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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 2022

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 2022.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2022

	Notes	Six months ended	
		2022	2021
		(Unaudited)	(Unaudited)
		HK\$	HK\$
Revenue	3	519,648,997	24,543,234
Other gains or losses, net		(6,142,400)	(4,888,630)
Costs of completed properties sold		(359,552,983)	—
Depreciation of property, plant and equipment		(1,869,317)	(1,424,966)
Staff costs		(4,490,184)	(5,490,053)
Other operating expenses	4	(19,864,560)	(5,221,820)
Finance costs		(17,714,588)	(15,971,422)
Profit/(loss) before income tax	5	110,014,965	(8,453,657)
Income tax expense	6	(29,591,289)	(378,296)
Profit/(loss) for the period		80,423,676	(8,831,953)

	Six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
<i>Notes</i>	HK\$	HK\$
Other comprehensive (loss)/income		
Item that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	<u>(61,766,778)</u>	<u>7,033,744</u>
Other comprehensive (loss)/income for the period, net of tax	<u><u>(61,766,778)</u></u>	<u><u>7,033,744</u></u>
Total comprehensive income/(loss) for the period	<u><u>18,656,898</u></u>	<u><u>(1,798,209)</u></u>
Profit/(loss) for the period attributable to:		
Owners of the Company	<u>34,789,284</u>	<u>(5,791,569)</u>
Non-controlling interests	<u>45,634,392</u>	<u>(3,040,384)</u>
	<u><u>80,423,676</u></u>	<u><u>(8,831,953)</u></u>
Total comprehensive income/(loss) for the period attributable to:		
Owners of the Company	<u>(14,899,989)</u>	<u>(1,555,419)</u>
Non-controlling interests	<u>33,556,887</u>	<u>(242,790)</u>
	<u><u>18,656,898</u></u>	<u><u>(1,798,209)</u></u>
	<i>HK cents</i>	<i>HK cents</i>
Earnings/(loss) per share attributable to owners of the Company for the period		
Basic (<i>HK cents</i>)	<u>1.35</u>	<u>(0.25)</u>
Diluted (<i>HK cents</i>)	<u>1.29</u>	<u>NA</u>

7

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

		30 September 2022 (Unaudited) <i>HK\$</i>	31 March 2022 (Audited) <i>HK\$</i>
	<i>Notes</i>		
Assets			
Non-current assets			
Property, plant and equipment	9	3,100,274	5,382,044
Investment properties	9	244,228,473	279,651,299
Finance lease receivables	10	233,393,380	266,635,423
Total non-current assets		480,722,127	551,668,766
Current assets			
Completed properties held for sale	11	414,439,749	837,029,266
Trade and other receivables	12	153,692,565	297,927,334
Contract costs		8,190,762	13,665,085
Finance lease receivables	10	43,580,492	48,876,419
Amount due from a director		—	77,800
Amounts due from related parties		1,661	1,916
Prepaid tax		1,245,978	16,216,960
Cash and bank balances		290,944,588	192,855,112
Total current assets		912,095,795	1,406,649,892
Total assets		1,392,817,922	1,958,318,658
Liabilities			
Current liabilities			
Trade and other payables	13	93,447,298	102,715,169
Contract liabilities	13	229,294,574	579,969,382
Amounts due to non-controlling shareholders of subsidiaries		30,114,689	35,817,817
Bank borrowings		—	99,234,953
Lease liabilities		48,457,841	57,328,788
Current tax liabilities		9,849	333,034
Total current liabilities		401,324,251	875,399,143
Net current assets		510,771,544	531,250,749
Total assets less current liabilities		991,493,671	1,082,919,515

	30 September 2022 (Unaudited) <i>Notes</i> <i>HK\$</i>	31 March 2022 (Audited) <i>HK\$</i>
Non-current liabilities		
Lease liabilities	<u>420,119,957</u>	<u>482,547,260</u>
Total non-current liabilities	<u>420,119,957</u>	<u>482,547,260</u>
Total liabilities	<u>821,444,208</u>	<u>1,357,946,403</u>
NET ASSETS	<u>571,373,714</u>	<u>600,372,255</u>
Capital and reserves attributable to owners of the Company		
Share capital	<u>144,723,328</u>	115,443,328
Reserves	<u>389,416,559</u>	<u>271,014,525</u>
	<u>534,139,887</u>	386,457,853
Non-controlling interests	<u>37,233,827</u>	<u>213,914,402</u>
TOTAL EQUITY	<u>571,373,714</u>	<u>600,372,255</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2022 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 2022 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 2022.

These unaudited interim condensed consolidated financial statements have been prepared with the same accounting policies adopted in the 2022 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 2022.

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 2022 and have not yet been early adopted by the Company.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Hong Kong Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ¹
Amendments to HKAS 1	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKFRS 16	Lease liability in a sale and leaseback ²

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

² Effective for annual periods beginning on or after 1 January 2024

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:

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The new or revised HKFRSs that are effective from 1 April 2022 did not have any material impact on the Company's accounting policies.

3. REVENUE AND SEGMENT INFORMATION

Revenues

	Six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Revenue from contract with customers		
Revenue from sale of completed properties	491,300,031	–
Revenue from other sources		
Gross rental income from property sub-leasing business	21,994,500	16,011,484
Interest income from finance lease receivables	6,354,466	8,531,750
	28,348,966	24,543,234
Total revenues	519,648,997	24,543,234
Timing of revenue recognition		
Goods transferred at a point in time	491,300,031	–
Services transferred overtime	–	–
	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 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
Gain on disposal of right-of-use assets	—	—	—	—	—
Reversal of impairment loss on finance lease receivables	149,373	—	—	—	149,373
Impairment loss on trade and other receivables	—	—	—	—	—
Reportable segment assets (As at 30 September 2022) (Unaudited)	<u>591,862,303</u>	<u>770,668,203</u>	<u>533,234</u>	<u>—</u>	<u>1,363,063,740</u>
Reportable segment liabilities (As at 30 September 2022) (Unaudited)	<u>525,529,503</u>	<u>286,172,638</u>	<u>3,546</u>	<u>—</u>	<u>811,705,687</u>

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

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	<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 on 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 31 March 2022) (Audited)	<u>665,707,000</u>	<u>1,261,791,697</u>	<u>533,733</u>	<u>—</u>	<u>1,928,032,430</u>
Reportable segment liabilities (As at 31 March 2022) (Audited)	<u>600,912,588</u>	<u>751,724,687</u>	<u>3,546</u>	<u>—</u>	<u>1,352,640,821</u>

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

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

Profit/(loss) before income tax

	Six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Reportable segment profit/(loss) before income tax	114,587,453	(3,427,148)
Unallocated interest income and other gains	205,727	152,786
Unallocated provision for impairment loss on trade and other receivables, net	—	(5,308)
Unallocated finance costs	(67,323)	(15,414)
Unallocated staff costs	(2,876,330)	(2,801,941)
Unallocated depreciation of property, plant and equipment	(200,038)	(439,344)
Unallocated head office and corporate expenses (<i>note</i>)	(1,634,524)	(1,917,288)
Profit/(loss) before income tax	<u>110,014,965</u>	<u>(8,453,657)</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
	2022	2022
	(Unaudited)	(Audited)
	HK\$	HK\$
Reportable segment assets	1,363,063,740	1,928,032,430
Property, plant and equipment	71,215	271,851
Trade and other receivables	8,601,894	8,494,327
Cash and bank balances	21,079,412	21,440,334
Unallocated head office and corporate assets	<u>1,661</u>	<u>79,716</u>
Total assets	<u>1,392,817,922</u>	<u>1,958,318,658</u>

Liabilities

	30 September 2022 (Unaudited) HK\$	31 March 2022 (Audited) HK\$
Reportable segment liabilities	811,705,687	1,352,640,821
Lease liabilities	72,545	286,583
Unallocated head office and corporate liabilities	<u>9,665,976</u>	<u>5,018,999</u>
Total liabilities	<u>821,444,208</u>	<u>1,357,946,403</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 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 30 September 2022) (Unaudited)	<u>66,316</u>	<u>247,262,431</u>	<u>247,328,747</u>
	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 (As at 31 March 2022) (Audited)	<u>265,264</u>	<u>284,768,079</u>	<u>285,033,343</u>

Note:

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

4. OTHER OPERATING EXPENSES

	Six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	<i>HK\$</i>	<i>HK\$</i>
Property sub-leasing and investment business expenses	2,558,576	663,629
Property development business expenses	14,327,134	2,506,231
Legal and professional fees	1,971,778	1,472,550
Travelling expenses	14,330	4,655
Others	992,742	574,755
	<u>19,864,560</u>	<u>5,221,820</u>

5. PROFIT/(LOSS) BEFORE INCOME TAX

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

	Six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	<i>HK\$</i>	<i>HK\$</i>
Crediting		
Bank interest income [#]	71,884	256,790
Gain on disposal of right-of-use assets [#]	—	4,523,417
Reversal of impairment loss on finance lease receivables [#]	149,373	—
Charging		
Impairment loss on finance lease receivables	—	66,308
Impairment loss on trade and other receivables, net	—	620,393
Fair value loss on investment properties [#]	7,067,792	12,106,749
Staff costs	4,490,184	5,490,053
	<u>4,490,184</u>	<u>5,490,053</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 EXPENSE

The income tax expense in the unaudited interim condensed consolidated statement of comprehensive income represents:

	Six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Current tax		
— PRC Enterprise Income Tax	(17,693,347)	(378,296)
— Land Appreciation Tax (“LAT”)	(11,897,942)	—
	<u>(29,591,289)</u>	<u>(378,296)</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 2022 (2021: Nil).

The PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2021: 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/(LOSS) PER SHARE

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

	Six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Earnings/(loss) for the purpose of basic earnings/(loss) per share		
Profit/(loss) for the period attributable to owners of the Company	34,789,284	(5,791,569)
Effect of diluted potential ordinary shares:		
Effective interest on the liability components of convertible bonds	<u>62,361</u>	—
Earnings/(loss) for the purpose of diluted earnings per share	<u>34,851,645</u>	<u>(5,791,569)</u>
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic earnings/(loss) per share	2,576,151,816	2,308,866,570
Effect of diluted potential ordinary shares:		
Convertible bonds	<u>135,600,000</u>	—
Weighted average number of ordinary shares in issue for the purpose of diluted earnings/(loss) per share (note)	<u>2,711,751,816</u>	<u>2,308,866,570</u>

Note:

The computation of diluted earnings per share for the six months ended 30 September 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 2022.

No diluted loss per share for the six months ended 30 September 2021 was presented as there were no potential ordinary shares in issue for the six months ended 30 September 2021.

8. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 September 2022, nor has any dividend been proposed as at the date of this announcement (2021: Nil).

9. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the six months ended 30 September 2022, the Group purchased and disposed property, plant and equipment of approximately HK\$Nil and HK\$Nil (six months ended 30 September 2021: HK\$646,138 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 2022, the Group's additions in investment properties were approximately HK\$Nil (six months ended 30 September 2021: HK\$Nil). The Group's investment properties were valued at 30 September 2022 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\$7,067,792 was recognised in the profit or loss for the six months ended 30 September 2022 (six months ended 30 September 2021: fair value loss of HK\$12,106,749).

10. FINANCE LEASE RECEIVABLES

	30 September 2022 (Unaudited) HK\$	31 March 2022 (Audited) HK\$
Gross finance lease receivables	472,602,791	540,337,522
<i>Less:</i> unearned finance income	(194,750,410)	(223,737,790)
Net finance lease receivables	277,852,381	316,599,732
<i>Less:</i> loss allowance	(878,509)	(1,087,890)
Finance lease receivables	276,973,872	315,511,842
Finance lease receivables analysed as:		
Receivable within one year	43,580,492	48,876,419
Receivable after one year	233,393,380	266,635,423
	276,973,872	315,511,842

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 2022 (Unaudited) HK\$	31 March 2022 (Audited) HK\$
Completed properties in the PRC held for sale, at cost	<u>414,439,749</u>	<u>837,029,266</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 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 2022 (Unaudited) HK\$	31 March 2022 (Audited) HK\$
Trade receivables (<i>note (a)</i>)	956,961	1,170,385
Deposits (<i>note (b)</i>)	499,005	20,929,601
Prepayments and other receivables (<i>note (b)</i>)	<u>152,236,599</u>	<u>275,827,348</u>
	<u>153,692,565</u>	<u>297,927,334</u>

Notes:

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

	30 September 2022 (Unaudited) HK\$	31 March 2022 (Audited) HK\$
Within 90 days	<u>956,961</u>	<u>1,170,385</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 2022 (Unaudited) HK\$	31 March 2022 (Audited) HK\$
Current or within 30 days	—	3,406,271
31-60 days	22,939,642	23,712,424
61-90 days	—	—
Over 90 days	—	—
	<u>22,939,642</u>	<u>27,118,695</u>

- (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 2022 (Unaudited) HK\$	31 March 2022 (Audited) HK\$
Guarantees granted to financial institutions on behalf of purchasers of property units	<u>326,302,762</u>	<u>415,660,013</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. 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. 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.

15. EVENTS AFTER THE REPORTING PERIOD

On 31 October 2022, the Company entered into the equity sale and purchase agreement with Mr. Chen Weiwu, a shareholder of the Company, to acquire the entire equity interests of Reach Glory Holdings Limited. The consideration shall be settled by way of (i) issue and allotment of 534,000,000 shares of the company at an issue price of HK\$0.2 per share, resulting in the total value of HK\$106,800,000 (equivalent to approximately RMB94,513,274) of shares and (ii) issue of convertible bonds of the Company in the principal amount of HK\$249,150,000 (equivalent to approximately RMB220,486,726). Details of the Acquisition were disclosed in the Company's announcement dated 31 October 2022. The Acquisition has not yet completed.

MANAGEMENT DISCUSSION AND ANALYSIS

CONSOLIDATED RESULTS

For the six months ended 30 September 2022, the Group recorded a revenue of approximately HK\$519.6 million compared to a revenue of approximately HK\$24.5 million for the corresponding period of 2021, representing an increase of revenue of approximately 2020.8%, and recorded a profit of approximately HK\$80.4 million compared to a loss of approximately HK\$8.8 million for the corresponding period of 2021. The significant 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 2022.

BUSINESS REVIEW

Property sub-leasing and investment business

For the six months ended 30 September 2022, this business segment recorded a revenue of approximately HK\$28.3 million compared to a revenue of approximately HK\$24.5 million for the corresponding period in 2021, representing an increase of revenue of about 15.5%, and recorded a profit of approximately HK\$1.0 million as compared to a profit of approximately HK\$2.0 million for the corresponding period of 2021. The decrease in the profit was mainly due to the decrease of fair value on investment properties.

Property development business

During the period ended 30 September 2022, the property development business in the PRC contributed revenue of approximately HK\$491.3 million (2021: nil) and segment recorded profit of approximately HK\$113.6 million (2021: loss of approximately HK\$5.3 million) to the Group. The increase in segment revenue was attributable to the increase of booked gross floor area (「GFA」) delivered to the property owners during the period, which was contributed from the Group's completed property development projects, namely, Tangshang Hanlin Mansion* (唐商翰林居) in Dongguan land situated at Caole Village, Xiegang Town, Dongguan City, the PRC designated for urban residential use and business service use (R2 Class II residential land (R2二類居住用地)). The construction of the property was completed in December 2021, there were approximately 27,377.5 sq.m. booked GFA delivered and recognised into the revenue during the period. The completed properties are held for sale and the management expects part of the remaining GFA will recognise in this financial year. 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.

FINANCIAL SERVICES BUSINESS

Money lending

For the six months ended 30 September 2022 and 2021, 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 attained a solid fiscal year amid the macroeconomic challenges due to the resurgence of COVID-19 pandemic. The property market has experienced a rapid decline and the industry is facing enormous challenges. The government aims to maintain healthy and stable development of the real estate industry, stabilize land prices, housing prices and market expectations. The Group has put forward higher requirements to review and perform in terms of its future strategy planning during the period ended 30 September 2022. Despite tremendous uncertainties, 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 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 2022, no bank borrowings were incurred by the Group (31 March 2021: approximately HK\$99.2 million).

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

	30 September 2022 (Unaudited) HK\$ million	31 March 2022 (Audited) HK\$ million
Repayable:		
Within one year	–	99.2
more than one year, but not exceeding two years	–	–
more than two years, but not exceeding five years	–	–
more than five years	–	–
	<hr/>	<hr/>
	–	99.2
	<hr/> <hr/>	<hr/> <hr/>

The carrying amounts of the Group's bank borrowings were denominated in RMB. As at 30 September 2022, the Group's bank borrowings was nil (2021: bank borrowings carry effective interest rates 7.24% per annum).

The gearing ratio of the Group as at 30 September 2022 and 31 March 2022 were not applicable (since the Group maintained net cash position as at 30 September 2022 and 31 March 2022). 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 2022, the Group had net current assets of approximately HK\$510.8 million as compared with the net current assets as at 31 March 2022 of approximately HK\$531.2 million. The current ratio of the Group as at 30 September 2022 was 2.3 compared with 1.6 as at 31 March 2022.

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 2022, 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 of unutilized proceeds	Expected timeline/ Intended use of unutilized proceeds
			Net Proceeds Brought Forward to the year ending 31 March 2022	Net Proceeds Brought Forward to the year ending 31 March 2022	Net Proceeds Brought Forward to the year ending 31 March 2022	Net Proceeds Brought Forward to the year ending 31 March 2022		
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)	HK\$27.2 million	HK\$27.2 million	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	Amount	Expected timeline/ Intended use of unutilized proceeds
			Net Proceeds Brought Forward to the year ending 31 March 2022	Net Proceeds Brought Forward to the year ending 31 March 2022	Net Proceeds Brought Forward to the six months ended 30 September 2022			
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: (Note 1) 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 2022, no bank borrowings were incurred by the Group and no charges and guarantees were secured.

As at 31 March 2022, certain bank borrowings of the Group in the total amount of approximately HK\$99.2 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) completed properties held for sale of the Group with carrying amounts of HK\$837.0 million.

CONTINGENT LIABILITIES

Please refer to note 14 of this announcement for material contingent liabilities of the Group as at 30 September 2022.

EMOLUMENT POLICY

As at 30 September 2022, the Group employed a total of 33 (31 March 2022: 53) employees. The remuneration of the employees of the Group amounted to approximately HK\$4.5 million for the six months ended 30 September 2022 (30 September 2021: approximately HK\$5.5 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

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 Company Limited* (深圳市耀領投資有限公司) ("**Shenzhen Yaoling**") to acquire 55% equity interest of Dongguan Huachuangwen Land Limited* (東莞市華創文置地有限公司) ("**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 the special general meeting of the Company 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 31 December 2021, the Company announced that 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 December 2021 to 31 January 2022 (or such other date as the parties may agree in writing). On 31 January 2022, 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 January 2022 to 31 March 2022 (or such other date as the parties may agree in writing).

On 31 March 2022, 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 March 2022 to 30 June 2022 (or such other date as the parties may agree in writing).

On 6 July 2022, the Acquisition has been completed, the Company holds 90% equity interest in the Huachuangwen Land, the Convertible Bonds were issued to Shenzhen Yaoling in partial settlement of the Consideration pursuant to the Equity Sale and Purchasing Agreement. On 18 July 2022, the Company received a conversion notice from Shenzhen Yaoling for exercise of the conversion rights attached to the Convertible Bonds in respect of the entire principal amount of HK\$27,120,000 at conversion price of HK\$0.2 per conversion share, a total number of 135,600,000 conversion share shall be issued to Shenzhen Yaoling. For further details, please refer to the Company's announcement dated 6 July 2022 and 18 July 2022, respectively.

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 2022.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend of the Company for the six months ended 30 September 2022.

CODE OF CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 September 2022, 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 2022 up to the date of this report, on 29 June 2022 and 28 November 2022 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 2022.

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 2022.

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 2022 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 2022 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 2022

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.