	<u>—</u>	<u>567,967,018</u>	<u>763,744,962</u>	<u>—</u>	<u>3,546</u>	<u>—</u>	<u>1,331,715,526</u>

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	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Reportable segment loss before income tax expense	(3,427,148)	(29,804,933)
Unallocated interest income and other gains	152,786	44,877
Unallocated provision for impairment loss on trade and other receivables, net	(5,308)	—
Unallocated provision for financial guarantee	—	(6,529,873)
Unallocated finance costs	(15,414)	(2,043,331)
Unallocated staff costs	(2,801,941)	(7,004,087)
Unallocated depreciation of property, plant and equipment	(439,344)	(313,305)
Unallocated amortisation of intangible assets	—	(58,442)
Unallocated head office and corporate expenses (<i>note</i>)	(1,917,288)	(2,234,815)
	<u>(8,453,657)</u>	<u>(47,943,909)</u>

Note:

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

Assets

	30 September	31 March
	2021	2021
	(Unaudited)	(Audited)
	HK\$	HK\$
Reportable segment assets	2,122,138,100	1,839,076,919
Property, plant and equipment	711,019	1,150,238
Trade and other receivables	9,203,691	7,736,724
Cash and bank balances	22,742,655	43,496,814
Unallocated head office and corporate assets	—	5,217,644
	<u>2,154,795,465</u>	<u>1,896,678,339</u>

Liabilities

	30 September 2021 (Unaudited) HK\$	31 March 2021 (Audited) HK\$
Reportable segment liabilities	1,593,282,257	1,331,715,526
Lease liabilities	495,329	698,916
Unallocated head office and corporate liabilities	<u>703,340</u>	<u>2,151,149</u>
Total liabilities	<u><u>1,594,480,926</u></u>	<u><u>1,334,565,591</u></u>

(c) Geographical information

The Group's operations are mainly located in Hong Kong and the People's Republic of China (the "PRC").

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

	Six months ended 30 September 2021 (Unaudited)		
	Hong Kong HK\$	The PRC HK\$	Total HK\$
Revenue (<i>note</i>)	—	24,543,234	24,543,234
Non-current assets other than financial instruments and deferred tax assets (As at 30 September 2021) (Unaudited)	<u>703,511</u>	<u>282,888,913</u>	<u>283,592,424</u>
	Six months ended 30 September 2020 (Unaudited)		
	Hong Kong HK\$	The PRC HK\$	Total HK\$
Revenue (<i>note</i>)	284,501	30,520,835	30,805,336
Non-current assets other than financial instruments and deferred tax assets (As at 31 March 2021) (Audited)	<u>1,141,759</u>	<u>291,208,684</u>	<u>292,350,443</u>

Note:

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

4. OTHER OPERATING EXPENSES

	Six months ended	
	30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Property sub-leasing and investment business expenses	663,629	5,378,510
Property development business expenses	2,506,231	2,809,523
Exhibition expenses	—	187,896
Legal and professional fees	1,472,550	1,356,154
Travelling expenses	4,655	529,888
Others	574,755	4,473,714
	5,221,820	14,735,685

5. LOSS BEFORE INCOME TAX EXPENSE

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

	Six months ended	
	30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Crediting		
Bank interest income [#]	256,790	160,816
Gain on disposal of right-of-use assets [#]	4,523,417	3,110,477
Reversal of impairment loss on trade and other receivables, net	—	180,820
Charging		
Impairment loss on finance lease receivables	66,308	325,146
Impairment loss on trade and other receivables, net	620,393	—
Fair value loss on investment properties [#]	12,106,749	39,319,178
Staff costs	5,490,053	12,293,741
Provision for financial guarantee [#]	—	6,529,873
Amortisation on intangible assets	—	58,442

[#] The amounts are included under the “other gains or losses, net” in the unaudited 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	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Current tax — PRC Enterprise Income Tax	<u>(378,296)</u>	<u>(184,044)</u>

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 2021 (2020: Nil).

The PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2020: 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	
	2021	2020
	(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	(5,791,569)	(30,155,490)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (<i>note</i>)	<u>2,308,866,570</u>	<u>1,514,710,505</u>

Note:

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

8. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 September 2021, nor has any dividend been proposed as at the date of this announcement (2020: Nil).

9. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the six months ended 30 September 2021, the Group purchased and disposed property, plant and equipment of approximately HK\$646,138 and HK\$Nil (six months ended 30 September 2020: HK\$144,353 and HK\$Nil) 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 2021, the Group's additions in investment properties were approximately HK\$Nil (six months ended 30 September 2020: HK\$23,428,765). The Group's investment properties were valued at 30 September 2021 on a market comparison basis by an independent profession valuer, APAC Assets Valuation and Consulting Limited ("APAC"). A fair value loss on investment properties of HK\$12,106,749 was recognised in the profit or loss for the six months ended 30 September 2021 (six months ended 30 September 2020: HK\$39,319,178).

10. FINANCE LEASE RECEIVABLES

	30 September 2021 (Unaudited) HK\$	31 March 2021 (Audited) HK\$
Gross finance lease receivables	587,583,199	552,189,619
<i>Less: unearned finance income</i>	(258,535,222)	(249,544,027)
Net finance lease receivables	329,047,977	302,645,592
<i>Less: loss allowance</i>	(1,154,198)	(1,087,890)
Finance lease receivables	<u>327,893,779</u>	<u>301,557,702</u>

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 2021 (Unaudited) HK\$	31 March 2021 (Audited) HK\$
Properties under development expected to be completed and delivered:		
— Within one operating cycle included under current assets	901,265,292	770,392,961
	<u><u>901,265,292</u></u>	<u><u>770,392,961</u></u>
Amounts comprises:		
— Land cost	632,842,472	623,767,422
— Construction cost	244,811,976	133,479,681
— Borrowing costs capitalised	23,610,844	13,145,858
	<u><u>901,265,292</u></u>	<u><u>770,392,961</u></u>

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

12. TRADE AND OTHER RECEIVABLES

	30 September 2021 (Unaudited) HK\$	31 March 2021 (Audited) HK\$
Trade receivables (<i>note (a)</i>)	1,220,655	1,024,059
Deposits (<i>note (b)</i>)	17,076,661	15,211,271
Prepayments and other receivables (<i>note (b)</i>)	252,792,743	321,397,445
	<u><u>271,090,059</u></u>	<u><u>337,632,775</u></u>

Notes:

(a) The ageing analysis of trade receivables based on invoice date is as follows:

	30 September 2021 (Unaudited) HK\$	31 March 2021 (Audited) HK\$
Within 90 days	1,220,655	1,024,059
	<u><u>1,220,655</u></u>	<u><u>1,024,059</u></u>

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

13. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

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

	30 September 2021 (Unaudited) HK\$	31 March 2021 (Audited) HK\$
Current or within 30 days	<u>38,631,363</u>	<u>3,517,000</u>

- (b) Contract liabilities relate to advances from customers for sales of development properties before the criteria for revenue recognition have been met.

14. CAPITAL COMMITMENTS

	30 September 2021 (Unaudited) HK\$	31 March 2021 (Audited) HK\$
Contracted for but not provided — Commitments for the construction contracts	<u>55,360,881</u>	<u>134,480,594</u>

15. CONTINGENT LIABILITIES

At the respective reporting dates, the contingent liabilities of the Group were as follows:

	30 September 2021 (Unaudited) HK\$	31 March 2021 (Audited) HK\$
Guarantees granted to financial institutions on behalf of purchasers of property units	<u>310,178,193</u>	<u>136,822,542</u>

The Group arranges with various domestic banks in the PRC to provide loan and mortgage facilities to purchasers of its properties prior to the transfer of land title deeds. In line with the consumer banking practices in the PRC, these banks require the Group to provide guarantees in respect of these loans including the principal, interest and other incidental costs. If a purchaser defaults on a loan, the relevant mortgagee bank is entitled to deduct the amount repayable from the restricted cash account. These guarantees provided by the Group to the banks would be released by the banks upon the receipt of the building ownership certificate of the respective properties by the banks from the customers when it is issued by the relevant authorities.

The Directors consider that it is not probable of the Group to sustain a loss under these guarantees as during the period of these guarantees, the Group can take over the ownerships of the related properties under default and sell the properties to recover the amounts paid by the Group to the banks. The Group has not recognised these guarantees. The Directors also consider that the market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group in event that the purchasers default payments to banks for their mortgage loans.

16. EVENTS AFTER THE REPORTING PERIOD

On 30 July 2021, the Company entered into the equity sale and purchase agreement (the “**Equity Sale and Purchase Agreement**”) with Shenzhen Yaoling Investment Ltd. (“**Shenzhen Yaoling**”), the non-controlling shareholder of an indirect subsidiary of the Company, Dongguan Huachuangwen Land Ltd. (“**Huachuangwen Land**”), to acquire 55% equity interest of Huachuangwen Land (the “**Acquisition**”). Upon the completion of the Acquisition, the Company will hold 90% of the equity interest in Huachuangwen Land and the financial statements of Huachuangwen Land will continue to be consolidated into the consolidated financial statements of the Group. The consideration shall be settled by way of (i) cash of RMB40,000,000 (equivalent to approximately HK\$48,000,000); (ii) issue and allotment of 450,000,000 shares of the Company at an issue price of HK\$0.2 per share, resulting in a total value of HK\$90,000,000 of shares and (iii) issue of convertible bonds of the Company in the principal amount of HK\$27,120,000 (equivalent to approximately RMB22,600,800). Details of the Acquisition were disclosed in the Company’s announcement dated 30 July 2021 and the Company’s circular dated 30 September 2021. Subsequently, the Acquisition was approved at special general meeting on 20 October 2021. On 29 October 2021, the Company announced that as additional time is required for the fulfillment of the conditions precedent to the Equity Sale and Purchase Agreement, the Company and Shenzhen Yaoling agreed in writing to extend the long stop date from 31 October 2021 to 31 December 2021 (or such other date as the parties may agree in writing) on 20 October 2021. The Acquisition was not yet completed up to the date of issue of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

CONSOLIDATED RESULTS

For the six months ended 30 September 2021, the Group recorded a revenue of approximately HK\$24.5 million compared to a revenue of approximately HK\$30.8 million for the corresponding period of 2020, representing a decrease of revenue of approximately 20.5%, and recorded a loss of approximately HK\$8.8 million compared to a loss of approximately HK\$48.1 million for the corresponding period of 2020. The significant decrease in loss was primarily due to the 1) completion of disposal of loss-making subsidiaries in during the year ended 31 March 2021; 2) implementation of various measures on cost control and on reduction of expenditures and 3) no provision for financial guarantee was made for the six months ended 30 September 2021.

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

BUSINESS REVIEW

Property sub-leasing and investment business

For the six months ended 30 September 2021, this business segment recorded a revenue of approximately HK\$24.5 million compared to a revenue of approximately HK\$30.5 million for the corresponding period in 2020, representing a decrease of revenue of about 19.7%, and recorded a profit of approximately HK\$2.0 million as compared to a loss of approximately HK\$25.3 million for the corresponding period of 2020. The decrease in the loss was mainly due to the decrease of fair value loss on investment properties.

Property development business

During the six months ended 30 September 2021, no income was recognised (2020: nil). This business segment recorded a loss of approximately HK\$5.3 million (2020: loss of approximately HK\$3.2 million). In order to maintain sustainable growth of the Group, the management would develop this business segment by pursuing growth-oriented strategies, including the investment in more property sub-leasing business segments and investment projects in property development business segments in the PRC.

FINANCIAL SERVICES BUSINESS

Money lending

For the six months ended 30 September 2021 and 2020, no money lending business was engaged and no interest income was recognised by the Company. The management would continue to find new opportunity for this segment.

Securities, futures and asset management

The Group 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 as no suitable business opportunities have been identified. The management would like to focus more on the other business segment of the Group.

PROSPECTS

Almost two years after the outbreak of the coronavirus pandemic, the global economy is experiencing a recovery in 2021. 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. Under the containment policies in the PRC, the pandemic gradually got under control, the Directors of the Group have implemented various appropriate measures to lower the cost which improve the performance of the Group. The Board is expecting the businesses to remain cautious, 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 2021, the Group had bank borrowings in total of approximately HK\$270.1 million (31 March 2021: approximately HK\$289.5 million).

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

	30 September 2021 (Unaudited) HK\$ Million	31 March 2021 (Audited) HK\$ Million
Repayable:		
Within one year	270.1	289.5

The carrying amounts of the Group's bank borrowings were denominated in RMB. As at 30 September 2021, the Group's bank borrowings balance of approximately HK\$270.1 million was charged at a fixed interest rate. The bank borrowings carry effective interest rates 7.24% per annum (2020: 7.24% per annum).

The gearing ratio of the Group as at 30 September 2021 was not applicable (since the Group maintained net cash position as at 30 September 2021) compared with 31.1% as at 31 March 2021. The Directors consider the Group as in a healthy financial position. Such ratio was calculated with reference to the bank borrowings deduction of cash and bank balances over the Company's equity attributable to owners of the Company. As at 30 September 2021, the Group had net current assets of approximately HK\$491.7 million as compared with the net current assets as at 31 March 2021 of approximately HK\$492.8 million. The current ratio of the Group as at 30 September 2021 was 1.5 compared with 1.6 as at 31 March 2021.

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 2021, 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 year, 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 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	Amount of Net Proceeds Brought Forward to the year ending 31 March 2021	Amount utilized up to 31 March 2021	Amount of Net Proceeds Brought Forward to the six months ended 30 September 2021	Amount utilized up to 30 September 2021	Amount of unutilized proceeds	Expected timeline
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	Money lending business of the Group in Hong Kong: approximately HK\$27.2 million	HK\$27.2 million	nil	HK\$27.2 million	HK\$10.0 million	HK\$17.2 million	31 March 2022 reserved to be used for the Company's financial resources for general working capital
		General working capital of the Group: approximately HK\$14.6 million	HK\$14.6 million	HK\$14.6 million	nil	nil	nil	N/A
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	Potential acquisition: approximately HK\$32.1 million	HK\$32.1 million	nil	HK\$32.1 million	HK\$32.1 million	nil	N/A
		General working capital of the Group: approximately HK\$14.0 million	nil	nil	nil	nil	nil	N/A

CHARGES AND GUARANTEES

As at 30 September 2021, certain bank borrowings of the Group in the total amount of approximately HK\$270.1 million were secured by i) corporate guarantees provided by related companies of a non-controlling shareholder, and a subsidiary of the Group; ii) personal guarantees provided by Mr. Chen Weiwu, the director of the Group and his spouse; iii) entire equity interest of a subsidiary of the Group; and iv) properties under development of the Group with carrying amounts of HK\$901.3 million.

As at 31 March 2021, the Group's bank borrowings were secured by i) corporate guarantees provided by related companies of a non-controlling shareholder, and a subsidiary of the Group; ii) personal guarantees provided by Mr. Chen Weiwu, the director of the Group and his spouse; iii) entire equity interest of a subsidiary of the Group; and iv) properties under development of the Group with carrying amounts of HK\$770.4 million.

CONTINGENT LIABILITIES

Please refer to note 15 of this announcement for material contingent liabilities of the Group as at 30 September 2021.

EMOLUMENT POLICY

As at 30 September 2021, the Group employed a total of 43 (31 March 2021: 44) employees. The remuneration of the employees of the Group amounted to approximately HK\$5.5 million for the six months ended 30 September 2021 (30 September 2020: approximately HK\$12.3 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 a 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.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Reference is made to the Company's announcement dated 30 July 2021 and circular dated 30 September 2021 in relation to, among other things, a very substantial acquisition and connected transaction, respectively. Capitalised terms used under this sub-heading shall have the same meaning as in the said announcement and circular unless otherwise defined in this announcement.

On 30 July 2021, the Company entered into the equity sale and purchase agreement (the "**Equity Sale and Purchase Agreement**") with Shenzhen Yaoling Investment Ltd. ("**Shenzhen Yaoling**"), the non-controlling shareholder of an indirect subsidiary of the Company, Dongguan Huachuangwen Land Ltd. ("**Huachuangwen Land**"), to acquire 55% equity interest of Huachuangwen Land (the "**Acquisition**"). Upon the completion of the Acquisition, the Company will hold 90% of the equity interest in Huachuangwen Land and the financial statements of Huachuangwen Land will continue to be consolidated into the consolidated financial statements of the Group. The consideration shall be settled by way of (i) cash of RMB40,000,000 (equivalent to approximately HK\$48,000,000); (ii) issue and allotment of 450,000,000 shares of the Company at an issue price of HK\$0.2 per share, resulting in a total value of HK\$90,000,000 of shares and (iii) issue of convertible bonds of the Company in the principal amount of HK\$27,120,000 (equivalent to approximately RMB22,600,800). Details of the Acquisition were disclosed in the Company's announcement dated 30 July 2021 and the Company's circular dated 30 September 2021. Subsequently, the Acquisition was approved at special general meeting on 20 October 2021. On 29 October 2021, the Company announced that as additional time is required for the fulfillment of the conditions precedent to the Equity Sale and Purchase Agreement, the Company and Shenzhen Yaoling agreed in writing to extend the long stop date from 31 October 2021 to 31 December 2021 (or such other date as the parties may agree in writing) on 20 October 2021. The Acquisition was not yet completed up to the date of issue of this announcement.

Save as disclosed above, there were no significant investments held, no material acquisitions or disposals of subsidiaries, associates or joint ventures during the six months ended 30 September 2021.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend of the Company for the six months ended 30 September 2021.

CODE OF CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 September 2021, 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”), save for the following deviation:

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 intervals. Although only two regular Board meetings were held during the year from 31 March 2021 up to the date of this announcement, on 29 June 2021 and 29 November 2021 respectively, 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. As such, significant matters concerning the business activities and operation of the Group had been either duly reported, discussed and resolved at the two Board meetings, or dealt with by the Board by way of written resolutions for expeditious commercial decisions making purposes. The Board has been, and will continue to be, prepared to hold ad hoc Board meetings as and when required.

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 2021.

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company follows the Model Code (“**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 the Directors, all Directors confirmed that they have fully complied with the required standards as set out in the Model Code during the six months ended 30 September 2021.

AUDIT COMMITTEE

The audit committee of the Company (“**Audit Committee**”), currently consists of three independent non-executive Directors, namely Mr. Chen Youchun, Ms. Lui Mei Ka and Mr. Zhou Xin, has reviewed, together with 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 2021 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 2021 will be despatched to the Shareholders 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, 29 November 2021

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