



# 騰邦控股有限公司 Tempus Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6880



INTERIM REPORT 2015

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# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Mr. Huang Jingkai (*Chief Executive Officer*)

Mr. Yip Chee Lai, Charlie

### Non-executive Directors

Mr. Zhong Baisheng (*Chairman*)

Ms. Zhang Yan

### Independent non-executive Directors

Mr. Han Biao

Mr. Liu Yaohui

Mr. Li Qi

## COMPANY SECRETARY

Mr. Tam Ka Tung

## AUDIT COMMITTEE

Mr. Liu Yaohui (*Chairman*)

Mr. Han Biao

Mr. Li Qi

## REMUNERATION COMMITTEE

Mr. Han Biao (*Chairman*)

Mr. Liu Yaohui

Mr. Li Qi

## NOMINATION COMMITTEE

Mr. Han Biao (*Chairman*)

Mr. Liu Yaohui

Mr. Li Qi

## AUTHORIZED REPRESENTATIVES

Mr. Huang Jingkai

Mr. Yip Chee Lai, Charlie

## COMPANY WEBSITE

[www.oto.cn](http://www.oto.cn)

## REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

26th Floor, Pacific Plaza

410 Des Voeux Road West

Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited

31/F., 148 Electric Road

North Point

Hong Kong

## AUDITOR

Deloitte Touche Tohmatsu

*Certified Public Accountants*

35th Floor, One Pacific Place

88 Queensway

Hong Kong

## PRINCIPAL BANKERS

Hang Seng Bank Limited

The Hongkong and Shanghai Banking Corporation Limited

Bank of China (Hong Kong) Limited

Chinese Mercantile Bank

Industrial Bank Co., Ltd.

## FINANCIAL HIGHLIGHTS

The board (the "Board") of directors (the "Directors") of Tempus Holdings Limited (the "Company") presents the unaudited condensed consolidated interim financial results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2015 (the "Period"), together with relevant comparative figures and the accompanying explanatory notes as set out below. The interim results for the Period are unaudited, but have been reviewed by the external auditors and the audit committee ("Audit Committee") of the Company. Unless the context otherwise requires, capitalized terms used in this interim report shall have the same meanings set out in the annual report of the Company dated 30 June 2015.

<b>For the six months ended 30 September</b>	<b>2015 (Unaudited)</b>	2014 (Unaudited)	Changes
<b>Profitability data (HK\$'000)</b>			
Revenue	<b>207,629</b>	188,713	10.0%
Gross profit	<b>134,612</b>	126,231	6.6%
Profit before tax	<b>8,592</b>	9,293	(7.5%)
Profit for the period	<b>5,640</b>	6,636	(15.0%)
Earnings per share – basic and diluted (HK\$)	<b>0.02</b>	0.02	—
Gross profit margin	<b>64.8%</b>	66.9%	(2.1ppt)
Profit before tax margin	<b>4.1%</b>	4.9%	(0.8ppt)
Profit margin	<b>2.7%</b>	3.5%	(0.8ppt)
Effective tax rate	<b>34.4%</b>	28.6%	5.8ppt
	<b>30 September 2015 (Unaudited)</b>	31 March 2015 (Audited)	Changes
<b>Assets and liabilities data (HK\$'000)</b>			
Bank balances and cash	<b>338,343</b>	220,964	53.1%
Total borrowings	<b>10,005</b>	25,811	(61.2%)
Net current assets	<b>375,489</b>	245,850	52.7%
Total assets less current liabilities	<b>415,327</b>	277,923	49.4%
<b>Assets and Working Capital ratios/data</b>			
Current ratio (times)	<b>6.0</b>	4.6	1.4
Gearing ratio (%)	<b>2.1</b>	7.6	(5.5ppt)
Inventory turnover days	<b>64.1</b>	50.4	13.7
Trade receivables turnover days	<b>34.5</b>	33.9	0.6
Trade payables turnover days	<b>61.1</b>	47.4	13.7

# FINANCIAL HIGHLIGHTS

## *Notes for key ratio:*

Current ratio	Current assets / Current liabilities
Gearing ratio	Total borrowings / Total assets x 100%
Inventory turnover days	Average of beginning and ending inventory balances / Cost of sales x 183 or 365 days
Trade receivables turnover days	Average of beginning and ending trade receivables balances / Revenue x 183 or 365 days
Trade payables turnover days	Average of beginning and ending trade payables balances / Cost of sales x 183 or 365 days
Earnings per share	Profit attributable to shareholders / Weighted average number of ordinary shares
Gross profit	Revenue - (Finished goods purchased - Changes in inventories of finished goods + direct expenses attributable to purchase)
Gross profit margin	Gross profit / Revenue x 100%

# CHAIRMAN'S STATEMENT

Dear Shareholders,

During the first half of 2015 financial year, under the challenging business environment, leverage on our accurate insight to the market, our "OTO" brand innovated new products by our technology, used various and flexible sales channels and accurate marketing strategy, to strive against challenging times and realize continuous growth in result. During the review period, our sales amounted HK\$210 million, a 10% increase year-on-year; after deducting extraordinary factor of exchange loss, our net profit amounted HK\$11 million, a 70% increase year-on-year.

In the meantime, we have conducted a thorough review over our future development strategy and concluded that: our development shall follow the worldwide economic development trend and PRC's overall development strategy, accurately commence diversified businesses and ensure the long-term sustainable growth of our business. Given the expanding existing "Healthcare" business, the Group will also tap into cross-border e-commerce sector in due course, including establishing a cross-border e-commerce platform mainly based on online to offline (O2O), and a supporting platform which providing integrated solutions for cross-border e-commerce industry chain. Against the backdrop of "Internet+" has gradually subverted the traditional industries and further deepening of international trading internet interconnection, the cross-border e-commerce will receive unprecedented opportunities; at the same time, "Healthy PRC" strategy was listed in the China's 13th Five-Year Plan, which brings supportive policies and long-term benefits to "Healthcare" business. We are full of confidence about our future development as we insist on developing high-end service industry.

A thousand-mile journey starts with the first step. The Group has commenced specific deployment for achieving new strategic objective, and various processes have been rapidly and orderly proceeded. In June 2015, we have been successfully introduced Shenzhen Capital Group as our strategic shareholder, which raised HK\$136 million and expanded our capital base. We will remain open-minded on introducing more strategic partners. Since then, we have been actively seeking appropriate investment opportunities in the cross-border e-commerce sector. We expect to get through various links of cross-border e-commerce industry chain through merger and acquisition and investment for gradually establishing a win-win industry ecology.

There is a significant synergy between cross-border e-commerce business and our existing "Healthcare" principal business, which is favorable to improve company performance. For example, the operating cost of principal business can be reduced effectively through resources integration by sharing cross-border e-commerce business in the domestic and international value chain system. Besides, cross-border e-commerce platform can enrich the distribution channel of our products, and beneficial to explore, purchase and introduce premium products globally, thus further expanding product types and improving brand competitiveness.

Becoming "Leader of quality life, provider of outstanding service, architect of win-win ecology" is our future development vision. We will uphold the "Niu Culture" and "Martial Arts Culture" of Tempus Group, and continue to further expand our "Healthcare" principal business with practical and advantageous pioneer spirit, and fully implement the development of cross-border e-commerce, in order to generate greater returns for shareholders.

**Zhong Baisheng**

*Chairman and Non-executive Director*

Hong Kong, 26 November 2015



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

During the Period, the Group's revenue reached approximately HK\$207.6 million, representing an increase of approximately 10.0% from approximately HK\$188.7 million for the corresponding period last year. The net profit was approximately HK\$5.6 million, representing a decrease of approximately 15.2% from approximately HK\$6.6 million as compared to the corresponding period last year. The decrease in net profit was mainly due to a net exchange loss of approximately HK\$4.8 million arising from depreciation of RMB during the Period.

### Products

During the Period, the Group has newly developed and launched seven relaxation products, two fitness products and two other related products. The massage chair "ii Zone" and the spot massager "E-Cuddle II" were the key new products. All the new products contributed approximately HK\$30.3 million or approximately 14.6% of the Group's total revenue for the Period.

### Sales Channel

The Group has diversified sales channels including (i) traditional sales channels such as retail stores and consignment counters; and (ii) proactive sales channels such as corporate sales, international sales and roadshows.

#### (i) Traditional sales channels

During the Period, the traditional sales channel generated approximately 57.7% of the total revenue (six months ended 30 September 2014: 66.4%). As at 30 September 2015, the Group operated the following numbers of retail stores and consignment counters:

	No. of outlets as at		
	30 September 2015	31 March 2015	30 September 2014
<b>Hong Kong and Macau</b>			
– Retail stores	13	11	12
– Consignment counters	15	18	19
<b>Mainland China</b>			
– Retail stores	37	26	14
– Consignment counters	70	78	80
<b>Malaysia</b>			
– Retail stores	8	7	7
– Consignment counters	7	10	9
<b>Singapore</b>			
– Retail stores	4	—	—
– Consignment counters	—	—	—
<b>Total</b>	<b>154</b>	<b>150</b>	<b>141</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

## Retail business in Hong Kong and Macau

As at 30 September 2015, the Group operated 28 retail outlets in Hong Kong and Macau. The retail revenue in the region, excluding roadshow counters, decreased by approximately HK\$14.1 million, or approximately 20.6% as compared to the corresponding period last year. Same-store sales also dropped by approximately 7.8% as compared to the corresponding period last year. The decrease was primarily due to (i) closure of a retail store in Macau; (ii) relocation of certain outlets in Hong Kong leading to less operation days; and (iii) relatively weak overall consumer sentiment in the region.

## Retail business in Mainland China

As at 30 September 2015, the Group operated 107 retail outlets in Mainland China, mainly located in the Yangtze River Delta, Pearl River Delta, Beijing-Tianjin-Hebei region and Chengdu city. During the Period, the revenue contribution from the retail business in Mainland China, excluding roadshow counters, was approximately HK\$63.4 million, representing an increase of approximately 11.0% as compared to the corresponding period of last year. The increase was primarily due to the increase in total number of outlets. Same-store sales slightly decreased by approximately 1.2% as a result of absence of key new products in the first four months of the Period.

## Retail business in Singapore and Malaysia

On 15 May 2015, the Group acquired the retail business in Singapore from its minority shareholders and since then, the "OTO" brand has been unified under the Group. As at 30 September 2015, the Group operated 19 retail outlets in Singapore and Malaysia. The retail revenue, excluding roadshow counters, in the region was approximately HK\$9.1 million during the Period.

### (ii) Proactive sales channels

The proactive sales channels are important marketing and revenue generating channels for the Group. These channels not only facilitate the penetration into new marketing segments with minimum fixed operating expenses, but also mitigate the impact of the escalating operating costs such as retail stores rental, staff costs and advertising expenses. During the Period, the Group's proactive sales channels generated approximately 42.3% of the total revenue (six months ended 30 September 2014: 33.6%).

The Group's corporate sales represent the sales of selected health and wellness products to corporate customers such as financial institutions, retail chain stores and professional bodies. International sales represent export of the Group's health and wellness products to its international distributors/wholesalers for their distribution in overseas markets such as Eastern Europe and Middle East. Roadshow counters are those of promotional and non-permanent counters of which the Group operated in different department stores and shopping malls from time to time for marketing purposes as well as revenue generation.

The following discussion is based on, and should be read in conjunction with, the financial information and the notes thereto included in this interim report.



# MANAGEMENT DISCUSSION AND ANALYSIS

## RESULTS OF OPERATION

### Revenue

The Group's revenue for the Period increased by approximately HK\$18.9 million or 10.0% to approximately HK\$207.6 million for Period from approximately HK\$188.7 million for the corresponding period in 2014, primarily as a result of the following:

(i) *Sales by product category*

	For the six months ended 30 September					
	2015		2014		Increase/(Decrease)	
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	%
Relaxation products	145,290	70.0	128,681	68.2	16,609	12.9
Fitness products	23,611	11.4	54,325	28.8	(30,714)	(56.5)
Other products	38,728	18.6	5,707	3.0	33,021	578.6
<b>Total</b>	<b>207,629</b>	<b>100.0</b>	<b>188,713</b>	<b>100.0</b>	<b>18,916</b>	<b>10.0</b>

During the Period, the sales of relaxation products increased by approximately HK\$16.6 million or 12.9% to approximately HK\$145.3 million whilst the sales of fitness products decreased by approximately HK\$30.7 million or 56.5% to approximately HK\$23.6 million, as compared to those for the corresponding period last year. The increase in sales of relaxation products and the decrease in sales of fitness product were primarily due to lack of new key fitness products launched during the Period. The sales of other products soared by approximately HK\$33.0 million or 578.6% as compared to those for the corresponding period last year. The increase was primarily due to the bulk sales of certain branded cookware products to a retail chain in Hong Kong.

(ii) *Sales by channel*

	For the six months ended 30 September					
	2015		2014		Increase/(Decrease)	
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	%
Retail stores	47,037	22.7	48,872	25.9	(1,835)	(3.8)
Consignment counters	72,657	35.0	76,558	40.5	(3,901)	(5.1)
Roadshow counters	18,986	9.1	31,470	16.7	(12,484)	(39.7)
Corporate sales	56,500	27.2	17,105	9.1	39,395	230.3
International sales	12,449	6.0	14,708	7.8	(2,259)	(15.4)
<b>Total</b>	<b>207,629</b>	<b>100.0</b>	<b>188,713</b>	<b>100.0</b>	<b>18,916</b>	<b>10.0</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the sales from retail stores and consignment counters decreased by approximately 3.8% and approximately 5.1%, respectively, as compared to those for the corresponding period last year. The decrease was mainly due to the weakening of retail market across the Group's operating regions. The sales from roadshow counters decreased by approximately 39.7% as compared to those for the corresponding period last year. The decrease was mainly attributed to less roadshow events being organised as a result of higher average rental cost. Corporate sales increased by approximately 230.3% to HK\$56.5 million. The increase was primarily due to the bulk sales of certain branded cookware products to a retail chain in Hong Kong. International sales decreased by approximately 15.4% to HK\$12.4 million as a result of fewer orders from existing customers.

## Other income

Other income for the Period was approximately HK\$3.9 million, representing a decrease of approximately HK\$2.1 million or approximately 35.0%, from approximately HK\$6.0 million for the corresponding period last year. The decrease was primarily due to decrease in bank interest income.

## Other gains and losses

Other gains and losses for the Period was a loss of approximately HK\$6.2 million, which mainly comprised of net foreign exchange loss of approximately HK\$5.6 million. The other gains and losses for the corresponding period last year was a gain of approximately HK\$1.0 million, which mainly comprised a net foreign exchange gain of approximately HK\$1.1 million, which was partly offset by a loss on disposals of property, plant and equipment of approximately HK\$0.2 million.

## Changes in inventories of finished goods

Changes in inventories of finished goods for the Period were approximately HK\$11.9 million as compared with approximately HK\$2.3 million for the corresponding period last year. The significant increase was mainly attributed to the increase in inventories as at the Period end.

## Finished goods purchased

Finished goods purchased for the Period was approximately HK\$82.4 million, representing an increase of approximately HK\$20.1 million, or approximately 32.3% from approximately HK\$62.3 million for the corresponding period last year. The increase was in line with the increase in sales.

## Gross profit

The gross profit increased by approximately HK\$8.4 million or 6.7% to approximately HK\$134.6 million for the Period from approximately HK\$126.2 million for the corresponding period last year. The gross profit margin decreased by 2.1% to approximately 64.8% for the Period from approximately 66.9% for the corresponding period last year. The decrease in gross profit margin was mainly attributed to the increased proportion of revenue from the corporate sales, which has lower gross profit margin.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Staff costs

Staff costs for the Period were approximately HK\$43.4 million, representing an increase of approximately HK\$3.4 million, or 8.5%, from approximately HK\$40.0 million for the corresponding period last year. The increase in staff costs was mainly due to general salary increment.

## Depreciation expense

Depreciation expense for the Period was approximately HK\$4.0 million, representing an increase of approximately HK\$0.3 million or 8.1% as compared with approximately HK\$3.7 million for the corresponding period last year. The increase was mainly due to more outlet renovation being completed during the Period.

## Finance costs

Finance costs for the Period was approximately HK\$0.2 million, which remained relatively stable as compared to that of the corresponding period last year.

## Other expenses

Other expenses for the Period was approximately HK\$78.6 million, representing a decrease of approximately HK\$4.0 million or 4.8%, from approximately HK\$82.6 million for the corresponding period in 2014. The decrease is attributable to various items, including a decrease of approximately HK\$2.7 million in commissions paid to the department stores for less revenue generated from the consignment counters and a decrease of approximately HK\$0.9 million in legal and professional fees.

## Profit before tax

Profit before tax for the Period was approximately HK\$8.6 million, representing a decrease of approximately HK\$0.7 million or 7.5%, from approximately HK\$9.3 million for the corresponding period last year.

## Income tax expense

Income tax expense for the Period and corresponding period last year was approximately HK\$3.0 million and HK\$2.7 million, respectively, representing an effective tax rate of approximately 34.4% and 28.6%, respectively. The higher effective tax rate for the Period was primarily due to the Group's taxable profit not being reduced by the exchange loss incurred in the holding company.

## Profit for the period

As a result of the factors described above, the Group's net profit for the Period was approximately HK\$5.6 million, representing a decrease of approximately HK\$1.0 million or 15.2% from approximately HK\$6.6 million last year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2015, the Group had approximately HK\$338.3 million (as at 31 March 2015: HK\$221.0 million) in bank balances and cash, which were mainly held in HKD, USD and RMB denominated accounts at the banks in Hong Kong and the PRC. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always maintain sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

### Operating activities

Net cash generated from operating activities was approximately HK\$14.6 million for the Period (six months ended 30 September 2014: HK\$5.2 million), primarily reflecting the operating cash flows before movements in working capital of approximately HK\$12.6 million, as adjusted by increase of approximately HK\$9.1 million in inventory, increase of approximately HK\$12.4 million in trade receivables, prepayments and other receivables and increase of approximately HK\$23.7 million in trade and other payables.

### Investing activities

Net cash used in investing activities was approximately HK\$12.5 million for the Period (six months ended 30 September 2014: HK\$3.2 million), primarily reflecting the purchase of property, plant and equipment of approximately HK\$9.7 million and cash outflow from acquisition of business of approximately HK\$4.9 million.

### Financing activities

Net cash generated from financing activities was approximately HK\$117.8 million for the Period (six months ended 30 September 2014: HK\$5.8 million used in financing activities), primarily reflecting proceeds from issuance of new shares of approximately HK\$136.6 million, partly offset by the net repayment of trust receipt loans of approximately HK\$15.8 million.

## BORROWINGS AND GEARING RATIO

Total borrowings of the Group as at 30 September 2015 was approximately HK\$10.4 million, of which approximately HK\$0.4 million were at fixed interest rate, as compared with approximately HK\$26.3 million as at 31 March 2015. The Group's gearing ratio (i.e. Total borrowings / Total assets X 100%) decreased from approximately 7.6% as at 31 March 2015 to approximately 2.1% as at 30 September 2015. The decrease was mainly due to the repayment of trust receipt loans and the increase in bank balances and cash from the proceeds of issuance of new shares.

## WORKING CAPITAL

As at 30 September 2015, the Group's inventories increased by approximately HK\$11.9 million to approximately HK\$31.6 million from approximately HK\$19.7 million as at 31 March 2015. The inventory turnover days was 64.1 days as at 30 September 2015 as compared with 50.4 days as at 31 March 2015. The increase in both inventories and inventory turnover days was mainly attributable to more display stocks of a new model of massage chair required at the retail outlets for marketing purpose.

# MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 September 2015, the Group's trade receivables increased by approximately HK\$3.2 million to approximately HK\$40.8 million from approximately HK\$37.6 million as at 31 March 2015. The average trade receivables turnover days as at 30 September 2015 and as at 31 March 2015 was 34.5 days and 33.9 days, respectively. The increase in trade receivables was in line with the increase in sales whilst the trade receivables turnover days remained stable during the Period.

As at 30 September 2015, the Group's trade payables increased by approximately HK\$13.9 million to approximately HK\$31.4 million from approximately HK\$17.5 million as at 31 March 2015 which was mainly attributable to the increase in purchases during the period. The trade payables turnover days increased from 47.4 days as at 31 March 2015 to 61.1 days as at 30 September 2015. The increase was primarily due to longer settlement period to the suppliers.

## CAPITAL EXPENDITURE

During the Period, the Group's total capital expenditure amounted to approximately HK\$8.7 million, (2014: HK\$6.2 million) which was used mainly in the acquisition of property, plant and equipment.

## CHARGE ON ASSETS

As at 30 September 2015, the Group had pledged certain assets, including leasehold land and buildings, investment property and bank deposits which in aggregate amounted to approximately HK\$24.9 million (as at 31 March 2015: 24.1 million) for the purpose of securing certain banking facilities.

## SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, FUTURE PLANS FOR MATERIAL INVESTMENTS OR ACQUISITION OF CAPITAL ASSETS

On 15 May 2015, the Group acquired the business in Singapore from its connected party, OTO Singapore, at a consideration of S\$0.8 million (equivalent to approximately HK\$4.9 million). Details of the acquisition are set out in note 19 to the condensed consolidated financial statements in this interim report and Company's announcement dated 15 May 2015.

As disclosed in the announcement of the Company dated 9 November 2015 (the "Announcement"), the Group will extend its business to the cross-border e-commerce sector. Although the proposed acquisition as disclosed in the Announcement has been terminated, there is no change in direction of the Group's strategic development in the cross-border e-commerce and healthcare sectors.

The Directors expect that the Company's investments in the future will be funded by internal resources of the Group, debt financing and equity financing.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September 2015.

## FOREIGN EXCHANGE RISK MANAGEMENT

As at 30 September 2015, the Group was exposed to foreign exchange risk as a result of holding United States dollar of approximately HK\$118.4 million and Renminbi of approximately HK\$38.0 million, collectively representing 44.6% of the Group's total of bank balances, cash and pledged deposits. Certain transactions denominated in foreign currencies would also incur the foreign exchange risk. The Group currently does not use any derivative financial instrument to hedge the foreign exchange risk. The Group manages the foreign exchange risk by closely monitoring the movement of the foreign currency rates.

## EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2015, the Group had a total number of 543 (as at 31 March 2015: 538) full-time employees. The key components of the Group's remuneration package include basic salary, and where appropriate, other allowances, incentive bonus, mandatory provident funds, state-managed retirement benefits scheme and share options under the share option schemes of the Company. The Group determined the remuneration packages of all employees based on factors including individual qualifications, contributions to the Group, performance and years of experience of the respective staff. The Remuneration Committee will review and determine the remuneration and compensation packages of the Directors and senior management of the Company with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

The Group provides qualified pension schemes for all its full-time employees and make contribution to the schemes in compliance with the relevant rules and regulations in all the regions it operates.

## STRATEGIES AND PROSPECTS

In order to achieve a more sustainable growth of the Group in long run, the Board has conducted a comprehensive review on the Group's strategic development and concluded that the Group will continue to carry out its existing business in sales and development of healthcare products and, at the same time, will extend its business to the cross-border e-commerce sector involving operation of online-to-offline (O2O) cross-border e-commerce platform and provision of related supporting services throughout the cross-border e-commerce industrial chain. The Board envisages that both the healthcare business and cross-border e-commerce business will become the principal businesses of the Group in the near future.



# MANAGEMENT DISCUSSION AND ANALYSIS

## USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The proceeds from the global offering of the Company, after deduction related issuance expenses, amounted to approximately HK\$92.6 million. As at 30 September 2015, there was no change to the proposed use of net proceeds from the global offering. The unused proceeds were deposited in licensed banks in Hong Kong. Details of use of the net proceeds are set out in to table below.

	<b>Net proceeds HK\$ mil</b>	<b>Utilised up to 30 September 2015 HK\$ mil</b>	<b>Unutilised as of 30 September 2015 HK\$ mil</b>
Use of proceeds:			
Expansion of the Group's PRC operations	<b>45.9</b>	<b>31.3</b>	<b>14.6</b>
Advertising and promotional activities in the PRC	<b>20.0</b>	<b>6.1</b>	<b>13.9</b>
Renovation and redecoration the existing retail outlets in Hong Kong and Macau	<b>10.7</b>	<b>10.7</b>	<b>—</b>
Enhancement of the research and development capability	<b>8.0</b>	<b>8.0</b>	<b>—</b>
Upgrade of the Group's information systems	<b>8.0</b>	<b>5.7</b>	<b>2.3</b>
	<b>92.6</b>	<b>61.8</b>	<b>30.8</b>

# DISCLOSURE OF INTERESTS

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares of equity derivatives and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as adopted by the Company, were as follows:

### Long position in shares of the Company

Name of Director	Capacity/Nature of Interest	Number of Shares	Approximate percentage of shareholding in the Company
Mr. Zhong Baisheng	Interest of controlled corporation (note 1)	234,994,800	67.2%
Mr. Yip Chee Lai, Charlie	Beneficial owner	6,046,000	1.7%
	Interests of parties to an agreement to acquire interest of the Company (note 2)	17,984,000	5.2%
	Total	24,030,000	6.9%

Notes:

- (1) These shares of the Company are held directly by Tempus Holdings (Hong Kong) Limited, which is wholly owned by Tempus Value Chain Limited ("Tempus Value Chain"). Tempus Value Chain is wholly owned by 深圳市騰邦物流股份有限公司 (Shenzhen Tempus Logistics Holding Ltd.\*) ("Tempus Logistics"), which is in turn owned as to 65% by 騰邦集團有限公司 (Tempus Group Ltd.\*) ("Tempus Group") and 35% by 深圳市平豐珠寶有限公司 (Shenzhen Pingfeng Jewellery Ltd.\*) ("Pingfeng Jewellery"). Pingfeng Jewellery is owned as to 60% by Tempus Group, 30% by Mr. Zhong Baisheng and 10% by Ms. Duan Naiqi. Tempus Group is owned as to 67% by Mr. Zhong Baisheng and 33% by Ms. Duan Naiqi. As at the date of this report, Tempus Holdings (Hong Kong) Limited held 234,994,800 shares of the Company, representing approximately 67.16% of the issued share capital of the Company.
- (2) Mr. Yip Chee Seng, Mr. Yip Chee Lai, Charlie, Mr. Yip Chee Way, David, Mr. Yip Gee Kuarn, Mr. Tan Beng Gim and Ms. Chua Siew Hun (the "Minority Shareholders") have been the persons acting in concert since 1 April 2008 as confirmed in a confirmatory agreement dated 1 February 2011. Accordingly, each of the Minority Shareholders is taken to be interested in the shares in which the Minority Shareholders are interested pursuant to the SFO.

\* The English transliteration of the Chinese names of the PRC entities above, where indicated, is included for identification purpose only and is not the official English names for such PRC entities.

## DISCLOSURE OF INTERESTS

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2015, to the best knowledge of the Directors, the following persons, other than the Directors and chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein:

#### Long position in shares of the Company

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate percentage of shareholding in the Company
Ms. Duan Naiqi (note 1)	Interests of controlled corporation	234,994,800	67.2%
Mr. Yip Chee Seng (note 2)	Beneficial owner	5,774,000	1.7%
	Interests of parties to an agreement to acquire interests of the Company	18,256,000	5.2%
	Total	24,030,000	6.9%
Mr. Yep Gee Kuarn (note 2)	Beneficial owner	6,114,000	1.7%
	Interests of parties to an agreement to acquire interests of the Company	17,916,000	5.2%
	Total	24,030,000	6.9%
Mr. Yip Chee Way, David (note 2)	Beneficial owner	6,096,000	1.7%
	Interests of parties to an agreement to acquire interests of the Company	17,934,000	5.2%
	Total	24,030,000	6.9%
Mr. Tan Beng Gim (note 2)	Beneficial owner	—	—
	Interests of parties to an agreement to acquire interests of the Company	24,030,000	6.9%
	Total	24,030,000	6.9%
Ms. Chua Siew Hun (note 2)	Beneficial owner	—	—
	Interests of parties to an agreement to acquire interests of the Company	24,030,000	6.9%
	Total	24,030,000	6.9%

# DISCLOSURE OF INTERESTS

## Notes:

1. Pursuant to Part XV of the SFO, each of Ms. Duan Naiqi, Mr. Zhong Baisheng, Tempus Group, Pingfeng Jewellery, Tempus Logistics and Tempus Value Chain is deemed to be interested in the shares held by Tempus Holdings (Hong Kong) Limited. As at the date of this report, Tempus Holdings (Hong Kong) Limited held 234,994,800 shares of the Company, representing approximately 67.16% of the issued share capital of the Company.
2. The Minority Shareholders have been the persons acting in concert since 1 April 2008 as confirmed in a confirmatory agreement dated 1 February 2011. Accordingly, each of the Minority Shareholders is taken to be interested in the shares in which the Minority Shareholders are interested pursuant to section 318 of the SFO.

Save as disclosed above, as at 30 September 2015, the Directors were not aware of any persons, other than a Director or a chief executive of the Company, who had or were deemed or taken to have interests or short positions in shares or underlying shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be entered in the register kept by the Company under the SFO.

# DISCLOSURE OF INTERESTS

## SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the “Share Option Scheme”) on 25 November 2011 for the purpose of recognizing and acknowledging the contributions the eligible participants had or may have made to the Group. The principal terms of the Share Option Scheme are summarized under the paragraph headed “Share Option Scheme” in Appendix VI to prospectus of the Company dated 1 December 2011.

The Company granted 5,400,000 share options under the Share Option Scheme during the Period. Details of the movements in share options to subscribe for shares in the Company under the Share Option Scheme during the Period are set out below:

Grantees	Date of grant	Exercisable period	Exercise price per share HK\$	Number of Share Options				
				Outstanding as at 1 April 2015	Granted during the 6 months ended 30 September 2015	Exercised during the 6 months ended 30 September 2015	Lapsed during the 6 months ended 30 September 2015	Outstanding as at 30 September 2015
<b>Directors</b>								
Mr. Huang Jingkai	31.8.2015	31.8.2016 – 30.8.2019	3.38	—	90,000	—	—	90,000
		31.8.2017 – 30.8.2019	3.38	—	135,000	—	—	135,000
		31.8.2018 – 30.8.2019	3.38	—	225,000	—	—	225,000
Mr. Yip Chee Lai, Charlie	31.8.2015	31.8.2016 – 30.8.2019	3.38	—	90,000	—	—	90,000
		31.8.2017 – 30.8.2019	3.38	—	135,000	—	—	135,000
		31.8.2018 – 30.8.2019	3.38	—	225,000	—	—	225,000
Ms. Zhang Yan	31.8.2015	31.8.2016 – 30.8.2019	3.38	—	50,000	—	—	50,000
		31.8.2017 – 30.8.2019	3.38	—	75,000	—	—	75,000
		31.8.2018 – 30.8.2019	3.38	—	125,000	—	—	125,000
Mr. Han Biao	31.8.2015	31.8.2016 – 30.8.2019	3.38	—	30,000	—	—	30,000
		31.8.2017 – 30.8.2019	3.38	—	45,000	—	—	45,000
		31.8.2018 – 30.8.2019	3.38	—	75,000	—	—	75,000
Mr. Liu Yaohui	31.8.2015	31.8.2016 – 30.8.2019	3.38	—	30,000	—	—	30,000
		31.8.2017 – 30.8.2019	3.38	—	45,000	—	—	45,000
		31.8.2018 – 30.8.2019	3.38	—	75,000	—	—	75,000
Mr. Li Qi	31.8.2015	31.8.2016 – 30.8.2019	3.38	—	30,000	—	—	30,000
		31.8.2017 – 30.8.2019	3.38	—	45,000	—	—	45,000
		31.8.2018 – 30.8.2019	3.38	—	75,000	—	—	75,000
Other eligible participants	31.8.2015	31.8.2016 – 30.8.2019	3.38	—	760,000	—	—	760,000
		31.8.2017 – 30.8.2019	3.38	—	1,140,000	—	—	1,140,000
		31.8.2018 – 30.8.2019	3.38	—	1,900,000	—	—	1,900,000
<b>Total</b>				—	5,400,000	—	—	5,400,000

Details of the Share Option Scheme of the Company as at 30 September 2015 are set out in Note 20 to the condensed consolidated financial statements.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the Period, the Company had complied with all applicable code provisions under the Corporate Governance Code (the “Code”) and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The Board will review the current practices at least annually and make appropriate changes if considered necessary.

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules (including amendments as effected from time to time) as its own code of conduct for dealing in securities of the Company by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they had fully complied with the Model Code throughout the Period.

## AUDIT COMMITTEE

The Company has established the Audit Committee and adopted the written terms of reference in compliance with the Code. The primary duties of the Audit Committee are to review and approve the Group’s financial reporting process and internal control system. The Audit Committee comprises all independent non-executive Directors, namely Mr. Liu Yaohui, Mr. Han Biao and Mr. Li Qi. Mr. Liu Yaohui is the chairman of the Audit Committee.

The Group’s interim results for the Period have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results had been prepared in compliance with the applicable accounting standards and requirements and that adequate disclosures had been made. The Audit Committee recommended the Board to adopt the same.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Period, the Company did not redeem any of its shares listed and traded on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such shares.

## CHANGE OF FINANCIAL YEAR END DATE

On 24 September 2015, the Board has resolved to change the financial year end date of the Company from 31 March to 31 December. Following the change of financial year end date, the deadline for the Company to publish the results announcement in relation to its audited final results for the nine months ending 31 December 2015 and to despatch its annual report will be 31 March 2016 and 30 April 2016 respectively.

## SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 27 May 2015, the Company entered into a conditional subscription agreement with SCGC Capital Holding Company Limited, a company incorporated in the British Virgin Islands with limited liability which is an independent third party (the “Subscriber”), pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 28,000,000 new shares, representing 8.00% of the Company’s issued share capital of 349,876,800 shares as enlarged by the allotment and issue of the new shares, at a price of HK\$4.88 per share (the “Subscription”). The completion of the Subscription took place on 8 June 2015. The net proceeds from the Subscription, after the deduction of professional fees and other related expenses, were approximately HK\$136.5 million. The net proceeds from the Subscription were expected to be used for the Group’s fund reserve for potential investments. Details of the Subscription are set out in the announcements of the Company dated 27 May 2015 and 8 June 2015.

## INTERIM DIVIDENDS

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2015 (six months ended 30 September 2014: an interim dividend of HK cent 0.622 and a special dividend of HK cent 0.415 per share).



# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



TO THE BOARD OF DIRECTORS OF TEMPUS HOLDINGS LIMITED

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Tempus Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 21 to 40, which comprise the condensed consolidated statement of financial position as of 30 September 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**  
Certified Public Accountants  
Hong Kong

26 November 2015

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2015

	Notes	Six months ended 30 September	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Revenue	3	<b>207,629</b>	188,713
Other income		<b>3,869</b>	6,018
Other gains and losses	4	<b>(6,183)</b>	952
Changes in inventories of finished goods		<b>11,870</b>	2,343
Finished goods purchased		<b>(82,418)</b>	(62,275)
Staff costs		<b>(43,433)</b>	(39,998)
Depreciation expense		<b>(3,971)</b>	(3,661)
Finance costs	5	<b>(204)</b>	(198)
Other expenses		<b>(78,567)</b>	(82,601)
Profit before tax	6	<b>8,592</b>	9,293
Income tax expense	7	<b>(2,952)</b>	(2,657)
Profit for the period		<b>5,640</b>	6,636
Other comprehensive (expense) income:			
<i>Item that may be subsequently reclassified     to profit or loss:</i>			
Exchange difference arising on translation		<b>(2,315)</b>	468
Total comprehensive income for the period		<b>3,325</b>	7,104
Earnings per share	9		
– Basic (HK\$)		<b>0.02</b>	0.02
– Diluted (HK\$)		<b>0.02</b>	0.02

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	Notes	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	18,631	15,526
Investment property	11	10,254	9,600
Deferred tax assets		911	1,043
Deposit placed at an insurance company		—	3,247
Utility and other deposits paid		10,042	2,657
		<b>39,838</b>	32,073
<b>Current assets</b>			
Inventories		31,582	19,711
Trade and other receivables and prepayments	12	55,692	44,460
Utility and other deposits paid		9,198	14,244
Deposit placed at an insurance company		3,247	—
Amounts due from related parties		163	190
Amount due from a fellow subsidiary		81	—
Tax recoverable		906	2,789
Pledged bank deposits		12,098	11,884
Bank balances and cash		338,343	220,964
		<b>451,310</b>	314,242
<b>Current liabilities</b>			
Trade and other payables	13	61,838	39,186
Amount due to a related company		1,086	—
Amount due to intermediate holding company		636	—
Obligations under finance leases		146	215
Tax payable		2,110	3,180
Bank borrowings	14	10,005	25,811
		<b>75,821</b>	68,392

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	Note	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
<b>Net current assets</b>		<b>375,489</b>	245,850
<b>Total assets less current liabilities</b>		<b>415,327</b>	277,923
<b>Capital and reserves</b>			
Share capital	15	<b>27,279</b>	25,106
Reserves		<b>387,789</b>	252,508
		<b>415,068</b>	277,614
<b>Non-current liability</b>			
Obligations under finance leases		<b>259</b>	309
		<b>415,327</b>	277,923

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share option reserve HK\$'000	Translation reserve HK\$'000	Capital reserve HK\$'000 (Note (a))	Statutory reserve HK\$'000 (Note (b))	Retained profits HK\$'000	Total HK\$'000
<b>At 1 April 2014 (audited)</b>	24,928	227,643	32	253	(78)	(128,447)	393	145,850	270,574
Profit for the period	—	—	—	—	—	—	—	6,636	6,636
Other comprehensive income for the period									
– exchange difference arising on translation	—	—	—	—	468	—	—	—	468
Total comprehensive income for the period	—	—	—	—	468	—	—	6,636	7,104
Recognition of equity-settled share-based payments	—	—	—	156	—	—	—	—	156
Issue of shares upon exercise of share options	22	206	—	(56)	—	—	—	—	172
Dividend paid (note 8)	—	—	—	—	—	—	—	(2,604)	(2,604)
<b>At 30 September 2014 (unaudited)</b>	24,950	227,849	32	353	390	(128,447)	393	149,882	275,402
<b>At 1 April 2015 (audited)</b>	25,106	229,344	32	—	(903)	(128,447)	1,072	151,410	277,614
Profit for the period	—	—	—	—	—	—	—	5,640	5,640
Other comprehensive expense for the period									
– exchange difference arising on translation	—	—	—	—	(2,315)	—	—	—	(2,315)
Total comprehensive (expense) income for the period	—	—	—	—	(2,315)	—	—	5,640	3,325
Recognition of equity-settled share-based payments	—	—	—	242	—	—	—	—	242
Issue of shares upon share allotment	2,173	134,467	—	—	—	—	—	—	136,640
Dividend paid (note 8)	—	—	—	—	—	—	—	(2,753)	(2,753)
<b>At 30 September 2015 (unaudited)</b>	27,279	363,811	32	242	(3,218)	(128,447)	1,072	154,297	415,068

Notes:

(a) Capital reserve comprised:

- (i) the difference between the aggregate share capital of the subsidiaries acquired by the Company and the Company's investment cost in OTO (BVI) Investment Limited ("OTO BVI") upon the group reorganisation on 13 April 2011; and
- (ii) the excess of the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed over the sum of the consideration transferred upon the acquisition of a subsidiary on 29 June 2011.

(b) The Article of Association of 騰多商貿(上海)有限公司 Dainty (Shanghai) Co., Ltd. requires the appropriation of 10% of its profit after tax determined in accordance with generally accepted principles of the People's Republic of China (the "PRC") to the statutory reserve. The statutory reserve should only be used for making up losses, capitalisation into capital and expansion of the production and operation.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

	Note	Six months ended 30 September	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>Net cash from operating activities</b>		<b>14,569</b>	5,234
<b>Investing activities</b>			
Purchases of property, plant and equipment		<b>(9,715)</b>	(5,433)
Interest received		<b>984</b>	2,690
Withdrawal of bank deposits original maturity over three months		<b>1,265</b>	—
Cash outflow from acquisition of business	21	<b>(4,852)</b>	—
Other investing cash flows		<b>(214)</b>	(456)
Net cash used in investing activities		<b>(12,532)</b>	(3,199)
<b>Financing activities</b>			
Dividend paid		<b>(2,753)</b>	(2,604)
New trust receipt loans raised		<b>40,254</b>	34,088
Repayment of trust receipt loans		<b>(56,060)</b>	(37,125)
Proceeds from issue of shares		<b>136,640</b>	—
Other financing cash flows		<b>(291)</b>	(117)
Net cash from (used in) financing activities		<b>117,790</b>	(5,758)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>119,827</b>	(3,723)
<b>Cash and cash equivalents at the beginning of the period</b>		<b>219,699</b>	211,636
Effect of foreign exchange rate changes		<b>(1,183)</b>	328
<b>Cash and cash equivalents at the end of the period</b>		<b>338,343</b>	208,241



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 1. GENERAL

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment property which is measured at fair value.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2015 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 3. REVENUE AND SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable and operating segments, i.e. the five (six months ended 30 September 2014: four) geographical locations, Hong Kong, Macau, the People's Republic of China other than Hong Kong and Macau (the "PRC"), Malaysia and Singapore, for the period under review.

### Six months ended 30 September 2015

	Hong Kong HK\$'000	Macau HK\$'000	PRC HK\$'000	Malaysia HK\$'000	Singapore HK\$'000	Total HK\$'000 (unaudited)
Revenue						
External sales	104,212	10,602	72,268	7,828	12,719	207,629
Inter-segment sales	5,710	—	—	276	331	6,317
Segment revenue	109,922	10,602	72,268	8,104	13,050	213,946
Elimination						(6,317)
Group revenue						207,629
Segment profit	27,241	2,962	12,203	357	2,225	44,988
Unallocated administrative expenses						(30,993)
Other gains and losses						(6,183)
Interest income						984
Finance costs						(204)
Profit before tax						8,592
Income tax expense						(2,952)
Profit for the period						5,640

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 3. REVENUE AND SEGMENT INFORMATION *(Continued)*

### Six months ended 30 September 2014

	Hong Kong HK\$'000	Macau HK\$'000	PRC HK\$'000	Malaysia HK\$'000	Total HK\$'000 (unaudited)
Revenue					
External sales	81,448	16,857	78,566	11,842	188,713
Inter-segment sales	8,733	—	—	—	8,733
Segment revenue	90,181	16,857	78,566	11,842	197,446
Elimination					(8,733)
Group revenue					188,713
Segment profit	12,513	6,189	15,467	2,414	36,583
Unallocated administrative expenses					(30,734)
Other gains and losses					952
Interest income					2,690
Finance costs					(198)
Profit before tax					9,293
Income tax expense					(2,657)
Profit for the period					6,636

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 4. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Gain from change in fair value of investment property	654	40
Net exchange (loss) gain	(5,649)	1,144
Loss on write-off of property, plant and equipment	(1,188)	—
Loss on disposals of property, plant and equipment	—	(232)
	<b>(6,183)</b>	952

## 5. FINANCE COSTS

	Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Interest on:		
Bank borrowings	186	180
Finance leases	18	18
	<b>204</b>	198

## 6. PROFIT BEFORE TAX

	Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Profit before tax has been arrived at after charging (crediting):		
Cost of inventories recognised as an expense	70,548	59,932
Operating lease payments in respect of rented premises (including in other expenses)		
– minimum lease payments	22,376	25,542
– contingent rent	23,485	25,938
Interest income	(984)	(2,690)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Current tax:		
Hong Kong Profits Tax	2,066	—
Macau Complimentary Income Tax	167	620
PRC Enterprise Income Tax	773	1,924
Malaysian Corporate Income Tax	(194)	113
Singapore Corporate Income Tax	43	—
	<b>2,855</b>	2,657
Overprovision of taxation in prior years		
Malaysian Corporate Income Tax	(35)	—
Deferred tax	132	—
	<b>2,952</b>	2,657

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for the Period. No Hong Kong Profits Tax was provided in the prior period as the subsidiaries operating in Hong Kong incurred an estimated tax loss for the prior period.

Macau Complimentary Income Tax is calculated progressively at 12% of the estimated assessable profit exceeding MOP300,000 for both periods.

Under the Law of the PRC on Enterprise Income Tax, the tax rate of the PRC subsidiary is 25% for both periods.

Taxable income of the subsidiary in Malaysia is subject to corporate tax at the rate of 25% for both periods.

Taxable income of the subsidiary in Singapore is subject to corporate tax at the rate of 17% for both periods.

## 8. DIVIDENDS

During the current interim period, a final dividend of HK cent 0.472 per share in respect of the year ended 31 March 2015 (six months ended 30 September 2014: HK cent 0.814 per share in respect of the year ended 31 March 2014) was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the interim period amounted to HK\$1,653,000 (2014: HK\$2,604,000). In addition, a special dividend of HK cent 0.314 per share for the year ended 31 March 2015 amounting to HK\$1,100,000 was paid during the Period.

Subsequent to the end of the current interim period, the directors have resolved not to declare interim dividend (six months ended 30 September 2014: interim dividend of HK cent 0.622 per share and a special dividend of HK cent 0.415 per share) for the six months ended 30 September 2015.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 9. EARNINGS PER SHARE

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	<b>5,640</b>	6,636
	<b>'000</b>	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>339,319</b>	319,750
Effect of dilutive potential ordinary shares in respect of share options	—	262
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>339,319</b>	320,012

There are no dilution effects pertaining to the outstanding share options as the exercise price of each of the share options is higher than the average market price of the Company's shares for the period from date of grant of the share options to 30 September 2015.

## 10. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment of HK\$8,666,000 (six months ended 30 September 2014: HK\$5,433,000) of which HK\$1,038,000 (six months ended 30 September 2014: nil) is acquired through the acquisition of business as disclosed in note 21.

## 11. MOVEMENT IN INVESTMENT PROPERTY

The Group's investment property at the end of the current interim period was measured at fair value. In estimating the fair value of the investment property, the directors of the Company used the direct comparison approach with reference to market evidence of transaction prices for similar properties.

During the current interim period, a gain from change in fair value of HK\$654,000 (six months ended 30 September 2014: HK\$40,000) was included in other gains and losses in the condensed consolidated statement of profit or loss.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	<b>30 September 2015 HK\$'000 (Unaudited)</b>	31 March 2015 HK\$'000 (Audited)
Trade receivables	<b>40,830</b>	37,627
Prepayments	<b>11,732</b>	5,301
Other receivables	<b>3,130</b>	1,532
<b>Total trade and other receivables and prepayments</b>	<b>55,692</b>	44,460

Retail sales are normally settled in cash or by credit card with the settlement from the corresponding financial institutions within 14 days. Receivables from retail sales in department stores are collected within three months. The Group granted an average credit period from 30 days to 90 days to the corporate customers.

The following is an aged analysis of trade receivables presented based on the invoice date, which approximated the revenue recognition date, at the end of the reporting period:

	<b>30 September 2015 HK\$'000 (Unaudited)</b>	31 March 2015 HK\$'000 (Audited)
0 – 30 days	<b>25,739</b>	24,938
31 – 60 days	<b>9,534</b>	11,211
61 – 90 days	<b>3,937</b>	1,032
Over 90 days	<b>1,620</b>	446
	<b>40,830</b>	37,627

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 13. TRADE AND OTHER PAYABLES

	<b>30 September 2015 HK\$'000 (Unaudited)</b>	31 March 2015 HK\$'000 (Audited)
Trade payables	<b>31,372</b>	17,480
Receipts in advance	<b>9,234</b>	4,088
Accruals	<b>10,975</b>	9,324
Others (Note)	<b>10,257</b>	8,294
	<b>61,838</b>	39,186

Note: Includes HK\$66,000 (31 March 2015: HK\$90,000) of deferred revenue in relation to customer loyalty programmes.

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	<b>30 September 2015 HK\$'000 (Unaudited)</b>	31 March 2015 HK\$'000 (Audited)
0 – 30 days	<b>23,537</b>	16,665
31 – 60 days	<b>7,764</b>	555
61 – 90 days	<b>44</b>	93
Over 90 days	<b>27</b>	167
	<b>31,372</b>	17,480

The average credit period for trade purchases ranges from 30 to 60 days.

## 14. BANK BORROWINGS

During the period, the Group raised and repaid trust receipt loans amounting to HK\$40,254,000 and HK\$56,060,000, respectively (six months ended 30 September 2014: raised and repaid trust receipt loans amounting to HK\$34,088,000 and HK\$37,125,000, respectively).



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 15. SHARE CAPITAL

	Number of shares	Share capital US\$
Ordinary shares of US\$0.01 each		
Authorised:		
At 1 April 2014, 31 March 2015 and 30 September 2015	10,000,000,000	100,000,000
Issued and fully paid or credited as fully paid:		
At 1 April 2015	321,876,800	3,218,768
Allotment of shares	28,000,000	280,000
<b>At 30 September 2015</b>	<b>349,876,800</b>	<b>3,498,768</b>
		<b>HK\$'000</b>
Presented as		27,279

## 16. PLEDGE OF ASSETS

The following assets were pledged to banks as securities to secure the banking facilities granted to the Group at the end of the reporting period:

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Leasehold land and buildings	2,512	2,580
Investment property	10,254	9,600
Bank deposits	12,098	11,884
	<b>24,864</b>	24,064

In addition, the Group's obligations under finance leases are secured by the lessor's charge over the leased assets with carrying values of HK\$607,000 as at 30 September 2015 (31 March 2015: HK\$418,000).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 17. OPERATING LEASES

### The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments for premises under non-cancellable operating leases which fall due:

	<b>30 September 2015 HK\$'000 (Unaudited)</b>	31 March 2015 HK\$'000 (Audited)
Within one year	<b>37,285</b>	25,690
In the second to fifth years inclusive	<b>30,565</b>	7,733
	<b>67,850</b>	33,423

Operating lease payments represent rentals payable by the Group for its office, shops and consignment counters at department stores. Leases are negotiated for terms ranging from one year to three years with fixed monthly rentals and certain arrangements are subject to contingent rents based on a fixed percentage of the monthly gross turnover with or without monthly minimum lease payments.

## 18. CAPITAL COMMITMENTS

	<b>30 September 2015 HK\$'000 (Unaudited)</b>	31 March 2015 HK\$'000 (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for	<b>2,805</b>	—

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 19. RELATED PARTY TRANSACTIONS

- (a) During the six months ended 30 September 2015, the Group entered into the following transactions with related parties:

Name of related parties	Nature of transaction	Six months ended	
		30 September	2014
		2015	2014
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
<b>Related company</b>			
OTO Bodycare Pte. Ltd. ("OTO Singapore") (Note (i))	Share of research and development expenses (Note (ii))	—	143
	Purchases	—	904
	Rental expense	224	—
<b>Fellow subsidiary</b>			
	Installation fee on computer software	1,607	—

Notes:

- (i) Mr. Yip Chee Seng, Mr. Yep Gee Kuarn, Mr. Yip Chee Way, David, Mr. Tan Beng Gim and Ms. Chua Siew Hun are shareholders of OTO Singapore. Mr. Yip Chee Seng, Mr. Yep Gee Kuarn and Mr. Yip Chee Way, David are former directors of the Company and resigned on 28 January 2015, respectively. Mr. Yep Gee Kuarn is a director of OTO Singapore. Mr. Yip Chee Way, David, Mr. Tan Beng Gim and Ms. Chua Siew Hun have an indirect interest in OTO Singapore by holding 36.4%, 31.8% and 31.8% interests respectively in The Essence Shop Pte. Ltd., a company which has a 4.2% interest in OTO Singapore. Mr. Yip Chee Seng and his spouse together hold a 90.4% interest in OTO Singapore and Mr. Yep Gee Kuarn and his spouse together hold a 5.4% interest in OTO Singapore.
- (ii) On 25 November 2011, the Group entered into an agreement to share in research and development expenses with OTO Singapore and OTO Bodycare Sdn. Bhd. on an annual basis in proportion to their respective turnovers during the same year. The agreement was renewed on 25 November 2014 and terminated on 9 December 2014.

The balances of amounts due from/to related parties and a fellow subsidiary are disclosed in the condensed consolidated statement of financial position.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 19. RELATED PARTY TRANSACTIONS (Continued)

### (b) Compensation of key management personnel

Key management personnel comprises only the directors of the Company and their remuneration during the periods are as follows:

	Six months ended	
	30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Fee	475	355
Salaries and other benefits	1,644	4,066
Retirement benefits scheme contributions	9	9
Performance related incentive payments	730	589
Share-based payments	72	83
	<b>2,930</b>	5,102

## 20. SHARE-BASED PAYMENTS

On 31 August 2015, the Company granted 5,400,000 share options (the "Share Options"), to subscribe for the ordinary shares of the Company at a price of US\$0.01 each in the capital under the Scheme.

The grant of Share Options comprised (i) 1,600,000 Share Options to the directors of the Company and (ii) 3,800,000 Share Options to certain eligible participants including members of the senior management and employees of the Company to subscribe for shares in the Company at HK\$3.38 per share.

At 30 September 2015, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 5,400,000, representing approximately 1.7% of the shares of the Company in issue at that date. The maximum number of shares in respect of which options may be granted under the Scheme must not in aggregate exceed 10% of the total number of shares in issue on the date on which trading of the shares commenced on the Main Board of the Stock Exchange being 32,000,000 shares.

Options granted must be taken up within 21 days of the date of grant, upon payment of HK\$1 per eligible participant. Options may be exercised at any time during the exercise period as disclosed below. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 20. SHARE-BASED PAYMENTS *(Continued)*

Details of the shares options are as follows:

	Date of grant	Vesting period	Exercise period	Exercise price
Type I	31 August 2015	20%: 31.8.2015 to 30.8.2016	31.8.2016 to 30.8.2019	HK\$3.38 per share
		30%: 31.8.2015 to 30.8.2017	31.8.2017 to 30.8.2019	
		50%: 31.8.2015 to 30.8.2018	31.8.2018 to 30.8.2019	

The following table discloses movement of the Company's share options held by directors and eligible employees during the Period:

Option type	Outstanding at 1 April 2015	Granted during the Period	Outstanding at 30 September 2015
Type I	—	5,400,000	5,400,000

The closing price of the Company's share immediately before the date on which the options were exercised was HK\$3.38.

The fair values were calculated using the Binomial model. The inputs into the model were as follows:

Share price on the date of grant	HK\$3.38
Exercise price	HK\$3.38
Expected volatility	83.002%
Contractual life	4 years
Risk-free rate	0.872%
Expected dividend yield	0.326%

Expected volatility was determined by using the historical price volatilities of Company's share price as at the date of valuation as extracted from Bloomberg.

The Group recognised a charge of HK\$242,000 in the staff costs for the six months ended 30 September 2015 (six months ended 30 September 2014: HK\$156,000) in relation to share options granted by the Company.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 21. ACQUISITION OF BUSINESS

On 15 May 2015, OTO Wellness Pte. Ltd. ("OTO Wellness"), a subsidiary of the Company, entered into a business transfer agreement with OTO Singapore, pursuant to which OTO Wellness agreed to acquire and OTO Singapore agreed to sell the business in Singapore operated by OTO Singapore (the "Target Business") for the aggregate consideration of S\$822,413 (equivalent to approximately HK\$4,852,000).

The fair value of the acquired assets at the date of acquisition (determined on provisional basis) of the Target Business comprised:

	HK\$'000
Property, plant, and equipment	1,038
Inventories	3,814
	4,852

The fair value of the identifiable assets acquired and liabilities assumed have been determined on a provisional basis, awaiting the completion of professional valuations.

Cash outflow on acquisition of business:

	HK\$'000
Cash consideration paid	4,852

Details of the acquisition are set out in the announcement by the Company dated on 15 May 2015.

Revenue of HK\$13,050,000 and loss of HK\$240,000 attributable to the Target Business for the period from the acquisition date to 30 September 2015 was consolidated in the Group's profit and loss for the period ended 30 September 2015.

Had the acquisition been completed on 1 April 2015, total group revenue for the period would have been HK\$208,674,000, and the profit for the period would have been HK\$5,543,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2015, nor is it intended to be a projection of future results.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 22. EVENT AFTER THE REPORTING PERIOD

On 8 November 2015, the Company entered into a memorandum of understanding with four independent third parties (the “Vendors”), in relation to the proposed acquisition whereby the Company intends to acquire from the Vendors 57% of the equity interest in a company incorporated in the PRC with limited liability (the “Target Company”) and subscribe for new equity interest in the Target Company such that immediately after completion of the proposed acquisition, the Company will hold 60% of the enlarged equity interest in the Target Company. The Target Company is principally engaged in the provision of integrated solutions and services for cross-border e-commerce and trading. Details of the proposed acquisition are set out in the announcement by the Company dated 9 November 2015.