

騰邦控股有限公司 Tempus Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 06880

TEMPUS 騰邦控股



INTERIM REPORT 2019

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Mr. Zhong Baisheng (*Chairman*)

Independent non-executive Directors

Mr. Han Biao
Mr. Li Qi

COMPANY SECRETARY

Ms. Lok Man Tsit
(appointed on 5 August 2019)
Mr. Tam Ka Tung
(resigned on 5 August 2019)

EXECUTIVE COMMITTEE

Mr. Zhong Yiming (*Chairman*)
Mr. Li Dongming
Mr. Huang Jingkai
Mr. Yip Chee Lai, Charlie

AUDIT COMMITTEE

Mr. Li Qi (*Chairman*)
Mr. Han Biao

REMUNERATION COMMITTEE

Mr. Han Biao (*Chairman*)
Mr. Li Dongming
Mr. Huang Jingkai
Mr. Li Qi

NOMINATION COMMITTEE

Mr. Han Biao (*Chairman*)
Mr. Li Qi

AUTHORISED REPRESENTATIVES

Mr. Li Dongming
Mr. Huang Jingkai
Ms. Lok Man Tsit (*alternate authorised representative to Mr. Li Dongming*)
(appointed on 5 August 2019)
Mr. Tam Ka Tung (*alternate authorised representative to Mr. Li Dongming*)
(resigned on 5 August 2019)

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

AUDITOR

Moore Stephens CPA Limited
Certified Public Accountants
801-806 Silvercord, Tower 1
30 Canton Road, Tsimshatsui
Kowloon, Hong Kong

HONG KONG LEGAL ADVISER

Iu, Lai & Li Solicitors & Notaries
Rooms 2201, 2201A & 2202
22nd Floor, Tower 1, Admiralty Centre
No. 18 Harcourt Road, Hong Kong

PRINCIPAL BANKS

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

INVESTOR RELATIONS

Ms. Lok Man Tsit

STOCK CODE

06880

BOARD LOT

2,000 shares

FINANCIAL HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of Tempus Holdings Limited (the “**Company**”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2019 (the “**Period**”) together with the unaudited comparative figures for the six months ended 30 June 2018. 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 2019 (Unaudited)	Six months ended 30 June 2018 (Unaudited)	Changes
Profitability data (HK\$'000)			
Revenue	382,310	387,023	(1.2%)
Gross profit	142,802	139,593	2.3%
(Loss)/profit before tax	(65,196)	11,678	(658.3%)
(Loss)/profit after tax for the period	(67,523)	7,130	(1,047.0%)
(Loss)/earnings per share			
– basic and diluted (HK cents)	(18.89)	1.22	(1,648.4%)
Gross profit margin	37.4%	36.1%	1.3 ppt
(Loss)/profit before tax margin	(17.1%)	3.0%	(20.1 ppt)

	As at 30 June 2019 (Unaudited)	31 December 2018 (Audited)	Changes
Assets and liabilities data (HK\$'000)			
Bank balances and cash	74,377	134,467	(44.7%)
Bank borrowings	289,380	293,725	(1.5%)
Net current assets	52,573	9,242	468.8%
Total assets less current liabilities	580,345	616,002	(5.8%)

Assets and working capital ratios/data			
Current ratio (times)	1.1	1.0	0.1
Gearing ratio (%)	44.8	48.2	(3.4)
Inventories turnover days (days)	28.9	21.4	7.5
Trade receivables turnover days (days)	70.2	69.2	1.0
Trade payables turnover days (days)	45.6	35.6	10.0

Notes for key ratio:

Gross profit	Revenue – Cost of sales
(Loss)/earnings per share	(Loss)/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

BUSINESS REVIEW

During the Period, the Group's revenue was HK\$382.3 million, decreased by 1.2% as compared to revenue of HK\$387.0 million for the six months ended 30 June 2018. The Group recorded a loss for the period of HK\$67.5 million, as compared to profit of HK\$7.1 million for the six months ended 30 June 2018. The decrease in revenue was mainly due to the decrease in revenue generated from trading and logistics segment, which was partially offset by the slight increase in the revenue of sales of health and wellness products segment. The loss for the period was mainly attributable to the significant drop in other gains and losses and the increase in selling and distribution expenses incurred by the sales of health and wellness products segment which was in line with the increase of revenue generated from that segment.

SALES OF HEALTH AND WELLNESS PRODUCTS BUSINESS

During the Period, sales of massage chairs and other massage/fitness/diagnostics products were HK\$161.6 million and HK\$65.3 million, respectively, representing 71.2% and 28.8% of the Group's segment revenue from the sales of health and wellness products business, respectively. The Group launched a total of 8 new products, generating revenue of HK\$20.9 million, representing 9.2% of the Group's segment revenue from the sales of health and wellness products business.

Sales Channels

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

The table below shows the revenue breakdown of each sales channel.

	Six months ended 30 June 2019		Six months ended 30 June 2018		Changes	
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	%
Retail outlets	165,470	72.9	145,508	69.8	19,962	13.7
Roadshow counters	23,260	10.3	22,698	10.9	562	2.5
Corporate sales	21,445	9.5	23,640	11.3	(2,195)	(9.3)
International sales	6,167	2.7	7,555	3.6	(1,388)	(18.4)
Internet sales	10,523	4.6	9,092	4.4	1,431	15.7
Total	226,865	100.0	208,493	100.0	18,372	8.8

(i) *Traditional sales channels*

During the Period, the Group's revenue generated from traditional sales channels was HK\$165.5 million, representing 72.9% of the Group's segment revenue from the sales of health and wellness products business, and an increase of 13.7% as compared to HK\$145.5 million for the six months ended 30 June 2018. The increase was in line with the increase in the number of retail outlets. As at 30 June 2019, the Group operated the following retail outlets which consist of retail stores and consignment counters:

	No. of outlets as at		
	30 June 2019	31 December 2018	30 June 2018
Mainland China	117	112	110
Hong Kong and Macau	24	24	24
Singapore and Malaysia	16	16	19
Total	157	152	153

Retail business in the Mainland China

As at 30 June 2019, the Group operated 117 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\$89.3 million, representing an increase of 28.3% as compared to HK\$69.6 million for the six months ended 30 June 2018. The increase was due to the increase in the number of retail outlets as well as the adjustment and optimisation of store distribution in the region during the Period.

Retail business in Hong Kong and Macau

As at 30 June 2019, 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\$61.4 million, representing a slight increase of 2.8% as compared to HK\$59.7 million for the six months ended 30 June 2018. The revenue in the region remained stable as compared to prior period.

Retail business in Singapore and Malaysia

As at 30 June 2019, the Group operated 16 retail outlets in Singapore and Malaysia. During the Period, the revenue contributed by retail business in the region was HK\$14.8 million, representing a decrease of 8.6% as compared to HK\$16.2 million for the six months ended 30 June 2018. The decrease in revenue in the region was mainly due to the significant decline of retail business in Malaysia during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

(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.

Roadshow counters of the Group are promotional and non-permanent counters which the Group operated in different department stores and shopping malls from time to time. The revenue generated from roadshow counters remained stable during the Period.

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. The decrease of 9.3% in revenue from corporate sales was mainly due to less sizable corporate projects during the Period.

International sales of the Group are generated by 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. The decrease of 18.4% in revenue generated from international sales was due to the drop in demand given the uncertainty of the international economy during the Period.

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 increase of 15.7% in revenue from internet sales was mainly attributable to the rapid development of general e-commerce environment in the Mainland China.

TRADING AND LOGISTICS BUSINESS

During the Period, the revenue generated from trading and logistics business was HK\$155.4 million, representing 40.7% of the total revenue of the Group. The table below shows the revenue breakdown of each service of the segment by nature.

	Six months ended 30 June 2019		Six months ended 30 June 2018		Changes	
	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>%</i>
Trading	6,034	3.9	13,449	7.5	(7,415)	(55.1)
Transportation	140,020	90.1	151,443	84.9	(11,423)	(7.5)
Warehouse and others	9,391	6.0	13,638	7.6	(4,247)	(31.1)
Total	155,445	100.0	178,530	100.0	(23,085)	(12.9)

The Group's trading business represents trading of goods such as personal consumables. Transportation services represent delivery and distribution services of goods for customers. Warehouse and other services include warehousing, loading and unloading and storage management services. The significant decrease of 55.1% in revenue generated from trading, as well as the decreases of 7.5% and 31.1% in revenue generated from transportation services and warehouse and other services, respectively, were mainly due to the adverse effect faced by the general business environment across the Asia Pacific region, especially import and export trade, since the outbreak of Sino-US trade war in 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATION

Revenue

Revenue represents the income from sales of health and wellness products, trading of consumer products and provision of logistics services. During the Period, the Group's total revenue decreased by 1.2% to HK\$382.3 million from HK\$387.0 million for the six months ended 30 June 2018. The decrease was mainly attributable to the decrease in revenue of 12.9% generated from trading and logistics business, which was slightly offset by the increase in revenue of 8.8% generated from sales of health and wellness products business.

	Six months ended 30 June 2019		Six months ended 30 June 2018		Changes	
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	%
Sales of health and wellness products	226,865	59.3	208,493	53.9	18,372	8.8
Trading and logistics	155,445	40.7	178,530	46.1	(23,085)	(12.9)
Total	382,310	100.0	387,023	100.0	(4,713)	(1.2)

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\$239.5 million, representing a decrease of 3.2% from HK\$247.4 million for the six months ended 30 June 2018. The decrease in cost of sales was mainly due to the decrease in cost of trading and logistics business in line with the deterioration of the business of the same segment.

Gross profit

The gross profits for the Period and for the six months ended 30 June 2018 were HK\$142.8 million and HK\$139.6 million, respectively. The gross profit margins for the Period and for the six months ended 30 June 2018 were 37.4% and 36.1%, respectively, representing a slight increase of 1.3 ppt. The table below sets out the gross profit margins by business segment. The gross profit margins remained stable during the Period.

Gross profit margin by segment

	Six months ended 30 June 2019	Six months ended 30 June 2018	Change
Sales of health and wellness products	55.3%	55.9%	(0.6 ppt)
Trading and logistics	11.1%	12.9%	(1.8 ppt)
Overall	37.4%	36.1%	1.3 ppt

Other income

Other income for the Period was HK\$7.7 million, mainly comprising rental income of HK\$2.0 million, government grant of HK\$1.8 million and interest income of HK\$1.6 million. Other income for the six months ended 30 June 2018 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 gains and losses

The Group recorded other losses of HK\$8.2 million, mainly comprising a loss on disposal group classified as held for sale of HK\$13.4 million and a loss on fair value change of investment properties of HK\$5.0 million which were partially offset by a gain on fair value change of derivatives embedded in convertible bonds of HK\$6.9 million. The Group recorded other gains of HK\$33.9 million for the six months ended 30 June 2018, mainly comprising a gain on fair value change of investment properties of HK\$27.6 million and a gain on fair value change of derivatives embedded in convertible bonds of HK\$7.6 million, which were partially offset by a net exchange loss of HK\$2.4 million.

Impairment losses on financial asset

Impairment losses on financial asset of HK\$5.9 million for the Period (for the six months ended 30 June 2018: nil) represented the impairment losses on loan receivable.

Share of results of joint ventures

Share of results of joint ventures for the Period was nil (for the six months ended 30 June 2018: a loss of HK\$1.1 million), mainly representing the Group's share of results from TBRJ Asset Management Limited, a Cayman Islands exempted company, which the Group holds 45% of its equity interest. It is the general partner of TBRJ Fund I L.P., a Cayman Islands exempted limited partnership.

MANAGEMENT DISCUSSION AND ANALYSIS

Share of results of associates

Share of results of associates for the Period was a loss of HK\$0.4 million (for the six months ended 30 June 2018: a profit of HK\$3.8 million), mainly representing the Group's share of loss from an associate, Guangdong Shucheng Technology Co., Ltd.* (廣東數程科技有限公司), a company incorporated in the People's Republic of China, engaging in supply chain big data business.

Selling and distribution expenses

Selling and distribution expenses increased from HK\$95.4 million for the six months ended 30 June 2018 to HK\$118.1 million for the Period. The increase was mainly attributed to the increases in advertising and marketing expenses of HK\$10.2 million and transportation expenses of HK\$5.3 million.

Administrative expenses

Administrative expenses increased from HK\$54.4 million for the six months ended 30 June 2018 to HK\$56.5 million for the Period. The increase was primarily due to the increases in depreciation expense of HK\$2.8 million and staff costs of HK\$1.6 million.

Finance costs

Finance costs slightly decreased to HK\$26.6 million for the Period from HK\$26.9 million for the six months ended 30 June 2018. The finance costs remained stable.

(Loss)/profit before tax

As a result of the factors described above, the Group's loss before tax was HK\$65.2 million for the Period, as compared to the profit before tax of HK\$11.7 million for the six months ended 30 June 2018.

Income tax expense

Income tax expense was HK\$2.3 million for the Period and HK\$4.5 million for the six months ended 30 June 2018. The decrease was mainly attributed to the drop in profit subject to income tax for the Period.

(Loss)/profit for the period

As a result of the factors described above, the Group's loss for the period was HK\$67.5 million for the Period, as compared to a profit of HK\$7.1 million for the six months ended 30 June 2018.

FINANCIAL POSITION

As at 30 June 2019, total equity of the Group was HK\$379.3 million (as at 31 December 2018: HK\$450.3 million). The decrease was mainly due to the loss for the period.

As at 30 June 2019, the Group's net current assets was HK\$52.6 million (as at 31 December 2018: HK\$9.2 million). The current ratio was 1.1 times as at 30 June 2019 (as at 31 December 2018: 1.0 time).

As at 30 June 2019, total non-current assets of the Group was HK\$527.8 million (as at 31 December 2018: HK\$606.8 million), while total current assets of the Group was HK\$564.9 million (as at 31 December 2018: HK\$516.8 million). The decrease in non-current assets and increase in current assets were mainly due to an investment property of the Group being transferred from investment properties to assets classified as held for sale.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2019, the Group had bank balances and cash of HK\$74.4 million (as at 31 December 2018: HK\$134.5 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 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 generated from operating activities was HK\$31.3 million for the Period (for the six months ended 30 June 2018: net cash used in operating activities of HK\$29.8 million), primarily reflecting the operating cash inflows before movements in working capital of HK\$10.5 million, as adjusted by a decrease of HK\$0.1 million in inventories, a decrease of HK\$30.4 million in trade, bills and other receivables and a decrease of HK\$6.0 million in trade and other payables.

Investing activities

Net cash used in investing activities was HK\$2.2 million for the Period (for the six months ended 30 June 2018: HK\$10.4 million), primarily consisted of pledged bank deposit of HK\$17.5 million and acquisition of property, plant and equipment of HK\$5.9 million, which were partially offset by deposit received for disposal of a subsidiary of HK\$20.0 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Financing activities

Net cash used in financing activities was HK\$89.1 million for the Period (for the six months ended 30 June 2018: net cash from financing activities of HK\$105.7 million), which was primarily due to repayments of bank borrowings of HK\$54.2 million and senior note of HK\$50.0 million during the Period.

BORROWINGS AND GEARING RATIO

Total borrowings of the Group as at 30 June 2019 was HK\$489.5 million with effective interest rates ranging from 2.1% to 10.0% per annum. The Group's gearing ratio decreased by 3.4 ppt from 48.2% as at 31 December 2018 to 44.8% as at 30 June 2019, which was primarily due to decreases in bank borrowings of HK\$4.3 million and senior note of HK\$50.6 million at the Period end.

WORKING CAPITAL

As at 30 June 2019, the net working capital of the Group was HK\$52.6 million, which represented an increase of HK\$43.4 million or 471.7% as compared to HK\$9.2 million as at 31 December 2018. The increase in assets classified as held for sale of HK\$136.6 million has led to the increase in net working capital at the Period end.

As at 30 June 2019, the Group's inventories increased by HK\$0.4 million to HK\$38.4 million from HK\$38.0 million as at 31 December 2018. The inventories turnover days was 28.9 days as at 30 June 2019 as compared with 21.4 days as at 31 December 2018. The increase of 7.5 days in inventories turnover days was primarily due to decrease in costs as a result of the decline in trading business.

As at 30 June 2019, the Group's trade receivables decreased by HK\$19.8 million, to HK\$138.4 million from HK\$158.2 million as at 31 December 2018. The decrease was due to better control of collection of trade receivables in the trading and logistics business during the Period. The trade receivables turnover days was 70.2 days, which remained stable as compared to that of 69.2 days as at 31 December 2018.

As at 30 June 2019, the Group's trade payables increased by HK\$0.7 million to HK\$60.6 million from HK\$59.9 million as at 31 December 2018. The trade payables turnover days increased by 10.0 days to 45.6 days from 35.6 days as at 31 December 2018. The increase in trade payables turnover days was mainly due to longer settlement period to the suppliers in the segment of logistics during the Period.

CAPITAL EXPENDITURE

During the Period, the Group's total capital expenditure amounted to HK\$5.9 million, which was used in the acquisition of property, plant and equipment.

CHARGE ON ASSETS

As at 30 June 2019, 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\$328.6 million for the purpose of securing certain banking and other facilities.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

Disposal of Investment in Yundongli

The Company has been actively following up on the payment of the consideration for the disposal of the 12% equity interest of Yundongli (Tianjin) Electronic Commerce Company Limited* 雲動力(天津)電子商務有限公司 (“**Yundongli**”) with Mr. Wang Xiaowei (王嘯巍), Mr. Peng Biao (彭彪) and Tianjin Yuncheng Corporate Management LLP* 天津市雲橙企業管理合夥企業(有限合夥) (the “**Buyers**”) since the completion of the disposal on 29 December 2018.

Upon the expiry of the time extension of the settlement of the last instalment of the consideration, on 27 March 2019, the Buyers, Zhuhai Tempus Jinyue Investment Limited* 珠海騰邦金躍投資有限公司 (“**Tempus Jinyue**”), and Yundongli entered into a supplemental agreement to the agreement (the “**Supplemental Agreement**”) to amend the original clauses in relation to the payment of the consideration under the agreement. Further, Mr. Wang Xiaowei (王嘯巍) and Mr. Peng Biao (彭彪) pledged a total of 12% equity interest in Yundongli held by him in favour of Tempus Jinyue as security for the Buyers’ fulfilment of their payment obligation under the Supplemental Agreement. After the consideration is partly or fully settled, Tempus Jinyue shall proceed with all necessary registration and filing for the release of the pledged equity in proportion to the payment percentage. For more details, please refer to the Company’s announcements dated 28 December 2018, 2 January 2019 and 28 March 2019.

Disposal of Entire Equity Interests in KK II (BVI) Limited

On 29 May 2019, Tempus (BVI) Properties Investment Limited, a wholly-owned subsidiary of the Company, as the vendor, Talent Realty Limited, as the purchaser, and the Company (as guarantor for the performance of the obligations of the vendor under the provisional sale and purchase agreement (the “**PSPA**”)) entered into the PSPA under which the vendor conditionally agreed to sell and the purchaser conditionally agreed to purchase the sale shares, representing the entire issued share capital of KK II (BVI) Limited, and the sale loan, being all such sum of money due and owing by KK II (BVI) Limited to the vendor as at completion, at a consideration of HK\$122,268,000 to be adjusted with reference to the net tangible asset value of KK II (BVI) Limited as at the completion date. All conditions had been satisfied and the completion of the disposal took place on 23 July 2019. For more details, please refer to the Company’s announcements dated 29 May 2019 and 23 July 2019, and the circular dated 19 July 2019.

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

On 5 July 2019, OTO Bodycare (H.K.) Limited, a wholly-owned subsidiary of the Company, as the vendor, and an individual, as the purchaser, entered into a provisional agreement in relation to the sale and purchase of a commercial property in Hong Kong at a consideration of HK\$10,620,000. For more details, please refer to the Company's announcement dated 5 July 2019.

On 5 July 2019, OTO Bodycare (H.K.) Limited, a wholly-owned subsidiary of the Company, as the vendor, and an individual, as the purchaser, entered into a provisional agreement in relation to the sale and purchase of a residential property in the Hong Kong at a consideration of HK\$10,800,000. For more details, please refer to the Company's announcement dated 5 July 2019.

On 26 July 2019, the holder of the convertible bonds, which are the 7% convertible bonds with a principal amount of HK\$160,000,000 and the 7% convertible bonds with a principal amount of HK\$30,000,000 issued by the Company on 1 June 2018 and 16 October 2018 respectively, served a repayment request to the Company via email. In order to meet the repayment obligation, the Company has been considering various fundraising actions including but not limited to disposal of assets such as properties and equity interest in certain investment entities, speeding up the collection of receivables and planning of equity financing. Furthermore, the Board also agreed to move on the procedures to adjust the initial conversion prices of the outstanding convertible bonds in compliance with the relevant rules and regulations. For more details, please refer to the Company's announcements dated 29 May 2019, 31 May 2019, 11 June 2019 and 30 July 2019.

On 6 August 2019, OTO (BVI) Investment Limited, a direct wholly-owned subsidiary of the Company, as the vendor, and an individual, as the purchaser, entered into the sale and purchase agreement in relation to the sale of 2,000 ordinary shares of HK\$1.00 each, representing approximately 14.93% of the entire issued share capital of Tempus Sky Enterprises Limited, an indirect non-wholly owned subsidiary of the Company, at a consideration of HK\$3,000,000. For more details, please refer to the Company's announcement dated 6 August 2019.

On 28 August 2019, Mr. Choi Tan Yee has tendered his resignation as an independent non-executive Director, the chairman of the audit committee and a member of the nomination committee and the remuneration committee of the Company. Mr. Choi has confirmed that he has no disagreement with the Board and there is no matter in relation to his resignation that needs to be brought to the attention of the Stock Exchange and the shareholders of the Company. The Company is in the process of identifying suitable candidates to fill the vacancies as soon as practicable. For more details, please refer to the Company's announcement dated 28 August 2019.

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 (for the six months ended 30 June 2018: Nil).

CONTINGENT LIABILITIES

Saved as disclosed in this report, the Group did not have any material contingent liabilities as at 30 June 2019.

FOREIGN EXCHANGE RISK MANAGEMENT

As at 30 June 2019, the Group was exposed to certain foreign exchange risk as the Group had bank balances in Renminbi of approximately RMB52,830,000 (equivalent to approximately HK\$60,102,000), and in United States dollar of approximately US\$511,000 (equivalent to approximately HK\$3,964,000). The Group does not use any derivative financial instruments 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 2019, the Group had a total number of 803 (as at 31 December 2018: 765) 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

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 2019	Share options granted	Share options exercised	Share options lapsed	Balance as at 30 June 2019
Lot 1 (<i>Note</i>)	–	–	–	–	–
Lot 2	4,200,000	–	–	–	4,200,000
Lot 3	21,720,000	–	–	(3,600,000)	18,120,000
Lot 4	34,186,000	–	–	(5,800,000)	28,386,000
Total	60,106,000	–	–	(9,400,000)	50,706,000

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

STRATEGIES AND PROSPECTS

The recent political upheaval and violent clashes in Hong Kong have undermined the overall business environment, especially the retail sector, in the city. The prolonged Sino-US trade war and the slowing down of China's economy have also brought negative impact on consumers sentiment in the Mainland market. The Company envisages a greater challenge in the second half of 2019. Moreover, as disclosed in Company's announcements over the past two months, the Company has been striving to resolve its liquidity issue arising from the redemption of certain convertible bonds. The Company has been timely adopting a series of measures to tide over these difficulties, including (i) disposing of non-core assets such as properties and equity investments; (ii) studying the possibility to strengthen fundraising activities; (iii) expediting the collection of receivables; and (iv) optimising the operation efficiency.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The Audit Committee has reviewed together with the Board and Moore Stephens CPA Limited, 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 24 May 2019 due to other business engagements, which was deviated from code provision E.1.2 of the CG Code. However, an executive director and the then chief executive officer, 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.

Subsequent to the Period end, Mr. Choi Tan Yee resigned as an independent non-executive Director, the chairman of the Audit Committee and a member of the nomination committee and the remuneration committee of the Company with effect from 28 August 2019. Since then, the Company no longer complied with Rules 3.10, 3.10A and 3.21 of the Listing Rules and the requirements on composition under the terms of reference of each of the nomination committee, the remuneration committee and the Audit Committee of the Company. The Company is in the process of identifying suitable candidates to fill the vacancies as soon as practicable.

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.

COMPOSITION OF THE BOARD

As at the date of this report, the Board comprises four executive Directors, one non-executive Director, and two independent non-executive Directors. Changes in information of the Directors which are required to be disclosed pursuant to Rule 13.51 of the Listing Rules.

The composition of the Board and the relevant changes are set out below:

Executive Directors

Mr. Zhong Yiming	(appointed as an executive Director, the chairman of executive committee and the chief executive officer of the Company on 15 August 2019)
Mr. Li Dongming	(ceased to be the chief executive officer of the Company and re-designated as the vice-chairman of the Company on 15 August 2019)
Mr. Huang Jingkai Mr. Yip Chee Lai, Charlie	

Non-executive Director

Mr. Zhong Baisheng	(re-designated as an executive Director and a non-executive Director of the Company on 1 March 2019 and 15 August 2019, respectively, with adjusted director's fee of HK\$1 per annum with effect from 15 August 2019)
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Independent non-executive Directors

Mr. Han Biao Mr. Li Qi	(appointed as the chairman of Audit Committee of the Company on 28 August 2019)
Mr. Choi Tan Yee	(appointed as an independent non-executive Director, the chairman of Audit Committee and a member of nomination committee and remuneration committee of the Company on 24 May 2019 and resigned from all positions on 28 August 2019)
Mr. Wong Lit Choi, Alexis	(retired on 24 May 2019)

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Period, the Company repurchased a total of 616,000 ordinary shares (the “Shares”) of the Company at an aggregate purchase price of HK\$678,720 on the Stock Exchange. All these repurchased Shares were cancelled on 31 January 2019.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Period.

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 2019, 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 share options held (b)	Total number of Shares and underlying Shares held (a)+(b)	Approximate percentage of shareholding in the Company (Note 8)
Mr. Zhong Baisheng (Note 2)	Interest in a controlled corporation	232,104,800(L)	—	232,104,800(L)	66.46%
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)	5.15%
	Total	24,030,000(L)	4,450,000(L)	28,480,000(L)	8.15%
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)	1.99%
Mr. Han Biao (Note 6)	Beneficial owner	—	550,000(L)	550,000(L)	0.16%
Mr. Li Qi (Note 7)	Beneficial owner	—	550,000(L)	550,000(L)	0.16%

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 Holding 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 218,347,092 Shares, representing approximately 62.52% 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 adopted by the Company on 25 November 2011 (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) 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.
- (7) 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.
- (8) Based on a total of 349,260,800 issued Shares of the Company as at 30 June 2019.

* *For identification purposes only*

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(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 2019, 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, or (ii) 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.

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

As at 30 June 2019, 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:

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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)
Tempus Hong Kong (Note 2)	Beneficial owner	232,104,800(L)	—	232,104,800(L)	66.46%
Tempus Value Chain (Note 2)	Interest in a controlled corporation	232,104,800(L)	—	232,104,800(L)	66.46%
Tempus Logistics (Note 2)	Interest in a controlled corporation	232,104,800(L)	—	232,104,800(L)	66.46%
Tempus Group (Note 2)	Interest in a controlled corporation	232,104,800(L)	—	232,104,800(L)	66.46%
Pingfeng Jewellery (Note 2)	Interest in a controlled corporation	232,104,800(L)	—	232,104,800(L)	66.46%
Ms. Duan Naiqi (Note 2)	Interest in a controlled corporation	232,104,800(L)	—	232,104,800(L)	66.46%
SCGC Capital Holding Company Limited (Note 3)	Beneficial owner	20,300,000(L)	—	20,300,000(L)	5.81%
Shenzhen Capital (Hong Kong) Company Limited (Note 3)	Interest in a controlled corporation	20,300,000(L)	—	20,300,000(L)	5.81%
Shenzhen Capital Group Co., Ltd. (Note 3)	Interest in a controlled corporation	20,300,000(L)	—	20,300,000(L)	5.81%
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)	6.50%
	Total	24,030,000(L)	4,450,000(L)	28,480,000(L)	8.15%
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)	6.40%
	Total	24,030,000(L)	4,450,000(L)	28,480,000(L)	8.15%

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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. 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)	6.41%
	Total	24,030,000(L)	4,450,000(L)	28,480,000(L)	8.15%
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)	8.15%
	Total	24,030,000(L)	4,450,000(L)	28,480,000(L)	8.15%
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)	8.15%
	Total	24,030,000(L)	4,450,000(L)	28,480,000(L)	8.15%
Wan Tai Investments Limited ("Wai Tai") (Note 5)	Beneficial owner	—	23,510,971(L)	23,510,971(L)	6.73%
CCBI Investments Limited ("CCBI") (Note 5)	Interest in a controlled corporation	—	23,510,971(L)	23,510,971(L)	6.73%
CCB International (Holdings) Limited ("CCB Int'l") (Note 5)	Interest in a controlled corporation	—	23,510,971(L)	23,510,971(L)	6.73%
CCB Financial Holdings Limited ("CCB Financial") (Note 5)	Interest in a controlled corporation	—	23,510,971(L)	23,510,971(L)	6.73%
CCB International Group Holdings Limited ("CCB Int'l Group") (Note 5)	Interest in a controlled corporation	—	23,510,971(L)	23,510,971(L)	6.73%
China Construction Bank Corporation ("CCBC") (Note 5)	Interest in a controlled corporation	—	23,510,971(L)	23,510,971(L)	6.73%
Central Huijin Investment Limited ("Central Huijin") (Note 5)	Interest in a controlled corporation	—	23,510,971(L)	23,510,971(L)	6.73%

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 218,347,092 Shares, representing approximately 62.52% 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.
- (5) Wan Tai's long position in the underlying Shares comprises its interest in convertible bonds issued by the Company on 16 October 2018 which can be converted into 23,510,971 new Shares at the convertible price of HK\$1.276 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 23,510,971 underlying Shares in the Company by virtue of the SFO.
- (6) Based on a total of 349,260,800 issued Shares as at 30 June 2019.

Save as disclosed above, as at 30 June 2019, 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 register 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 24 May 2019 (the “**2019 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 2019 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 34,926,080 Shares. For details, please refer to the Company’s circular dated 24 April 2019 and the Company’s announcement dated 24 May 2019.

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 30 June 2019
					Outstanding as at 1 January 2019	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	
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					6,498,600	–	–	–	–	6,498,600

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Grantees	Date of grant	Vesting period	Exercise period	Exercise price per Share HK\$	Number of Share Options					Outstanding as at 30 June 2019	
					Outstanding as at 1 January 2019	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period		
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				6,948,600	–	–	–	–	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				4,450,000	–	–	–	–	4,450,000
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	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				550,000	–	–	–	–	550,000

OTHER INFORMATION

Grantees	Date of grant	Vesting period	Exercise period	Exercise price per Share HK\$	Number of Share Options					Outstanding as at 30 June 2019	
					Outstanding as at 1 January 2019	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period		
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				550,000	–	–	–	–	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					400,000	–	–	(400,000)	–	–	
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	–	–	(340,000)	–	972,000	
		26.1.2017 – 25.1.2018	26.1.2018 – 25.1.2021	1.84	3,936,000	–	–	(1,020,000)	–	2,916,000	
		26.1.2017 – 25.1.2019	26.1.2019 – 25.1.2021	1.84	3,936,000	–	–	(1,020,000)	–	2,916,000	
		26.1.2017 – 25.1.2020	26.1.2020 – 25.1.2021	1.84	3,936,000	–	–	(1,020,000)	–	2,916,000	
	16.4.2018	16.4.2018	16.4.2018 – 15.4.2022	2.13	2,458,880	–	–	(560,000)	–	1,898,880	
		16.4.2018 – 15.4.2019	16.4.2019 – 15.4.2022	2.13	7,376,640	–	–	(1,680,000)	–	5,696,640	
		16.4.2018 – 15.4.2020	16.4.2020 – 15.4.2022	2.13	7,376,640	–	–	(1,680,000)	–	5,696,640	
		16.4.2018 – 15.4.2021	16.4.2021 – 15.4.2022	2.13	7,376,640	–	–	(1,680,000)	–	5,696,640	
	Sub-total				40,708,800	–	–	(9,000,000)	–	31,708,800	
Total				60,106,000	–	–	(9,400,000)	–	50,706,000		

Note: Further details of the Share Option Scheme are set out in note 28 to the interim financial statements.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

MOORE STEPHENS

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大華馬施雲
會計師事務所有限公司

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 33 to 78, which comprise the condensed consolidated statement of financial position as of 30 June 2019 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.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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.

Moore Stephens CPA Limited

Certified Public Accountants

Chan King Keung

Practising Certificate Number: P06057

Hong Kong, 30 August 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	NOTES	Six months ended	
		30 June 2019 HK\$' 000 (Unaudited)	30 June 2018 HK\$' 000 (Unaudited)
Revenue	3A, 3B	382,310	387,023
Cost of sales		(239,508)	(247,430)
Gross profit		142,802	139,593
Other income	4	7,720	12,227
Other gains and losses	5	(8,177)	33,931
Impairment losses on financial asset	18	(5,929)	—
Share of results of joint ventures		—	(1,135)
Share of results of associates		(419)	3,750
Selling and distribution expenses		(118,091)	(95,407)
Administrative expenses		(56,521)	(54,423)
Finance costs	6	(26,581)	(26,858)
(Loss)/profit before tax	7	(65,196)	11,678
Income tax expense	8	(2,327)	(4,548)
(Loss)/profit for the period		(67,523)	7,130
Other comprehensive (loss)/income for the period			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation		637	(5,655)
Total comprehensive (loss)/income for the period		(66,886)	1,475
(Loss)/profit for the period attributable to:			
Owners of the Company		(66,006)	4,266
Non-controlling interests		(1,517)	2,864
		(67,523)	7,130
Total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		(65,392)	(528)
Non-controlling interests		(1,494)	2,003
		(66,886)	1,475
(Loss)/earnings per share	10		
Basic and diluted (HK cents)		(18.89)	1.22

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	NOTES	30 June 2019 HK\$' 000 (Unaudited)	31 December 2018 HK\$' 000 (Audited)
Non-current assets			
Property, plant and equipment	11	328,442	338,979
Right-of-use assets	11	84,897	—
Investment properties	12	—	152,700
Investments in joint ventures	13	—	—
Investments in associates	14	51,828	52,247
Financial assets at fair value through profit or loss	15	44,832	45,761
Deferred tax assets		1,253	1,253
Intangible assets		1,903	2,285
Goodwill		2,657	2,657
Utility and other deposits paid		11,960	10,878
Total non-current assets		527,772	606,760
Current assets			
Inventories	16	38,433	37,995
Trade, bills and other receivables	17	254,732	285,015
Utility and other deposits paid		12,666	21,004
Loan receivable	18	21,191	28,020
Tax recoverable		376	1,178
Pledged bank deposits		26,568	9,119
Bank balances and cash		74,377	134,467
Assets classified as held for sale	19	428,343	516,798
		136,561	—
Total current assets		564,904	516,798
Total assets		1,092,676	1,123,558

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	NOTES	30 June 2019 HK\$' 000 (Unaudited)	31 December 2018 HK\$' 000 (Audited)
Current liabilities			
Trade and other payables	20	113,232	99,736
Contract liabilities	21	16,930	20,346
Amount due to an intermediate holding company		35	1,355
Lease liabilities	2	44,213	—
Obligations under finance leases		—	1,925
Tax payable		4,606	10,142
Bank borrowings – due within one year	22	131,507	131,179
Convertible bonds	23	200,129	192,228
Senior note	24	—	50,645
		510,652	507,556
Liabilities associated with assets classified as held for sale	19	1,679	—
Total current liabilities		512,331	507,556
Net current assets		52,573	9,242
Total assets less current liabilities		580,345	616,002
Non-current liabilities			
Obligations under finance leases		—	3,194
Lease liabilities	2	43,197	—
Bank borrowings – due after one year	22	157,873	162,546
Total non-current liabilities		201,070	165,740
Net assets		379,275	450,262
Capital and reserves			
Share capital	25	27,231	27,279
Reserves		310,492	379,809
Equity attributable to owners of the Company		337,723	407,088
Non-controlling interests		41,552	43,174
Total equity		379,275	450,262

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the Company										Non-controlling interests HK\$'000	Total HK\$'000	
	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 revaluation reserve HK\$'000	Other reserve HK\$'000	Statutory reserve HK\$'000	Retained profits HK\$'000			Total HK\$'000
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 loss for the period – exchange difference arising on translation	—	—	—	—	(4,794)	—	—	—	—	—	(4,794)	(861)	(5,655)
Total comprehensive (loss)/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 9)	—	—	—	—	—	—	—	—	—	(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
At 31 December 2018 (audited)	27,279	360,207	32	9,374	(14,695)	(124,750)	2,332	(20,677)	14,100	153,886	407,088	43,174	450,262
Adjustments (Note 2)	—	—	—	—	—	—	—	—	—	(3,079)	(3,079)	(128)	(3,207)
At 1 January 2019 (restated)	27,279	360,207	32	9,374	(14,695)	(124,750)	2,332	(20,677)	14,100	150,807	404,009	43,046	447,055
Loss for the period	—	—	—	—	—	—	—	—	—	(66,006)	(66,006)	(1,517)	(67,523)
Other comprehensive loss for the period – exchange difference arising on translation	—	—	—	—	614	—	—	—	—	—	614	23	637
Total comprehensive income/(loss) for the period	—	—	—	—	614	—	—	—	—	(66,006)	(65,392)	(1,494)	(66,886)
Reversal of equity-settled share-based payments	—	—	—	(214)	—	—	—	—	—	—	(214)	—	(214)
Transfer upon forfeiture of share options	—	—	—	(124)	—	—	—	—	—	124	—	—	—
Share repurchased and cancelled (Note 25)	(48)	(632)	—	—	—	—	—	—	—	—	(680)	—	(680)
Transfer to statutory reserve	—	—	—	—	—	—	—	—	399	(399)	—	—	—
At 30 June 2019 (unaudited)	27,231	359,575	32	9,036	(14,081)	(124,750)	2,332	(20,677)	14,499	84,526	337,723	41,552	379,275

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended	
	30 June 2019 HK\$' 000 (Unaudited)	30 June 2018 HK\$' 000 (Unaudited)
Operating activities		
Operating cash flows before movements in working capital	10,490	8,453
Decrease/(increase) in inventories	26	(37,646)
Decrease/(increase) in trade, bills and other receivables	30,438	(22,984)
Decrease/(increase) in utility and other deposits paid	6,179	(7,208)
(Decrease)/increase in trade and other payables	(5,988)	33,596
(Decrease)/increase in contract liabilities	(3,413)	25,636
Other movements in working capital items	—	(26,827)
Cash generated from/(used in) operations	37,732	(26,980)
Income taxes paid	(6,463)	(2,865)
Net cash generated from/(used in) operating activities	31,269	(29,845)
Investing activities		
Acquisition and investment in an associate	—	(37,456)
Deposit received for disposal of a subsidiary	20,000	—
Proceeds on disposal of financial assets at fair value through profit or loss	—	47,910
Purchases of property, plant and equipment	(5,888)	(17,946)
Interest received	213	1,548
Increase in pledged bank deposits	(17,449)	—
Withdrawal of pledged bank deposits	—	161
Withdrawal of bank deposits with original maturity over three months	—	4,045
Loans advance to third parties	—	(20,000)
Repayment of a loan from a third party	900	9,000
Other investing cash flows	—	2,358
Net cash used in investing activities	(2,224)	(10,380)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended	
	30 June 2019 HK\$' 000 (Unaudited)	30 June 2018 HK\$' 000 (Unaudited)
Financing activities		
Dividend paid	—	(8,047)
Interest paid	(3,399)	(18,644)
Proceeds on issue of convertible bonds	—	160,000
Redemption of convertible bonds	—	(160,000)
New bank borrowings raised	45,814	243,441
Repurchase of shares	(680)	—
Repayment of bank borrowings	(54,201)	(93,278)
Repayment of senior note	(50,000)	—
Payment for acquisition of entities under common control	—	(15,332)
Payment of lease liabilities	(25,336)	—
Other financing cash flows	(1,320)	(2,450)
Net cash (used in)/from financing activities	(89,122)	105,690
Net (decrease)/increase in cash and cash equivalents	(60,077)	65,465
Cash and cash equivalents at the beginning of the period	134,467	131,077
Effect of foreign exchange rate changes	126	(1,300)
Cash and cash equivalents at the end of the period*	74,516	195,242

* Cash and cash equivalents of the subsidiary classified as disposal group held for sale are included in cash and cash equivalents as stated in the condensed consolidated statement of cash flows.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. BASIS OF PREPARATION

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 “Stock Exchange”) (the “Listing Rules”).

Going concern

As disclosed in Note 23 to the condensed consolidated financial statements, the Group’s convertible bonds together with interest payable amounting to HK\$200 million are repayable on demand under default clauses in the relevant convertible bond agreements. The bank balances and cash of the Group amounted to HK\$74 million as at 30 June 2019.

On 30 August 2019, the management of the Company was still in discussion with the subscriber of the convertible bonds.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will be able to repay the outstanding convertible bonds and be able to finance its future working capital and financial requirements.

The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into consideration of the followings:

- (i) The Group entered into an agreement to dispose of an indirect wholly owned subsidiary for a cash consideration of HK\$122,268,000 on 29 May 2019. The cash consideration was received on 23 July 2019, details are set out in Note 30;
- (ii) The Group has also entered into agreements with independent third parties for the sale of a commercial property and a residential property for a cash considerations of HK\$10,620,000 and HK\$10,800,000 respectively, details are set out in Note 30; and
- (iii) Speeding up the collection of receivables and planning of equity financing.

2. 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 2019 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 19	Plan Amendments, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKFRSs	Annual Improvements 2015-2017 Cycle

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.

Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 Leases ("HKFRS 16") for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17") and the related interpretations.

Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of offices, retail shops and pallets that have a lease term of 12 months or less from the commencement date and do not contain a purchase nor renewal option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date of the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments (“HKFRS 9”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

As a lessor

Allocation of consideration to components of a contract

Effective on 1 January 2019, the Group applies HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment;
- iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options; and
- v. used the carrying amount of the lease asset and lease liability of the finance leases as the carrying amount of the right-of-use asset and the lease liability at the date of initial application immediately before that date measured applying HKAS 17.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of HK\$93,256,000 and right-of-use assets of HK\$91,234,000 at 1 January 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 4.72%.

	Note	HK\$' 000 (Unaudited)
Operating lease commitments disclosed as at 31 December 2018		91,485
Lease liabilities discounted at relevant incremental borrowing rates		88,785
Less: Recognition exemption – low value assets		(491)
Recognition exemption – short term lease		(157)
Add: Obligations under finance leases recognised at 31 December 2018	(a)	5,119
Lease liabilities at 1 January 2019		93,256
Analysed as		
Current		43,506
Non-current		49,750
		93,256

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Notes	Right-of-use assets HK\$' 000 (Unaudited)
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		84,930
Amounts included in property, plant and equipment under HKAS 17		
– Assets previously under finance leases	(a)	4,924
Adjustments on rental deposits at 1 January 2019	(b)	1,380
Right-of-use assets at 1 January 2019		91,234
By class:		
Land and buildings		86,310
Motor vehicles		4,924
		91,234

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

- (a) In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 January 2019 amounting to HK\$4,924,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of HK\$1,925,000 and HK\$3,194,000 to lease liabilities as current and non-current liabilities respectively at 1 January 2019.
- (b) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to fair value to reflect the discounting effect at transition. Accordingly, HK\$1,380,000 was adjusted to refundable rental deposits paid and right-of-use assets.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's condensed consolidated statement of financial position at 1 January 2019. However, effective 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessor (Continued)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Notes	Carrying amounts previously reported at 31 December 2018 HK\$' 000 (Audited)	Adjustments HK\$' 000 (Unaudited)	Carrying amounts under HKFRS 16 at 1 January 2019 HK\$' 000 (Unaudited)
Non-current assets				
Property, plant and equipment	(a)	338,979	(4,924)	334,055
Utility and other deposits paid	(b)	10,878	(1,237)	9,641
Right-of-use assets		—	91,234	91,234
Current assets				
Utility and other deposits paid	(b)	21,004	(143)	20,861
Current liabilities				
Lease liabilities		—	43,506	43,506
Obligations under finance leases	(a)	1,925	(1,925)	—
Non-current liabilities				
Lease liabilities		—	49,750	49,750
Obligations under finance leases	(a)	3,194	(3,194)	—
Capital and reserves				
Share capital and reserves		407,088	(3,079)	404,009
Non-controlling interests		43,174	(128)	43,046

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

Amounts recognised in the unaudited interim condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities, and the movement during the period are as follow:

	Right-of-use assets HK\$' 000 (Unaudited)	Lease liabilities HK\$' 000 (Unaudited)
At 1 January 2019	91,234	93,256
Addition	17,708	17,708
Depreciation charge	(24,016)	—
Exchange difference	(29)	(7)
Interest expense	—	1,789
Payments	—	(25,336)
At 30 June 2019	84,897	87,410

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

3A. REVENUE FROM GOODS AND SERVICES

Disaggregation of revenue

For the six months ended 30 June 2019

	Sales of health and wellness products business HK\$' 000 (Unaudited)	Trading and logistics business HK\$' 000 (Unaudited)	Total HK\$' 000 (Unaudited)
Types of goods or services			
Sales of health and wellness products:			
Relaxation products	219,315	—	219,315
Fitness and other products	7,550	—	7,550
	226,865	—	226,865
Sales of consumer products	—	6,034	6,034
Provision of freight forwarding services	—	140,020	140,020
Provision of storage services	—	9,391	9,391
	—	155,445	155,445
Total	226,865	155,445	382,310
Geographical markets			
Hong Kong	70,359	25,093	95,452
Macau	14,054	—	14,054
PRC	112,752	130,352	243,104
Singapore	26,744	—	26,744
Malaysia	2,956	—	2,956
Total	226,865	155,445	382,310
Timing of revenue recognition			
A point in time	226,865	6,034	232,899
Over time	—	149,411	149,411
Total	226,865	155,445	382,310

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

3A. REVENUE FROM GOODS AND SERVICES *(Continued)*

Disaggregation of revenue *(Continued)*

For the six months ended 30 June 2018

	Sales of health and wellness products business HK\$' 000 (Unaudited)	Trading and logistics business HK\$' 000 (Unaudited)	Total HK\$' 000 (Unaudited)
Types of goods or services			
Sales of health and wellness products:			
Relaxation products	199,611	—	199,611
Fitness and other products	8,882	—	8,882
	208,493	—	208,493
Sales of consumer products	—	13,449	13,449
Provision of freight forwarding services	—	151,443	151,443
Provision of storage services	—	13,638	13,638
	—	178,530	178,530
Total	208,493	178,530	387,023
Geographical markets			
Hong Kong	77,351	43,247	120,598
Macau	13,197	—	13,197
PRC	89,563	135,283	224,846
Singapore	24,234	—	24,234
Malaysia	4,148	—	4,148
Total	208,493	178,530	387,023
Timing of revenue recognition			
A point in time	208,493	13,449	221,942
Over time	—	165,081	165,081
Total	208,493	178,530	387,023

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

3B. 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:

- Sales of health and wellness products business — Sales and research and development of health and wellness related products
- Trading and logistics business — Trading and distribution of consumer products, and provision of logistics services, including freight forwarding, storage and other ancillary 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 2019

	Sales of health and wellness products business HK\$' 000 (Unaudited)	Trading and logistics business HK\$' 000 (Unaudited)	Total HK\$' 000 (Unaudited)
Revenue			
External sales	226,865	155,445	382,310
Inter-segment sales	—	1,569	1,569
Segment revenue	226,865	157,014	383,879
Elimination			(1,569)
Group revenue			382,310
Segment (loss)/profit	(3,759)	2,782	(977)
Share of results of associates			(419)
Impairment losses on financial asset			(5,929)
Unallocated administrative expenses			(26,755)
Other gains and losses			(8,177)
Rental income			2,016
Bank interest income			213
Interest income on loan receivable			1,413
Finance costs			(26,581)
Loss before tax			(65,196)
Income tax expense			(2,327)
Loss for the period			(67,523)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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

For the six months ended 30 June 2018

	Sales of health and wellness products business HK\$' 000 (Unaudited)	Trading and logistics business HK\$' 000 (Unaudited)	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			(28,725)
Other gains and losses			33,931
Rental income			6,095
Bank interest income			161
Interest income on loan 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 2019

4. OTHER INCOME

	Six months ended	
	30 June 2019 HK\$' 000 (Unaudited)	30 June 2018 HK\$' 000 (Unaudited)
Bank interest income	213	161
Interest income on loan receivable	1,413	1,387
Rental income	2,016	6,095
Government grant (Note)	1,791	2,358
Sundry income	2,287	2,226
	7,720	12,227

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

5. OTHER GAINS AND LOSSES

	Six months ended	
	30 June 2019 HK\$' 000 (Unaudited)	30 June 2018 HK\$' 000 (Unaudited)
Gain on fair value change of derivatives embedded in convertible bonds	6,895	7,609
Gain on lapse of conversion option of a convertible bond	3,200	—
(Loss)/gain on fair value change on financial assets at fair value through profit or loss ("FVTPL")	(929)	691
(Loss)/gain on fair value change of investment properties	(4,980)	27,600
Loss on disposal group classified as held for sale	(13,388)	—
Gain on disposal of property, plant and equipment	—	412
Net exchange gain/(loss)	1,025	(2,381)
	(8,177)	33,931

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

6. FINANCE COSTS

	Six months ended	
	30 June 2019 HK\$' 000 (Unaudited)	30 June 2018 HK\$' 000 (Unaudited)
Interest on:		
Bank borrowings	4,042	3,023
Convertible bonds (Note 23)	17,996	19,134
Interest on leases	1,789	226
Senior note (Note 24)	2,754	4,475
	26,581	26,858

7. (LOSS)/PROFIT BEFORE TAX

	Six months ended	
	30 June 2019 HK\$' 000 (Unaudited)	30 June 2018 HK\$' 000 (Unaudited)
(Loss)/profit before tax has been arrived at after charging:		
Cost of inventories recognised as an expense	86,868	102,679
Depreciation of property, plant and equipment	9,584	7,375
Depreciation of right-of-use assets	26,538	—
Short-term leases expenses	695	—
Low-value assets leases expenses	534	—
Operating lease payments in respect of rented premises (included in cost of sales)		
— Minimum lease payments	—	39,279
— Contingent rent	—	22,653

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

8. INCOME TAX EXPENSE

	Six months ended	
	30 June 2019 HK\$' 000 (Unaudited)	30 June 2018 HK\$' 000 (Unaudited)
Current tax:		
Hong Kong Profits Tax	114	948
Macau Complementary Income Tax	386	414
Malaysian Corporate Income Tax	—	12
Singapore Corporate Income Tax	—	132
The PRC Enterprise Income Tax	1,827	5,292
	2,327	6,798
Deferred tax credit	—	(2,250)
	2,327	4,548

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 both periods.

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.

9. DIVIDENDS

	Six months ended	
	30 June 2019 HK\$' 000 (Unaudited)	30 June 2018 HK\$' 000 (Unaudited)
Dividends recognised as distributions 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 2019

10. (LOSS)/EARNINGS PER SHARE

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

	Six months ended	
	30 June 2019 HK\$' 000 (Unaudited)	30 June 2018 HK\$' 000 (Unaudited)
(Loss)/earnings		
(Loss)/profit for the period attributable to owners of the Company for the purposes of basic and diluted (loss)/earnings per share	(66,006)	4,266
	' 000	' 000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted (loss)/earnings per share	349,363	349,877

Note: The computation of diluted (loss)/earnings per share for both interim periods does not assume the exercise of the Company's share options because the exercise price 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 bonds since their assumed conversion would result in a decrease in loss per share for the six months ended 30 June 2019 (for the six months ended 30 June 2018: an increase in earnings per share).

11. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS

During the current interim period, the Group acquired property, plant and equipment of HK\$5,888,000 (for the six months ended 30 June 2018: HK\$20,236,000). During the current interim period, the Group transferred owner-occupied property to assets classified as held for sales at the carrying amount of HK\$1,994,000. Details are set out in Note 19(b).

During the current interim period, the Group entered into leases for the use of buildings for two to three years. The Group is required to make fixed monthly payments. On lease commencement, the Group recognised HK\$17,708,000 of right-of-use assets and HK\$17,708,000 of lease liabilities.

12. MOVEMENT IN INVESTMENT PROPERTIES

On 29 May 2019, as disclosed in Note 19(a), an investment property of the Group was transferred from investment properties to disposal group held for sale. The fair value of the investment properties on the date of transfer amounting to HK\$137,100,000 was valued by APAC Asset Valuation and Consulting Limited on 31 May 2019, which is a firm of independent professional valuers 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. A loss on fair value change of HK\$2,300,000 is recognised in profit or loss included in other gains and losses for the six months ended 30 June 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

12. MOVEMENT IN INVESTMENT PROPERTIES *(Continued)*

As 30 June 2019, as disclosed in Note 19(b), another investment property of the Group was transferred from investment property to non-current assets classified as held for sale. The fair value of this investment property on the date of transfer amounting to HK\$10,620,000 was valued by the management with reference to the consideration of the disposal of the property on 5 July 2019 (date of the provisional sale and purchase agreement). The consideration was arrived after arm's length negotiations between the Group and the purchaser. A loss on fair value change of HK\$2,680,000 is recognised in profit or loss included in other gains and losses for the six months ended 30 June 2019.

The Group's investment properties at 31 December 2018 were stated at fair value which had been arrived at on the basis of a valuation carried out by APAC Appraisal and Consulting Limited, which is a firm of independent professional valuers 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.

For the six months ended 30 June 2018, a gain on fair value change of HK\$27,600,000 was included in other gains and losses in Note 5.

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 31 December 2018 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 2019

12. MOVEMENT IN INVESTMENT PROPERTIES *(Continued)*

	Fair value as at		Fair value hierarchy	Valuation techniques, key inputs and significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)			
Investment properties	-	152,700	Level 3	Direct comparison method The key input is adjusted unit sale rate, taking into account the location and individual factors, such as frontage and size, between the comparable and the property ranging from HK\$11,000 to HK\$19,000	An increase in the adjusted unit sale rate used would result in an increase in the fair value measurement of the investment properties, and vice versa

Note: There were no transfers between level 1, level 2 and level 3 during the six months ended 30 June 2019.

13. INVESTMENTS IN JOINT VENTURES

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Cost of investments, unlisted	175	175
Share of post-acquisition losses	(175)	(175)
	—	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

14. INVESTMENTS IN ASSOCIATES

	30 June 2019 HK\$' 000 (Unaudited)	31 December 2018 HK\$' 000 (Audited)
Cost of investments, unlisted	52,798	52,798
Share of post-acquisition losses	(970)	(551)
	51,828	52,247

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at FVTPL comprise:

	30 June 2019 HK\$' 000 (Unaudited)	31 December 2018 HK\$' 000 (Audited)
Financial assets mandatorily measured at FVTPL		
Unlisted investments:		
– Equity interest in TBRJ Fund I	30,768	30,768
– Equity interest in 重慶格洛博電子商務有限公司	14,064	14,993
	44,832	45,761

16. INVENTORIES

All inventories represent finished goods held for resale.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

17. TRADE, BILLS AND OTHER RECEIVABLES

	30 June 2019 HK\$' 000 (Unaudited)	31 December 2018 HK\$' 000 (Audited)
Trade receivables	138,384	158,160
Bills receivable	6,675	7,873
Prepayments	53,224	49,053
Other receivables	56,449	69,929
	254,732	285,015

For sales of health and wellness products 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 aging analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	30 June 2019 HK\$' 000 (Unaudited)	31 December 2018 HK\$' 000 (Audited)
0 – 30 days	54,773	123,241
31 – 60 days	35,170	21,373
61 – 90 days	17,798	7,773
Over 90 days	30,643	5,773
	138,384	158,160

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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

Bills receivable have an average original maturity period of 180 days and the aging analysis based on sales invoice dates are as follows:

	30 June 2019 HK\$' 000 (Unaudited)	31 December 2018 HK\$' 000 (Audited)
0 – 30 days	2,860	1,050
31 – 60 days	—	673
61 – 90 days	796	1,822
Over 90 days	3,019	4,328
	6,675	7,873

18. LOAN RECEIVABLE

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.

As at 31 December 2018, impairment allowance for the loan receivable amounted to HK\$1,980,000 was provided based on the financial position and the economic environment the borrower operates.

During the current interim period, the borrower has fully settled the interest and partially repaid HK\$900,000 of the principal. The Group received a proposed repayment schedule from the guarantor that all outstanding principal and interest of the loan shall be gradually repaid by 31 December 2019. Additional impairment allowance for the loan receivable amounting to HK\$5,929,000 was provided based on the financial position and the economic environment the guarantor and borrower operate.

In the event that the borrower or guarantor fails to meet the repayment schedule, the Group shall consider further necessary actions to recover the loan including but not limited to taking legal proceedings against the borrower and the guarantor. Up to the date of this interim report, no further action was taken by the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

19. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

(a) Disposal of KK II (BVI) Limited

On 29 May 2019, Tempus (BVI) Properties Investment Limited (the "Vendor"), a wholly-owned subsidiary of the Company, Talent Realty Limited (the "Purchaser"), an independent third party and the Company (the "Guarantor") entered into a provisional sale and purchase agreement which the Vendor agreed to sell and the Purchaser agreed to purchase the entire issued share capital of KK II (BVI) Limited (the "Target Company"), and all such sum of money due and owing by the Target Company to the Vendor as at completion of the transaction, for a consideration of HK\$122,268,000. The assets and liabilities of the Target Company have been classified as a disposal group held for sale.

The loss amounting to HK\$13,388,000 has been recognised and included in other gains and losses, the amount is quantified with reference to the consideration of the disposal.

The major classes of asset and liability comprising the disposal group classified as held for sale are as follows:

	HK\$' 000 (Unaudited)
Assets	
Investment properties	137,100
Trade and other receivables	30
Utilities and other deposits paid	66
Bank balances and cash	139
Assets of a disposal group classified as held for sale	137,335
Liabilities	
Trade and other payables	971
Tax payables	708
Liabilities directly associated with assets classified as held for sale	1,679
Net assets directly associated with the disposal group before fair value adjustment	135,656
Losses recognised on the remeasurement to fair value	(13,388)
Net assets directly associated with disposal group after fair value adjustment	122,268

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

19. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE *(Continued)*

(b) Disposal of a commercial property and a residential property

During the current interim period, the Group located buyers for the sale of a commercial property and a residential property with an aggregate carrying amount of HK\$12,614,000, and the directors of the Company are confident that the sale of the properties are highly probable. On 5 July 2019, OTO Bodycare (H.K.) Limited, an indirect wholly-owned subsidiary of the Company, entered into agreements with two independent third parties in Hong Kong, in relation to the sale of a commercial property and a residential property for considerations of HK\$10,620,000 and HK\$10,800,000 respectively.

Properties classified as held for sale

	30 June 2019 HK\$' 000 (Unaudited)
Property, plant and equipment	1,994
Investment property	10,620
	12,614

As the considerations were expected to exceed the net carrying amounts of the properties, no additional loss has been recognised.

20. TRADE AND OTHER PAYABLES

	30 June 2019 HK\$' 000 (Unaudited)	31 December 2018 HK\$' 000 (Audited)
Trade payables	60,643	59,914
Receipts in advance	—	2,250
Accruals	13,098	17,824
Others (Note)	39,491	19,748
	113,232	99,736

Note: As at 30 June 2019, deposit received for the disposal of KK II (BVI) Limited of HK\$20 million set out in Note 30 is included in others.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

20. TRADE AND OTHER PAYABLES *(Continued)*

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

	30 June 2019 HK\$' 000 (Unaudited)	31 December 2018 HK\$' 000 (Audited)
0 – 30 days	26,447	39,064
31 – 60 days	32,826	9,380
61 – 90 days	1,018	4,119
Over 90 days	352	7,351
	60,643	59,914

The average credit period for trade payables 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 2019

22. BANK BORROWINGS

	30 June 2019 HK\$' 000 (Unaudited)	31 December 2018 HK\$' 000 (Audited)
Secured trust receipt loans	6,943	6,889
Secured bank loans	281,111	285,807
Bank overdraft	1,326	1,029
	289,380	293,725
Carrying amount of bank borrowings that do not contain a repayment on demand clause and are repayable:		
On demand and within one year	127,974	121,020
In more than one year but not more than two years	74,620	94,093
In more than two years but not more than five years	19,821	14,813
More than five years	63,432	53,640
	285,847	283,566
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	3,533	10,159
	289,380	293,725
Less: Amounts due within one year shown under current liabilities	(131,507)	(131,179)
Amounts shown under non-current liabilities	157,873	162,546

As at 30 June 2019, the bank borrowings of the Group are at variable interest rate and the weighted average effective interest rate is 2.55% (31 December 2018: 2.49%) per annum.

During the current interim period, the Group repaid bank borrowings amounting to HK\$54,201,000 (six months ended 30 June 2018: HK\$93,278,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

23. CONVERTIBLE BONDS

Convertible bonds issued on 1 June 2018 (“CB 2018A”) and on 16 October 2018 (“CB 2018B”)

CB 2018A

On 15 May 2018, the Company entered into a subscription agreement (the “Agreement A”) with an independent third party (the “Subscriber”). Pursuant to the Agreement A, the Subscriber agreed to subscribe the convertible bonds with principal amount of HK\$160,000,000 at an interest rate of 7% per annum and guaranteed by the non-executive director, Mr. Zhong Baisheng. The CB 2018A was issued to the Subscriber on 1 June 2018 and would be due on 30 May 2019.

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

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

The CB 2018A contain two components: debt and derivative components amounting to HK\$154,274,000 and HK\$3,200,000 at 31 December 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 22.9% per annum, which was determined with reference to the prevailing market rates of interest for a similar instrument with a similar credit rating.

According to the Company’s announcement dated 11 June 2019, pursuant to the terms and conditions (the “Conditions”) in the instruments of the convertible bonds, it is an event of default (“EOD”) if, among others, Tempus Group Co., Ltd.* (騰邦集團有限公司) (“Tempus Group”) fails to make any payment in respect of any financial indebtedness in an amount exceeding HK\$30,000,000 (or its equivalent in another currency or currencies) on the due date for payment as extended by any originally applicable grace period. In case of an EOD, the convertible bonds will immediately become due and repayable upon notice of an EOD being given to the Company and additional interest will accrue on the outstanding principal amount of the convertible bonds from the date of the occurrence of an EOD to the date of actual payment at an internal rate of return of 18% per annum. Due to Tempus Group’s default on the corporate bonds, the Board considers that it has technically triggered an EOD under the Conditions.

Further, the Group and its guarantor failed to fully settle the principal amount outstanding together with accrued interest of CB 2018A on 30 May 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

23. CONVERTIBLE BONDS *(Continued)*

Convertible bonds issued on 1 June 2018 ("CB 2018A") and on 16 October 2018 ("CB 2018B") *(Continued)*

CB 2018B

On 9 October 2018, the Company entered into another subscription agreement (the "Agreement B") with a Subscriber. Pursuant to the Agreement B, the Subscriber agreed to further subscribe the convertible bonds with principal amount of HK\$30,000,000 at an interest rate of 7% per annum and guaranteed by the non-executive director, Mr. Zhong Baisheng. The CB 2018B was issued to the Subscriber on 16 October 2018 and will be due on 14 October 2019.

The Subscriber has the right to convert the CB 2018B in whole into shares at the maturity date. 23,510,971 new shares will be issued upon full conversion of the CB 2018B based on the initial conversion price of HK\$1.276 per share which is subject to certain adjustments as set out in the Agreement B.

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

The CB 2018B contains two components: debt and derivative components amounting to HK\$30,782,000 and HK\$nil at 30 June 2019 and HK\$27,859,000 and HK\$6,895,000 at 31 December 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 22.7% per annum, which was determined with reference to the prevailing market rates of interest for a similar instrument with a similar credit rating.

Due to the occurrence of EOD mentioned in CB 2018A, CB 2018B immediately become due and repayable upon notice of repayment being given to the Company and additional interest will accrue on the outstanding principal amount of the CB 2018B from the date of the occurrence of an EOD to the date of actual payment at an internal rate of return of 18% per annum on the principal amount outstanding under CB 2018B.

As at 30 June 2019, the Company was still in discussion with the Subscriber as to the redemption schedule of CB 2018A and CB 2018B.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

23. CONVERTIBLE BONDS (Continued)

Convertible bonds issued on 1 June 2018 ("CB 2018A") and on 16 October 2018 ("CB 2018B") (Continued)

The fair values of the derivatives embedded in the convertible bonds at 31 December 2018 and 30 June 2019 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 30 June 2019		At 31 December 2018	
	CB 2018A	CB 2018B	CB 2018A	CB 2018B
Share price	N/A	HK\$0.46	HK\$1.09	HK\$1.09
Exercise price	N/A	HK\$1.276	HK\$2.37	HK\$1.276
Expected volatility	N/A	N/A	91.29%	81.05%
Expected dividend yield	N/A	N/A	0.72%	0.72%

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

	Debt component HK\$'000	Derivative component HK\$'000	Total HK\$'000
As at 1 January 2019 (audited)	182,133	10,095	192,228
Interest charged	17,996	—	17,996
Change in fair value	—	(6,895)	(6,895)
Lapse of conversion option of CB 2018A	—	(3,200)	(3,200)
As at 30 June 2019 (unaudited)	200,129	—	200,129

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

24. SENIOR NOTE

	30 June 2019 HK\$' 000 (Unaudited)	31 December 2018 HK\$' 000 (Audited)
At the beginning of period/year	50,645	100,451
Interest charged during the period/year	2,754	9,194
Interest paid during the period/year	(3,399)	(9,000)
Repayment of senior note	(50,000)	(50,000)
At the end of period/year	—	50,645

On 13 November 2017, the Company issued a senior note of HK\$100,000,000 to an independent third party. On 13 November 2018, the Group repaid the senior note with a principal amount of HK\$50,000,000. At the maturity date, the holder agreed to extend the maturity date of the remaining senior note to 13 November 2019. The senior note bears coupon rate at 7% per annum payable semi-annually in arrears.

The senior note has been fully repaid during the six months ended 30 June 2019.

25. SHARE CAPITAL

	Number of shares	Share capital US\$
Ordinary shares of US\$0.01 each		
Authorised:		
At 1 January 2018, 31 December 2018 and 30 June 2019	10,000,000,000	100,000,000
Issued and fully paid or credited as fully paid		
At 1 January 2018 and 31 December 2018 (audited)	349,876,800	3,498,768
Share repurchased and cancellation	(616,000)	(6,160)
At 30 June 2019 (unaudited)	349,260,800	3,492,608

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

25. SHARE CAPITAL *(Continued)*

	30 June 2019 HK\$' 000 (Unaudited)	31 December 2018 HK\$' 000 (Audited)
Presented as	27,231	27,279

During the six months ended 30 June 2019, the Company repurchased a total of 616,000 ordinary shares of the Company at an aggregate purchase price of approximately HK\$680,000 on the Stock Exchange. The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these ordinary shares of US\$6,160 (equivalent to approximately HK\$48,000). The premium paid on the repurchase of the ordinary shares of HK\$632,000 was charged to share premium directly.

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 2019 HK\$' 000 (Unaudited)	31 December 2018 HK\$' 000 (Audited)
Leasehold land and buildings		
– included in property, plant and equipment	298,040	301,437
Investment properties	–	152,700
Bank deposits	26,568	9,119
	324,608	463,256

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\$4,000,000 as at 30 June 2019 (31 December 2018: HK\$4,924,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

27. 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 2019 HK\$' 000 (Unaudited)	30 June 2018 HK\$' 000 (Unaudited)
Fellow subsidiaries	Installation fee on computer software	85	151
	Rental expense and management fee expense	78	128
	Transportation income	–	(8)
	Rental income	–	(1,347)
	Logistics service income	–	(2,318)
Intermediate holding company	Rental expense	47	192
	Rental income	–	(2,826)

The balance of amount with an intermediate holding company is unsecured, interest-free and repayable on demand and is disclosed in the condensed consolidated statement of financial position. In the opinion of the directors of the Company, the amount due to an intermediate holding company is expected to be settled 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 2019 HK\$' 000 (Unaudited)	30 June 2018 HK\$' 000 (Unaudited)
Fee	251	250
Salaries and other benefits	4,326	4,472
Retirement benefits scheme contributions	33	27
Performance related incentive payments	–	67
Share-based payments	212	1,305
	4,822	6,121

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

28. 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.

Vesting of the share options is conditional upon the fulfilment of certain performance targets as set out in the respective offer letters to the grantees including financial targets of the Group and individual performance targets for certain periods.

As at 30 June 2019, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 50,706,000 (31 December 2018: 60,106,000), representing approximately 14.5% (31 December 2018: 17.2%) of the shares of the Company in issue at that date.

The maximum number of shares in respect of which options may be granted under the Scheme must not in aggregate exceed 10% of the total number of shares in issue on the date on which trading of the shares commenced on the Main Board of the Stock Exchange. At the annual general meeting of the Company held on 24 May 2019 (the "2019 AGM"), the shareholders of the Company passed an ordinary resolution to refresh the scheme mandate limit of the Scheme to 10% of the shares in issue as at the date of the 2019 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 34,926,080 shares. For details, please refer to the Company's circular dated 24 April 2019 and the Company's announcement dated 24 May 2019.

Pursuant to the terms of the Scheme and in accordance with the relevant provisions of Chapter 17 of the Listing Rules, the limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company at any time must not exceed 30% of the shares 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 2019

28. SHARE-BASED PAYMENTS (Continued)

Details of the outstanding share options are as follows:

Date of grant	No. of share options granted	Exercise period	Exercise price
31 August 2015	840,000 (Note b)	31.8.2016 to 30.8.2019	HK\$3.38 per share
	1,260,000 (Note b)	31.8.2017 to 30.8.2019	
	2,100,000 (Note b)	31.8.2018 to 30.8.2019	
	4,200,000		
26 January 2017	1,812,000 (Note a)	26.1.2017 to 25.1.2021	HK\$1.84 per share
	5,436,000 (Note b)	26.1.2018 to 25.1.2021	
	5,436,000 (Note b)	26.1.2019 to 25.1.2021	
	5,436,000 (Note b)	26.1.2020 to 25.1.2021	
	18,120,000		
16 April 2018	2,838,600 (Note a)	16.4.2018 to 15.4.2022	HK\$2.13 per share
	8,515,800 (Note b)	16.4.2019 to 15.4.2022	
	8,515,800 (Note b)	16.4.2020 to 15.4.2022	
	8,515,800 (Note b)	16.4.2021 to 15.4.2022	
	28,386,000		

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.

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 2019	Granted during the period	Lapsed during the period	Outstanding at 30 June 2019
31 August 2015	4,200,000	—	—	4,200,000
26 January 2017	21,720,000	—	(3,600,000)	18,120,000
16 April 2018	34,186,000	—	(5,800,000)	28,386,000
Exercisable at the end of the period				7,670,600
Weighted average exercise price	HK\$2.11			HK\$2.13

No share options were granted or exercised during the six months ended 30 June 2019.

The Group recognised a reversal of the charge of HK\$214,000 (six months ended 30 June 2018: charge of HK\$1,945,000) in the staff costs for the six months ended 30 June 2019 in relation to share options granted by the Company.

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

Some of the Group's financial assets and financial 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 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)			
Financial assets at FVTPL (Unlisted equity securities)	44,832	45,761	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 3 percent (31 December 2018: 3 percent). Long-term pre-tax operating margin taking into account management's experience and knowledge of market conditions of the specific industries ranging from 14 to 43 percent (31 December 2018: from 14 to 43 percent). Weighted average cost of capital ("WACC"), ranging from 14 to 18 percent (31 December 2018: from 14 to 17 percent).
Derivative components in relation to the convertible bonds	—	10,095	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 six months ended 30 June 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

	Financial assets at FVTPL HK\$' 000	Derivative components of convertible bonds HK\$' 000
At 1 January 2018 (audited)	88,964	6,612
Additions	11,954	19,325
Disposals	(60,609)	—
Fair value change recognised in profit or loss	6,028	(15,842)
Exchange adjustments	(576)	—
At 31 December 2018 and 1 January 2019 (audited)	45,761	10,095
Fair value change recognised in profit or loss	(929)	(10,095)
At 30 June 2019 (unaudited)	44,832	—

The total gains or losses for the period relating to financial assets and financial 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 FVTPL

At 30 June 2019, 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 (loss)/profit for the period would increase by HK\$322,000/decrease by HK\$318,000, as a result of changes in fair value of the financial assets at FVTPL. 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 (loss)/profit for the period would increase by HK\$2,106,000/decrease by HK\$2,107,000, as a result of changes in fair value of the financial assets at FVTPL. If the WACC had been 5% higher/lower and all other input variables of the valuation model were held constant, the Group's (loss)/profit for the period would decrease by HK\$2,024,000/increase by HK\$2,169,000, as a result of changes in fair value of the financial assets at FVTPL.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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

Sensitivity analysis *(Continued)*

Derivative components of convertible bonds

At 31 December 2018, 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 (loss)/profit for the year would decrease by HK\$1,697,000/increase by HK1,186,000, as a result of changes in fair value of the derivative component of the convertible bonds.

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.

As at 30 June 2019, the valuation of financial assets at FVTPL was estimated by the management.

As at 31 December 2018, 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 FVTPL and convertible bonds. 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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30. EVENTS AFTER THE REPORTING PERIOD

Disposal of entire equity interests in KK II (BVI) Limited

On 29 May 2019, Tempus (BVI) Properties Investment Limited (the "Vendor A"), a wholly-owned subsidiary of the Company, Talent Realty Limited, an independent third party, (the "Purchaser A") and the Company (the "Guarantor") entered into a provisional sale and purchase agreement, pursuant to which the Vendor agreed to sell and the Purchaser A agreed to purchase the entire issued share capital of KK II (BVI) Limited (the "Target Company"), and all such sum of money due and owing by the Target Company to the Vendor A as at completion of the transaction, for a consideration of HK\$122,268,000. The deposit of HK\$20,000,000 has been paid by the Purchaser A upon the signing of the provisional sale and purchase agreement; and the balance of the consideration, being HK\$102,268,000, as adjusted with reference to the net tangible asset value of the Target Company at completion date, was paid by the Purchaser A on completion.

For details, please refer to the Company's announcements dated 29 May 2019 and 23 July 2019, and the circular dated 19 July 2019. The transaction has been completed on 23 July 2019.

Disposal of a commercial property and a residential property

On 5 July 2019, OTO Bodycare (H.K.) Limited, an indirect wholly-owned subsidiary of the Company, entered into agreements with two independent third parties in Hong Kong, in relation to the sales of a commercial property and a residential property for considerations of HK\$10,620,000 and HK\$10,800,000 respectively. Both individuals have paid the deposit of HK\$5,000,000 each upon the signing of the agreements, and the balance of the consideration, being HK\$5,620,000 and HK\$5,800,000 for the commercial property and the residential property respectively were paid on completion.

For details, please refer to the Company's announcements dated 5 July 2019. The transactions have been completed on 7 August 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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30. EVENTS AFTER THE REPORTING PERIOD *(Continued)*

Partial disposal of equity interests in Tempus Sky Enterprises Limited

On 6 August 2019, OTO (BVI) Investment Limited (the "Vendor B"), the Company's direct wholly owned subsidiary and an independent third party (the "Purchaser B") entered into an agreement pursuant to which the Vendor B has conditionally agreed to sell and the Purchaser B has conditionally agreed to acquire the 2,000 ordinary shares, representing approximately 14.93% of the entire issued share capital of Tempus Sky Enterprises Limited, the Company's indirect non-wholly owned subsidiary, for a consideration of HK\$3,000,000. HK\$1,500,000 has been paid to the Vendor B as earnest money and such amount has been converted into deposit upon signing of the agreement, and the balance of the consideration should be paid on the completion date.

For details, please refer to the Company's announcement dated 6 August 2019. The outstanding balance of the consideration was received before the completion of the transaction on 19 August 2019.

31. COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform to current interim period's presentation and to provide comparative amounts in respect of items disclosed in 2018.