

TEMPUS
騰邦控股

騰邦控股有限公司
Tempus Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 06880



2018 INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Li Dongming (*Chief Executive Officer*)
Mr. Huang Jingkai (*Vice-chairman*)
Mr. Yip Chee Lai, Charlie

Non-executive Directors

Mr. Zhong Baisheng (*Chairman*)
Ms. Zhang Yan

Independent non-executive Directors

Mr. Han Biao
Mr. Wong Lit Chor, Alexis
Mr. Li Qi

COMPANY SECRETARY

Mr. Tam Ka Tung

AUDIT COMMITTEE

Mr. Wong Lit Chor, Alexis (*Chairman*)
Mr. Han Biao
Mr. Li Qi

REMUNERATION COMMITTEE

Mr. Han Biao (*Chairman*)
Mr. Li Dongming (*appointed on 16 April 2018*)
Mr. Huang Jingkai (*appointed on 16 April 2018*)
Mr. Wong Lit Chor, Alexis
Mr. Li Qi

NOMINATION COMMITTEE

Mr. Han Biao (*Chairman*)
Mr. Wong Lit Chor, Alexis
Mr. Li Qi

AUTHORISED REPRESENTATIVES

Mr. Li Dongming
Mr. Huang Jingkai
Mr. Tam Ka Tung (*alternate authorised representative to Mr. Li Dongming*)

COMPANY WEBSITE

www.tempushold.com

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

28th Floor
No. 9 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
2103B, 21/F., 148 Electric Road
North Point, Hong Kong

CORPORATE INFORMATION

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway, Hong Kong

HONG KONG LEGAL ADVISER

Morrison & Foerster
33/F., Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

PRINCIPAL BANKS

Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited
DBS Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited

INVESTOR RELATIONS

Mr. Tam Ka Tung

STOCK CODE

06880

BOARD LOT

2,000 shares

FINANCIAL HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of Tempus Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2018 (the “**Period**”) together with the restated comparative figures for the six months ended 30 June 2017. The interim results for the Period are unaudited, but have been reviewed by the audit committee (the “**Audit Committee**”) of the Company.

	Six months ended 30 June 2018 (Unaudited)	Six months ended 30 June 2017 (Unaudited and restated)	Changes
Profitability data (HK\$'000)			
Revenue	387,023	385,770	0.3%
Gross profit	147,959	153,299	(3.5%)
Profit before tax	11,678	8,600	35.8%
Profit after tax for the period	7,130	4,386	62.6%
Earnings per share — basic and diluted (HK cents)	1.22	0.72	69.4%
Gross profit margin	38.2%	39.7%	(1.5 ppt)
Profit before tax margin	3.0%	2.2%	0.8 ppt

	30 June 2018 (Unaudited)	31 December 2017 (Audited)	Changes
Assets and liabilities data (HK\$'000)			
Bank balances and cash	195,242	135,122	44.5%
Bank borrowings	299,482	149,319	100.6%
Net current assets	24,121	16,547	45.8%
Total assets less current liabilities	677,769	576,459	17.6%
Assets and working capital ratios/data			
Current ratio (times)	1.0	1.0	—
Gearing ratio (%)	45.8	39.6	6.2
Inventories turnover days (days)	40.7	25.1	15.6
Trade receivables turnover days (days)	83.5	57.1	26.4
Trade payables turnover days (days)	55.1	32.7	22.4

FINANCIAL HIGHLIGHTS

Notes for key ratio:

Gross profit	Revenue — Cost of sales
Earnings per share	Profit attributable to shareholders/Weighted average number of ordinary shares
Current ratio	Current assets/Current liabilities
Gearing ratio	Total borrowings/Total assets x 100%
Inventories turnover days	Average of beginning and ending inventories balances/Cost of sales x number of days in the period
Trade receivables turnover days	Average of beginning and ending trade receivables balances/Revenue x number of days in the period
Trade payables turnover days	Average of beginning and ending trade payables balances/Cost of sales x number of days in the period

MANAGEMENT DISCUSSION AND ANALYSIS

Due to adoption of merger accounting, the comparative figures for the six months ended 30 June 2017 in this section are restated to include the financial results of Shenzhen Tempus Value Chain Co., Ltd,* (深圳市騰邦價值鏈股份有限公司) and its subsidiaries, which were acquired by the Company on 30 November 2017.

BUSINESS REVIEW

During the Period, the Group's revenue was HK\$387.0 million, slightly increased by 0.3% as compared to HK\$385.8 million for the six months ended 30 June 2017. Profit for the period increased to HK\$7.1 million, as compared to HK\$4.4 million for the six months ended 30 June 2017. The increase in profit for the Period was mainly attributable to (i) the gain on fair value change of the investment properties held by the Group and (ii) share of results of associates, which were partially offset by the increase in finance costs and administrative expenses.

HEALTH AND WELLNESS BUSINESS

Products

During the Period, the Group had launched a total of 20 new products, of which 15 were relaxation products. The new products launched had generated revenue of HK\$17.2 million or 8.2% of the Group's revenue from the health and wellness business.

	Six months ended 30 June 2018		Six months ended 30 June 2017		Changes	
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	%
Relaxation products	199,611	95.7	188,521	90.5	11,090	5.9
Fitness products	7,019	3.4	12,807	6.1	(5,788)	(45.2)
Other products	1,863	0.9	7,093	3.4	(5,230)	(73.7)
Total	208,493	100.0	208,421	100.0	72	—

During the Period, sales of the relaxation products, fitness products and other products were HK\$199.6 million, HK\$7.0 million and HK\$1.9 million, respectively, representing 95.7%, 3.4% and 0.9% of the Group's total sales from the health and wellness business, respectively. The increase of 5.9% in sales of relaxation products and the decrease of 45.2% in sales of fitness products were mainly due to the lack of new fitness products being launched during the Period. Other products included certain diagnostic and therapeutic products.

MANAGEMENT DISCUSSION AND ANALYSIS

Sales Channels

The Group keeps strengthening its sales channels and expanding its geographical market coverage. The diversified sales channels of the Group include (i) traditional sales channels referring to retail outlets at shopping malls and department stores; and (ii) proactive sales channels including roadshow counters, corporate sales, international sales and internet sales.

	Six months ended 30 June 2018		Six months ended 30 June 2017		Changes	
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	%
Retail outlets	145,508	69.8	143,725	69.0	1,783	1.2
Roadshow counters	22,698	10.9	23,830	11.4	(1,132)	(4.8)
Corporate sales	23,640	11.3	26,556	12.7	(2,916)	(11.0)
International sales	7,555	3.6	7,499	3.6	56	0.7
Internet sales	9,092	4.4	6,811	3.3	2,281	33.5
Total	208,493	100.0	208,421	100.0	72	—

(i) Traditional sales channels

During the Period, the Group's revenue generated from traditional sales channel was HK\$145.5 million, representing 69.8% of the Group's overall revenue from the health and wellness business (for the six months ended 30 June 2017: HK\$143.7 million). The slight increase in revenue generated from retail outlets was in line with the increase in number of retail outlets. As at 30 June 2018, the Group operated the following retail outlets which consist of retail stores and consignment counters:

	No. of outlets as at		
	30 June 2018	31 December 2017	30 June 2017
Mainland China	110	102	107
Hong Kong and Macau	24	24	25
Singapore and Malaysia	19	17	17
Total	153	143	149

Retail business in the Mainland China

As at 30 June 2018, the Group operated 110 retail outlets in the Mainland China, mainly located in the Yangtze River Delta, the Pearl River Delta, Beijing-Tianjin-Hebei regions and Chengdu. During the Period, the revenue contributed by retail business in the Mainland China was HK\$69.6 million (for the six months ended 30 June 2017: HK\$70.0 million), representing 33.4% of the Group's revenue from health and wellness business (for the six months ended 30 June 2017: 33.6%). The revenue in the region remained stable as compared to prior period.

MANAGEMENT DISCUSSION AND ANALYSIS

Retail business in Hong Kong and Macau

As at 30 June 2018, the Group maintained 24 retail outlets in Hong Kong and Macau. During the Period, the revenue contributed by the retail business in the region was HK\$59.7 million (for the six months ended 30 June 2017: HK\$64.0 million), representing 28.6% of the Group's revenue from health and wellness business (for the six months ended 30 June 2017: 30.7%). The slight decrease in revenue in the region was mainly due to reduction and relocation of retail outlets.

Retail business in Singapore and Malaysia

As at 30 June 2018, the Group operated 19 retail outlets in Singapore and Malaysia. During the Period, the revenue contributed by retail business in the region was HK\$16.2 million (for the six months ended 30 June 2017: HK\$9.8 million), representing 7.8% of the Group's revenue from health and wellness business (for the six months ended 30 June 2017: 4.7%). The increase in sales in Singapore and Malaysia was primarily due to the additions in the number of retail outlets 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 market 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. The Group's proactive sales channels generated 30.2% of the Group's revenue from the health and wellness business for the Period (for the six months ended 30 June 2017: 31.0%).

The Group's corporate sales represent the sale of selected health and wellness products to corporate customers such as financial institutions, retail chain stores and professional bodies. International sales represent the export of the Group's health and wellness products to its international distributors or wholesalers for their distributions in overseas markets such as Eastern Europe and the Middle East. Roadshow counters are promotional and non-permanent counters which the Group operated in different department stores and shopping malls from time to time. The Group's internet sales represent the sales through an online group-buying platform and the sales through its online stores at major business-to-customer shopping platforms such as the Tmall.

The revenue from roadshow counters, corporate sales, international sales and internet sales were HK\$22.7 million, HK\$23.6 million, HK\$7.6 million and HK\$9.1 million, respectively, representing 10.9%, 11.3%, 3.6% and 4.4% of the Group's revenue generated from the health and wellness business, respectively. The significant decrease of 11.0% in revenue from corporate sales was due to lack of massive corporate sales projects during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

TRADING AND LOGISTICS BUSINESS

During the Period, the revenue generated from trading and logistics business reached HK\$178.5 million, representing 46.1% of the total revenue of the Group.

	Six months ended 30 June 2018		Six months ended 30 June 2017		Changes	
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	%
Trading	13,449	7.5	75,438	42.5	(61,989)	(82.2)
Transportation	151,443	84.9	90,083	50.8	61,360	68.1
Warehouse and others	13,638	7.6	11,828	6.7	1,810	15.3
Total	178,530	100.0	177,349	100.0	1,181	0.7

The Group's trading business represents trading of commodities such as personal consumables. Transportation services represent delivery and distribution of goods for customers. Warehouse and other services include warehousing, loading and unloading and storage management services.

The revenue from trading, transportation services and warehouse and other services for the Period was HK\$13.4 million, HK\$151.4 million and HK\$13.6 million, respectively, representing 7.5%, 84.9% and 7.6% of the Group's revenue generated from the segment of trading and logistics business, respectively.

The significant decrease of 82.2% in revenue generated from trading was mainly due to several unfavourable economic events during the Period, which had adverse effect on this sector. The significant increase of 68.1% in revenue generated from transportation service was mainly due to rapid business growth by expanding the customer base during the Period.

The Group's network of the transportation services has been well developed. The Group has established four major distribution centres located in Guangdong, Sichuan, Jiangsu and Liaoning and numerous branches and offices covering most provinces in the Mainland China.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATION

Revenue

Revenue represents the income from sales of health and wellness products, trading of cross-border commodities and provision of logistics services. The Group's total revenue for the Period was HK\$387.0 million, which remained stable as compared with HK\$385.8 million for the six months ended 30 June 2017.

	Six months ended 30 June 2018		Six months ended 30 June 2017		Changes	
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	%
Health and wellness	208,493	53.9	208,421	54.0	72	—
Trading and logistics	178,530	46.1	177,349	46.0	1,181	0.7
Total	387,023	100.0	385,770	100.0	1,253	0.3

Cost of sales

Cost of sales represents product cost and direct expenses in relation to purchases of products and provision of logistics services. The Group's cost of sales for the Period was HK\$239.1 million, representing an increase of 2.8% from HK\$232.5 million for the six months ended 30 June 2017. The increase in cost of sales was mainly due to the rapid growth of logistics business with lower gross profit margin.

Gross profit

The gross profits for the Period and for the six months ended 30 June 2017 were HK\$148.0 million and HK\$153.3 million, respectively. The gross profit margins for the Period and for the six months ended 30 June 2017 were 38.2% and 39.7%, respectively, representing a decrease of 1.5 ppt. The gross profit margin of the segment of trading and logistics remained stable during the Period, while the gross profit margin of the segment of health and wellness decreased by 2.2 ppt. The decrease was mainly due to significant increase in retail outlet rental expenses, which was partially offset by the decrease in product cost.

Gross profit margin by segment

	Six months ended 30 June 2018	Six months ended 30 June 2017	Changes
	Health and wellness	55.9%	58.1%
Trading and logistics	17.6%	18.1%	(0.5 ppt)
Overall	38.2%	39.7%	(1.5 ppt)

MANAGEMENT DISCUSSION AND ANALYSIS

Other income

Other income for the Period was HK\$12.2 million, mainly comprising rental income of HK\$6.1 million, government grant of HK\$2.4 million and interest income of HK\$1.5 million. Other income for the six months ended 30 June 2017 was HK\$10.6 million, mainly comprising sundry income from health and wellness business of HK\$5.0 million, rental income of HK\$3.6 million and interest income of HK\$1.8 million.

Other gains and losses

Other gains and losses for the Period was a gain of HK\$33.9 million, mainly comprising a gain on fair value change of investment properties of HK\$27.6 million and a gain on fair value change of derivative embedded in convertible notes of HK\$7.6 million, which were partially offset by a net exchange loss of HK\$2.4 million. Other gains and losses for the six months ended 30 June 2017 was a gain of HK\$5.4 million, which mainly comprised a gain on fair value change of investment properties of HK\$5.1 million.

Share of results of joint ventures

Share of results of joint ventures for the Period was a loss of HK\$1.1 million (for the six months ended 30 June 2017: nil), representing the Group's share of loss from the Yantai Leteng Equity Investment Management Centre (Limited Partnership)* (煙台樂騰股權投資管理中心(有限合夥)) ("Yantai Fund") and TBRJ Asset Management Limited.

Share of results of associates

Share of results of associates for the Period is a gain of HK\$3.8 million (for the six months ended 30 June 2017: nil), mainly representing the Group's share of profit from an associate, Yundongli (Tianjin) Electronic Commerce Company Limited* (雲動力(天津)電子商務有限公司) ("Yundongli").

Selling and distribution expenses

Selling and distribution expenses decreased from HK\$117.4 million for the six months ended 30 June 2017 to HK\$103.8 million for the Period. The decrease was mainly attributed to the decrease in marketing and promotion expenses of HK\$8.1 million.

Administrative expenses

Administrative expenses increased from HK\$41.2 million for the six months ended 30 June 2017 to HK\$54.4 million for the Period. The increase was primarily due to the increases in staff costs of HK\$7.5 million and professional fees of HK\$3.6 million.

Finance costs

Finance costs significantly increased to HK\$26.9 million for the Period from HK\$2.1 million for the six months ended 30 June 2017. The significant increase was mainly due to more debt financing activities occurred during the Period, including bank borrowings and convertible notes.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit before tax

As a result of the factors described above, the Group's profit before tax was HK\$11.7 million for the Period, as compared to HK\$8.6 million for the six months ended 30 June 2017.

Income tax expense

Income tax expense was HK\$4.5 million for the Period and HK\$4.2 million for the six months ended 30 June 2017.

Profit for the period

As a result of the factors described above, the Group's profit for the period was HK\$7.1 million, as compared to HK\$4.4 million for the six months ended 30 June 2017.

FINANCIAL POSITION

As at 30 June 2018, total equity of the Group was HK\$507.1 million (as at 31 December 2017: HK\$482.8 million). The increase was mainly due to the profit for the Period and increase in investment revaluation reserve during the Period.

As at 30 June 2018, the Group's net current assets was HK\$24.1 million (as at 31 December 2017: HK\$16.5 million). The current ratio was 1.0 time (as at 31 December 2017: 1.0 time). The increase in the Group's net current assets was mainly due to a non-current term loan obtained during the Period.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2018, the Group had bank balances and cash of HK\$195.2 million (as at 31 December 2017: HK\$135.1 million). The Group's bank balances and cash primarily consisted of cash on hand and bank balances which were mainly held at the banks in Hong Kong and the People's Republic of China (the "PRC"). The Group's approach in managing liquidity is to ensure, as far as possible, that the Group always maintains sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

Operating activities

Net cash used in operating activities was HK\$29.8 million for the Period (for the six months ended 30 June 2017: HK\$0.1 million generated from operating activities), primarily reflecting the operating cash inflows before movements in working capital of HK\$8.5 million, as adjusted by an increase of HK\$37.6 million in inventories, an increase of HK\$23.0 million in trade, bills and other receivables and an increase of HK\$33.6 million in trade and other payables.

Investing activities

Net cash used in investing activities was HK\$10.4 million for the Period (for the six months ended 30 June 2017: HK\$57.9 million), primarily consisted of consideration paid for acquisition and investment in an associate of HK\$37.5 million, loan advance to a third party of HK\$20.0 million and acquisition of property, plant and equipment of HK\$17.9 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Financing activities

Net cash generated from financing activities was HK\$105.7 million for the Period (for the six months ended 30 June 2017: HK\$155.6 million), which was primarily due to new bank borrowings of HK\$243.4 million during the Period.

BORROWINGS AND GEARING RATIO

Total borrowings of the Group as at 30 June 2018 was HK\$565.4 million with effective interest rate ranging from 2.0% to 10.0% per annum. The Group's gearing ratio increased by 6.2 ppt from 39.6% as at 31 December 2017 to 45.8% as at 30 June 2018, which was primarily due to increase in bank borrowings of HK\$150.2 million during the Period.

WORKING CAPITAL

As at 30 June 2018, the net working capital of the Group was HK\$24.1 million, represented an increase of HK\$7.6 million or 46.1% as compared to HK\$16.5 million as at 31 December 2017. The increases in bank balances and cash of HK\$60.1 million and inventories of HK\$37.2 million led to the significant increase in net working capital during the Period.

As at 30 June 2018, the Group's inventories increased by HK\$37.2 million to HK\$72.4 million from HK\$35.2 million as at 31 December 2017. The inventories turnover days was 40.7 days as at 30 June 2018 as compared with 25.1 days as at 31 December 2017. The increases in both inventories and inventories turnover days were primarily due to increase in stocks level in trading business as at the Period end.

As at 30 June 2018, the Group's trade receivables increased by HK\$1.4 million, to HK\$179.3 million from HK\$177.9 million as at 31 December 2017. The trade receivables turnover days was 83.5 days, represented an increase of 26.4 days from 57.1 days as at 31 December 2017. The significant increase was mainly attributed to rapid growth of logistics business, which has longer credit terms granted to customers.

As at 30 June 2018, the Group's trade payables increased by HK\$22.0 million to HK\$83.8 million from HK\$61.8 million as at 31 December 2017. The increase in trade payables was mainly due to the increases in revenue of the segment of logistics, which has longer credit term from suppliers. The trade payables turnover days increased by 22.4 days to 55.1 days from 32.7 days as at 31 December 2017. The increase in trade payables turnover days was mainly due to longer settlement period to the suppliers in the segment of logistics.

CAPITAL EXPENDITURE

During the Period, the Group's total capital expenditure amounted to HK\$20.2 million, which was used in the acquisition of property, plant and equipment.

CHARGE ON ASSETS

As at 30 June 2018, the Group had pledged certain assets, including leasehold land and buildings, property, plant and equipment, investment properties and bank deposits with a total carrying value of HK\$460.5 million for the purpose of securing certain banking and other facilities.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

Disposal of investment in Shanghai Pinzhi

On 13 January 2017, the Group subscribed a 1-year term loan of Shanghai Pinzhi Investment Management Limited* (上海品智投資管理有限公司) (“**Shanghai Pinzhi**”) with the principal amount of RMB25,000,000 and interest rate of 8% per annum, in which the Group was entitled to convert into 12.5% of the enlarged equity interest of Shanghai Pinzhi. On 28 November 2017, the Group exercised the conversion right attached to the loan and acquired 12.5% equity interest of Shanghai Pinzhi. On 22 December 2017, the Group conditionally sold the entire 12.5% equity interest of Shanghai Pinzhi to Yantai Fund, a limited partnership established in the PRC with a total capital of RMB150,000,000, in which the Group has 20% interest as a limited partner, for a consideration of RMB50,000,000. All conditions precedent have been fulfilled and the completion of the disposal took place on 25 June 2018. In compliance with HKFRS 9, the intrinsic gain (before tax) of RMB25,000,000 from the disposal was credited to the retained profits and deferred tax liabilities, rather than profit or loss. For details, please refer to Company’s announcements dated 13 January 2017, 22 December 2017 and 25 June 2018 and Note 3 to the condensed consolidated financial statements in this report.

Investment in Yundongli

On 12 October 2017, the Group conditionally acquired 12.0% of the enlarged equity interest in Yundongli through equity transfer from existing shareholders of Yundongli and capital injection for a total consideration of RMB60,000,000. The transactions were completed on 16 January 2018 and the Company had become interested in 12.0% of the entire equity interest of Yundongli since then. For details, please refer to Company’s announcements dated 12 October 2017 and 16 January 2018.

Participation in formation of the Joint Venture

On 26 April 2018, Zhuhai Tempus Jinyue Investment Limited* (珠海騰邦金躍投資有限公司) (“**Tempus Jinyue**”), the Company’s indirect wholly-owned subsidiary, entered into a shareholders’ agreement with eight leading supply chain enterprises or its subsidiaries in the PRC (comprising Shenzhen Easttop Supply Chain Management Co., Ltd.* (深圳市東方嘉盛供應鏈股份有限公司), Shenzhen Feima International Supply Chain Co., Ltd.* (深圳市飛馬國際供應鏈股份有限公司), Shenzhen China South City Investment Co., Ltd.* (深圳華南城投資有限公司), Shenzhen China Brilliant Investment Holding Co., Ltd.* (深圳市朗華投資控股有限公司), Shenzhen Proolto Supply Chain Management Co., Ltd.* (深圳市普路通供應鏈管理股份有限公司), Shenzhen S.F. Investment Co., Ltd.* (深圳市順豐投資有限公司), Shenzhen Eternal Asia Supply Chain Management Co., Ltd.* (深圳市怡亞通供應鏈股份有限公司), and Shenzhen YH Global Supply Chain Co., Ltd.* (深圳越海全球供應鏈有限公司)), in relation to the formation of the joint venture engaging in supply chain big data business, pursuant to which, Tempus Jinyue agreed to contribute approximately RMB11.11 million to the joint venture, representing approximately 11.11% of the total share capital of the joint venture. The purpose of the participation in formation of the joint venture is to promote the upgrade of the industry of supply chain and integrated logistics services based on advanced technologies such as big data analysis and artificial intelligence and hence has huge potential for development and room for value enhancement. In the long term, the joint venture may create synergies with the existing trading and logistics business of the Group, which is beneficial to enhance its operational capacity. The procedures of industrial and commercial registration of the joint venture, namely 廣東數程科技有限公司 and the Company’s capital injection to the joint venture have been completed pursuant to the shareholders’ agreement. For details, please refer to Company’s announcements dated 26 April 2018 and 7 September 2018.

Save as disclosed above and elsewhere in this report, the Group did not have any significant investments, material acquisitions and disposals of assets during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

IMPORTANT EVENTS AFTER THE END OF THE PERIOD

Saved as disclosed in this report, there are no important events affecting the Group after the end of the Period.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the Period (2017 interim dividend: Nil).

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2018.

FOREIGN EXCHANGE RISK MANAGEMENT

As at 30 June 2018, the Group was exposed to certain foreign exchange risk as the Group had bank balances in Renminbi of approximately RMB86,991,000 (equivalent to approximately HK\$103,119,000), and in United States dollar of approximately US\$540,000 (equivalent to approximately HK\$4,194,000). The Group does not use any derivative financial instrument to hedge the foreign exchange risk. Instead, the Group manages the foreign exchange risk by closely monitoring the movement of the foreign currency rates and may, depending on the circumstances and trend of foreign currency, consider adopting significant foreign currency hedging policy in the future.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR ACQUISITION OF CAPITAL ASSETS

The Group does not have any solid plans for material investments or acquisition of capital assets as at the date of this report. The Group continues to seek appropriate investment opportunities which are in line with the Group's strategy.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2018, the Group had a total number of 769 (as at 31 December 2017: 773) 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 scheme 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 operates a mandatory provident fund scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees.

The employees employed in Macau are members of the defined contribution retirement benefit plan. The subsidiary established in Macau is required to contribute Macanese Pataca 60 per month for each employee to the retirement benefit plan to fund the benefits.

MANAGEMENT DISCUSSION AND ANALYSIS

The employees employed in the PRC are members of the state-managed retirement benefit scheme operated by the PRC government. The subsidiaries established in the PRC are required to contribute a certain percentage of the salaries of its employees to the scheme. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

The Company adopted a share option scheme on 25 November 2011 (the “Share Option Scheme”) for the purpose of enabling the Company to grant options to selected participants as incentives or rewards for their contribution to the Group. On 29 January 2014, 31 August 2015, 26 January 2017 and 16 April 2018, the Group granted 3,180,000 share options (Lot 1), 5,400,000 share options (Lot 2), 23,420,000 share options (Lot 3) and 34,986,000 share options (Lot 4), respectively, under the Share Option Scheme at the exercise prices of HK\$0.62 per share, HK\$3.38 per share, HK\$1.84 per share, and HK\$2.13 per share, respectively, to certain Directors, senior management and selected employees of the Group. Movements of the outstanding share options granted under the Share Option Scheme during the Period are as follows:

	Balance as at 1 January 2018	Share options granted	Share options exercised	Share options lapsed	Balance as at 30 June 2018
Lot 1 (<i>Note</i>)	—	—	—	—	—
Lot 2	4,450,000	—	—	—	4,450,000
Lot 3	21,920,000	—	—	—	21,920,000
Lot 4	—	34,986,000	—	—	34,986,000
Total	26,370,000	34,986,000	—	—	61,356,000

Note: All share options granted under Lot 1 had either lapsed or been cancelled as at 1 January 2017.

STRATEGIES AND PROSPECTS

The Directors note that a chain of adverse events since the first quarter of 2018, such as the outbreak of Sino-US trade war and the plunge of currencies and stocks in emerging markets, has been continuously undermining the general business environment and consumers sentiment across the Asia Pacific region, especially Mainland China and Hong Kong. As a result, Company’s business growth had been inevitably affected. However, the Group will continue to implement the following key measures to ensure further business growth: (i) post-acquisition integration and operational improvement of the companies in trading and logistics sector acquired or invested, including Tempus Value Chain, Tempus Sky Enterprise Limited, and Yundongli; (ii) continuing the innovation and breakthrough in sales channels, marketing and product for health and wellness business; and (iii) merger and acquisition in health and wellness, and trading and logistics business sectors.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF NET PROCEEDS FROM THE ISSUE OF CONVERTIBLE NOTES

On 1 June 2018, the Company issued convertible notes due 2019 in the aggregate principal amount of HK\$160,000,000 to an investor. The net proceeds were approximately HK\$157,700,000. The Company has fully utilised the net proceeds for refinancing its indebtedness and general corporate purposes. For details, please refer to Company's announcements dated 15 May 2018 and 1 June 2018.

67,510,549 new shares may be issued upon full conversion of the convertible notes based on the initial conversion price of HK\$2.37 per share which is subject to certain adjustments as set out in the subscription agreement.

Set out below is the dilution effect on equity interest of the substantial shareholders of the Company:

Substantial shareholders	30 June 2018		Upon conversion of the convertible notes at the conversion price of HK\$2.37 per share	
	Number of shares	Approximate percentage of issued shares	Number of shares	Approximate percentage of issued shares
Mr. Zhong Baisheng	232,104,800	66.3%	232,104,800	55.6%
Mr. Yip Chee Lai, Charlie	24,030,000	6.9%	24,030,000	5.8%
SCGC Capital Holding Company Limited	28,000,000	8.0%	28,000,000	6.7%
Wan Tai Investments Limited	—	—	67,510,549	16.2%

On 30 June 2018, the Group recorded net assets of HK\$507,129,000 and bank balances and cash of HK\$195,242,000. So far as the Company is concerned, based on the financial positions of the Company, and after considering the Company's future cash inflows from investing and financing activities, it is expected that the Company is able to meet its redemption obligations under the convertible notes whose conversion rights are not yet exercised, as it always maintains sufficient liquidity to meet its liabilities which fall due.

Based on the implied internal rate of return of the convertible notes, the Company's share prices at future dates at which it would be equally financially advantageous for the convertible notes holders to convert the convertible notes or have them redeemed were as follows:

Date	Share price HK\$
31 December 2018	1.76 per share
30 May 2019	1.83 per share

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The Audit Committee has reviewed together with the Board and Deloitte Touche Tohmatus, the Company's auditor, the unaudited condensed consolidated financial statements of the Group for the Period. The Audit Committee is satisfied that the unaudited condensed consolidated financial statements of the Group for the Period were prepared in accordance with the applicable accounting standards and fairly present the Group's financial position and results for the Period.

* For identification purposes only

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COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with all applicable code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) throughout the Period except that Mr. Zhong Baisheng, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 16 May 2018 since he had other business engagements, which was deviated from code provision E.1.2 of the CG Code. However, our chief executive officer and executive director, Mr. Li Dongming who was present at the annual general meeting, took the chair of that meeting in accordance with the articles of association of the Company.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules (including amendments as effected from time to time) as its code of conduct for securities transactions by the Directors. After having made specific enquiries with all Directors, all Directors have confirmed that they have complied with the required standards as set out in the Model Code and its code of conduct regarding Directors’ securities transactions throughout the Period.

CHANGES IN INFORMATION OF DIRECTORS

Changes in information of the Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Name of Director	Details of change
Mr. Li Dongming	Appointed as a member of the remuneration committee of the Company with effect from 16 April 2018
Mr. Huang Jingkai	Appointed as a member of the remuneration committee of the Company with effect from 16 April 2018

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Period, the Company has redeemed convertible notes due 2018 with aggregate principal amount of HK\$160,000,000 issued on 16 June 2017 in full together with interest accrued to maturity date. Save as disclosed, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Period.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2018, the interests and short positions of the Directors and chief executive of the Company in the shares or underlying shares of the Company or 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 in the register referred to therein, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Long position in Shares and underlying Shares of the Company

Name of Director	Capacity/ Nature of Interest	Number of Shares held (a)	Number of underlying Shares in respect of the share options held (b)	Total number of Shares and underlying Shares held (a)+(b)	Approximate percentage of shareholding in the Company (Note 10)
Mr. Zhong Baisheng (Note 2)	Interest in a controlled corporation	232,104,800(L)	—	232,104,800(L)	66.34%
Mr. Yip Chee Lai, Charlie (Note 3)	Beneficial owner	6,046,000(L)	4,450,000(L)	10,496,000(L)	3.00%
	Interests of parties to an agreement to acquire interest of the Company	17,984,000(L)	—	17,984,000(L)	5.14%
	Total	24,030,000(L)	4,450,000(L)	28,480,000(L)	8.14%
Mr. Li Dongming (Note 4)	Beneficial owner	—	6,498,600(L)	6,498,600(L)	1.86%
Mr. Huang Jingkai (Note 5)	Beneficial owner	—	6,948,600(L)	6,948,600(L)	1.97%
Ms. Zhang Yan (Note 6)	Beneficial owner	—	650,000(L)	650,000(L)	0.19%
Mr. Han Biao (Note 7)	Beneficial owner	—	550,000(L)	550,000(L)	0.16%
Mr. Wong Lit Chor, Alexis (Note 8)	Beneficial owner	—	400,000(L)	400,000(L)	0.11%
Mr. Li Qi (Note 9)	Beneficial owner	—	550,000(L)	550,000(L)	0.16%

OTHER INFORMATION

Notes:

- (1) The letter “L” denotes the Director’s long position in the Shares or underlying Shares.
- (2) These Shares are held directly by Tempus Holdings (Hong Kong) Limited (“**Tempus Hong Kong**”), which is wholly owned by Tempus Value Chain Limited (“**Tempus Value Chain**”). Tempus Value Chain is wholly owned by Tempus Logistics Group Holdings Ltd.* (騰邦物流集團股份有限公司) (“**Tempus Logistics**”), which is in turn owned as to 65% by Tempus Group Co., Ltd.* (騰邦集團有限公司) (“**Tempus Group**”) and 35% by Shenzhen Pingfeng Jewellery Ltd.* (深圳市平豐珠寶有限公司) (“**Pingfeng Jewellery**”), respectively. Pingfeng Jewellery is owned as to 67% by Mr. Zhong Baisheng and 33% by Ms. Duan Naiqi, respectively. Tempus Group is owned as to 98% by Pingfeng Jewellery, 1.34% by Mr. Zhong Baisheng and 0.66% by Ms. Duan Naiqi, respectively. As at the date of this report, Tempus Hong Kong held 232,104,800 Shares, representing approximately 66.34% of the issued share capital of the Company.
- (3) Mr. Yip Chee Lai, Charlie, Mr. Yip Chee Seng, Mr. Yip Chee Way, David, Mr. Yep Gee Kuarn, Mr. Tan Beng Gim and Ms. Chua Siew Hun (the “**Minority Shareholders**”) have been persons acting in concert since 1 April 2008 pursuant to a confirmatory agreement dated 1 February 2011 entered into by and among them. Accordingly, each of the Minority Shareholders is deemed to be interested in the shares in which the Minority Shareholders are interested pursuant to the SFO. Mr. Yip Chee Lai, Charlie’s long position in the underlying Shares comprises an aggregate of 4,450,000 options granted to him by the Company on 31 August 2015, 26 January 2017 and 16 April 2018 under the Share Option Scheme. Out of these options, 450,000 options are exercisable at the exercise price of HK\$3.38 per Share during the period from 31 August 2016 to 30 August 2019, 2,000,000 options are exercisable at the exercise price of HK\$1.84 per Share during the period from 26 January 2017 to 25 January 2021 and 2,000,000 options are exercisable at the exercise price of HK\$2.13 per Share during the period from 16 April 2018 to 15 April 2022, subject to the vesting schedule.
- (4) Mr. Li Dongming’s long position in the underlying Shares comprises an aggregate of 6,498,600 options granted to him by the Company on 26 January 2017 and 16 April 2018 under the Share Option Scheme. Out of these options, 3,000,000 options are exercisable at the exercise price of HK\$1.84 per Share during the period from 26 January 2017 to 25 January 2021 and 3,498,600 options are exercisable at the exercise price of HK\$2.13 per Share during the period from 16 April 2018 to 15 April 2022, subject to the vesting schedule.
- (5) Mr. Huang Jingkai’s long position in the underlying Shares comprises an aggregate of 6,948,600 options granted to him by the Company on 31 August 2015, 26 January 2017 and 16 April 2018 under the Share Option Scheme. Out of these options, 450,000 options are exercisable at the exercise price of HK\$3.38 per Share during the period from 31 August 2016 to 30 August 2019, 3,000,000 options are exercisable at the exercise price of HK\$1.84 per Share during the period from 26 January 2017 to 25 January 2021 and 3,498,600 options are exercisable at the exercise price of HK\$2.13 per Share during period from 16 April 2018 to 15 April 2022, subject to the vesting schedule.
- (6) Ms. Zhang Yan’s long position in the underlying Shares comprises an aggregate of 650,000 options granted to her by the Company on 31 August 2015, 26 January 2017 and 16 April 2018 under the Share Option Scheme. Out of these options, 250,000 options are exercisable at the exercise price of HK\$3.38 per Share during the period from 31 August 2016 to 30 August 2019, 200,000 options are exercisable at the exercise price of HK\$1.84 per Share during the period from 26 January 2017 to 25 January 2021 and 200,000 options are exercisable at the exercise price of HK\$2.13 per Share during period from 16 April 2018 to 15 April 2022, subject to the vesting schedule.
- (7) Mr. Han Biao’s long position in the underlying Shares comprises an aggregate of 550,000 options granted to him by the Company on 31 August 2015, 26 January 2017 and 16 April 2018 under the Share Option Scheme. Out of these options, 150,000 options are exercisable at the exercise price of HK\$3.38 per Share during the period from 31 August 2016 to 30 August 2019, 200,000 options are exercisable at the exercise price of HK\$1.84 per Share during the period from 26 January 2017 to 25 January 2021 and 200,000 options are exercisable at the exercise price of HK\$2.13 per Share during period from 16 April 2018 to 15 April 2022, subject to the vesting schedule.

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- (8) Mr. Wong Lit Chor, Alexis's long position in the underlying Shares comprises an aggregate of 400,000 options granted to him by the Company on 26 January 2017 and 16 April 2018 under the Share Option Scheme. Out of these options, 200,000 options are exercisable at the exercise price of HK\$1.84 per Share during the period from 26 January 2017 to 25 January 2021 and 200,000 options are exercisable at the exercise price of HK\$2.13 per Share during the period from 16 April 2018 to 15 April 2022, subject to the vesting schedule.
- (9) Mr. Li Qi's long position in the underlying Shares comprises an aggregate of 550,000 options granted to him by the Company on 31 August 2015, 26 January 2017 and 16 April 2018 under the Share Option Scheme. Out of these options, 150,000 options are exercisable at the exercise price of HK\$3.38 per Share during the period from 31 August 2016 to 30 August 2019, 200,000 options are exercisable at the exercise price of HK\$1.84 per Share during the period from 26 January 2017 to 25 January 2021 and 200,000 options are exercisable at the exercise price of HK\$2.13 per Share during the period from 16 April 2018 to 15 April 2022, subject to the vesting schedule.
- (10) Based on a total of 349,876,800 issued Shares of the Company as at 30 June 2018.

* *For identification purposes only*

(ii) Long position in shares of the Company's associated corporation

Name of Director	Name of associated corporation	Number and class of securities in associated corporation interested	Approximate percentage of shareholding in associated corporation
Mr. Zhong Baisheng	Tempus Hong Kong	10,000 Ordinary Shares (L)	100%

Notes:

- (1) The letter "L" denotes the person's long position in the shares or underlying shares of the associated corporation.
- (2) Tempus Hong Kong is wholly owned by Tempus Value Chain, which is wholly owned by Tempus Logistics. Tempus Logistics is owned as to 65% by Tempus Group and 35% by Pingfeng Jewellery, respectively. Pingfeng Jewellery is owned as to 67% by Mr. Zhong Baisheng and 33% by Ms. Duan Naiqi, respectively. Tempus Group is owned as to 98% by Pingfeng Jewellery, 1.34% by Mr. Zhong Baisheng and 0.66% by Ms. Duan Naiqi, respectively. By virtue of the SFO, Mr. Zhong Baisheng is deemed to be interested in the 10,000 shares in Tempus Hong Kong.

Saved as disclosed above and disclosed under the paragraph headed "Share Option Scheme" in this report, as at 30 June 2018, none of the Directors and chief executive of the Company had or was deemed to have interests or short positions in the shares or underlying shares of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would be required to (i) be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, (ii) or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2018, so far as is known to any Directors or chief executive of the Company, the following persons (other than (a) Director(s) or chief executive of the Company) had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares held (a)	Number of underlying Shares in respect of equity derivatives held (b)	Total number of Shares and underlying Shares held (a)+(b)	Approximate percentage of shareholding in the Company (Note 6)
Tempus Hong Kong (Note 2)	Beneficial owner	232,104,800(L)	—	232,104,800(L)	66.34%
Tempus Value Chain (Note 2)	Interest in a controlled corporation	232,104,800(L)	—	232,104,800(L)	66.34%
Tempus Logistics (Note 2)	Interest in a controlled corporation	232,104,800(L)	—	232,104,800(L)	66.34%
Tempus Group (Note 2)	Interest in a controlled corporation	232,104,800(L)	—	232,104,800(L)	66.34%
Pingfeng Jewellery (Note 2)	Interest in a controlled corporation	232,104,800(L)	—	232,104,800(L)	66.34%
Ms. Duan Naiqi (Note 2)	Interest in a controlled corporation	232,104,800(L)	—	232,104,800(L)	66.34%
SCGC Capital Holding Company Limited (Note 3)	Beneficial owner	28,000,000(L)	—	28,000,000(L)	8.00%
Shenzhen Capital (Hong Kong) Company Limited (Note 3)	Interest in a controlled corporation	28,000,000(L)	—	28,000,000(L)	8.00%
Shenzhen Capital Group Co., Ltd. (Note 3)	Interest in a controlled corporation	28,000,000(L)	—	28,000,000(L)	8.00%
Mr. Yip Chee Seng (Note 4)	Beneficial owner	5,774,000(L)	—	5,774,000(L)	1.65%
	Interests of parties to an agreement to acquire interests of the Company	18,256,000(L)	4,450,000(L)	22,706,000(L)	6.49%
	Total	24,030,000(L)	4,450,000(L)	28,480,000(L)	8.14%

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Name of Shareholder	Capacity/ Nature of Interest	Number of Shares held (a)	Number of underlying Shares in respect of equity derivatives held (b)	Total number of Shares and underlying Shares held (a)+(b)	Approximate percentage of shareholding in the Company (Note 6)
Mr. Yep Gee Kuarn (Note 4)	Beneficial owner	6,114,000(L)	—	6,114,000(L)	1.75%
	Interests of parties to an agreement to acquire interests of the Company	17,916,000(L)	4,450,000(L)	22,366,000(L)	6.39%
	Total	24,030,000(L)	4,450,000(L)	28,480,000(L)	8.14%
Mr. Yip Chee Way, David (Note 4)	Beneficial owner	6,096,000(L)	—	6,096,000(L)	1.74%
	Interests of parties to an agreement to acquire interests of the Company	17,934,000(L)	4,450,000(L)	22,384,000(L)	6.40%
	Total	24,030,000(L)	4,450,000(L)	28,480,000(L)	8.14%
Mr. Tan Beng Gim (Note 4)	Beneficial owner	—	—	—	—
	Interests of parties to an agreement to acquire interests of the Company	24,030,000(L)	4,450,000(L)	28,480,000(L)	8.14%
	Total	24,030,000(L)	4,450,000(L)	28,480,000(L)	8.14%
Ms. Chua Siew Hun (Note 4)	Beneficial owner	—	—	—	—
	Interests of parties to an agreement to acquire interests of the Company	24,030,000(L)	4,450,000(L)	28,480,000(L)	8.14%
	Total	24,030,000(L)	4,450,000(L)	28,480,000(L)	8.14%

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Name of Shareholder	Capacity/ Nature of Interest	Number of Shares held (a)	Number of underlying Shares in respect of equity derivatives held (b)	Total number of Shares and underlying Shares held (a)+(b)	Approximate percentage of shareholding in the Company (Note 6)
Wan Tai Investments Limited ("Wan Tai") (Note 5)	Beneficial owner	—	67,510,549(L)	67,510,549(L)	19.30%
CCBI Investments Limited ("CCBI") (Note 5)	Interest in a controlled corporation	—	67,510,549(L)	67,510,549(L)	19.30%
CCB International (Holdings) Limited ("CCB Int'l") (Note 5)	Interest in a controlled corporation	—	67,510,549(L)	67,510,549(L)	19.30%
CCB Financial Holdings Limited ("CCB Financial") (Note 5)	Interest in a controlled corporation	—	67,510,549(L)	67,510,549(L)	19.30%
CCB International Group Holdings Limited ("CCB Int'l Group") (Note 5)	Interest in a controlled corporation	—	67,510,549(L)	67,510,549(L)	19.30%
China Construction Bank Corporation ("CCBC") (Note 5)	Interest in a controlled corporation	—	67,510,549(L)	67,510,549(L)	19.30%
Central Huijin Investment Limited ("Central Huijin") (Note 5)	Interest in a controlled corporation	—	67,510,549(L)	67,510,549(L)	19.30%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares or underlying Shares.
- (2) These Shares are held directly by Tempus Hong Kong, which is wholly owned by Tempus Value Chain. Tempus Value Chain is wholly owned by Tempus Logistics, which is in turn owned as to 65% by Tempus Group and 35% by Pingfeng Jewellery, respectively. Pingfeng Jewellery is owned as to 67% by Mr. Zhong Baisheng and 33% by Ms. Duan Naiqi, respectively. Tempus Group is owned as to 98% by Pingfeng Jewellery, 1.34% by Mr. Zhong Baisheng and 0.66% by Ms. Duan Naiqi, respectively. Therefore, pursuant to Part XV of the SFO, each of Mr. Zhong Baisheng, Ms. Duan Naiqi, Pingfeng Jewellery, Tempus Group, Tempus Logistics and Tempus Value Chain is deemed to be interested in the Shares held by Tempus Hong Kong. As at the date of this report, Tempus Hong Kong held 232,104,800 Shares, representing approximately 66.34% of the issued share capital of the Company.
- (3) SCGC Capital Holding Company Limited is wholly owned by Shenzhen Capital (Hong Kong) Company Limited, which is wholly owned by Shenzhen Capital Group Co., Ltd. Therefore, pursuant to Part XV of the SFO, each of Shenzhen Capital (Hong Kong) Company Limited and Shenzhen Capital Group Co., Ltd. is deemed to be interested in the Shares held by SCGC Capital Holding Company Limited.
- (4) The Minority Shareholders have been the persons acting in concert since 1 April 2008 pursuant to a confirmatory agreement dated 1 February 2011 entered into by and among them. Accordingly, each of the Minority Shareholders is deemed to be interested in the Shares in which the Minority Shareholders are interested pursuant to section 318 of the SFO.

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- (5) Wan Tai's long position in the underlying Shares comprises its interest in convertible bonds issued by the Company on 1 June 2018 which can be converted into 67,510,549 new Shares at the convertible price of HK\$2.37 per Share (subject to adjustment). These underlying Shares held by Wan Tai directly, which is wholly owned by CCBI. CCBI is wholly owned by CCB Int'l, which is in turn wholly owned by CCB Financial. CCB Financial is wholly owned by CCB Int'l Group, which is in turn wholly owned by CCBC. Central Huijin holds 57.11% in CCBC. As such, each of Wan Tai, CCBI, CCB Int'l, CCB Financial, CCB Int'l Group, CCBC and Central Huijin is deemed to be interested in 67,510,549 underlying Shares in the Company by virtue of the SFO.
- (6) Based on a total of 349,876,800 issued Shares as at 30 June 2018.
- (7) The three convertible notes issued by the Company on 16 June 2017 ("**CB 2017**") which has been redeemed by the Company during the Period. Therefore, Ms. Luk Ching, Sanna and Win Success Travel Limited no longer held any CB 2017 of the Company as at 30 June 2018.

Save as disclosed above, as at 30 June 2018, 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, 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 registered kept by the Company under the SFO.

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SHARE OPTION SCHEME

The Company has conditionally adopted the Share Option Scheme on 25 November 2011 for the purpose of enabling the Company to grant options to selected participants as incentives or rewards for their contribution to the Group.

On 29 January 2014, 31 August 2015, 26 January 2017 and 16 April 2018, the Group granted 3,180,000 share options (Lot 1), 5,400,000 share options (Lot 2), 23,420,000 share options (Lot 3) and 34,986,000 share options (Lot 4), respectively, under the Share Option Scheme at the exercise price of HK\$0.62 per share, HK\$3.38 per share, HK\$1.84 per share and HK\$2.13 per share, respectively, to certain Directors, senior management and selected employees of the Group.

At the annual general meeting of the Company held on 26 May 2017 (the “**2017 AGM**”), the shareholders of the Company passed an ordinary resolution to refresh the scheme mandate limit of the Share Option Scheme to 10% of the Shares in issue as at the date of the 2017 AGM. Therefore, the maximum number of Shares which may be issued upon exercise of all share options that may be granted under the refreshed scheme mandate limit is 34,987,680 Shares. For details, please refer to the Company’s circular dated 24 April 2017 and the Company’s announcement dated 26 May 2017.

Details of the movements in the share options during the Period are set out below:

Grantees	Date of grant	Vesting period	Exercise period	Exercise price per Share HK\$	Number of Share Options							
					Outstanding as at 1 January 2018	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	Outstanding as at 30 June 2018		
Directors												
Mr. Li Dongming	26.1.2017	26.1.2017	26.1.2017 – 25.1.2021	1.84	300,000	—	—	—	—	300,000		
		26.1.2017 – 25.1.2018	26.1.2018 – 25.1.2021	1.84	900,000	—	—	—	—	900,000		
		26.1.2017 – 25.1.2019	26.1.2019 – 25.1.2021	1.84	900,000	—	—	—	—	900,000		
		26.1.2017 – 25.1.2020	26.1.2020 – 25.1.2021	1.84	900,000	—	—	—	—	900,000		
	16.4.2018	16.4.2018	16.4.2018 – 15.4.2022	2.13	—	349,860	—	—	—	349,860		
		16.4.2018 – 15.4.2019	16.4.2019 – 15.4.2022	2.13	—	1,049,580	—	—	—	1,049,580		
		16.4.2018 – 15.4.2020	16.4.2020 – 15.4.2022	2.13	—	1,049,580	—	—	—	1,049,580		
		16.4.2018 – 15.4.2021	16.4.2021 – 15.4.2022	2.13	—	1,049,580	—	—	—	1,049,580		
		Sub-total					3,000,000	3,498,600	—	—	—	6,498,600

OTHER INFORMATION

Grantees	Date of grant	Vesting period	Exercise period	Exercise price per Share HK\$	Number of Share Options						
					Outstanding as at 1 January 2018	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	Outstanding as at 30 June 2018	
Mr. Huang Jingkai	31.8.2015	31.8.2015 – 30.8.2016	31.8.2016 – 30.8.2019	3.38	90,000	—	—	—	—	90,000	
		31.8.2015 – 30.8.2017	31.8.2017 – 30.8.2019	3.38	135,000	—	—	—	—	135,000	
		31.8.2015 – 30.8.2018	31.8.2018 – 30.8.2019	3.38	225,000	—	—	—	—	225,000	
	26.1.2017	26.1.2017	26.1.2017 – 25.1.2021	26.1.2017 – 25.1.2021	1.84	300,000	—	—	—	—	300,000
		26.1.2017 – 25.1.2018	26.1.2018 – 25.1.2021	26.1.2018 – 25.1.2021	1.84	900,000	—	—	—	—	900,000
		26.1.2017 – 25.1.2019	26.1.2019 – 25.1.2021	26.1.2019 – 25.1.2021	1.84	900,000	—	—	—	—	900,000
		26.1.2017 – 25.1.2020	26.1.2020 – 25.1.2021	26.1.2020 – 25.1.2021	1.84	900,000	—	—	—	—	900,000
	16.4.2018	16.4.2018	16.4.2018 – 15.4.2022	16.4.2018 – 15.4.2022	2.13	—	349,860	—	—	—	349,860
		16.4.2018 – 15.4.2019	16.4.2019 – 15.4.2022	16.4.2019 – 15.4.2022	2.13	—	1,049,580	—	—	—	1,049,580
		16.4.2018 – 15.4.2020	16.4.2020 – 15.4.2022	16.4.2020 – 15.4.2022	2.13	—	1,049,580	—	—	—	1,049,580
		16.4.2018 – 15.4.2021	16.4.2021 – 15.4.2022	16.4.2021 – 15.4.2022	2.13	—	1,049,580	—	—	—	1,049,580
		Sub-total				3,450,000	3,498,600	—	—	—	6,948,600
	Mr. Yip Chee Lai, Charlie	31.8.2015	31.8.2015 – 30.8.2016	31.8.2016 – 30.8.2019	3.38	90,000	—	—	—	—	90,000
31.8.2015 – 30.8.2017			31.8.2017 – 30.8.2019	3.38	135,000	—	—	—	—	135,000	
31.8.2015 – 30.8.2018			31.8.2018 – 30.8.2019	3.38	225,000	—	—	—	—	225,000	
26.1.2017		26.1.2017	26.1.2017 – 25.1.2021	26.1.2017 – 25.1.2021	1.84	200,000	—	—	—	—	200,000
		26.1.2017 – 25.1.2018	26.1.2018 – 25.1.2021	26.1.2018 – 25.1.2021	1.84	600,000	—	—	—	—	600,000
		26.1.2017 – 25.1.2019	26.1.2019 – 25.1.2021	26.1.2019 – 25.1.2021	1.84	600,000	—	—	—	—	600,000
		26.1.2017 – 25.1.2020	26.1.2020 – 25.1.2021	26.1.2020 – 25.1.2021	1.84	600,000	—	—	—	—	600,000
16.4.2018		16.4.2018	16.4.2018 – 15.4.2022	16.4.2018 – 15.4.2022	2.13	—	200,000	—	—	—	200,000
		16.4.2018 – 15.4.2019	16.4.2019 – 15.4.2022	16.4.2019 – 15.4.2022	2.13	—	600,000	—	—	—	600,000
		16.4.2018 – 15.4.2020	16.4.2020 – 15.4.2022	16.4.2020 – 15.4.2022	2.13	—	600,000	—	—	—	600,000
		16.4.2018 – 15.4.2021	16.4.2021 – 15.4.2022	16.4.2021 – 15.4.2022	2.13	—	600,000	—	—	—	600,000
		Sub-total				2,450,000	2,000,000	—	—	—	4,450,000
Ms. Zhang Yan		31.8.2015	31.8.2015 – 30.8.2016	31.8.2016 – 30.8.2019	3.38	50,000	—	—	—	—	50,000
	31.8.2015 – 30.8.2017		31.8.2017 – 30.8.2019	3.38	75,000	—	—	—	—	75,000	
	31.8.2015 – 30.8.2018		31.8.2018 – 30.8.2019	3.38	125,000	—	—	—	—	125,000	
	26.1.2017	26.1.2017	26.1.2017 – 25.1.2021	26.1.2017 – 25.1.2021	1.84	20,000	—	—	—	—	20,000
		26.1.2017 – 25.1.2018	26.1.2018 – 25.1.2021	26.1.2018 – 25.1.2021	1.84	60,000	—	—	—	—	60,000
		26.1.2017 – 25.1.2019	26.1.2019 – 25.1.2021	26.1.2019 – 25.1.2021	1.84	60,000	—	—	—	—	60,000
		26.1.2017 – 25.1.2020	26.1.2020 – 25.1.2021	26.1.2020 – 25.1.2021	1.84	60,000	—	—	—	—	60,000
	16.4.2018	16.4.2018	16.4.2018 – 15.4.2022	16.4.2018 – 15.4.2022	2.13	—	20,000	—	—	—	20,000
		16.4.2018 – 15.4.2019	16.4.2019 – 15.4.2022	16.4.2019 – 15.4.2022	2.13	—	60,000	—	—	—	60,000
		16.4.2018 – 15.4.2020	16.4.2020 – 15.4.2022	16.4.2020 – 15.4.2022	2.13	—	60,000	—	—	—	60,000
		16.4.2018 – 15.4.2021	16.4.2021 – 15.4.2022	16.4.2021 – 15.4.2022	2.13	—	60,000	—	—	—	60,000
		Sub-total				450,000	200,000	—	—	—	650,000

OTHER INFORMATION

Grantees	Date of grant	Vesting period	Exercise period	Exercise price per Share HK\$	Number of Share Options						
					Outstanding as at 1 January 2018	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	Outstanding as at 30 June 2018	
Mr. Han Biao	31.8.2015	31.8.2015 – 30.8.2016	31.8.2016 – 30.8.2019	3.38	30,000	—	—	—	—	30,000	
		31.8.2015 – 30.8.2017	31.8.2017 – 30.8.2019	3.38	45,000	—	—	—	—	45,000	
		31.8.2015 – 30.8.2018	31.8.2018 – 30.8.2019	3.38	75,000	—	—	—	—	75,000	
	26.1.2017	26.1.2017	26.1.2017 – 25.1.2021	1.84	20,000	—	—	—	—	20,000	
		26.1.2017 – 25.1.2018	26.1.2018 – 25.1.2021	1.84	60,000	—	—	—	—	60,000	
		26.1.2017 – 25.1.2019	26.1.2019 – 25.1.2021	1.84	60,000	—	—	—	—	60,000	
		26.1.2017 – 25.1.2020	26.1.2020 – 25.1.2021	1.84	60,000	—	—	—	—	60,000	
	16.4.2018	16.4.2018	16.4.2018 – 15.4.2022	2.13	—	20,000	—	—	—	—	20,000
		16.4.2018 – 15.4.2019	16.4.2019 – 15.4.2022	2.13	—	60,000	—	—	—	—	60,000
		16.4.2018 – 15.4.2020	16.4.2020 – 15.4.2022	2.13	—	60,000	—	—	—	—	60,000
		16.4.2018 – 15.4.2021	16.4.2021 – 15.4.2022	2.13	—	60,000	—	—	—	—	60,000
		Sub-total				350,000	200,000	—	—	—	550,000
	Mr. Wong Lit Chor, Alexis	26.1.2017	26.1.2017	26.1.2017 – 25.1.2021	1.84	20,000	—	—	—	—	20,000
26.1.2017 – 25.1.2018			26.1.2018 – 25.1.2021	1.84	60,000	—	—	—	—	60,000	
26.1.2017 – 25.1.2019			26.1.2019 – 25.1.2021	1.84	60,000	—	—	—	—	60,000	
26.1.2017 – 25.1.2020			26.1.2020 – 25.1.2021	1.84	60,000	—	—	—	—	60,000	
16.4.2018		16.4.2018	16.4.2018 – 15.4.2022	2.13	—	20,000	—	—	—	—	20,000
		16.4.2018 – 15.4.2019	16.4.2019 – 15.4.2022	2.13	—	60,000	—	—	—	—	60,000
		16.4.2018 – 15.4.2020	16.4.2020 – 15.4.2022	2.13	—	60,000	—	—	—	—	60,000
		16.4.2018 – 15.4.2021	16.4.2021 – 15.4.2022	2.13	—	60,000	—	—	—	—	60,000
		Sub-total				200,000	200,000	—	—	—	400,000
Mr. Li Qi		31.8.2015	31.8.2015 – 30.8.2016	31.8.2016 – 30.8.2019	3.38	30,000	—	—	—	—	30,000
	31.8.2015 – 30.8.2017		31.8.2017 – 30.8.2019	3.38	45,000	—	—	—	—	45,000	
	31.8.2015 – 30.8.2018		31.8.2018 – 30.8.2019	3.38	75,000	—	—	—	—	75,000	
	26.1.2017	26.1.2017	26.1.2017 – 25.1.2021	1.84	20,000	—	—	—	—	20,000	
		26.1.2017 – 25.1.2018	26.1.2018 – 25.1.2021	1.84	60,000	—	—	—	—	60,000	
		26.1.2017 – 25.1.2019	26.1.2019 – 25.1.2021	1.84	60,000	—	—	—	—	60,000	
		26.1.2017 – 25.1.2020	26.1.2020 – 25.1.2021	1.84	60,000	—	—	—	—	60,000	
	16.4.2018	16.4.2018	16.4.2018 – 15.4.2022	2.13	—	20,000	—	—	—	—	20,000
		16.4.2018 – 15.4.2019	16.4.2019 – 15.4.2022	2.13	—	60,000	—	—	—	—	60,000
		16.4.2018 – 15.4.2020	16.4.2020 – 15.4.2022	2.13	—	60,000	—	—	—	—	60,000
		16.4.2018 – 15.4.2021	16.4.2021 – 15.4.2022	2.13	—	60,000	—	—	—	—	60,000
		Sub-total				350,000	200,000	—	—	—	550,000

OTHER INFORMATION

Grantees	Date of grant	Vesting period	Exercise period	Exercise price per Share HK\$	Number of Share Options						
					Outstanding as at 1 January 2018	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	Outstanding as at 30 June 2018	
Other eligible participants	31.8.2015	31.8.2015 – 30.8.2016	31.8.2016 – 30.8.2019	3.38	600,000	—	—	—	—	600,000	
		31.8.2015 – 30.8.2017	31.8.2017 – 30.8.2019	3.38	900,000	—	—	—	—	900,000	
		31.8.2015 – 30.8.2018	31.8.2018 – 30.8.2019	3.38	1,500,000	—	—	—	—	1,500,000	
	26.1.2017	26.1.2017	26.1.2017 – 25.1.2021	1.84	1,312,000	—	—	—	—	1,312,000	
		26.1.2017 – 25.1.2018	26.1.2018 – 25.1.2021	1.84	3,936,000	—	—	—	—	3,936,000	
		26.1.2017 – 25.1.2019	26.1.2019 – 25.1.2021	1.84	3,936,000	—	—	—	—	3,936,000	
		26.1.2017 – 25.1.2020	26.1.2020 – 25.1.2021	1.84	3,936,000	—	—	—	—	3,936,000	
	16.4.2018	16.4.2018	16.4.2018 – 15.4.2022	2.13	—	2,518,880	—	—	—	2,518,880	
		16.4.2018 – 15.4.2019	16.4.2019 – 15.4.2022	2.13	—	7,556,640	—	—	—	7,556,640	
		16.4.2018 – 15.4.2020	16.4.2020 – 15.4.2022	2.13	—	7,556,640	—	—	—	7,556,640	
		16.4.2018 – 15.4.2021	16.4.2021 – 15.4.2022	2.13	—	7,556,640	—	—	—	7,556,640	
		Sub-total				16,120,000	25,188,800	—	—	—	41,308,800
		Total				26,370,000	34,986,000	—	—	—	61,356,000

Note:

- (1) The closing price of the Shares of the Company immediately before 16 April 2018, the date on which the Lot 4 share options were granted, was HK\$2.18.
- (2) Further details of the Share Option Scheme are set out in note 29 to the interim financial statements.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF TEMPUS HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

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 31 to 80, which comprise the condensed consolidated statement of financial position as of 30 June 2018 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The 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

28 August 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	NOTES	Six months ended	
		30 June 2018 HK\$'000 (Unaudited)	30 June 2017 HK\$'000 (Unaudited and restated)
Revenue	4A, 4B	387,023	385,770
Cost of sales		(239,064)	(232,471)
Gross profit		147,959	153,299
Other income	5	12,227	10,579
Other gains and losses	6	33,931	5,440
Share of results of joint ventures		(1,135)	—
Share of results of associates		3,750	—
Selling and distribution expenses		(103,773)	(117,391)
Administrative expenses		(54,423)	(41,207)
Finance costs	7	(26,858)	(2,120)
Profit before tax	8	11,678	8,600
Income tax expense	9	(4,548)	(4,214)
Profit for the period		7,130	4,386
Other comprehensive (expense) income for the period:			
Item that may be subsequently reclassified to profit or loss:			
Exchange difference arising on translation		(5,655)	6,024
Item that will not be reclassified to profit or loss:			
Revaluation gain on transfer of owner-occupied properties to investment properties	12	—	2,332
		(5,655)	8,356
Profit and total comprehensive income for the period		1,475	12,742

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	NOTE	Six months ended	
		30 June 2018 HK\$'000 (Unaudited)	30 June 2017 HK\$'000 (Unaudited and restated)
Profit for the period attributable to:			
Owners of the Company		4,266	2,516
Non-controlling interests		2,864	1,870
		7,130	4,386
Total comprehensive (expense) income attributable to:			
Owners of the Company		(528)	9,854
Non-controlling interests		2,003	2,888
		1,475	12,742
Earnings per share			
Basic (HK cents)	11	1.22	0.72
Diluted (HK cents)		1.22	0.72

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	NOTES	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	12	103,651	92,235
Investment properties	13	382,200	354,600
Investments in joint ventures	14	34,949	35,516
Investments in associates	15	78,970	1,838
Financial assets at fair value through profit or loss	16	29,046	—
Available-for-sale investments	16	—	27,924
Deferred tax assets		1,253	1,253
Intangible assets		2,665	3,046
Goodwill		2,657	2,657
Utility and other deposits paid		18,257	40,843
		653,648	559,912
Current assets			
Inventories	17	72,439	35,197
Trade, bills and other receivables	18	238,812	219,587
Utility and other deposits paid		12,430	18,784
Available-for-sale investments	16	—	29,876
Loans receivable	19	50,000	39,000
Amounts due from fellow subsidiaries		214	556
Amount due from an intermediate holding company		1,711	—
Tax recoverable		1,199	1,143
Pledged bank deposits		9,517	9,678
Bank balances and cash		195,242	135,122
		581,564	488,943

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	NOTES	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Current liabilities			
Trade and other payables	20	126,365	124,685
Contract liabilities	21	25,636	—
Amounts due to fellow subsidiaries		—	1,054
Amount due to an intermediate holding company		1,232	—
Obligations under finance leases		1,858	2,239
Tax payable		9,409	10,109
Bank borrowings - due within one year	22	132,435	74,180
Convertible notes	23	160,082	159,678
Senior note	24	100,426	100,451
		557,443	472,396
Net current assets			
		24,121	16,547
Total assets less current liabilities			
		677,769	576,459
Non-current liabilities			
Obligations under finance leases		3,593	3,146
Bank borrowings - due after one year	22	167,047	75,139
Amount due to an intermediate holding company		—	15,332
		170,640	93,617
Net assets			
		507,129	482,842
Capital and reserves			
Share capital	25	27,279	27,279
Reserves		426,625	404,341
Equity attributable to owners of the Company		453,904	431,620
Non-controlling interests		53,225	51,222
Total equity			
		507,129	482,842

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to the owners of the Company										Non-controlling interests	Total		
	Share capital	Share premium	Share option reserve	Capital redemption reserve	Share option reserve	Translation reserve	Capital reserve	Property revaluation reserve	Other reserve	Statutory reserve			Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2017 (audited)	27,279	360,207	3,221	32	(11,157)	(128,447)	—	35,822	9,165	150,226	446,348	41,682	488,030	
Profit for the period	—	—	—	—	—	—	—	—	—	2,516	2,516	1,870	4,386	
Other comprehensive income for the period	—	—	—	—	5,006	—	—	—	—	—	—	1,018	6,024	
– exchange difference arising on translation	—	—	—	—	5,006	—	—	—	—	—	—	1,018	6,024	
– revaluation gain on transfer of owner-occupied properties to investment properties	—	—	—	—	—	—	2,332	—	—	—	2,332	—	2,332	
	—	—	—	—	5,006	—	2,332	—	—	—	7,338	1,018	8,356	
Total comprehensive income for the period	—	—	—	—	5,006	—	2,332	—	—	2,516	9,854	2,888	12,742	
Recognition of equity-settled share-based payments	—	—	2,546	—	—	—	—	—	—	—	2,546	—	2,546	
Adjustments arising from business combination of entities under common control	—	—	—	—	—	—	—	—	—	—	—	—	—	
– Dividends paid by SZ Tempus Value Chain (as defined in note 2)	—	—	—	—	—	—	—	—	—	(945)	(945)	(585)	(1,530)	
Transfer upon forfeiture of share options	—	—	(414)	—	—	—	—	—	—	414	—	—	—	
At 30 June 2017 (unaudited and restated)	27,279	360,207	5,353	32	(6,151)	(128,447)	2,332	35,822	9,165	152,211	457,803	43,985	501,788	

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to the owners of the Company												
	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	Property		Statutory reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
							revaluation reserve HK\$'000	Other reserve HK\$'000					
At 31 December 2017 (audited)	27,279	360,207	32	7,937	(195)	(128,447)	2,332	(20,796)	11,630	171,641	431,620	51,222	482,842
Adjustments (note 3)	—	—	—	—	—	—	—	—	—	28,914	28,914	—	28,914
At 1 January 2018 (restated)	27,279	360,207	32	7,937	(195)	(128,447)	2,332	(20,796)	11,630	200,555	460,534	51,222	511,756
Profit for the period	—	—	—	—	—	—	—	—	—	4,266	4,266	2,864	7,130
Other comprehensive expense for the period	—	—	—	—	—	—	—	—	—	—	—	—	—
– exchange difference arising on translation	—	—	—	—	(4,794)	—	—	—	—	—	(4,794)	(861)	(5,655)
Total comprehensive (expense) income for the period	—	—	—	—	(4,794)	—	—	—	—	4,266	(528)	2,003	1,475
Recognition of equity-settled share-based payments	—	—	—	1,945	—	—	—	—	—	—	1,945	—	1,945
Dividend paid (note 10)	—	—	—	—	—	—	—	—	—	(8,047)	(8,047)	—	(8,047)
At 30 June 2018 (unaudited)	27,279	360,207	32	9,882	(4,989)	(128,447)	2,332	(20,796)	11,630	196,774	453,904	53,225	507,129

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended	
	30 June	30 June
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited and restated)
Operating activities		
Operating cash flows before movements in working capital	8,453	13,480
(Increase) decrease in inventories	(37,646)	7,490
Increase in trade, bills and other receivables	(22,984)	(18,309)
(Increase) decrease in utility and other deposits paid	(7,208)	304
Increase in trade and other payables	33,596	2,390
Other movements in working capital items	(1,191)	(1,590)
Cash (used in) from operations	(26,980)	3,765
Income taxes paid	(2,865)	(3,630)
Net cash (used in) from operating activities	(29,845)	135
Investing activities		
Acquisition and investment in an associate	(37,456)	—
Proceeds on disposal of financial assets at fair value through profit or loss	47,910	—
Purchases of property, plant and equipment	(17,946)	(2,038)
Interest received	1,548	2,103
Withdrawal of pledged bank deposit	161	2,000
Placement of bank deposits with original maturity over three months	—	(8,920)
Withdrawal of bank deposits with original maturity over three months	4,045	7,000
Loans advance to third parties	(20,000)	(58,230)
Repayment of a loan from a third party	9,000	—
Other investing cash flows	2,358	186
Net cash used in investing activities	(10,380)	(57,899)
Financing activities		
Dividend paid	(8,047)	—
Dividend paid by SZ Tempus Value Chain as defined in Note 2	—	(1,530)
Interest paid	(18,644)	(1,726)
Proceeds on issue of convertible notes	160,000	160,000
Redemption of convertible notes	(160,000)	—
New bank borrowings raised	243,441	19,337
Repayment of bank borrowings	(93,278)	(19,355)
Payment for the acquisition of entities under common control	(15,332)	—
Other financing cash flows	(2,450)	(1,174)
Net cash from financing activities	105,690	155,552

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended	
	30 June	30 June
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited and restated)
Net increase in cash and cash equivalents	65,465	97,788
Cash and cash equivalents at the beginning of the period	131,077	224,493
Effect of foreign exchange rate changes	(1,300)	1,211
Cash and cash equivalents at the end of the period	195,242	323,492
Analysis of the balance of cash and cash equivalents		
Bank balances and cash	195,242	332,890
Bank deposits with original maturity over three months	—	(8,920)
Bank overdrafts	—	(478)
	195,242	323,492

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

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. BASIS OF PREPARATION

Merger accounting and restatements

Acquisition of Shenzhen Tempus Value Chain Co., Ltd. (深圳市騰邦價值鏈股份有限公司) (“SZ Tempus Value Chain”) by the Company

On 26 May 2017, Tempus Logistics Group Holding Ltd (騰邦物流集團股份有限公司) (“Tempus Logistics”), a company established in the People’s Republic of China (the “PRC”) and an intermediate holding company of the Company which indirectly holds approximately 66.3% of the total issued shares of the Company, entered into a sale and purchase agreement, to transfer its entire 61.75% interest in SZ Tempus Value Chain and its subsidiaries (collectively referred to as the “SZ Tempus Value Chain Group”) to the Company for a consideration of RMB48,165,000 (equivalent to HK\$56,618,000) (the “Acquisition”). Details of the Acquisition was set out in the circular of the Company dated on 23 June 2017. SZ Tempus Value Chain is a company established in the PRC and the SZ Tempus Value Chain Group is engaged in provision of supply chain solution including logistics and storage services. The Acquisition was completed on 30 November 2017. During the year ended 31 December 2017, out of the total consideration, RMB34,817,000 (equivalent to HK\$41,286,000) was satisfied by cash.

The Group and the SZ Tempus Value Chain Group are under the common control of Tempus Logistics before and after the date of Acquisition, and that control is not transitory. The Group and the SZ Tempus Value Chain Group are regarded as continuing entities as at the date of business combinations and hence the Acquisition has been accounted for as combinations of entities under common control by applying the principles of merger accounting in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” (“AG 5”) issued by the HKICPA. Accordingly, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group for the prior period included the results of operations, changes in equity and cash flows of SZ Tempus Value Chain Group as if the current group structure upon the completion of the group reorganisation had been in existence throughout the period ended 30 June 2017.

In addition, after the above combinations, the directors of the Company are of the opinion that the presentation of the condensed consolidated statement of profit or loss and other comprehensive income of the Group by function of expense is able to provide more relevant and reliable information to users of the condensed consolidated financial statements of the Group compared to that by nature of expense adopted by the Group previously. Accordingly, apart from the restatement in applying AG 5 mentioned above, comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have also been re-presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

2. BASIS OF PREPARATION *(Continued)*

Merger accounting and restatements *(Continued)*

The effect of restatements on the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2017 in applying AG 5 and change of presentation by line items is as follows:

	Six months ended 30 June 2017 HK\$'000 (Unaudited and originally stated)	Change of presentation of condensed consolidated statement of profit or loss and other comprehensive income HK\$'000	Business combination of entities under common control HK\$'000	Six months ended 30 June 2017 HK\$'000 (Unaudited and restated)
Revenue	290,655	—	95,115	385,770
Cost of sales	—	(147,222)	(85,249)	(232,471)
Gross profit	290,655	(147,222)	9,866	153,299
Other income	10,310	—	269	10,579
Other gains and losses	5,479	—	(39)	5,440
Change in inventories of finished goods	(1,456)	1,456	—	—
Finished goods purchased	(115,848)	115,848	—	—
Selling and distribution expenses	—	(113,497)	(3,894)	(117,391)
Administrative expenses	—	(39,441)	(1,766)	(41,207)
Staff costs	(67,997)	67,997	—	—
Depreciation expense	(7,151)	7,151	—	—
Finance costs	(2,120)	—	—	(2,120)
Other expenses	(107,708)	107,708	—	—
Profit before tax	4,164	—	4,436	8,600
Income tax expense	(3,188)	—	(1,026)	(4,214)
Profit for the period	976	—	3,410	4,386

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

2. BASIS OF PREPARATION (Continued)

Merger accounting and restatements (Continued)

	Six months ended 30 June 2017 HK\$'000 (Unaudited and originally stated)	Change of presentation of condensed consolidated statement of profit or loss and other comprehensive income HK\$'000	Business combination of entities under common control HK\$'000	Six months ended 30 June 2017 HK\$'000 (Unaudited and restated)
Other comprehensive income for the period:				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange difference arising on translation	3,363	—	2,661	6,024
<i>Item that will not be reclassified to profit or loss:</i>				
Revaluation gain on transfer of owner-occupied properties to investment properties	2,332	—	—	2,332
	5,695	—	2,661	8,356
Profit and total comprehensive income for the period	6,671	—	6,071	12,742
Profit for the period attributable to:				
Owners of the Company	410	—	2,106	2,516
Non-controlling interests	566	—	1,304	1,870
	976	—	3,410	4,386
Total comprehensive income for the period attributable to:				
Owners of the Company	6,105	—	3,749	9,854
Non-controlling interests	566	—	2,322	2,888
	6,671	—	6,071	12,742

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

2. BASIS OF PREPARATION *(Continued)*

Merger accounting and restatements *(Continued)*

The effect of restatements on the condensed consolidated statement of cash flows for the six months ended 30 June 2017 in applying AG 5 is as follows:

	Six months ended 30 June 2017 HK\$'000 (Unaudited and originally stated)	Business combination of entities under common control HK\$'000	Six months ended 30 June 2017 HK\$'000 (Unaudited and restated)
Net cash from (used in) operating activities	21,211	(21,076)	135
Investing activities			
Purchases of property, plant and equipment	(2,038)	—	(2,038)
Interest received	1,539	564	2,103
Withdrawal of pledged bank deposit	2,000	—	2,000
Placement of bank deposits with original maturity over three months	(8,920)	—	(8,920)
Withdrawal of bank deposits with original maturity over three months	7,000	—	7,000
Loans advance to third parties	(58,230)	—	(58,230)
Other investing cash flows	186	—	186
Net cash (used in) from investing activities	(58,463)	564	(57,899)
Financing activities			
Dividend paid by SZ Tempus Value Chain	—	(1,530)	(1,530)
Proceeds on issue of convertible notes	160,000	—	160,000
New bank borrowings raised	19,337	—	19,337
Repayments of bank borrowings	(19,355)	—	(19,355)
Other financing cash flows	(2,900)	—	(2,900)
Net cash from (used in) financing activities	157,082	(1,530)	155,552

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

2. BASIS OF PREPARATION *(Continued)*

Merger accounting and restatements *(Continued)*

The effect of restatements on the condensed consolidated statement of cash flows for the six months ended 30 June 2017 in applying AG 5 is as follows: *(Continued)*

	Six months ended 30 June 2017 HK\$'000 (Unaudited and originally stated)	Business combination of entities under common control HK\$'000	Six months ended 30 June 2017 HK\$'000 (Unaudited and restated)
Net increase (decrease) in cash and cash equivalents	119,830	(22,042)	97,788
Cash and cash equivalents at beginning of the period	163,107	61,386	224,493
Effect of foreign exchange rate changes	864	347	1,211
Cash and cash equivalents at end of the period	283,801	39,691	323,492
Analysis of the balances of cash and cash equivalents			
Bank balances and cash	293,199	39,691	332,890
Bank deposits with original maturity over three months	(8,920)	—	(8,920)
Bank overdrafts	(478)	—	(478)
	283,801	39,691	323,492

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and financial instruments which are measured at fair values at the end of the reporting period.

Other than changes in accounting policies resulting from application of new Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2017.

Application of new and amendments to HKFRSs and an interpretation

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs and an interpretation issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards which results in changes in accounting policies and amounts reported as described below.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations. HKFRS 15 applies to all contracts with customers except for leases within the scope of HKAS 17 *Leases*.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and HKAS 11 and the related interpretations.

3.1.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers *(Continued)*

3.1.1 Key changes in accounting policies resulting from application of HKFRS 15 *(Continued)*

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The Group recognises revenue from (i) sales of health and wellness products; (ii) trading and distribution of cross-border consumer products, and (iii) provision of logistics services.

Revenue from sales of health and wellness products (including relaxation, fitness and other products) are recognised at a point in time, when control of the good is transferred to the customer, i.e. when goods are delivered to the customer. Customers does not have the option to purchase a warranty separately and warranty is provided to customers for the assuring that the product complies with agreed-upon specifications (i.e. assurance-type warranties). The Group accounts for such warranty in accordance with HKAS 37 *Provision, Contingent Liabilities and Contingent Assets*.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers *(Continued)*

3.1.1 Key changes in accounting policies resulting from application of HKFRS 15 *(Continued)*

Revenue from trading business represents trading of cross-border consumer products are recognised at a point in time, when control of the good is transferred to the customer, i.e. when goods are delivered to the customer.

Revenue from logistics business represents freight forwarding services and storage services. Freight forwarding services include delivery and distribution of goods. Storage services include loading and unloading and storage management services.

Revenue from logistics business is recognised over time when the customers simultaneously receive and consume the benefits from the Group's performance. Input method is used to measure the progress towards complete satisfaction of a performance obligation which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers *(Continued)*

3.1.2 Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2017 HK\$'000	Reclassification HK\$'000	Carrying amounts under HKFRS 15 at 1 January 2018 HK\$'000
Current Liabilities			
Trade and other payables (Note)	124,685	(10,894)	113,791
Contract liabilities (Note)	—	10,894	10,894

Note: As at 1 January 2018, deposits received in advance from customers on trading of goods and provision of logistics services of HK\$10,894,000 previously included in trade and other payables were reclassified to contract liabilities.

The following tables summarise the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 June 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

	As reported HK\$'000	Adjustments HK\$'000	Amounts without application of HKFRS 15 HK\$'000
Current Liabilities			
Trade and other payables (Note)	126,365	25,636	152,001
Contract liabilities (Note)	25,636	(25,636)	—

Note: As at 30 June 2018, deposits received in advance from customers on trading of goods and provision of logistics services of HK\$25,636,000 were classified as contract liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments

In the current period, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses (“ECL”) for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

3.2.1 Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (“FVTOCI”):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments *(Continued)*

3.2.1 Key changes in accounting policies resulting from application of HKFRS 9 *(Continued)*

Classification and measurement of financial assets *(Continued)*

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application / initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in Note 3.2.2.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade, bills and other receivables, loans receivable, amounts due from fellow subsidiaries, amount due from an intermediate holding company, pledged bank deposits and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments *(Continued)*

3.2.1 Key changes in accounting policies resulting from application of HKFRS 9 *(Continued)*

Impairment under ECL model *(Continued)*

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments *(Continued)*

3.2.1 Key changes in accounting policies resulting from application of HKFRS 9 *(Continued)*

Impairment under ECL model *(Continued)*

The Group considers the pledged bank deposits and the bank balances to have a low credit risk because the majority of the counterparties are banks with external credit rating of “investment grade” as per globally understood definitions.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade, bills and other receivables where the corresponding adjustment is recognised through a loss allowance account.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group’s existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The directors of the Company considered that the impairment allowance under ECL model was insignificant as at 1 January 2018 and 30 June 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments *(Continued)*

3.2.2 Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Available- for-sale investments HK\$'000	Financial assets at FVTPL required by HKFRS 9 HK\$'000	Retained profits HK\$'000	Deferred tax liabilities HK\$'000
Closing balance at 31 December 2017 - HKAS 39	57,800	—	171,641	—
Effect arising from initial application of HKFRS 9:				
Reclassification				
From available-for-sale investments (Note)	(57,800)	57,800	—	—
Remeasurement				
From cost less impairment to fair value (Note)	—	31,164	28,914	2,250
Opening balance at 1 January 2018	—	88,964	200,555	2,250

Note: At the date of initial application of HKFRS 9, the Group's equity investments of HK\$57,800,000 were reclassified from available-for-sale investments to financial assets at FVTPL. The fair value gain of HK\$31,164,000 relating to those equity investments previously carried at cost less impairment were adjusted to financial assets at FVTPL, retained profits and deferred tax liabilities as at 1 January 2018.

Except as described above, the application of other amendments to HKFRSs and an interpretation 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 June 2018

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.3 Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the entity's accounting policies above, the opening condensed consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each individual line item.

	31 December 2017 HK\$'000 (Audited)	Impact on adoption of HKFRS 15 HK\$'000	Impact on adoption of HKFRS 9 HK\$'000	1 January 2018 HK\$'000 (Restated)
Non-current assets				
Property, plant and equipment	92,235	—	—	92,235
Investment properties	354,600	—	—	354,600
Investments in joint ventures	35,516	—	—	35,516
Investments in associates	1,838	—	—	1,838
Financial assets at FVTPL	—	—	28,355	28,355
Available-for-sale investments	27,924	—	(27,924)	—
Deferred tax assets	1,253	—	—	1,253
Intangible assets	3,046	—	—	3,046
Goodwill	2,657	—	—	2,657
Utility and other deposits paid	40,843	—	—	40,843
	559,912	—	431	560,343
Current assets				
Inventories	35,197	—	—	35,197
Trade, bills and other receivables	219,587	—	—	219,587
Utility and other deposits paid	18,784	—	—	18,784
Financial assets at FVTPL	—	—	60,609	60,609
Available-for-sale investments	29,876	—	(29,876)	—
Loans receivable	39,000	—	—	39,000
Amounts due from fellow subsidiaries	556	—	—	556
Tax recoverable	1,143	—	—	1,143
Pledged bank deposits	9,678	—	—	9,678
Bank balances and cash	135,122	—	—	135,122
	488,943	—	30,733	519,676

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.3 Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards *(Continued)*

	31 December 2017 HK\$'000 (Audited)	Impact on adoption of HKFRS 15 HK\$'000	Impact on adoption of HKFRS 9 HK\$'000	1 January 2018 HK\$'000 (Restated)
Current liabilities				
Trade and other payables	124,685	(10,894)	—	113,791
Contract liabilities	—	10,894	—	10,894
Amounts due to fellow subsidiaries	1,054	—	—	1,054
Obligations under finance leases	2,239	—	—	2,239
Tax payable	10,109	—	—	10,109
Bank borrowings - due within one year	74,180	—	—	74,180
Convertible notes	159,678	—	—	159,678
Senior note	100,451	—	—	100,451
Deferred tax liabilities	—	—	2,250	2,250
	472,396	—	2,250	474,646
Net current assets	16,547	—	28,483	45,030
Total assets less current liabilities	576,459	—	28,914	605,373
Non-current liabilities				
Obligations under finance leases	3,146	—	—	3,146
Bank borrowings - due after one year	75,139	—	—	75,139
Amount due to an intermediate holding company	15,332	—	—	15,332
	93,617	—	—	93,617
Net assets	482,842	—	28,914	511,756
Capital and Reserves				
Share capital	27,279	—	—	27,279
Reserves	404,341	—	28,914	433,255
Equity attributable to owners of the Company	431,620	—	28,914	460,534
Non-controlling interests	51,222	—	—	51,222
Total Equity	482,842	—	28,914	511,756

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

4A. REVENUE FROM GOODS AND SERVICES

Disaggregation of revenue

For the six months ended 30 June 2018

	Health and wellness business segment HK\$'000 (Unaudited)	Trading and logistics business segment HK\$'000 (Unaudited)
Types of goods or service		
Sales of health and wellness products:		
Relaxation products	199,611	—
Fitness and other products	8,882	—
	208,493	—
Sales of cross-border consumer products	—	13,449
Provision of freight forwarding services	—	151,443
Provision of storage services	—	13,638
	—	178,530
Total	208,493	178,530
Geographical markets		
Hong Kong	77,351	43,247
Macau	13,197	—
PRC	89,563	135,283
Singapore	24,234	—
Malaysia	4,148	—
Total	208,493	178,530
Timing of revenue recognition		
A point in time	208,493	13,449
Over time	—	165,081
Total	208,493	178,530

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

4B. REVENUE AND SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable and operating segments based on information reported to the chief operating decision maker for the purposes of performance assessment and resource allocation.

The Group's reportable and operating segments under HKFRS 8 *Operating Segments* are as follows:

- Health and wellness business — Sales and research and development of health and wellness related products
- Trading and logistics business — Trading and distribution of cross-border consumer products, and provision of logistics services, including freight forwarding and storage services

The contracts for sales of goods and services to external customers are short-term and the contract prices are agreed and fixed with the customers.

For the six months ended 30 June 2018

	Health and wellness business HK\$'000	Trading and logistics business HK\$'000	Total HK\$'000 (Unaudited)
Revenue			
External sales	208,493	178,530	387,023
Inter-segment sales	—	1,875	1,875
Segment revenue	208,493	180,405	388,898
Elimination			(1,875)
Group revenue			387,023
Segment profit	10,359	12,713	23,072
Share of results of joint ventures			(1,135)
Share of results of associates			3,750
Unallocated administrative expenses			(22,630)
Other gains and losses			33,931
Bank interest income			161
Interest income on loans receivable			1,387
Finance costs			(26,858)
Profit before tax			11,678
Income tax expense			(4,548)
Profit for the period			7,130

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

4B. REVENUE AND SEGMENT INFORMATION *(Continued)*

For the six months ended 30 June 2017

	Health and wellness business HK\$'000	Trading and logistics business HK\$'000 (Restated)	Total HK\$'000 (Unaudited and restated)
Revenue			
External sales	208,421	177,349	385,770
Inter-segment sales	—	2,297	2,297
Segment revenue	208,421	179,646	388,067
Elimination			(2,297)
Group revenue			385,770
Segment profit	10,343	6,619	16,962
Unallocated administrative expenses			(13,490)
Other gains and losses			5,440
Bank interest income			852
Interest income on loans receivable			956
Finance costs			(2,120)
Profit before tax			8,600
Income tax expense			(4,214)
Profit for the period			4,386

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

5. OTHER INCOME

	Six months ended	
	30 June 2018 HK\$'000 (Unaudited)	30 June 2017 HK\$'000 (Unaudited and restated)
Bank interest income	161	852
Interest income on loans receivable	1,387	956
Rental income	6,095	3,598
Government grant (Note)	2,358	184
Sundry income	2,226	4,989
	12,227	10,579

Note: The amount represented subsidies from government authority without any specific conditions attached to the grants.

6. OTHER GAINS AND LOSSES

	Six months ended	
	30 June 2018 HK\$'000 (Unaudited)	30 June 2017 HK\$'000 (Unaudited and restated)
Gain on fair value change of derivative embedded in convertible notes	7,609	—
Gain on fair value change on financial assets at FVTPL	691	—
Gain on fair value change of investment properties	27,600	5,146
Gain on disposal of property, plant and equipment	412	168
Net exchange (loss) gain	(2,381)	126
	33,931	5,440

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

7. FINANCE COSTS

	Six months ended	
	30 June 2018 HK\$'000 (Unaudited)	30 June 2017 HK\$'000 (Unaudited)
Interest on:		
Bank borrowings	3,023	1,528
Convertible notes (Note 23)	19,134	394
Finance leases	226	198
Senior note (Note 24)	4,475	—
	26,858	2,120

8. PROFIT BEFORE TAX

	Six months ended	
	30 June 2018 HK\$'000 (Unaudited)	30 June 2017 HK\$'000 (Unaudited and restated)
Profit before tax has been arrived at after charging:		
Cost of inventories recognised as an expense	102,679	117,304
Depreciation of property, plant and equipment	7,375	6,955
Operating lease payments in respect of rented premises (included in cost of sales)		
- Minimum lease payments	39,279	31,513
- Contingent rent	22,653	20,246

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

9. INCOME TAX EXPENSE

	Six months ended	
	30 June	30 June
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited and restated)
Current tax:		
Hong Kong Profits Tax	948	563
Macau Complementary Income Tax	414	447
Malaysian Corporate Income Tax	12	10
Singapore Corporate Income Tax	132	—
The PRC Enterprise Income Tax	5,292	3,194
	6,798	4,214
Deferred tax credit	(2,250)	—
	4,548	4,214

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both periods.

The Macau Complementary Income Tax is calculated at 12% of the estimated assessable profit for both periods exceeding Macanese Pataca 600,000.

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

Taxable income of the subsidiary in Singapore is subject to corporate income tax at the rate of 17% of taxable income for the current interim period.

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

10. DIVIDENDS

	Six months ended	
	30 June	30 June
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Dividend for ordinary shareholders of the Company recognised as distribution during the period:		
For the year ended 31 December 2017		
Final - HK cents 2.3 per share	8,047	—

The directors of the Company have resolved not to declare interim dividend for both interim periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

11. 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:

	Six months ended	
	30 June	30 June
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited and restated)
Earnings		
Profit for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share	4,266	2,516
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	349,877	349,877

Note: The computation of diluted earnings per share for both interim periods does not assume the exercise of the Company's share options because the exercise price of each of those share options was higher than the average market price of the Company's shares and does not assume the conversion of the Company's outstanding convertible notes since their assumed conversion would result in an increase in earnings per share.

12. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment of HK\$20,236,000 (six months ended 30 June 2017: HK\$2,038,000).

On 2 March 2017, the Group rented out certain properties located in Hong Kong to fellow subsidiaries and transferred owner-occupied properties to investment properties (note 13). The carrying amount and fair value of the properties were approximately HK\$248,668,000 and HK\$251,000,000 on the date of transfer, respectively. The excess of HK\$2,332,000 of the fair value over the carrying amount was recorded in other comprehensive income as a revaluation gain.

The fair values of the above properties at the date of transfer have been arrived with reference to a valuation carried out on that date by APAC Asset Valuation and Consulting Limited, an independent qualified professional valuer not connected with the Group, using the direct comparison approach by making reference to comparable sales transactions as available on the relevant markets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

13. MOVEMENT IN INVESTMENT PROPERTIES

The Group's investment properties at 30 June 2018 were stated at fair value which had been arrived at on the basis of a valuation carried out by Cushman & Wakefield Limited, an independent professional valuer not connected with the Group, member of the Hong Kong Institute of Surveyors and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The valuation has been arrived at using direct comparison method or income capitalisation method, where appropriate. In the valuation, the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighbourhood. The capitalisation rate adopted, being the reversion yield, is made by reference to the yield rates observed by the valuer for the similar properties in the locality and adjusted based on the valuer's knowledge of the factors specific to the respective properties.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

During the current interim period, a gain on fair value change of HK\$27,600,000 was included in other gains and losses in note 6 (six months ended 30 June 2017: HK\$5,146,000).

For the purpose of measuring deferred tax liability arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment properties and determined that the presumption to recover the carrying amounts of investment properties through sale is not rebutted. As a result, the Group does not recognise deferred tax on changes in fair value of investment properties (if any) as the Group is not subject to any income taxes on disposal of its investment properties.

The following table gives information about how the fair values of these investment properties as at 30 June 2018 and 31 December 2017 are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 3) based on the degree to which the inputs to the fair value measurements is observable.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

14. INVESTMENTS IN JOINT VENTURES

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Cost of investments, unlisted	36,198	36,198
Share of post-acquisition losses and other comprehensive expense	(1,249)	(682)
	34,949	35,516

15. INVESTMENTS IN ASSOCIATES

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Cost of investments, unlisted	75,319	1,840
Share of post-acquisition profits (losses) and other comprehensive income	3,651	(2)
	78,970	1,838

On 12 October 2017, the Company, Yundongli Electronic Commerce Company Limited 雲動力 (天津) 電子商務有限公司 (“Yundongli”) and independent third parties (“YDL Vendors”) entered into an agreement, pursuant to which (i) YDL Vendors have conditionally agreed to transfer, and the Company has conditionally agreed to purchase or to procure its nominee to purchase, the registered capital of RMB1,000,000 of Yundongli, representing 8.0% of the enlarged equity interest of Yundongli upon the completion of subscription as mentioned below, at a consideration of RMB40,000,000; and (ii) the Company has conditionally agreed to subscribe for RMB500,000 new registered capital to be issued by Yundongli, representing 4.0% of the enlarged equity interest of Yundongli, at a consideration of RMB20,000,000. Yundongli is principally engaged in the business of online trading on third party online platforms. Deposits of RMB30,000,000 (equivalent to approximately HK\$36,023,000) has been paid as at 31 December 2017. The transaction was completed on 16 January 2018. Upon completion of the transaction, the Company holds 12.0% of the enlarged equity interest of Yundongli and is accounted for as an associate of the Company as the Company has a right to appoint one director out of seven directors in the board of directors of Yundongli who is responsible for making decision over the relevant activities of Yundongli.

The fair value of the assets and liabilities of Yundongli acquired, and the goodwill arising on the acquisition are measured based on provisional values and are subject to change pending the finalisation of the professional valuations. The finalisation of those valuations could affect the amounts assigned to the assets, liabilities and the amount of goodwill on acquisition of Yundongli.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/AVAILABLE-FOR-SALE INVESTMENTS

Financial assets at fair value through profit or loss comprise:

	30 June 2018	31 December 2017
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Unlisted investment:		
- Equity interest in TBRJ Fund (Note 1)	29,046	—

Available-for-sale investments comprise:

	30 June 2018	31 December 2017
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Unlisted investments at cost:		
- Equity securities (Note 2)	—	29,876
- Equity interest in TBRJ Fund (Note 1)	—	27,924
	—	57,800
Analysed for reporting purposes as:		
Current assets	—	29,876
Non-current assets	—	27,924
	—	57,800

Notes: 1. Upon the application of HKFRS 9, the equity interest in TBRJ Fund held by the Group was reclassified from available-for-sale investments to financial assets at fair value through profit or loss on 1 January 2018.

2. On 22 December 2017, the Group disposed of its 12.5% equity investment in Shanghai Pinzhi Investment Management Co. Ltd to a joint venture of the Group at a cash consideration of RMB50,000,000 (equivalent to HK\$60,609,000). The disposal transaction was completed on 25 June 2018. No gain or loss is recognised in the current interim period.

17. INVENTORIES

All inventories represent finished goods held for resale.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

18. TRADE, BILLS AND OTHER RECEIVABLES

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Trade receivables	179,297	177,856
Bills receivables	6,231	9,520
Prepayments	39,769	23,495
Other receivables	13,515	8,716
	238,812	219,587

For health and wellness business:

Retail sales (other than those in department stores) are normally settled in cash or by credit cards 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.

For trading and logistics business:

The Group granted credit period from 30 days to 180 days to the customers of logistics services and a credit period from 30 days to 60 days to customers of trading.

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

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
0 - 30 days	78,034	116,859
31 - 60 days	44,990	30,596
61 - 90 days	31,274	10,957
Over 90 days	24,999	19,444
	179,297	177,856

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

18. TRADE, BILLS AND OTHER RECEIVABLES *(Continued)*

Bills receivables have an average originally maturity period of 180 days and the aged analysis based on sales invoice dates are as follows:

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
0 - 30 days	802	120
31 - 60 days	600	840
61 - 90 days	1,185	120
Over 90 days	3,644	8,440
	6,231	9,520

19. LOANS RECEIVABLE

- (a) Pursuant to an agreement dated 5 June 2018 entered into by the Group and an independent third party, the Group has provided to the independent third party a term loan of HK\$20,000,000 which carries interest at 15% per annum, with maturity of one year and secured by a batch of red wines.
- (b) Pursuant to an agreement dated 29 June 2017 entered into by the Group and an independent third party, the Group has provided to the independent third party a revolving loan of HK\$30,000,000 which carries interest at 10% per annum, guaranteed by a related party of the borrower, and with an original maturity of three months, which can be revolved at a maximum of three times. On 19 June 2018, the Group renewed the loan agreement with the borrower for a year with maturity date on 18 June 2019 and carried interest at 12% per annum.
- (c) Pursuant to an agreement dated 26 July 2017 entered into by the Group and an independent third party, the Group has provided to the independent third party a revolving loan of HK\$9,000,000 which carries interest at 10% per annum, with an original maturity of one year, which can be revolved at a maximum of two times with three months each upon maturity. The loan had been fully repaid during the current interim period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

20. TRADE AND OTHER PAYABLES

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Trade payables	83,762	61,844
Receipts in advance	—	10,894
Accruals	15,029	12,224
Deposit received in respect of disposal of available-for-sale investments (Note 16)	—	12,008
Rental deposits received	1,764	2,235
Others	25,810	25,480
	126,365	124,685

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

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
0 - 30 days	50,925	47,930
31 - 60 days	13,894	11,958
61 - 90 days	5,673	1,860
Over 90 days	13,270	96
	83,762	61,844

The average credit period for trade purchases ranges from 0 to 60 days.

21. CONTRACT LIABILITIES

The amount represented the trade deposits received from customers, which will be recognised as the Group's revenue when the control of the goods is transferred to customers.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

22. BANK BORROWINGS

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Secured trust receipt loans	8,817	6,761
Secured bank loans	290,665	142,316
Bank overdraft	—	242
	299,482	149,319
Carrying amount of bank borrowings that do not contain a repayment on demand clause and are repayable:		
On demand and within one year	120,957	64,937
In more than one year but not more than two years	9,549	3,518
In more than two years but not more than five years	98,684	10,978
More than five years	58,814	60,643
	288,004	140,076
Carrying amount of bank borrowings that contain a repayment on demand clause (shown under current liabilities) and the maturity analysis based on the scheduled repayment dates set out in the loan agreements are:		
Within one year	11,478	9,202
In more than one year but not more than two years	—	41
	11,478	9,243
	299,482	149,319
Less: Amounts due within one year shown under current liabilities	(132,435)	(74,180)
Amounts shown under non-current liabilities	167,047	75,139

As at 30 June 2018, the bank borrowings of the Group are at variable interest rate and the weighted average effective interest rate is 3.0% (31 December 2017: 2.3%) per annum.

During the current interim period, the Group raised and repaid bank borrowings amounting to HK\$243,441,000 and HK\$93,278,000 (six months ended 30 June 2017 (restated): HK\$19,337,000 and HK\$19,815,000), respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

23. CONVERTIBLE NOTES

Convertible notes issued in 2017 ("CB 2017")

On 25 May 2017, the Company entered into three subscription agreements (the "Agreements") with three independent third parties (the "Subscribers"). Pursuant to the Agreements, the Subscribers agreed to acquire three convertible notes with aggregate principal amount of HK\$160,000,000 at an interest rate of 6% per annum payable on the 182nd day after issue and on the maturity date. The maturity date is on the 364th day after the issue date. The CB 2017 were issued to the Subscribers on 16 June 2017.

Further details of the terms and conditions of the CB 2017 were disclosed in the announcements published by the Company dated 25 May 2017 and 16 June 2017, respectively.

During the interim review period, the CB 2017 was fully redeemed by the bondholders.

The movement of the debt and derivative components of CB 2017 for the current period are set out as below:

	Debt component HK\$'000	Derivative component HK\$'000	Total HK\$'000
As at 1 January 2018	153,066	6,612	159,678
Interest charged	18,055	—	18,055
Interest paid	(27,195)	—	(27,195)
Change in fair value	—	(6,612)	(6,612)
Redemption of convertible notes	(143,926)	—	(143,926)
As at 30 June 2018	—	—	—

Convertible bonds issued in 2018 ("CB 2018")

On 15 May 2018, the Company entered into a subscription agreement (the "Agreement") with an independent third party (the "Subscriber"). Pursuant to the Agreement, the Subscriber agreed to acquire the convertible bonds with principal amount of HK\$160,000,000 at an interest rate of 7% per annum. The maturity date is on the 364th day after the issue date. The CB 2018 were issued to the Subscriber on 1 June 2018.

The Subscriber has the right to convert the CB 2018 in whole into shares at the maturity date. 67,510,549 new shares will be issued upon full conversion of the CB 2018 based on the initial conversion price of HK\$2.37 per share which is subject to certain adjustments as set out in the Agreement.

The CB 2018 will be redeemed on maturity at its principal amount outstanding together with accrued interest due and payable by the Company on the maturity date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

23. CONVERTIBLE NOTES *(Continued)*

Convertible bonds issued in 2018 ("CB 2018") *(Continued)*

The CB 2018 contain two components: debt and derivative components amounts to HK\$143,690,000 and HK\$16,310,000 at initial recognition and HK\$144,769,000 and HK\$15,313,000 at 30 June 2018, respectively. The fair value of the debt component at inception date is calculated based on the present value contractually determined stream of future cash flows discounted at an effective interest rate of 23% per annum, which was determined with reference to the prevailing market rates of interest for a similar instrument with a similar credit rating. The fair values of the derivatives embedded in the convertible notes at initial recognition and at 30 June 2018 have been arrived with reference to valuation carried out by an independent professional valuer not connected with the Group using the Binomial model. The inputs used in the model were as follows:

	At initial recognition	At 30 June 2018
Share price	HK\$1.68	HK\$1.66
Exercise price	HK\$2.37	HK\$2.37
Expected volatility	55.52%	58.02%
Expected dividend yield	0.72%	0.72%

The movement of the debt and derivative components of CB 2018 for the current period are set out as below:

	Debt component HK\$'000	Derivative component HK\$'000	Total HK\$'000
Issue of CB 2018	143,690	16,310	160,000
Interest charged	1,079	—	1,079
Change in fair value	—	(997)	(997)
As at 30 June 2018	144,769	15,313	160,082

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

24. SENIOR NOTE

	30 June 2018	31 December 2017
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
At the beginning of period/year	100,451	—
Issue of new senior note	—	100,000
Less: Transaction costs	—	(708)
Interest charged during the period/year	4,475	1,159
Interest paid during the period/year	(4,500)	—
At the end of period/year	100,426	100,451

On 13 November 2017, the Company issued a senior note of HK\$100,000,000 to an independent third party with a maturity of one year due on 13 November 2018 (the "Note"). The Note bears coupon at 7% per annum payable semi-annually in arrears.

The Note is unconditional, unsubordinated and unsecured obligations of the Company and ranked pari passu and without any preference among themselves. The payment obligations of the Company under the Note ranked at least equally with all its other present and future unsecured and unsubordinated obligations.

25. SHARE CAPITAL

There is no change in share capital during the current interim period.

26. 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 June 2018	31 December 2017
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Leasehold land and buildings		
– included in property, plant and equipment	68,822	69,431
Investment properties	382,200	354,600
Bank deposits	9,517	9,678
	460,539	433,709

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\$5,796,000 as at 30 June 2018 (31 December 2017: HK\$4,988,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

27. OPERATING LEASE ARRANGEMENTS

The Group as lessor

At the end of the reporting period, certain investment properties were let out under operating leases. Gross rental income earned during the current interim period was HK\$6,095,000 (six months ended 30 June 2017: HK\$3,598,000).

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

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Within one year	11,704	11,525
In the second to fifth years inclusive	5,912	11,327
	17,616	22,852

Leases are negotiated and rentals are fixed for terms of one to three years.

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:

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Within one year	43,584	31,829
In the second to fifth years inclusive	38,089	16,961
	81,673	48,790

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

28. RELATED PARTY TRANSACTIONS

- (a) During the current interim period, the Group entered into the following transactions with related parties:

Related parties	Nature of transactions	Six months ended	
		30 June 2018 HK\$'000 (Unaudited)	30 June 2017 HK\$'000 (Unaudited)
Fellow subsidiaries	Installation fee on computer software	151	77
	Rental expense and management fee expense	128	142
	Transportation income	(8)	—
	Rental income	(1,347)	(3,296)
	Logistics service income	(2,318)	(2,664)
Intermediate holding company	Rental expense	192	305
	Rental income	(2,826)	—

The balances of amounts with fellow subsidiaries and an intermediate holding company are unsecured, interest-free and repayable on demand and are disclosed in the condensed consolidated statement of financial position. In the opinion of the directors of the Company, the amounts due from fellow subsidiaries and an intermediate holding company are expected to be received within twelve months from the end of the reporting period.

- (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 June 2018 HK\$'000 (Unaudited)	30 June 2017 HK\$'000 (Unaudited)
Fee	250	250
Salaries and other benefits	4,472	3,434
Retirement benefits scheme contributions	27	13
Performance related incentive payments	67	177
Share-based payments	1,305	927
	6,121	4,801

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

29. SHARE-BASED PAYMENTS

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution in writing passed by all the shareholders of the Company on 25 November 2011 for the primary purpose of recognising and acknowledging the contribution of the eligible participant had or may have made to the Group. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares of the Company.

On 16 April 2018, the Company granted 34,986,000 share options (the "2018 Share Options"), comprised (i) 9,797,200 share options to the directors of the Company and (ii) 25,188,800 share options to certain eligible participants members of the senior management and employees of the Company to subscribe for shares in the Company at HK\$2.13 per share.

As at 30 June 2018, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 61,356,000 (approximately 17.5% of the shares of the Company in issue at that date), representing (i) the 26,370,000 shares that may be allotted and issued upon exercise in full of the subscription rights attaching to the outstanding share options granted under the Scheme; and (ii) the 34,986,000 that may be allotted and issued upon exercise of options granted under the Scheme with the refreshed limit (approved on 26 May 2017). The maximum number of shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under this Scheme and any other share option schemes adopted by the Group shall not exceed 30 per cent. of the share capital of the Company in issue from time to time.

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 June 2018

29. SHARE-BASED PAYMENTS *(Continued)*

Details of the outstanding shares options are as follows:

Date of grant	No. of share options granted	Exercise period	Exercise price
31 August 2015	890,000 (Note b)	31.8.2016 to 30.8.2019	HK\$3.38 per share
	1,335,000 (Note b)	31.8.2017 to 30.8.2019	
	2,225,000 (Note b)	31.8.2018 to 30.8.2019	
	4,450,000		
26 January 2017	2,192,000 (Note a)	26.1.2017 to 25.1.2021	HK\$1.84 per share
	6,576,000 (Note b)	26.1.2018 to 25.1.2021	
	6,576,000 (Note b)	26.1.2019 to 25.1.2021	
	6,576,000 (Note b)	26.1.2020 to 25.1.2021	
	21,920,000		
16 April 2018	3,498,600 (Note a)	16.4.2018 to 15.4.2022	HK\$2.13 per share
	10,495,800 (Note b)	16.4.2019 to 15.4.2022	
	10,495,800 (Note b)	16.4.2020 to 15.4.2022	
	10,495,800 (Note b)	16.4.2021 to 15.4.2022	
	34,986,000		

Notes: (a) The option was vested immediately on the date of grant.

(b) The options are vested upon the fulfilment of certain performance targets to the grantees including financial targets of the Group and individual performance targets for certain periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

29. SHARE-BASED PAYMENTS *(Continued)*

Share options granted under 2018 Share Options are calculated using the Binomial model. The inputs into the model are as follows:

Share price on the date of grant	HK\$2.04
Exercise price	HK\$2.13
Expected volatility	76.67%
Contractual life	4 years
Risk-free rate	1.77%
Expected dividend yield	0.62%

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

Date of grant	Outstanding at 1 January 2018	Granted during the period	Lapsed during the period	Outstanding at 30 June 2018
31 August 2015	4,450,000	—	—	4,450,000
26 January 2017	21,920,000	—	—	21,920,000
16 April 2018	—	34,986,000	—	34,986,000
	26,370,000	34,986,000	—	61,356,000
Exercisable at the end of the period				13,156,600
Weighted average exercise price	HK\$2.10			HK\$2.12

No share options were exercised during the six months ended 30 June 2018.

The Group recognised a charge of HK\$1,945,000 in the staff costs for the six months ended 30 June 2018 (six months ended 30 June 2017: HK\$2,546,000) in relation to share options granted by the Company.

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For the six months ended 30 June 2018

30. FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS AND LIABILITIES THAT ARE MEASURED AT FAIR VALUE RECURRING BASIS

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used) as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)			
Financial assets at fair value through profit or loss	Unlisted equity securities: HK\$29,046,000	—	Level 3	Income approach The discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.	Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries, at 2 percent. Long-term pre-tax operating margin taking into account management's experience and knowledge of market conditions of the specific industries at 7 percent. Weighted average cost of capital ("WACC"), at 19 percent.
Derivative components in relation to the convertible notes	HK\$15,313,000	HK\$6,612,000	Level 3	Binomial option pricing model The fair values are estimated based on the risk-free rate, discount rate, share price, volatility of the share price of the Company, dividend yield and exercise price.	Volatility of the share price determined by reference to the historical share price of the Company.

Note: There were no transfers between level 1, level 2 and level 3 during the period ended 30 June 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

30. FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS AND LIABILITIES THAT ARE MEASURED AT FAIR VALUE RECURRING BASIS *(Continued)*

Reconciliation of Level 3 fair value measurements of financial assets and liabilities

	Financial assets at fair value through profit or loss HK\$'000	Derivative components of convertible notes HK\$'000
Balance at 1 January 2018	88,964	6,612
Additions	—	16,310
Disposals	(60,609)	—
Fair value change recognised in profit or loss	691	(7,609)
Balance at 30 June 2018	29,046	15,313

The total gains or losses for the period relating to financial assets and liabilities that are measured at fair value at the end of each reporting period are included in "other gains and losses".

Sensitivity analysis

Financial assets at fair value through profit or loss

At 30 June 2018, if the long-term revenue growth rate had been 5% higher/lower and all other input variables of the valuation model were held constant, the Group's profit for the period would increase by HK\$233,000/decrease by HK\$231,000, as a result of changes in fair value of the financial assets at fair value through profit or loss. If the long-term pre-tax operating margin had been 5% higher/lower and all other input variables of the valuation model were held constant, the Group's profit for the period would increase by HK\$1,603,000/decrease by HK\$1,599,000, as a result of changes in fair value of the financial assets at fair value through profit or loss. If the WACC had been 5% higher/lower and all other input variables of the valuation model were held constant, the Group's profit for the period would decrease by HK\$2,999,000/increase by HK\$3,393,000, as a result of changes in fair value of the financial assets at fair value through profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

30. FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS AND LIABILITIES THAT ARE MEASURED AT FAIR VALUE RECURRING BASIS *(Continued)*

Sensitivity analysis *(Continued)*

Derivative components of convertible notes

If the volatility of listed share prices of the Company had been 5% higher/lower and all other input variables of the valuation model were held constant, the Group's profit for the period would decrease by HK\$2,128,000 (31 December 2017: HK\$2,494,000)/increase by HK\$2,195,000 (31 December 2017: HK\$491,000), as a result of changes in fair value of the derivative component of the convertible notes.

In management's opinion, the sensitivity analyses above are unrepresentative of the inherent price risk as the pricing model used in the valuation of these embedded derivatives involves multiple variables and certain variables are interdependent.

Fair value measurements and valuation processes

The board of directors of the Company determine the appropriate valuation technique and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group engaged third party qualified valuers to perform the valuation of financial assets at fair value through profit or loss and convertible notes. The management of the Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The management reports the findings to the board of directors of the Company to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair values of the asset and liability are disclosed above.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

31. EVENT AFTER THE REPORTING PERIOD

On 26 April 2018, Zhuhai Tempus Jinyue Investment Limited (珠海騰邦金躍投資有限公司) ("Tempus Jinyue"), the Company's indirect wholly-owned subsidiary, entered into a shareholders' agreement with eight leading supply chain enterprises or its subsidiaries in the PRC, in relation to the formation of the joint venture engaging in supply chain big data business, pursuant to which, Tempus Jinyue agreed to contribute approximately RMB11,111,000 to the joint venture, namely 廣東數程科技有限公司 and the Company's capital injection to the joint venture have been completed.

For details, please refer to Company's announcements dated 26 April 2018 and 7 September 2018. Up to the date of these condensed consolidated financial statements, the Group has not completed the capital contribution.