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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 THE FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

### FINAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Tangshang Holdings Limited (the “**Company**”, together with its subsidiaries, collectively, the “**Group**”) announces the consolidated results of the Group for the year ended 31 March 2018 with comparative figures for the previous year as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	2018 HK\$	2017 HK\$ (re-presented)
<b>Continuing operations</b>			
Revenue	3	81,333,379	78,694,746
Other gains or losses, net		63,506,155	7,391,301
Costs of inventories		(7,783,976)	(58,643)
Depreciation on property, plant and equipment		(10,324,796)	(12,880,695)
Operating lease payments		(23,797,310)	(33,717,202)
Staff costs		(22,400,620)	(35,828,323)
Other operating expenses		(78,652,126)	(85,698,508)
Finance costs		(6,657,000)	(3,196,095)
Loss before income tax expense	4	(4,776,294)	(85,293,419)
Income tax credit/(expense)	5	1,377,306	(833,619)
<b>Loss for the year from continuing operations</b>		<b>(3,398,988)</b>	<b>(86,127,038)</b>
<b>Discontinued operations</b>			
Loss for the year from discontinued operations	6	(9,951,805)	(7,989,367)
<b>Loss for the year</b>		<b>(13,350,793)</b>	<b>(94,116,405)</b>

	<i>Notes</i>	<b>2018</b> <b>HK\$</b>	2017 HK\$ (re-presented)
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
(Loss)/gain on revaluation of properties		(850,522)	2,979,933
Tax credit/(expense) related to changes on revaluation of properties		140,336	(491,690)
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences arising on translating foreign operations		2,287,229	(3,686,046)
Available-for-sale investments, change in fair value		312,998	9,140,976
Release of foreign exchange reserve upon disposal of subsidiaries		(19,179,185)	—
Reclassification adjustment for realisation upon disposal of available-for-sale investments		<u>(6,276,790)</u>	—
<b>Other comprehensive income for the year, net of tax</b>		<u>(23,565,934)</u>	<u>7,943,173</u>
<b>Total comprehensive income for the year</b>		<u>(36,916,727)</u>	<u>(86,173,232)</u>
<b>Loss for the year attributable to:</b>			
Owners of the Company			
— Continuing operations	8	(3,995,690)	(84,976,568)
— Discontinued operations		<u>(7,062,681)</u>	<u>(4,878,782)</u>
Loss for the year attributable to owners of the Company	8	<u>(11,058,371)</u>	<u>(89,855,350)</u>
Non-controlling interests			
— Continuing operations		596,702	(1,150,470)
— Discontinued operations		<u>(2,889,124)</u>	<u>(3,110,585)</u>
Loss for the year attributable to non-controlling interests		<u>(2,292,422)</u>	<u>(4,261,055)</u>
		<u>(13,350,793)</u>	<u>(94,116,405)</u>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		(34,815,694)	(81,653,817)
Non-controlling interests		<u>(2,101,033)</u>	<u>(4,519,415)</u>
		<u>(36,916,727)</u>	<u>(86,173,232)</u>
<b>Loss per share from continuing and discontinued operations</b>			
Basic (HK cents)	8	(1.03)	(8.93)
Diluted (HK cents)		<u>(1.03)</u>	<u>(8.93)</u>
<b>Loss per share from continuing operations</b>			
Basic (HK cents)	8	(0.37)	(8.44)
Diluted (HK cents)		<u>(0.37)</u>	<u>(8.44)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	31 March 2018 HK\$	31 March 2017 HK\$
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		56,486,517	74,930,895
Investment properties		—	6,538,977
Intangible assets		672,078	788,962
Available-for-sale investments		—	50,367,334
Deferred tax assets		1,292,706	—
		<u>58,451,301</u>	<u>132,626,168</u>
Total non-current assets		58,451,301	132,626,168
<b>Current assets</b>			
Inventories		22,087,812	29,735,020
Trade and other receivables	9	113,691,596	139,945,887
Amounts due from non-controlling shareholders of subsidiaries		4,000	14,053
Amounts due from related parties		5,832,800	270,614
Cash and bank balances		114,165,492	64,645,440
		<u>255,781,700</u>	<u>234,611,014</u>
Assets classified as held for sale		—	40,855,423
Total current assets		<u>255,781,700</u>	<u>275,466,437</u>
<b>Total assets</b>		<u>314,233,001</u>	<u>408,092,605</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade, bills and other payables	10	113,101,516	122,522,946
Amounts due to non-controlling shareholders of subsidiaries		—	47,667,960
Amounts due to related parties		27,040,427	31,898,038
Amount due to ultimate holding company		—	3,267,530
Bank borrowings		29,953,198	51,401,458
Provision for long service payments		—	42,373
Current tax liabilities		539,250	538,577
		<u>170,634,391</u>	<u>257,338,882</u>

	<b>31 March</b>	31 March
	<b>2018</b>	2017
<i>Notes</i>	<b><i>HK\$</i></b>	<b><i>HK\$</i></b>
Liabilities associated with assets classified as held for sale	—	16,013,447
Total current liabilities	<b>170,634,391</b>	273,352,329
<b>Net current assets</b>	<b>85,147,309</b>	2,114,108
<b>Total assets less current liabilities</b>	<b>143,598,610</b>	134,740,276
<b>Non-current liabilities</b>		
Convertible bonds	<i>11</i> 42,278,487	—
Deferred tax liabilities	—	356,455
Total non-current liabilities	<b>42,278,487</b>	356,455
<b>Total liabilities</b>	<b>212,912,878</b>	273,708,784
<b>NET ASSETS</b>	<b>101,320,123</b>	134,383,821
<b>Capital and reserves attributable to owners of the Company</b>		
Share capital	53,888,928	53,888,928
Reserves	58,381,809	87,360,249
Reserve of a disposal group held for sale	—	(386,926)
	<b>112,270,737</b>	140,862,251
<b>Non-controlling interests</b>	<b>(10,950,614)</b>	(6,478,430)
<b>TOTAL EQUITY</b>	<b>101,320,123</b>	134,383,821

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (hereinafter collectively referred to as the “**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

### (b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain properties and available-for-sale investments, which are measured at revalued amount or fair value.

### (c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

## 2. ADOPTION OF NEW OR REVISED HKFRSs

### (a) Adoption of revised HKFRSs — effective 1 April 2017

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

The adoption of these revised HKFRSs has no material impact on the Group’s financial statements.

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

The following new/revised HKFRSs, potentially relevant to the Group's financial statements have been issued, but are not yet effective for the financial year beginning on 1 April 2017 and have not yet been early adopted by the Group.

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards <sup>1</sup>
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures <sup>1</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions <sup>1</sup>
HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>1</sup>
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15) <sup>1</sup>
Amendments to HKAS 40	Transfers of Investment Property <sup>1</sup>
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <sup>2</sup>
HKFRS 16	Leases <sup>2</sup>
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the Directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

### 3. SEGMENT REPORTING

Management determines operating segments based on the reports regularly reviewed by the chief operating decision maker (the “CODM”), which is the Board, in assessing performance and allocating resources. The CODM considers the business primarily on the basis of the types of services supplied by the Group. During the year ended 31 March 2018, the Group had seven operating divisions — licence fee collection and provision of intellectual property enforcement services business, exhibition-related business, property sub-leasing, development and investment business, entertainment business, food and beverages, money lending business and sludge and sewage treatment, and two operating divisions, including licence fee collection and provision of intellectual property enforcement services business and entertainment business were classified as discontinued operations. Accordingly, the comparative segment information has been re-presented to conform to current year’s presentation.

Principal activities of the Group are as follows:

Licence fee collection and provision of intellectual property enforcement services business	—	operation of the business of the licences of copyright to karaoke music products and provision of intellectual property enforcement services in the People’s Republic of China (the “PRC”) as managed by China Music Video Collective Management Association* (「中國音像著作權集體管理協會」) (the “MVCM Association”)
Exhibition-related business	—	organising all kinds of exhibition events and meeting events
Property sub-leasing, development and investment business	—	sub-leasing, development of real estates and leasing of investment properties
Entertainment business	—	provision of talent management and entertainment and travelling related services
Food and beverages	—	sale of food and beverages and restaurant operations
Money lending business	—	provision of loans to customers, including individuals and corporations under the provisions of Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) in Hong Kong
Sludge and sewage treatment	—	operation of sludge and sewage treatment plants in the PRC

Upon completion of disposal of the entire interests of a number of subsidiaries on 31 March 2018 to an independent third party (the “Disposal”), management considers that the key operating divisions of the Group are exhibition-related business, property sub-leasing, development and investment business, food and beverages and money lending business.

Segment information is presented below:

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

	2018									
	Continuing operations					Discontinued operations				
	Exhibition-related business HK\$	Property sub-leasing, development and investment business HK\$	Food and beverages HK\$	Money lending business HK\$	Inter-segment elimination HK\$	Sub-total HK\$	Sludge and sewage treatment HK\$	License fee collection and provision of intellectual property enforcement services HK\$	Entertainment business HK\$	Total HK\$
<b>Reportable segment revenue</b>										
External sales	39,395,656	35,763,016	3,961,513	2,213,194	—	81,333,379	—	3,383	44,033	81,380,795
Inter-segment sales	—	—	22,163,815	—	(22,163,815)	—	—	—	—	—
	<u>39,395,656</u>	<u>35,763,016</u>	<u>26,125,328</u>	<u>2,213,194</u>	<u>(22,163,815)</u>	<u>81,333,379</u>	<u>—</u>	<u>3,383</u>	<u>44,033</u>	<u>81,380,795</u>
<b>Reportable segment (loss)/profit before income tax expense</b>	<u>(2,694,636)</u>	<u>432,517</u>	<u>(4,425,697)</u>	<u>2,195,660</u>	<u>—</u>	<u>(4,492,156)</u>	<u>(3,585,346)</u>	<u>(5,396,131)</u>	<u>(946,064)</u>	<u>(14,419,697)</u>
<b>Other segment information</b>										
Interest income	<u>27,318</u>	<u>9,454</u>	<u>37</u>	<u>—</u>	<u>—</u>	<u>36,809</u>	<u>678</u>	<u>753,940</u>	<u>1,647</u>	<u>793,074</u>
Interest expenses	<u>—</u>	<u>4,501,705</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,501,705</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,501,705</u>
Depreciation of property, plant and equipment	<u>96,366</u>	<u>7,312,518</u>	<u>149,478</u>	<u>—</u>	<u>—</u>	<u>7,558,362</u>	<u>—</u>	<u>557,612</u>	<u>173,486</u>	<u>8,289,460</u>
Loss on disposal of property, plant and equipment	<u>47,394</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>47,394</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>47,394</u>
Impairment losses on trade and other receivables	<u>—</u>	<u>322,545</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>322,545</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>322,545</u>
Share of losses of associates	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,011,613</u>	<u>—</u>	<u>—</u>	<u>1,011,613</u>
Reportable segment assets	<u>25,029,038</u>	<u>119,648,170</u>	<u>12,290,282</u>	<u>49,028,292</u>	<u>—</u>	<u>205,995,782</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>205,995,782</u>
Expenditure for reportable segment non-current assets	<u>32,490</u>	<u>3,511,834</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,544,324</u>	<u>—</u>	<u>840,253</u>	<u>—</u>	<u>4,384,577</u>
Reportable segment liabilities	<u>10,222,278</u>	<u>148,722,583</u>	<u>554,160</u>	<u>51,000</u>	<u>—</u>	<u>159,550,021</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>159,550,021</u>

	Continuing operations					Discontinued operations				
	Exhibition-related business HK\$	Property sub-leasing, development and investment business HK\$	Food and beverages HK\$	Money lending business HK\$	Inter-segment elimination HK\$	Sub-total HK\$ (re-presented) (note 3)	Sludge and sewage treatment HK\$	License fee collection and provision of intellectual property enforcement services business HK\$ (re-presented) (note 3)	Entertainment business HK\$ (re-presented) (note 3)	Total HK\$
<b>Reportable segment revenue</b>										
External sales	42,726,307	32,369,742	55,752	3,542,945	—	78,694,746	—	2,213,047	372,275	81,280,068
Inter-segment sales	—	—	2,001,422	—	(2,001,422)	—	—	—	—	—
	<u>42,726,307</u>	<u>32,369,742</u>	<u>2,057,174</u>	<u>3,542,945</u>	<u>(2,001,422)</u>	<u>78,694,746</u>	<u>—</u>	<u>2,213,047</u>	<u>372,275</u>	<u>81,280,068</u>
<b>Reportable segment (loss)/profit before income tax expense</b>										
	<u>(4,075,577)</u>	<u>(402,039)</u>	<u>(361,420)</u>	<u>2,972,648</u>	<u>—</u>	<u>(1,866,388)</u>	<u>(4,927,585)</u>	<u>(2,541,597)</u>	<u>(510,967)</u>	<u>(9,846,537)</u>
<b>Other segment information</b>										
Interest income	<u>117,377</u>	<u>56,744</u>	<u>1</u>	<u>657</u>	<u>—</u>	<u>174,779</u>	<u>6,293</u>	<u>469,341</u>	<u>294</u>	<u>650,707</u>
Interest expenses	<u>—</u>	<u>2,264,234</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,264,234</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,264,234</u>
Depreciation of property, plant and equipment	<u>407,254</u>	<u>10,033,715</u>	<u>379,933</u>	<u>—</u>	<u>—</u>	<u>10,820,902</u>	<u>—</u>	<u>743,838</u>	<u>179,005</u>	<u>11,743,745</u>
Loss on disposal of property, plant and equipment	<u>68,541</u>	<u>1,146,112</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,214,653</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,214,653</u>
Impairment losses on trade and other receivables	<u>—</u>	<u>4,043,163</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,043,163</u>	<u>509,001</u>	<u>—</u>	<u>—</u>	<u>4,552,164</u>
Share of losses of associates	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,613,445</u>	<u>—</u>	<u>—</u>	<u>4,613,445</u>
Loss on disposal of subsidiaries	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,399</u>	<u>1,399</u>
Reportable segment assets	<u>24,957,087</u>	<u>92,226,814</u>	<u>43,740,314</u>	<u>95,479,847</u>	<u>—</u>	<u>256,404,062</u>	<u>40,855,423</u>	<u>38,070,022</u>	<u>3,017,522</u>	<u>338,347,029</u>
Expenditure for reportable segment non-current assets	<u>11,860</u>	<u>3,383,843</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,395,703</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,395,703</u>
Reportable segment liabilities	<u>8,729,964</u>	<u>112,476,299</u>	<u>1,157,427</u>	<u>51,000</u>	<u>—</u>	<u>122,414,690</u>	<u>16,013,447</u>	<u>74,532,858</u>	<u>5,853,450</u>	<u>218,814,445</u>

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

*Loss before income tax expense*

	2018 <i>HK\$</i>	2017 <i>HK\$</i> (re-presented) <i>(note 3)</i>
Reportable segment loss before income tax expense	(4,492,156)	(1,866,388)
Unallocated gain on disposal of available-for-sale investments	6,276,790	—
Unallocated gain/(loss) on disposal of subsidiaries	58,240,950	(4,633)
Unallocated gain/(loss) on disposal of property, plant and equipment	100,000	(454,097)
Unallocated interest income and other income	1,320,244	461,377
Unallocated amortisation of intangible assets	(116,884)	(116,883)
Unallocated impairment losses on trade and other receivables	—	(18,624)
Unallocated finance costs	(2,155,295)	(931,861)
Unallocated staff costs	(11,945,477)	(25,292,133)
Unallocated rent, rates and management fee	(13,450,292)	(21,937,033)
Unallocated depreciation of property, plant and equipment	(2,766,434)	(2,059,793)
Unallocated head office and corporate expenses <i>(note)</i>	<u>(35,787,740)</u>	<u>(33,073,351)</u>
Loss before income tax expense from continuing operations	<u>(4,776,294)</u>	<u>(85,293,419)</u>

*Note:*

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

*Assets*

	2018 <i>HK\$</i>	2017 <i>HK\$</i>
Reportable segment assets	205,995,782	338,347,029
Property, plant and equipment	2,840,102	3,242,771
Available-for-sale investments	—	50,367,334
Trade and other receivables	5,270,588	9,518,152
Cash and cash equivalents	99,273,990	5,610,107
Unallocated head office and corporate assets	<u>852,539</u>	<u>1,007,212</u>
Total assets	<u>314,233,001</u>	<u>408,092,605</u>

## *Liabilities*

	<b>2018</b>	2017
	<b>HK\$</b>	<b>HK\$</b>
Reportable segment liabilities	<b>159,550,021</b>	218,814,445
Bank borrowings	—	30,000,000
Deposits received from disposal of subsidiaries	—	16,000,000
Convertible bonds	<b>42,278,487</b>	—
Unallocated head office and corporate liabilities	<b>11,084,370</b>	8,894,339
	<u><b>212,912,878</b></u>	<u>273,708,784</u>
Total liabilities	<b>212,912,878</b>	273,708,784

### (c) **Geographical information**

The Group's operations are mainly located in Hong Kong, the PRC and Korea.

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

	<b>2018</b>			
	<b>Hong Kong</b>	<b>The PRC</b>	<b>Korea</b>	<b>Total</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
Revenue	<b>6,174,707</b>	<b>75,158,672</b>	—	<b>81,333,379</b>
Non-current assets other than financial instruments and deferred tax assets	<b>3,577,470</b>	<b>53,581,125</b>	—	<b>57,158,595</b>
	<u><b>3,577,470</b></u>	<u><b>53,581,125</b></u>	<u>—</u>	<u><b>57,158,595</b></u>
	<b>2017</b>			
	<b>Hong Kong</b>	<b>The PRC</b>	<b>Korea</b>	<b>Total</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
	(re-presented)	(re-presented)		(re-presented)
	<i>(note 3)</i>	<i>(note 3)</i>		<i>(note 3)</i>
Revenue	3,289,679	75,096,049	309,018	78,694,746
Non-current assets other than financial instruments and deferred tax assets	15,332,084	58,629,996	8,296,754	82,258,834
	<u>15,332,084</u>	<u>58,629,996</u>	<u>8,296,754</u>	<u>82,258,834</u>

#### 4. LOSS BEFORE INCOME TAX EXPENSE

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

	2018 HK\$	2017 HK\$ (re-presented) <i>(note 3)</i>
<b>Continuing operations</b>		
Amortisation on:		
— intangible assets	116,884	116,883
(Gain)/loss on disposal of subsidiaries, net <i>(note 12)</i> <sup>#</sup>	(58,240,950)	6,032
(Gain)/loss on disposal of property, plant and equipment	(52,606)	1,668,750
Impairment losses on:		
— trade and other receivables <i>(note 9)</i>	322,545	4,061,787
Auditor's remuneration	1,488,000	1,788,000
<b>Discontinued operations</b>		
Impairment losses on:		
— trade and other receivables <i>(note 9)</i>	—	509,001
Share of losses of associates	1,011,613	4,613,445
	1,011,613	5,122,446

<sup>#</sup> The amount is included under the “other gains or losses, net” in the consolidated statement of comprehensive income.

## 5. INCOME TAX CREDIT/(EXPENSE)

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

	Continuing operations		Discontinued operations		Total	
	2018 HK\$	2017 HK\$	2018 HK\$	2017 HK\$	2018 HK\$	2017 HK\$
		(re-presented) (note 3)		(re-presented) (note 3)		
Current tax — PRC Enterprise Income Tax — tax for the year	<u>(131,519)</u>	<u>(128,507)</u>	<u>(24,264)</u>	<u>(9,218)</u>	<u>(155,783)</u>	<u>(137,725)</u>
	<u>(131,519)</u>	<u>(128,507)</u>	<u>(24,264)</u>	<u>(9,218)</u>	<u>(155,783)</u>	<u>(137,725)</u>
Deferred tax	<u>1,508,825</u>	<u>(705,112)</u>	<u>—</u>	<u>—</u>	<u>1,508,825</u>	<u>(705,112)</u>
	<u>1,377,306</u>	<u>(833,619)</u>	<u>(24,264)</u>	<u>(9,218)</u>	<u>1,353,042</u>	<u>(842,837)</u>

No Hong Kong profits tax has been provided within the Group as there is no estimated assessable profits for the year ended 31 March 2018 and 2017.

The PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2017: 25%).

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

## 6. DISCONTINUED OPERATIONS

On 31 March 2018, the Group completed disposal of the entire issued capital of a number of subsidiaries of the Company. These subsidiaries carry out businesses in license fee collection and provision for intellectual property enforcement services business, entertainment business and sludge and sewage treatment business.

The results from discontinued operations up to the date of disposal are disclosed as follows. The comparative figures on the consolidated statement of comprehensive income have been re-presented those operations that have been discontinued in the current year as discontinued operations.

**(a) License fee collection and provision of intellectual property enforcement services business**

The revenue and results of the license fee collection and intellectual property enforcement services business for the period from 1 April 2017 to 31 March 2018 (date of disposal) and for the year ended 31 March 2017 are as following:

	<b>2018</b>	2017
	<b><i>HK\$</i></b>	<i>HK\$</i>
Revenue	<b>3,383</b>	2,213,047
Other gains or losses, net	<b>753,737</b>	469,341
Depreciation on property, plant and equipment	<b>(557,612)</b>	(743,838)
Operating lease payments	<b>(607,483)</b>	(399,995)
Staff costs	<b>(3,120,515)</b>	(2,273,578)
Other operating expenses	<b>(1,867,641)</b>	(1,806,574)
	<hr/>	<hr/>
Loss before income tax expense	<b>(5,396,131)</b>	(2,541,597)
Income tax expense	<b>(11,015)</b>	—
	<hr/>	<hr/>
Loss for the year	<b>(5,407,146)</b>	(2,541,597)
	<hr/> <hr/>	<hr/> <hr/>
Operating cash inflows	<b>2,103,345</b>	772,605
Financing cash inflows/(outflows)	<b>5,423,814</b>	(3,713,183)
	<hr/>	<hr/>
Total cash inflows/(outflows)	<b>7,527,159</b>	(2,940,578)
	<hr/> <hr/>	<hr/> <hr/>

**(b) Entertainment business**

The revenue and results of the entertainment business for the period from 1 April 2017 to 31 March 2018 (date of disposal) and for the year ended 31 March 2017 are as following:

	<b>2018</b>	2017
	<b>HK\$</b>	HK\$
Revenue	<b>44,033</b>	372,275
Other gains or losses, net	<b>54,147</b>	494,224
Depreciation on property, plant and equipment	<b>(173,486)</b>	(179,005)
Operating lease payments	<b>(32,662)</b>	(226,001)
Staff costs	<b>(669,536)</b>	(50,345)
Other operating expenses	<b>(168,560)</b>	(922,115)
	<hr/>	<hr/>
Loss before income tax expense	<b>(946,064)</b>	(510,967)
Income tax (expense)/credit	<b>(13,249)</b>	3,348
	<hr/>	<hr/>
Loss for the year	<b>(959,313)</b>	(507,619)
	<hr/> <hr/>	<hr/> <hr/>
Operating cash (outflows)/inflows	<b>(597,367)</b>	1,890,476
Financing cash (outflows)/inflows	<b>(392,243)</b>	2,412,379
	<hr/>	<hr/>
Total cash (outflows)/inflows	<b>(989,610)</b>	4,302,855
	<hr/> <hr/>	<hr/> <hr/>

**(c) Sludge and sewage treatment business**

During the year ended 31 March 2017, the sludge and sewage treatment business of the Group is classified as held for sale in order to enable the Group to realise its investment in the business and to focus on the continuing businesses and business development. The disposal of the sludge and sewage treatment business of the Group has been completed during the year.

The results of the sludge and sewage treatment business for the period from 1 April 2017 to 31 March 2018 (date of disposal) and for the year ended 31 March 2017 are as follows:

	<b>2018</b>	2017
	<b>HK\$</b>	HK\$
Other gains or losses, net	<b>6,755</b>	2,736,003
Impairment losses ( <i>note 4</i> )	—	(509,001)
Operating lease payments	<b>(607,141)</b>	(588,973)
Staff costs	<b>(1,637,398)</b>	(1,289,411)
Other operating expenses	<b>(335,949)</b>	(662,758)
Share of losses of associates ( <i>note 4</i> )	<b>(1,011,613)</b>	(4,613,445)
	<u>                    </u>	<u>                    </u>
Loss before income tax expense	<b>(3,585,346)</b>	(4,927,585)
Income tax expense	—	(12,566)
	<u>                    </u>	<u>                    </u>
Loss for the year	<b><u>(3,585,346)</u></b>	<b><u>(4,940,151)</u></b>
Operating cash outflows	<b>(1,297,951)</b>	(66,710)
Investing cash (outflows)/inflows	<b>(539,324)</b>	1,937,284
	<u>                    </u>	<u>                    </u>
Total cash (outflows)/inflows	<b><u>(1,837,275)</u></b>	<b><u>1,870,574</u></b>

## 7. DIVIDENDS

No dividend was paid or proposed in respect of the year ended 31 March 2018, nor has any dividend been proposed since the end of reporting period (2017: nil).

## 8. LOSS PER SHARE

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

	<b>2018</b>	2017
	<b>HK\$</b>	HK\$
		(re-presented)
		( <i>note 3</i> )
<b>Loss for the purpose of basic and diluted loss per share</b>		
Loss for the year attributable to owners of the Company		
— from continuing operations	<b>(3,995,690)</b>	(84,976,568)
— from discontinued operations	<b>(7,062,681)</b>	(4,878,782)
	<u>                    </u>	<u>                    </u>
— from continuing and discontinued operations	<b><u>(11,058,371)</u></b>	<b><u>(89,855,350)</u></b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<b><u>1,077,778,570</u></b>	<b><u>1,006,724,266</u></b>

The weighted average number of ordinary shares adopted in calculation of the basic and diluted loss per share for the year ended 31 March 2017 has been adjusted to reflect the impact of the bonus element in the open offer in September 2016.

For the year ended 31 March 2018 and 2017, basic loss per share is the same as diluted loss per share. There are no dilutive effects on the share options granted and convertible bonds, as they are anti-dilutive.

## 9. TRADE AND OTHER RECEIVABLES

	2018 HK\$	2017 HK\$
Trade receivables (note (a))	3,468,540	11,311,280
Deposits, prepayments and other receivables (note (b))	61,203,019	33,891,383
Loan receivables (note (c))	49,020,037	94,743,224
	<u>113,691,596</u>	<u>139,945,887</u>

Notes:

- (a) The ageing analysis of trade receivables based on invoice date after impairment loss at the end of the reporting period is as follows:

	2018 HK\$	2017 HK\$
Within 90 days	3,468,540	11,238,280
91 days to 365 days	—	26,000
More than 365 days	—	47,000
	<u>3,468,540</u>	<u>11,311,280</u>

The below table reconciles the impairment loss of trade receivables for the year:

	2018 HK\$	2017 HK\$
At 1 April	44,453,123	40,409,960
Impairment loss recognised	322,545	4,043,163
Disposal of subsidiaries (note 12)	<u>(37,739,941)</u>	—
At 31 March	<u>7,035,727</u>	<u>44,453,123</u>

The Group recognised impairment loss on individual assessment based on the Group's accounting policy.

The Group generally grants no credit period to its customers, except for transactions with customers in exhibition-related services, in which credit period ranging from 30 to 60 days is granted.

- (b) The below table reconciles the impairment loss of deposits, prepayments and other receivables for the year:

	<b>2018</b>	2017
	<i>HK\$</i>	<i>HK\$</i>
At 1 April	<b>882,971</b>	864,347
Impairment loss recognised	—	527,625
Reclassified as held for sale	—	(509,001)
Disposal of subsidiaries ( <i>note 12</i> )	<b>(882,971)</b>	—
	<u>          </u>	<u>          </u>
At 31 March	<u>          </u>	<u>882,971</u>

The Group recognised impairment loss based on the Group's accounting policy.

- (c) Loan receivables presented:

	<b>2018</b>	2017
	<i>HK\$</i>	<i>HK\$</i>
— Loans to independent third parties	<b>49,020,037</b>	94,743,224
	<u>          </u>	<u>          </u>

It represented advances to ten (2017: fourteen) independent third parties. The Group and the independent third parties entered into the loan agreements in which the Group agreed to advance loans to the independent third parties in the aggregate principal amount of HK\$45,083,424 (2017: HK\$91,782,094) and related interest receivables of HK\$3,936,613 (2017: HK\$2,961,130). The loans are unsecured and bear an effective interest rate ranging from 4% to 8% (2017: 3% to 10%) per annum and shall be repayable in 3 month to 12 months (2017: 1 to 15 months) from the date of advance.

## 10. TRADE, BILLS AND OTHER PAYABLES

	<b>2018</b>	2017
	<i>HK\$</i>	<i>HK\$</i>
Trade payables	<b>5,296,071</b>	18,236,191
Bills payables	<b>25,915,008</b>	—
Deposits received from disposal of subsidiaries	—	16,000,000
Other payables and accruals	<b>71,206,868</b>	73,702,969
Other deposits received	<b>10,683,569</b>	14,583,786
	<u>          </u>	<u>          </u>
	<b>113,101,516</b>	122,522,946
	<u>          </u>	<u>          </u>

Included in trade, bills and other payables are trade and bills payables with the following ageing analysis as of the end of reporting period:

	<b>2018</b>	2017
	<i>HK\$</i>	<i>HK\$</i>
Current or within 30 days	—	1,025,849
31 to 60 days	<b>876,792</b>	15,688
61 to 90 days	<b>57,964</b>	92,827
Over 90 days	<b>30,276,323</b>	17,101,827
	<b>31,211,079</b>	18,236,191

Trade and bills payables are expected to be settled within one year.

## 11. CONVERTIBLE BONDS

On 3 July 2017, the Company entered into Subscription Agreements with certain independent third parties in relation to the issue of convertible bonds in an aggregate principal amount of HK\$46,341,960. The convertible bonds bear zero interest and carry a right to convert the principal amount into share of HK\$0.215 (subject to adjustment) per share during the period from six months after 25 July 2017 (the “**Bond Issue Date**”) and 24 July 2019 (the “**Bond Maturity Date**”). The conversion price was subject to adjustment on the occurrence of dilutive or concentration event. The Company may at anytime after six months from the Bond Issue Date and before Bond Maturity Date redeem the convertible bonds at par.

The convertible bonds contain two components: liability and equity components. The equity component is presented in the equity heading “convertible bonds reserve” in the consolidated statement of changes in equity. The effective interest rate of the debt component on initial recognition is 7.25% per annum.

The valuation of the convertible bonds was performed by APAC Asset Valuation and Consulting Limited, an independent professional valuer.

The convertible bonds recognised in the consolidated statement of financial position as at 31 March 2018 are as follow:

	<i>HK\$</i>
Fair value of the convertible bonds at 25 July 2017	46,341,960
Issuance expenses	(192,157)
Equity component	<u>(5,865,097)</u>
Liability component on initial recognition at 25 July 2017	40,284,706
Effective interest expenses	<u>1,993,781</u>
Liability component at 31 March 2018	<u><u>42,278,487</u></u>

During the year, there is no conversion of the convertible bonds by the holders.

## 12. DISPOSAL OF SUBSIDIARIES

### (a) Disposal of a group of subsidiaries

On 9 February 2018, the Group entered into a sales and purchase agreement with an independent third party to dispose the entire issued capital of a number of subsidiaries of the Company for a total cash consideration of HK\$500,000. The disposal has completed on 31 March 2018. Details of the disposal were disclosed in the Company's announcements dated 9 February 2018 and 3 April 2018. The net liabilities of the group of subsidiaries at the date of disposal were as follows:

	<i>HK\$</i>
Net liabilities disposed of:	
Property, plant and equipment	2,153,444
Investment properties	6,538,977
Available-for-sale investments	31,505,972
Trade and other receivables	4,789,351
Amounts due from non-controlling shareholders	10,053
Amounts due from related parties	10,000
Cash and cash equivalents	3,330,255
Assets classified as held for sale	37,962,710
Trade and other payables	(55,547,821)
Amounts due to non-controlling shareholders	(47,667,960)
Amounts due to related parties	(11,452)
Liabilities classified as held for sale	(16,655,280)
Non-controlling interests	(2,371,151)
	<u>(35,952,902)</u>
Reclassification of cumulative exchange differences from foreign exchange reserve to profit or loss	(19,179,185)
Release of reserve of disposal group held for sale	386,926
Gain on disposal of subsidiaries	<u>55,245,161</u>
Total consideration to be satisfied by:	
Cash	<u><u>500,000</u></u>
Net cash outflows arising on disposal:	
Cash and cash equivalents disposed of	(3,330,255)
Cash and cash equivalents included in assets classified as held for sale	<u>(714,957)</u>
	<u><u>(4,045,212)</u></u>

As at 31 March 2018, the total cash consideration of HK\$500,000 from disposal of the subsidiaries has not yet been settled and is included as the other receivables in the consolidated statement of financial position.

**(b) Disposal of Golden Island Catering Group Company Limited (“GICL”)**

During the year ended 31 March 2018, the Group entered into a sales and purchase agreement with an independent third party to dispose the entire issued capital of GICL for a cash consideration of HK\$1. The net liabilities of GICL at the date of disposal were as follows:

	<i>HK\$</i>
Net liabilities disposed of:	
Property, plant and equipment	1,629,626
Other receivables	1,897,938
Amounts due from related parties	91,061
Cash and cash equivalents	429,005
Trade and other payables	<u>(7,043,418)</u>
	(2,995,788)
Gain on disposal of subsidiaries	<u>2,995,789</u>
Total consideration to be satisfied by:	
Cash	<u><u>1</u></u>
Net cash outflows arising on disposal:	
Cash and cash equivalents disposed of	<u><u>(429,005)</u></u>

As at 31 March 2018, the cash consideration of HK\$1 from the disposal of subsidiary has not yet been settled and is included as the other receivables in the consolidated statement of financial position.

- (c) During the year ended 31 March 2017, the Group disposed of two wholly-owned subsidiaries to independent third parties for total cash considerations of HK\$1,001. The net assets of these subsidiaries at the date of disposal were as follows:

	<b>Wave High International Limited</b> <i>HK\$</i>	<b>New Asia (Shenzhen) Leasing Company Limited</b> <i>HK\$</i>
Net assets disposed of:		
Other receivables and prepayments	5,073	—
Cash and cash equivalents	<u>560</u>	<u>1,400</u>
	5,633	1,400
Loss on disposal of subsidiaries	<u>(4,633)</u>	<u>(1,399)</u>
Total consideration satisfied by:		
Cash	<u><u>1,000</u></u>	<u><u>1</u></u>
Net cash inflows/(outflows) arising on disposal:		
Cash received	1,000	1
Cash and cash equivalents disposed of	<u>(560)</u>	<u>(1,400)</u>
	<u><u>440</u></u>	<u><u>(1,399)</u></u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### *Consolidated results*

For the year ended 31 March 2018, the Group recorded revenue of approximately HK\$81.3 million compared to approximately HK\$78.7 million for the last financial year, representing an increase of about 3.3%, and loss for the year ended 31 March 2018 of approximately HK\$13.4 million compared to approximately HK\$94.1 million for the last financial year, representing a decrease of about 85.8%. The Group had a substantially reduction in the loss for the year ended 31 March 2018 as compared to last financial year primarily because of: (i) net gain attribute to the completion of disposal of subsidiaries of the Company; and (ii) decrease in administration expenses in relation of reduction in staff costs (including directors' emolument), rental expenses and legal and professional fees.

### Business Review

#### *Exhibition-related business*

China Resources Advertising & Exhibition Company Limited, a direct wholly-owned subsidiary of the Company (together with its subsidiaries, the “**CRA Group**”) is principally engaged in exhibition-related business. The CRA Group has acted as an organizer and contractor for exhibitions and meeting events held in Hong Kong. It has developed over 20 years of relationship with the Hong Kong Trade Development Council (“**HKTDC**”) and has become one of the major agents organising trade fairs for PRC groups whilst most of which were co-organised with the HKTDC. The clients of the CRA Group are primarily PRC based including numerous sub-councils of the China Council for the Promotion of International Trade in the PRC. For the year ended 31 March 2018, this business segment recorded revenue of approximately HK\$39.4 million compared to approximately HK\$42.7 million for the last financial year, representing a decrease of about 7.7%. The drop in revenue was mainly due to the decrease in number of events participants. The loss for the financial year of approximately HK\$2.7 million compared to approximately HK\$4.1 million for the last financial year, representing a decrease of about 34.1%.

#### *Property sub-leasing, development and investment business*

For the year ended 31 March 2018, this business segment recorded revenue of approximately HK\$35.8 million compared to approximately HK\$32.4 million for the last financial year, representing a increase of about 10.5%, the rise in revenue was mainly due to the increase in rent for new tenants and renewal tenants in sub-leasing certain properties in the PRC. It recorded loss for the financial year of approximately HK\$0.4 million as compared to loss of approximately HK\$1.2 million for the last financial year.

## *Money lending*

During the year, the Group conducted money leading business in Hong Kong and recognised interest income for approximately HK\$2.2 million during the year (2017: HK\$3.5 million).

## **Liquidity and financial resources**

As at 31 March 2018, the Group had bank borrowings, bills payables and convertible bonds in total of approximately HK\$98.1 million (2017: HK\$51.4 million). The gearing ratio of the Group as at 31 March 2018 was 87.4% compared with 36.5% as at 31 March 2017. Such ratio was calculated with reference to the bank borrowings, bills payables and convertible bonds over the Company's equity attributable to owners of the Company. As at 31 March 2018, the Group had net current assets of approximately HK\$85.1 million (2017: net current assets of approximately HK\$2.1 million). The current ratio of the Group as at 31 March 2018 was approximately 1.5 compared with 1.0 as at 31 March 2017.

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

	<b>2018</b>	2017
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Repayable:		
Within one year	<u><b>30.0</b></u>	<u>51.4</u>

The carrying amounts of all the Group's bank borrowings were denominated in RMB. All of the Group's bank borrowings balance of approximately HK\$30.0 million as at 31 March 2018 which was charged at a floating interest rate. The bank borrowings carry interest rates ranged from 5.66% to 6.50% (2017: 2.76% to 6.50%) per annum. As at 31 March 2018, no unutilised bank borrowing facility was remained (2017: HK\$30 million).

The revenue of the Group, being mostly denominated in Renminbi and Hong Kong dollar, matches the currency requirement of the Group's expenses while other foreign currencies were immaterial. During the year ended 31 March 2018, 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

During the year ended 31 March 2018, the Group completed the following fund raising exercise to strengthen its financial position and raised the gross proceeds of approximately HK\$46.3 million, 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	Actual use of proceeds as at 31 March 2018	Unutilised amount as at 31 March 2018
26 July 2017	Issue of convertible bonds in an aggregate principal amount of HK\$46,341,960	Approximately HK\$46.1 million for general working capital of the Group	Approximately HK\$11.8 million	Approximately HK\$34.3 million

## Charges

As at 31 March 2018, all of the bank borrowings of the Group in the total amount of HK\$30.0 million were secured by personal and corporate guarantees provided by Mr. Yang Lei, a director of certain subsidiaries of the Company, his spouse and a related company, which is beneficially owned by Mr. Yang Lei and his spouse (the “**Related Company**”) and certain assets of Mr. Yang Lei, his spouse and a related party.

On 25 November 2015, 南京垠坤投資實業有限公司 (“Nanjing Yinkun Investment Corporation Co. Ltd.\*”), an indirect non-wholly owned subsidiary of the Company, provided the guarantee in respect of a loan facility for the principal amount of up to RMB35 million provided to an independent third party from a financial institution in the PRC. The amount under the loan facility has been fully repaid on 21 November 2017.

On 13 September 2017, 南京垠坤投資實業有限公司 (“Nanjing Yinkun Investment Corporation Co. Ltd.\*”) and 南京創意東八區科技有限責任公司 (“Nan Jing Chuang Yi Dong Ba Qu Technology Development Co., Ltd.\*”), two indirect non-wholly owned subsidiaries of the Company, provided the guarantees in respect of a loan facility for the principal amount of up to RMB40 million provided to an independent third party from a financial institution in the PRC. Details of the guarantee have been set out in the Company’s announcement dated 27 November 2017.

Save as disclosed above, the Group did not have any charges on assets as at 31 March 2018.

## Contingent liabilities

As at 31 March 2018, the Group had no material contingent liabilities.

## Advance to an entity

- (i) On 25 November 2015, 南京垠坤投資實業有限公司 (“Nanjing Yinkun Investment Corporation\*”) (the “**Guarantor**”), an indirect non-wholly owned subsidiary of the Company as the guarantor, entered into a guarantee agreement (the “**Guarantee Agreement**”), pursuant to which the Guarantor agreed to guarantee the repayment obligations of 南京瑞益恒通科技發展有限公司 (“Nanjing Ruiyi Heng Tong Technology Development Co., Ltd.\*”), a company established in the PRC and a potential business partner of the Guarantor, as the borrower under the loan agreement in respect of the loan facility for the principal amount of up to RMB35 million at a floating rate in accordance with the benchmark lending rate of one-to-five year term loan as announced by the People’s Bank of China, subject to adjustments, which was secured by certain properties in the PRC and was provided by a financial institution in the PRC in October 2015. Such facility’s outstanding balance as at 30 September 2017 was RMB11.9 million and was fully repaid on 21 November 2017. For further details, please refer to the announcements of the Company dated 14 June 2016 and 27 November 2017.
- (ii) On 13 September 2017, 南京垠坤投資實業有限公司 (“Nanjing Yinkun Investment Corporation Co. Ltd.\*”) and 南京創意東八區科技有限公司 (“Nanjing Chuangyi Dong Ba Qu technology Corporation Co. Ltd.\*”) (the “**Guarantors**”), indirect non-wholly owned subsidiaries of the Company as the guarantors, entered into two guarantee agreements (the “**Guarantee Agreements**”) respectively, pursuant to which the Guarantors agreed to guarantee the repayment obligations of 南京伯泰科技發展有限公司 (“Nanjing Botai Technology Development Co., Ltd.\*”), a company established in the PRC and a potential business partner of the Guarantor, as the borrower under the loan agreement in respect of the loan facility for the principal amount of up to RMB40 million at a floating rate in accordance with the benchmark lending rate as announced by the People’s Bank of China plus 4.25%, which was secured by certain properties in the PRC and was provided by a financial institution in the PRC in September 2017. Such facility shall be matured in 36 months and RMB20 million was first drawdown in November 2017 and the remaining RMB20 million was drawdown in December 2017. For further details, please refer to the announcement of the Company dated 27 November 2017.

## Emolument policy

As at 31 March 2018, the Group employed a total number of 85 (2017: 139) employees. The remuneration of the employees of the Group for continuing operations is amounted to approximately HK\$22.4 million for the year ended 31 March 2018 (2017: HK\$35.8 million). The Group remunerates its employees based on their performance, experience and prevailing industry practices. The emoluments of the Directors and senior management of the Company are decided by the remuneration committee of the Company, having regard to the Company’s operating results, individual performance and comparable market statistics.

The Group periodically reviews its remuneration package in order to attract, motivate and retain its employees. Discretionary bonuses are rewarded to the Directors and employees based on the Group’s operating results and their performance.

Further, the Company has also adopted a share option scheme for the primary purpose of providing incentives or rewards to any the Director, employee and other eligible participant who made significant contribution to the Group. The Group also provides external training courses to its staff to improve their skills and services on an ongoing basis.

### **Significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures, and future plans for material investments or capital assets**

During the year, the Company, as the vendor, entered into a framework disposal agreement (the “**Framework Disposal Agreement**”), pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally with True Glory Ventures Limited (the “**Purchaser**”) agreed to purchase the entire equity interests of a number of subsidiaries (the “**Target Companies**”), for a total cash consideration of HKD500,000. The completion of the disposal took place on 31 March 2018 in accordance with the terms and conditions of the Framework Disposal Agreement. Following the completion, those subsidiaries will no longer be held by the Group. Details of the Disposal were disclosed in the Company’s announcements dated 9 February 2018, 4 March 2018 and 31 March 2018.

Save as the disposal of the entire equity interest in the Target Companies, there was no other significant investments held, no material acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended 31 March 2018.

### **Outlook**

Looking ahead, the Directors expect the business environment to remain challenging, but are cautiously optimistic towards the overall outlook of the Group. The Group has continued the efforts to consolidate and realign its businesses to enable the Group to achieve improvements in its financial position. The Group is working towards to attain a sustainable growth, and at the same time the Group is also continuously exploring and identifying other suitable investment opportunities (if any) to enhance its earning potential so as to enhance shareholder value as a whole.

### **PROPOSED FINAL DIVIDEND**

The Directors do not recommend any payment of final dividend for the year ended 31 March 2018 (2017: nil).

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining shareholders who are entitled to attend and vote at the 2018 annual general meeting of the Company (“**2018 AGM**”), the register of members of the Company will be closed from Monday, 24 September 2018 to Friday, 28 September 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the 2018 AGM, unregistered holders of shares of the Company should ensure that all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company’s Share Registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 21 September 2018.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor its subsidiaries purchased, sold or redeemed the Company’s listed securities during the year ended 31 March 2018.

## **SCOPE OF WORK OF BDO LIMITED**

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 March 2018 have been agreed by the Group’s auditor, BDO Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this preliminary announcement.

## **CODE OF CORPORATE GOVERNANCE**

Throughout the year ended 31 March 2018, the Company has complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules, save for the deviation of code provision A.1.1 and C.2.5 of the CG Code below:

Pursuant to code provision A.1.1 of the CG Code, Board meetings should be held at least four times a year at approximately quarterly intervals. Although only two regular Board meetings were held during the year, the Board considered that sufficient meetings had been held as business operations were under the management and the supervision of the executive Directors. In addition, senior management of the Group provided to the Directors the information in respect of the Group’s business development and activities from time to time and, when required, ad hoc Board meetings will be held.

Pursuant to code provision C.2.5 of the CG Code, the Group should have an internal audit function. The Company conducted an annual review on the need for setting up an internal audit department. Given the Group's simple operating structure, it was decided that the Board would be directly responsible and review on the adequacy and effectiveness of the risk management and internal control systems of the Group. During the year, the Board through the Audit Committee had conducted an annual review on the risk management and internal control systems of the Group, including the analysis and appraisal of its adequacy and effectiveness.

## **MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company follows the Model Code in Appendix 10 to the Listing Rules as the code of conduct for Directors in their dealings in the securities of the Company. Having made specific enquiry with Directors, all Directors confirmed that they have fully complied with the Model Code during the year.

## **AUDIT COMMITTEE**

The audit committee of the Company ("**Audit Committee**"), comprises three independent non-executive Directors, namely Mr. Chen Youchun, Mr. Chan Chein Kwong William and Ms. Lui Mei Ka, has reviewed, together with the participation of the management, the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the audited financial statements of the Group for the year ended 31 March 2018.

## **PUBLIC FLOAT**

As at the date of this announcement, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

## **ANNUAL GENERAL MEETING**

The 2018 AGM will be held on Friday, 28 September 2018 and the notice of the 2018 AGM will be published and despatched in the manner as required by the Listing Rules and the Company's memorandum and articles in due course.

## **PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S AND COMPANY'S WEBSITE**

The Company's annual report for the year ended 31 March 2018 will be despatched to the shareholders of the Company and available for viewing on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) under “**Latest Listed Company Information**” and on the website of Tricor Secretaries Limited at <http://www.tricor.com.hk/WebService/000674/>.

On behalf of the Board  
**China Tangshang Holdings Limited**  
**Chen Weiwu**  
*Chairman*

Hong Kong, 27 June 2018

*As at the date of this announcement, the executive Directors are Mr. Chen Weiwu (Chairman), Mr. Chen Gengxian and Mr. Zhou Houjie; and the independent non-executive Directors are Mr. Chen Youchun, Mr. Chan Chien Kwong William and Ms. Lui Mei Ka.*

\* *for identification purpose only*