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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

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 2023.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	Notes	Six months ended	
		2023	2022
		(Unaudited)	(Unaudited)
		HK\$	HK\$
Revenue	3	784,202,084	519,648,997
Other gains or losses, net		(21,780,328)	(6,142,400)
Costs of completed properties sold		(663,672,115)	(359,552,983)
Depreciation of property, plant and equipment		(1,815,494)	(1,869,317)
Staff costs		(5,347,956)	(4,490,184)
Other operating expenses	4	(19,641,819)	(19,864,560)
Finance costs		(20,681,720)	(17,714,588)
Profit before income tax	5	51,262,652	110,014,965
Income tax credit/(expense)	6	49,054,615	(29,591,289)
Profit for the period		100,317,267	80,423,676

	Six months ended	
	30 September	
	2023	2022
	(Unaudited)	(Unaudited)
<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>
Other comprehensive loss		
Item that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	<u>(36,012,523)</u>	<u>(61,766,778)</u>
Other comprehensive loss for the period, net of tax	<u><u>(36,012,523)</u></u>	<u><u>(61,766,778)</u></u>
Total comprehensive income for the period	<u><u>64,304,744</u></u>	<u><u>18,656,898</u></u>
Profit for the period attributable to:		
Owners of the Company	<u>57,638,448</u>	<u>34,789,284</u>
Non-controlling interests	<u>42,678,819</u>	<u>45,634,392</u>
	<u><u>100,317,267</u></u>	<u><u>80,423,676</u></u>
Total comprehensive income/(loss) for the period attributable to:		
Owners of the Company	<u>27,044,103</u>	<u>(14,899,989)</u>
Non-controlling interests	<u>37,260,641</u>	<u>33,556,887</u>
	<u><u>64,304,744</u></u>	<u><u>18,656,898</u></u>
	<i>HK cents</i>	<i>HK cents</i>
Earnings per share attributable to owners of the Company for the period		
	7	
Basic	<u><u>1.68</u></u>	<u><u>1.35</u></u>
Diluted	<u><u>1.38</u></u>	<u><u>1.29</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

		30 September 2023 (Unaudited) <i>HK\$</i>	31 March 2023 (Audited) <i>HK\$</i>
	<i>Notes</i>		
Assets			
Non-current assets			
Property, plant and equipment	9	1,938,678	3,878,910
Investment properties	9	205,932,674	246,398,830
Finance lease receivables	10	215,631,982	231,796,903
Total non-current assets		<u>423,503,334</u>	<u>482,074,643</u>
Current assets			
Completed properties held for sale	11	2,028,799,882	2,939,392,390
Trade and other receivables	12	769,262,445	389,462,880
Contract costs		12,559,850	17,362,013
Finance lease receivables	10	45,150,956	47,521,401
Amounts due from related parties		1,630	1,735
Cash and bank balances		213,264,714	413,280,678
Total current assets		<u>3,069,039,477</u>	<u>3,807,021,097</u>
Total assets		<u>3,492,542,811</u>	<u>4,289,095,740</u>
Liabilities			
Current liabilities			
Trade and other payables	13	121,993,668	307,764,174
Contract liabilities	13	1,401,160,432	1,998,314,566
Amounts due to non-controlling shareholders of subsidiaries		38,076,116	12,145,486
Lease liabilities		61,060,877	62,215,335
Current tax liabilities		3,231,753	9,599,234
Total current liabilities		<u>1,625,522,846</u>	<u>2,390,038,795</u>
Net current assets		<u>1,443,516,631</u>	<u>1,416,982,302</u>
Total assets less current liabilities		<u>1,867,019,965</u>	<u>1,899,056,945</u>

	30 September 2023 (Unaudited) <i>Notes</i> HK\$	31 March 2023 (Audited) HK\$
Non-current liabilities		
Convertible bonds	176,978,678	170,283,454
Deferred tax liabilities	196,727,319	267,393,946
Lease liabilities	387,487,558	419,857,879
	<u>761,193,555</u>	<u>857,535,279</u>
Total non-current liabilities		
	<u>761,193,555</u>	<u>857,535,279</u>
Total liabilities	2,386,716,401	3,247,574,074
	<u>2,386,716,401</u>	<u>3,247,574,074</u>
NET ASSETS	1,105,826,410	1,041,521,666
	<u>1,105,826,410</u>	<u>1,041,521,666</u>
Capital and reserves attributable to owners of the Company		
Share capital	171,423,328	171,423,328
Reserves	657,448,049	630,403,946
	<u>828,871,377</u>	<u>801,827,274</u>
Non-controlling interests	276,955,033	239,694,392
	<u>276,955,033</u>	<u>239,694,392</u>
TOTAL EQUITY	1,105,826,410	1,041,521,666
	<u>1,105,826,410</u>	<u>1,041,521,666</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2023 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 2023 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 2023.

These unaudited interim condensed consolidated financial statements have been prepared with the same accounting policies adopted in the 2023 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 2023.

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 2023 and have not yet been early adopted by the Company.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹

¹ Effective for annual periods beginning on or after 1 January 2024.

² Effective for 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:

HKFRS 17	Insurance Contracts and the related Amendments
Amendments to HKAS 1	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The new or revised HKFRSs that are effective from 1 April 2023 did not have any material impact on the Company's accounting policies.

3. REVENUE AND SEGMENT INFORMATION

Revenues

	Six months ended	
	30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Revenue from contract with customers		
Revenue from sale of completed properties	763,538,181	491,300,031
Revenue from other sources		
Gross rental income from property sub-leasing business	15,196,885	21,994,500
Interest income from finance lease receivables	5,467,018	6,354,466
	20,663,903	28,348,966
Total revenues	784,202,084	519,648,997
Revenue from contracts with customers		
Disaggregated revenue information for the six months ended 30 September 2023 and 2022		
Timing of revenue recognition		
Goods transferred at a point in time	763,538,181	491,300,031
Services transferred overtime	—	—
	763,538,181	491,300,031

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.

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 2023 (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	20,663,903	763,538,181	—	—	784,202,084
Inter-segment revenue	—	—	—	—	—
	<u>20,663,903</u>	<u>763,538,181</u>	<u>—</u>	<u>—</u>	<u>784,202,084</u>
Reportable segment (loss)/profit before income tax expense	<u>(24,438,894)</u>	<u>87,568,447</u>	<u>(9,942)</u>	<u>—</u>	<u>63,119,611</u>
Other segment information					
Interest income	14,568	135,369	1,118	—	151,055
Interest expenses	13,971,095	—	—	—	13,971,095
Depreciation of property, plant and equipment	—	1,606,515	—	—	1,606,515
Fair value loss on investment properties	29,530,473	—	—	—	29,530,473
Reversal of impairment loss on finance lease receivables	<u>28,312</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>28,312</u>
Reportable segment assets (As at 30 September 2023) (Unaudited)	<u>565,205,899</u>	<u>2,901,154,148</u>	<u>504,633</u>	<u>—</u>	<u>3,466,864,680</u>
Reportable segment liabilities (As at 30 September 2023) (Unaudited)	<u>534,515,530</u>	<u>1,669,255,227</u>	<u>3,546</u>	<u>—</u>	<u>2,203,774,303</u>

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

Six months ended 30 September 2022 (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	28,348,966	491,300,031	—	—	519,648,997
Inter-segment revenue	—	—	—	—	—
	<u>28,348,966</u>	<u>491,300,031</u>	<u>—</u>	<u>—</u>	<u>519,648,997</u>
Reportable segment profit/(loss) before income tax expense	<u>974,894</u>	<u>113,616,907</u>	<u>(4,348)</u>	<u>—</u>	<u>114,587,453</u>
Other segment information					
Interest income	17,364	43,364	102	—	60,830
Interest expenses	16,784,348	862,917	—	—	17,647,265
Depreciation of property, plant and equipment	—	1,669,279	—	—	1,669,279
Fair value loss on investment properties	7,067,792	—	—	—	7,067,792
Reversal of impairment loss on finance lease receivables	<u>149,373</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>149,373</u>
Reportable segment assets (As at 31 March 2023) (Audited)	<u>596,304,554</u>	<u>3,672,525,189</u>	<u>503,664</u>	<u>—</u>	<u>4,269,333,407</u>
Reportable segment liabilities (As at 31 March 2023) (Audited)	<u>539,359,736</u>	<u>2,531,277,077</u>	<u>3,546</u>	<u>—</u>	<u>3,070,640,359</u>

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

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

Profit before income tax

	Six months ended	
	30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Reportable segment profit before income tax	63,119,611	114,587,453
Unallocated interest income and other gains	347,780	205,727
Unallocated finance costs	(6,710,625)	(67,323)
Unallocated staff costs	(3,225,065)	(2,876,330)
Unallocated depreciation of property, plant and equipment	(208,979)	(200,038)
Unallocated head office and corporate expenses (note)	(2,060,070)	(1,634,524)
	<u>51,262,652</u>	<u>110,014,965</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
	2023	2023
	(Unaudited)	(Audited)
	HK\$	HK\$
Reportable segment assets	3,466,864,680	4,269,333,407
Property, plant and equipment	488,108	697,257
Other receivables	9,181,102	6,355,225
Cash and bank balances	16,007,291	12,708,116
Unallocated head office and corporate assets	<u>1,630</u>	<u>1,735</u>
	<u>3,492,542,811</u>	<u>4,289,095,740</u>

Liabilities

	30 September 2023 (Unaudited) HK\$	31 March 2023 (Audited) HK\$
Reportable segment liabilities	2,203,774,303	3,070,640,359
Convertible bonds	176,978,678	170,283,454
Lease liabilities	495,258	698,858
Unallocated head office and corporate liabilities	5,468,162	5,951,403
	<hr/>	<hr/>
Total liabilities	<u>2,386,716,401</u>	<u>3,247,574,074</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 2023 (Unaudited)		
	Hong Kong HK\$	The PRC HK\$	Total HK\$
Revenue (<i>note</i>)	—	784,202,084	784,202,084
Non-current assets other than financial instruments (As at 30 September 2023) (Unaudited)	<u>485,266</u>	<u>207,386,086</u>	<u>207,871,352</u>
	<hr/>		
	Six months ended 30 September 2022 (Unaudited)		
	Hong Kong HK\$	The PRC HK\$	Total HK\$
Revenue (<i>note</i>)	—	519,648,997	519,648,997
Non-current assets other than financial instruments (As at 31 March 2023) (Audited)	<u>693,238</u>	<u>249,584,502</u>	<u>250,277,740</u>

Note:

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

4. OTHER OPERATING EXPENSES

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>HK\$</i>	<i>HK\$</i>
Property sub-leasing and investment business expenses	1,734,676	2,558,576
Property development business expenses	15,811,057	14,327,134
Legal and professional fees	1,165,402	1,971,778
Travelling expenses	25,649	14,330
Others	905,035	992,742
	<u>19,641,819</u>	<u>19,864,560</u>

5. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging/(crediting):

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>HK\$</i>	<i>HK\$</i>
Crediting		
Bank interest income [#]	190,637	71,884
Gain on disposal of subsidiaries [#]	83,753	—
Reversal of impairment loss on finance lease receivables [#]	28,312	149,373
Charging		
Fair value loss on investment properties [#]	29,530,473	7,067,792
Staff costs	5,347,956	4,490,184
	<u>29,530,473</u>	<u>7,067,792</u>

[#] The amounts are included under the “other gains or losses, net” in the unaudited interim condensed consolidated statement of comprehensive income.

6. INCOME TAX CREDIT/(EXPENSE)

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

	Six months ended	
	30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Current tax:		
— PRC Enterprise Income Tax	(18,314,956)	(17,693,347)
— Land Appreciation Tax (“LAT”)	(2,110,730)	(11,897,942)
Under-provision in prior years:		
— PRC Enterprise Income Tax	(143,986)	—
— LAT	(1,042,340)	—
Deferred tax credit	70,666,627	—
	<u>49,054,615</u>	<u>(29,591,289)</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 2023 (six months ended 30 September 2022: Nil).

The PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (six months ended 30 September 2022: 25%).

The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

7. EARNINGS PER SHARE

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

	Six months ended	
	30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Earnings for the purpose of basic earnings per share		
Profit for the period attributable to owners of the Company	57,638,448	34,789,284
Effect of diluted potential ordinary shares:		
Effective interest on the liability components of convertible bonds	<u>6,695,224</u>	<u>62,361</u>
Earnings for the purpose of diluted earnings per share	<u>64,333,672</u>	<u>34,851,645</u>
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	3,428,466,570	2,576,151,816
Effect of diluted potential ordinary shares:		
Convertible bonds	<u>1,245,750,000</u>	<u>135,600,000</u>
Weighted average number of ordinary shares in issue for the purpose of diluted earnings per share (<i>note</i>)	<u>4,674,216,570</u>	<u>2,711,751,816</u>

Note:

The computation of diluted earnings per share for the six months ended 30 September 2023 and 2022 does not assume the exercise of the Company's share options granted because the exercise price of these share options was higher than the average market price for shares for the six months period ended 30 September 2023 and 2022.

8. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 September 2023, nor has any dividend been proposed as at the date of this announcement (six months ended 30 September 2022: Nil).

9. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the six months ended 30 September 2023, the Group had not purchased and disposed property, plant and equipment (six months ended 30 September 2022: 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 2023, the Group had not acquired investment properties (six months ended 30 September 2022: Nil). The Group's investment properties were valued at 30 September 2023 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\$29,530,473 was recognised in the profit or loss for the six months ended 30 September 2023 (six months ended 30 September 2022: fair value loss of HK\$7,067,792).

10. FINANCE LEASE RECEIVABLES

	30 September 2023 (Unaudited) HK\$	31 March 2023 (Audited) HK\$
Gross finance lease receivables	427,465,771	459,722,180
<i>Less:</i> unearned finance income	(165,765,995)	(179,413,546)
Net finance lease receivables	261,699,776	280,308,634
<i>Less:</i> loss allowance	(916,838)	(990,330)
Finance lease receivables	<u>260,782,938</u>	<u>279,318,304</u>
Finance lease receivables analysed as:		
Receivable within one year	45,150,956	47,521,401
Receivable after one year	215,631,982	231,796,903
	<u>260,782,938</u>	<u>279,318,304</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. COMPLETED PROPERTIES HELD FOR SALE

	30 September 2023 (Unaudited) HK\$	31 March 2023 (Audited) HK\$
Completed properties in the PRC held for sale, at cost	<u>2,028,799,882</u>	<u>2,939,392,390</u>

The directors of the Company conducted impairment assessment of the completed properties with reference to the contract prices for the sale of the properties to customers and concluded that no impairment of completed properties is required to be made as the net realisable value of the properties is not less than their carrying amount.

12. TRADE AND OTHER RECEIVABLES

	30 September 2023 (Unaudited) HK\$	31 March 2023 (Audited) HK\$
Trade receivables (<i>note (a)</i>)	2,187,858	—
Deposits (<i>note (b)</i>)	13,951,447	15,813,656
Prepayments and other receivables (<i>note (b)</i>)	<u>753,123,140</u>	<u>373,649,224</u>
	<u>769,262,445</u>	<u>389,462,880</u>

Notes:

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

	30 September 2023 (Unaudited) HK\$	31 March 2023 (Audited) HK\$
Within 90 days	<u>2,187,858</u>	<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

	30 September 2023 (Unaudited) HK\$	31 March 2023 (Audited) HK\$
Trade payables (<i>note a</i>)	78,008,015	184,448,066
Accruals	756,611	3,900,341
Other payables	8,243,660	88,986,647
Other deposits received	34,985,382	30,429,120
	121,993,668	307,764,174

- (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 2023 (Unaudited) HK\$	31 March 2023 (Audited) HK\$
Current or within 30 days	—	2,511,389
31-60 days	78,008,015	181,936,677
61-90 days	—	—
Over 90 days	—	—
	78,008,015	184,448,066

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

14. CONTINGENT LIABILITIES

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

	30 September 2023 (Unaudited) HK\$	31 March 2023 (Audited) HK\$
Guarantees granted to financial institutions on behalf of purchasers of property units	<u>1,156,529,753</u>	<u>1,211,274,630</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 building ownership certificate. 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 repayment, the relevant mortgagee bank is entitled to deduct the amount repayable from the restricted cash account. These guarantees would be released by the banks upon the receipt of the building ownership certificate of the respective properties when the certificate have been 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 at prices which are well above the amounts paid/payable by the Group to the banks under the guarantees, accordingly no provision for the guarantees has been made in the condensed consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

CONSOLIDATED RESULTS

For the six months ended 30 September 2023, the Group recorded a revenue of approximately HK\$784.2 million compared to a revenue of approximately HK\$519.6 million for the corresponding period of 2022, representing an increase of revenue of approximately 50.9%, and recorded a profit of approximately HK\$100.3 million compared to a profit of approximately HK\$80.4 million for the corresponding period of 2022. The increase in profit was primarily due to the 1) implementation of various measures on cost control and on reduction of expenditures; and 2) recognition of revenue of property development business during the period ended 30 September 2023.

BUSINESS REVIEW

Property sub-leasing and investment business

For the six months ended 30 September 2023, this business segment recorded a revenue of approximately HK\$20.7 million compared to a revenue of approximately HK\$28.3 million for the corresponding period in 2022, representing a decrease of revenue of about 26.9%, and recorded a loss of approximately HK\$24.4 million as compared to a profit of approximately HK\$1.0 million for the corresponding period of 2022. The shift from profit to loss was mainly due to the decrease of fair value on investment properties.

Property development business

During the period ended 30 September 2023, the property development business in the PRC contributed revenue of approximately HK\$763.5 million (2022: HK\$491.3 million) and segment recorded profit of approximately HK\$87.6 million (2022: profit of approximately HK\$113.6 million) to the Group. The increase in segment revenue was attributable to two development projects, namely Tangshang Hanlin Mansion* (唐商翰林居) in Dongguan land situated at Caole Village, Xiegang Town, Dongguan City, the PRC and Puning Tangshang Zhongyang Garden* (普寧唐商中央花園) in Beihuan Avenue, Puning, Jieyang, Guangdong Province, the PRC. The Group had acquired the total issued share capital of Reach Glory Holdings Limited, a company is indirectly hold 70% equity interest in the project company Puning Huachuangwen Industrial Development Co., Ltd., and completed the very substantial acquisition and connected transaction in 10 March 2023. The construction of Puning Tangshang Zhongyang Garden was completed in 2022, As at 30 September 2023, there were approximately 54,407.27 sq.m. booked GFA delivered and recognised into the revenue. The completed properties are held for sale and the management expects part of the remaining GFA will recognise in future.

FINANCIAL SERVICES BUSINESS

Money lending

For the six months ended 30 September 2023 and 2022, no money lending business was engaged and no corresponding interest income was recognised by the Group. 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 segments of the Group.

PROSPECTS

The Group currently attained a macroeconomic challenge since China’s real estate market has entered into a new form of “significant changes between supply and demand”. The property market has experienced a rapid decline, and the industry is facing enormous challenges. The Group will adopt a more prudent operation strategy, enhance the efficiency of management and control. The Group will also continue to strengthen our sales efforts in terms of operation, proactively funds especially in the cities with incentive policies, and actively grasp the window of opportunity for marketing. The Group will remain proactive in reviewing its pace of business expansion to maintain this business and achieve sustainable growth of the Group, the management may adjust its project development plans and schedules in response to changing market conditions, as and when appropriate.

The Board is expecting the management to remain cautious, meanwhile, to also maintain open-minded in identifying new property development projects in the PRC 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 these advantages 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 2023, no bank borrowings were incurred by the Group (31 March 2023: nil).

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

	30 September 2023 (Unaudited) <i>HK\$ million</i>	31 March 2023 (Audited) <i>HK\$ million</i>
Repayable:		
Within one year	—	—
more than one year, but not exceeding two years	—	—
more than two years, but not exceeding five years	—	—
more than five years	—	—
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	—	—
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The carrying amounts of the Group's bank borrowings were denominated in RMB. As at 30 September 2023, the Group's bank borrowings was nil in 2023 and 2022.

The gearing ratio of the Group as at 30 September 2023 and 31 March 2023 were not applicable (since the Group maintained net cash position as at 30 September 2023 and 31 March 2023). 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 2023, the Group had net current assets of approximately HK\$1,443.5 million as compared with the net current assets as at 31 March 2023 of approximately HK\$1,417.0 million. The current ratio of the Group as at 30 September 2023 was 1.9 compared with 1.6 as at 31 March 2023.

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 2023, 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 previous years, the Group had completed the following fund raising exercise to strengthen its financial position:

In 2018, convertible bonds in the aggregate principal amount of approximately HK\$42.0 million were issued, 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	Amount of		Amount utilized up to 30 September 2023	Amount of unutilized proceeds	Expected timeline/ Intended use of unutilized proceeds
			Net Proceeds Brought Forward to the year ending 31 March 2023	Net Proceeds Brought Forward to the six months ended 31 March 2023	Net Proceeds Brought Forward to the six months ended 30 September 2023			
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 (as per the announcement of the Company dated 25 August 2021, the use of proceeds have been reallocated to general working capital)	nil	nil	nil	nil	nil	N/A
		General working capital of the Group: approximately HK\$14.6 million	nil	nil	nil	nil	nil	N/A

In 2017, convertible bonds in the aggregate principal amount of approximately HK\$46.3 million were issued, with the net proceeds of approximately HK\$46.1 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	Amount of			Amount of unutilized proceeds	Expected timeline/ Intended use of unutilized proceeds
			Net Proceeds Brought Forward to the year ending 31 March 2023	Net Proceeds Brought Forward to the six months ended 30 September 2023	Amount utilized up to 30 September 2023	Amount utilized up to 30 September 2023		
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: <i>(Note 1)</i> approximately HK\$32.1 million	nil	nil	nil	nil	nil	N/A
		General working capital of the Group: approximately HK\$14.0 million	nil	nil	nil	nil	nil	N/A

Note 1: The proceeds of approximately HK\$32.1 million was utilized to settle the consideration of an acquisition in July 2020.

CHARGES AND GUARANTEES

As at 30 September 2023 and as at 31 March 2023, no bank borrowings were incurred by the Group and no charges and guarantees were secured.

CONTINGENT LIABILITIES

Please refer to note 14 of this announcement for material contingent liabilities of the Group as at 30 September 2023.

EMOLUMENT POLICY

As at 30 September 2023, the Group employed a total of 34 (31 March 2023: 47) employees. The remuneration of the employees of the Group amounted to approximately HK\$5.3 million for the six months ended 30 September 2023 (30 September 2022: approximately HK\$4.5 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

There were no significant investments held, no material acquisitions or disposals of subsidiaries, associates or joint ventures during the six months ended 30 September 2023.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend of the Company for the six months ended 30 September 2023.

CODE OF CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 September 2023, 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 C.5.1 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 2023 up to the date of this report, on 29 June 2023 and 28 November 2023 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 an 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 2023.

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 2023.

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 2023 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 2023 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, 28 November 2023

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.

* *For identification purpose only*