

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
2020





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhong Yiming (*Chief Executive Officer*)
Mr. Yip Chee Lai, Charlie
Mr. Wang Xingyi
Mr. Sun Yifei

Non-executive Director

Mr. Zhong Baisheng (*Chairman*)

Independent non-executive Directors

Mr. Han Biao
Mr. Li Qi
Mr. Wong Kai Hing

COMPANY SECRETARY

Ms. Cheung Man Yin
(*appointed on 7 July 2020*)

Mr. Kam Chi Sing
(*appointed on 8 January 2020 and
resigned on 7 July 2020*)

EXECUTIVE COMMITTEE

Mr. Zhong Yiming (*Chairman*)
Mr. Yip Chee Lai, Charlie
Mr. Wang Xingyi
Mr. Sun Yifei

AUDIT COMMITTEE

Mr. Wong Kai Hing (*Chairman*)
Mr. Li Qi
Mr. Han Biao

REMUNERATION COMMITTEE

Mr. Han Biao (*Chairman*)
Mr. Li Qi
Mr. Wong Kai Hing
Mr. Zhong Yiming
Mr. Sun Yifei

NOMINATION COMMITTEE

Mr. Han Biao (*Chairman*)
Mr. Li Qi
Mr. Wong Kai Hing

AUTHORISED REPRESENTATIVES

Mr. Zhong Yiming
Mr. Sun Yifei

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 and
Registered Public Interest Entity Auditor*
801-806 Silvercord, Tower 1
30 Canton Road, Tsimshatsui
Kowloon, Hong Kong

HONG KONG LEGAL ADVISER

Jia Yuan Law Office
17/F, No. 238 Des Voeux Road Central
Sheung Wan
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. Li Huifang

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 2020 (the “**Period**”) together with the unaudited comparative figures for the six months ended 30 June 2019. 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 2020 (Unaudited)	Six months ended 30 June 2019 (Unaudited) (Restated)	Changes
Profitability data (HK\$'000)			
Revenue – from continuing operations	171,849	227,396	(24.4%)
Gross profit – from continuing operations	88,694	127,232	(30.3%)
Loss before tax – from continuing operations	(42,099)	(65,923)	(36.1%)
Loss after tax for the Period			
– from continuing operations	(42,373)	(66,645)	(36.4%)
– from discontinued operations	–	(878)	100%
Loss per share – from continuing operations			
– basic and diluted (HK cents)	(12.03)	(19.04)	(36.8%)
Gross profit margin – from continuing operations	51.6%	56.0%	(4.4 ppt)
Loss before tax margin – from continuing operations	(24.5%)	(29.0%)	4.5 ppt

	As at 30 June 2020 (Unaudited)	31 December 2019 (Audited)	Changes
Assets and liabilities data (HK\$'000)			
Bank balances and cash	84,750	73,340	15.6%
Bank and other borrowings	201,196	205,356	(2.0%)
Net current liabilities	(270,599)	(247,519)	9.3%
Total assets less current liabilities	138,629	187,904	(26.2%)
Assets and working capital ratios/data			
Current ratio (times)	0.4	0.5	(0.1)
Gearing ratio (%)	60.8	53.4	7.4
Inventories turnover days (days)	69.7	60.9	8.8
Trade receivables turnover days (days)	71.7	99.5	(27.8)
Trade payables turnover days (days)	90.9	95.0	(4.1)

Notes for key ratio:

Gross profit	Revenue from continuing operations – Cost of sales from continuing operations
Loss per share	Loss attributable to shareholders from continuing operations/ 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

For the year ended 31 December 2019, upon completion of the disposal of Shenzhen Qianhai Tempus Value Chain Co. Ltd.* (深圳前海騰邦價值鏈有限公司) (“**Qianhai Value Chain**”) and the partial disposal of shareholding in Tempus Sky Enterprises Limited (“**Tempus Sky**”, together with Qianhai Value Chain, the “**Disposed OpCo**”), the Group ceased to carry on the original logistics business. Accordingly, the operations of the Disposed OpCo were classified as discontinued operations in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Without changing the Company’s principal business and looking forward, the Company will continue to stay tuned to the market trends and explore new business opportunities.

During the Period, the Group’s revenue generated from the continuing operations was HK\$171.8 million, decreased by 24.4% as compared with that of HK\$227.4 million for the six months ended 30 June 2019. The Group recorded a loss for the Period from continuing operations of HK\$42.4 million, as compared with that of HK\$66.6 million for the six months ended 30 June 2019. The decrease in revenue generated from the continuing operations was mainly due to the impacts of external macroeconomic environment including the outbreak of COVID-19 (“**COVID-19 outbreak**”) around the world since early 2020, the slowdown in global economy and the intensification in the Sino-US trade conflicts, which has led to the slowdown in the business of the Group. The loss for the Period from continuing operations was mainly attributable to the onslaught of the novel coronavirus, which caused the decrease in revenue generated from sales of health and wellness products segment. The decrease in the revenue was however partially compensated by the reversal of impairment losses on financial assets which was recognised during the Period, by the decrease in finance costs, as well as the decrease in selling and distribution expenses and administrative expenses incurred by the sales of health and wellness products segment which was in line with the decrease 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\$110.7 million and HK\$59.0 million, respectively, representing 65.2% and 34.8% of the Group’s segment revenue from the sales of health and wellness products business, respectively. The Group launched a total of 9 new products, generating revenue of HK\$11.4 million, representing 6.7% 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 of (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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	Six months ended 30 June 2020		Six months ended 30 June 2019		Changes	
	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>%</i>
	Retail outlets	91,316	53.8	132,243	58.3	(40,927)
Roadshow counters	10,458	6.2	23,260	10.3	(12,802)	(55.0)
Corporate sales	44,207	26.0	54,672	24.1	(10,465)	(19.1)
International sales	6,137	3.6	6,167	2.7	(30)	(0.5)
Internet sales	17,601	10.4	10,523	4.6	7,078	67.3
Total	169,719	100.0	226,865	100.0	(57,146)	(25.2)

(i) Traditional sales channels

During the Period, the Group's revenue generated from traditional sales channels was HK\$91.3 million, representing 53.8% of the Group's segment revenue from the sales of health and wellness products business, and a decrease of 30.9% as compared to HK\$132.2 million for the six months ended 30 June 2019. The decrease was due to COVID-19 outbreak since early 2020, the restrictions imposed by the respective authorities in Mainland China, Macau, Malaysia, Singapore as well as Hong Kong (the "**Respective Regions**") in view of public health concerns. The lockdown which resulted in little appetite for purchase, difficulty in goods delivery owing to traffic controls in many parts of China, and temporary closure of retail outlets in the Respective Regions. These had adversely affected the Group's sales activities during the Period. As at 30 June 2020, the Group operated the following retail outlets which consist of retail stores and consignment counters:

	No. of outlets as at		
	30 June 2020	31 December 2019	30 June 2019
Mainland China	116	113	117
Hong Kong and Macau	23	24	24
Singapore and Malaysia	15	15	16
Total	154	152	157



MANAGEMENT DISCUSSION AND ANALYSIS

Retail business in the Mainland China

As at 30 June 2020, the Group operated 116 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\$38.3 million, representing a decrease of 33.7% as compared to HK\$57.8 million for the six months ended 30 June 2019. The decrease was due to the impact of the COVID-19 outbreak mentioned above in the region during the Period.

Retail business in Hong Kong and Macau

As at 30 June 2020, the Group maintained 23 retail outlets in Hong Kong and Macau. During the Period, the revenue contributed by the retail business in the region was HK\$45.6 million, representing a decrease of 23.5% as compared to HK\$59.6 million for the six months ended 30 June 2019. The decrease was due to the impact of COVID-19 outbreak mentioned above in the region during the Period.

Retail business in Singapore and Malaysia

As at 30 June 2020, the Group operated 15 retail outlets in Singapore and Malaysia. During the Period, the revenue contributed by retail business in the region was HK\$7.4 million, representing a decrease of 50.0% as compared to HK\$14.8 million for the six months ended 30 June 2019. The decrease was due to the impact of COVID-19 outbreak mentioned above in both regions during the Period.

(ii) Proactive sales channels

The proactive sales channels are important marketing and revenue generating channels for the Group. These channels not only facilitate the penetration into new market segments with minimum fixed operating expenses, but also mitigate the impact of the escalating operating costs such as retail stores rental, staff costs and advertising expenses.

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 decrease of 55.0% in revenue from roadshow counters was mainly due to the impact of COVID-19 outbreak mentioned above 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 19.1% 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 revenue generated from international sales remained stable 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 (天貓). The increase of 67.3% in revenue from internet sales was mainly attributable to the rapid development of general e-commerce environment in the Mainland China.

MANAGEMENT DISCUSSION AND ANALYSIS

TRADING BUSINESS

The Group's trading business represents trading of goods such as personal consumables. During the Period, the revenue generated from the trading business was HK\$2.1 million, representing 1.2% of the revenue generated from continuing operations of the Group. The increase of 301.1% in the revenue generated from trading as compared to HK\$0.5 million for the six months ended 30 June 2019 was mainly due to the revenue generated from trading circuit board during the Period.

RESULTS OF OPERATION

Revenue

The Group's operating results from continuing operation for the Period were primarily contributed by business engaging in the sales of health and wellness products as well as trading. In light of adopting HKFRS 5, the results of the logistics business in 2019 were included under the discontinued operations. The condensed consolidated statement of comprehensive income for the six months ended 30 June 2019 has also been restated for comparison purpose.

Revenue from the continuing operations represents the income from sales of health and wellness products and trading of consumer products. During the Period, the Group's revenue from the continuing operations decreased by 24.4% to HK\$171.8 million from HK\$227.4 million for the six months ended 30 June 2019. The decrease was mainly attributable to the decrease in revenue of 25.2% generated from sales of health and wellness products business.

	Continuing operations					
	Six months ended 30 June 2020		Six months ended 30 June 2019		Changes	
	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>%</i>
Sales of health and wellness products	169,719	98.8	226,865	99.8	(57,146)	(25.2)
Trading	2,130	1.2	531	0.2	1,599	301.1
Total	171,849	100.0	227,396	100.0	(55,547)	(24.4)



MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales

Cost of sales for the continuing operations represents product cost and direct expenses in relation to purchases of products. The Group's cost of sales for the continuing operations for the Period was HK\$83.2 million, representing a decrease of 17.0% from HK\$100.2 million for the six months ended 30 June 2019. The decrease in cost of sales was mainly due to the decrease in cost of sales of health and wellness products in line with the deterioration of the business of the same segment.

Gross profit

The gross profits for the continuing operations for the Period and for the six months ended 30 June 2019 were HK\$88.7 million and HK\$127.2 million, respectively. The gross profit margins for the Period and for the six months ended 30 June 2019 were 51.6% and 56.0%, respectively, representing a decrease of 4.4 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

	Continuing operations		Change
	Six months ended 30 June 2020	Six months ended 30 June 2019	
Sales of health and wellness products	51.9%	56.2%	(4.3 ppt)
Trading	26.6%	(35.8%)	62.4 ppt
Overall	51.6%	56.0%	(4.4 ppt)

Other income

Other income for the continuing operations for the Period was HK\$6.0 million, mainly comprising government grants of HK\$4.0 million and repair income of HK\$0.8 million. Other income for the continuing operations for the six months ended 30 June 2019 was HK\$7.6 million, mainly comprising rental income of HK\$2.0 million, government grants of HK\$1.7 million and interest income of HK\$1.6 million.

Other gains and losses, net

The Group's continuing operations recorded other losses of HK\$6.8 million, mainly comprising a loss on fair value change on financial assets at fair value through profit or loss of HK\$8.1 million which were partially offset by a gain on net exchange gain of HK\$1.2 million. The Group's continuing operations recorded other losses of HK\$7.5 million for the six months ended 30 June 2019, 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.

Impairment losses on financial assets

A sum of HK\$13.9 million of impairment losses on financial assets has been reversed and been recognised for the Period, mainly represented by HK\$0.4 million received from trade debtors and HK\$13.5 million received from other debtors, as compared with the impairment losses on the financial assets of approximately HK\$5.9 million recognised for the six months ended 30 June 2019.

Share of results of associates

Share of results of associates for continuing operations for the Period was a loss of HK\$3.3 million (for the six months ended 30 June 2019: a loss of HK\$0.4 million), mainly representing the Group's share of loss from associates, Yantai Leteng Equity Investment Management Centre (Limited Partnership)* (煙台樂騰股權投資管理中心(有限合夥)) and Guangdong Shucheng Technology Co., Ltd (廣東數程科技有限公司).

Selling and distribution expenses

Selling and distribution expenses for the continuing operations, mainly comprising advertising and marketing expenses as well as staff costs, decreased from HK\$107.7 million for the six months ended 30 June 2019 to HK\$81.6 million for the Period. The decrease was mainly attributed to the decrease in advertising and marketing expenses of HK\$4.7 million, distribution expense of HK\$1.8 million, rental expense of HK\$9.3 million and staff costs of HK\$9.1 million.

Administrative expenses

Administrative expenses for the continuing operations, mainly comprising staff costs and professional fees, decreased from HK\$53.5 million for the six months ended 30 June 2019 to HK\$40.0 million for the Period. The decrease was primarily due to the decrease in business trip and travelling expense of HK\$0.9 million and staff costs of HK\$12.1 million.

Finance costs

Finance costs for the continuing operations decreased to HK\$19.1 million for the Period from HK\$25.8 million for the six months ended 30 June 2019. The drop was due to the decrease in bank and other borrowings during the Period, and the full settlement of senior note during the period ended 30 June 2019.

Loss before tax

As a result of the factors described above, the Group's loss before tax for the continuing operations was HK\$42.1 million for the Period, as compared to the loss before tax of HK\$65.9 million for the six months ended 30 June 2019.

Income tax expense

Income tax expense for the continuing operations was HK\$0.3 million for the Period and HK\$0.7 million for the six months ended 30 June 2019. The decrease was mainly attributed to the drop in profit subject to income tax for the Period.

Loss for the Period

As a result of the factors described above, the Group's loss for the continuing operations was HK\$42.4 million for the Period, as compared to a loss of HK\$66.6 million for the six months ended 30 June 2019.



MANAGEMENT DISCUSSION AND ANALYSIS

Discontinued operations

Upon completion of the disposal of Qianhai Value Chain and the partial disposal of shareholding in Tempus Sky during the year ended 31 December 2019, the Group ceased to carry out the original logistics business. Accordingly, the operations of the Disposed OpCo were classified as discontinued operations in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to re-present the result of the Disposed OpCo for the six months ended 30 June 2019.

The revenue generated from the discontinued operations for the six months ended 30 June 2019 was approximately HK\$154.9 million and the gross profit for the discontinued operations for the six months ended 30 June 2019 was HK\$15.6 million. The loss for the six months ended 30 June 2019 from discontinued operations of HK\$0.9 million was attributed from selling and distribution expenses of HK\$10.4 million, administrative expenses of HK\$3.1 million, finance costs of HK\$0.8 million and income tax expense of HK\$1.6 million for the discontinued operations.

FINANCIAL POSITION

As at 30 June 2020, total equity of the Group was HK\$115.3 million (as at 31 December 2019: HK\$160.4 million). The decrease was mainly due to the loss for the Period.

As at 30 June 2020, the Group's net current liabilities was HK\$270.6 million (as at 31 December 2019: HK\$247.5 million). The current ratio was 0.4 times as at 30 June 2020 (as at 31 December 2019: 0.5 time).

As at 30 June 2020, total non-current assets of the Group was HK\$409.2 million (as at 31 December 2019: HK\$435.4 million), while the total current assets of the Group was HK\$217.4 million (as at 31 December 2019: HK\$268.8 million). The decrease in non-current assets and current assets were mainly due to the decrease in rights-of-use assets, the decrease in financial assets at fair value through profit or loss and the decrease in trade, bills and other receivables during the Period, respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2020, the Group had bank balances and cash of HK\$84.8 million (as at 31 December 2019: HK\$73.3 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 Mainland China. 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\$50.1 million for the Period (for the six months ended 30 June 2019: HK\$31.3 million), primarily reflecting the operating cash inflows before movements in working capital of HK\$3.9 million, as adjusted by a decrease of HK\$3.2 million in inventories, a decrease of HK\$63.0 million in trade, bills and other receivables and a decrease of HK\$20.7 million in trade and other payables.

Investing activities

Net cash used in investing activities was HK\$2.4 million for the Period (for the six months ended 30 June 2019: HK\$2.2 million), primarily consisted of payment for acquisition of property, plant and equipment of HK\$2.5 million and receipt of interest of HK\$0.1 million.

Financing activities

Net cash used in financing activities was HK\$33.9 million for the Period (for the six months ended 30 June 2019: HK\$89.1 million), which was primarily due to repayments of convertible bonds of HK\$5.0 million and repayment of lease liabilities of HK\$22.5 million during the Period.

BORROWINGS AND GEARING RATIO

Total borrowings of the Group as at 30 June 2020 was HK\$381.2 million with effective interest rates ranging from 1.75% to 23.1% per annum. The Group's gearing ratio increased by 7.4 ppt from 53.4% as at 31 December 2019 to 60.8% as at 30 June 2020, which was primarily due to the significant decrease in trade, bills and other receivables of approximately HK\$59.8 million at the Period end.

WORKING CAPITAL

As at 30 June 2020, the net negative working capital of the Group was HK\$270.6 million, which represented an increase of HK\$23.1 million or 9.3% as compared to the net negative working capital HK\$247.5 million as at 31 December 2019. The increase in net negative working capital was primarily due to increase in payable of convertible bonds of HK\$9.5 million, decrease in trade and other payable of HK\$20.7 million, decrease in short term lease liabilities of HK\$13.9 million, decrease in trade, bills and other receivables of HK\$59.8 million and increase in bank balances and cash of HK\$11.4 million.

As at 30 June 2020, the Group's inventories decreased by HK\$3.2 million to HK\$30.2 million from HK\$33.4 million as at 31 December 2019. The inventories turnover days was 69.7 days as at 30 June 2020 as compared with 60.9 days as at 31 December 2019. The increase was primarily due to slow down of the Group's sales activities as a result of the impact of COVID-19 outbreak.

As at 30 June 2020, the Group's trade receivables decreased by HK\$39.8 million, to HK\$47.8 million from HK\$87.6 million as at 31 December 2019. The trade receivables turnover days decreased to 71.7 days from 99.5 days as at 31 December 2019. The decrease was due to better control of collection of trade receivables during the Period.

As at 30 June 2020, the Group's trade payables decreased by HK\$19.8 million to HK\$31.6 million from HK\$51.4 million as at 31 December 2019. The trade payables turnover days decreased by 4.1 days to 90.9 days from 95.0 days as at 31 December 2019. The decrease in trade payables turnover days was mainly due to shorter settlement period to the suppliers during the Period.



MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL EXPENDITURE

During the Period, the Group's total capital expenditure amounted to HK\$2.5 million, which was used in the acquisition of property, plant and equipment.

CHARGE ON ASSETS

As at 30 June 2020, the Group had pledged certain assets, including leasehold land and buildings, under property, plant and equipment with a total carrying value of HK\$295.4 million for the purpose of securing certain banking and other facilities.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

On 22 January 2020, Zhuhai Tempus Jinyue Investment Limited* (珠海騰邦金躍投資有限公司) ("**Vendor**"), a wholly owned subsidiary of the Company, 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)) (collectively, the "**Purchasers**") and Ms. Zheng Meiling (鄭美玲) (the "**Transferee**") entered into receivables transfer agreement in respect of the assignment of the outstanding consideration amounted to RMB19,810,000 from Vendor to the Transferee for a total consideration of RMB15,850,000. Up to the date of this report, the Group has received all of the consideration.

For details, please refer to the Company's announcements dated 28 December 2018, 2 January 2019, 28 March 2019, 22 January 2020 and 30 January 2020.

IMPORTANT EVENTS AFTER THE END OF THE PERIOD

On 7 August 2020, Zhuhai Tempus Jinyue Investment Limited, a wholly owned subsidiary of the Company (the "**Vendor**"), entered into a sale and purchase agreement ("**S&P I**") with two independent third parties ("**Purchaser A**" and "**Purchaser B**", collectively, the "**Purchasers**"), pursuant to which the Vendor has agreed to sell and the Purchasers have agreed to acquire collectively the equity interest of approximately 1.75% held by the Vendor in 重慶格洛博電子商務有限公司 ("**格洛博**"), for a total consideration of approximately RMB2,213,000 (equivalent to approximately HK\$2,464,000). Up to the date of this report, the Group received all of the consideration.

On 20 August 2020, the Vendor entered into a sale and purchase agreement ("**S&P II**") with an independent third party ("**Purchaser C**"), pursuant to which the Vendor has agreed to sell and Purchaser C has agreed to acquire the equity interest of approximately 1.10% held by the Vendor in 格洛博, for a consideration of approximately RMB1,390,000 (equivalent to approximately HK\$1,548,000). Up to the date of this report, the Group received all of the consideration.

The Group recorded a gain of disposals of RMB326,000 (equivalent to approximately HK\$363,000). Upon completion of S&P I and S&P II, the Vendor will continue to hold approximately 3.80% of the entire issued share capital of 格洛博.

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 2019: Nil).

CONTINGENT LIABILITIES

Saved as disclosed in this report, the Group did not have any material contingent liabilities as at 30 June 2020.

FOREIGN EXCHANGE RISK MANAGEMENT

As at 30 June 2020, the Group was exposed to certain foreign exchange risk as the Group had bank balances in Renminbi of approximately RMB27,149,000 (equivalent to approximately HK\$29,713,000), and in United States dollar of approximately US\$395,490 (equivalent to approximately HK\$3,069,000). 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 2020, the Group had a total number of 681 (as at 31 December 2019: 780) full-time employees. The key components of the Group's remuneration package include basic salary, and where appropriate, other allowances, incentive bonus, mandatory provident funds, state-managed retirement benefits scheme and share options under the share option scheme of the Company. The Group determined the remuneration packages of all employees based on factors including individual qualifications, contributions to the Group, performance and years of experience of the respective staff. The remuneration committee will review and determine the remuneration and compensation packages of the Directors and senior management of the Company with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

The Group operates a mandatory provident fund scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees.

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



MANAGEMENT DISCUSSION AND ANALYSIS

The employees employed in Mainland China are members of the state-managed retirement benefit scheme operated by Mainland China government. The subsidiaries established in Mainland China 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 26 January 2017 and 16 April 2018, the Group granted 23,420,000 share options (Lot 1) and 34,986,000 share options (Lot 2) under the Share Option Scheme at the exercise prices of HK\$1.84 per share and HK\$2.13 per share to certain Directors, senior management and selected employees of the Group. During the Period, no share options have been granted under the Share Option Scheme. Movements of the outstanding share options granted under the Share Option Scheme during the Period are as follows:

	Balance as at 1 January 2020	Share options granted	Share options exercised	Share options lapsed	Balance as at 30 June 2020
Lot 1	12,400,000	–	–	(3,500,000)	8,900,000
Lot 2	16,998,600	–	–	(4,298,600)	12,700,000
Total	29,398,600	–	–	(7,798,600)	21,600,000

STRATEGIES AND PROSPECTS

The COVID-19 outbreak in the first half of year 2020 has undermined the overall business environment, the prolonged Sino-US trade war and the slowing down of economy in Mainland China and Hong Kong have also brought negative impacts on domestic demands in Mainland China as well as Hong Kong. Looking ahead, the second half of 2020 remains challenging. Despite COVID-19 outbreak is being under control in China, the spread of novel coronavirus continues to expand globally. Thus, the Group has implemented cost-control and operational efficiency measures to deal with this outbreak. Moreover, the Company has been striving to resolve its liquidity issue arising from the redemption of certain convertible bonds by timeously adopting a series of measures to tide over these difficulties, including (i) disposing non-core assets such as equity investments, and stripping loss-making business; (ii) studying possibilities of strengthening fundraising activities; (iii) expediting collection of receivables; and (iv) optimising operation efficiency. The Group is cautious yet optimistic towards its business and development.



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.



OTHER INFORMATION

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.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

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

CHANGES IN INFORMATION OF DIRECTORS

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

Name of Director	Details of change
Mr. Li Qi	Re-designated as a member of the Audit Committee of the Company with effect from 27 March 2020
Mr. Wong Kai Hing	Re-designated as the chairman of the Audit Committee of the Company with effect from 27 March 2020

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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 2020, 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 7)
Mr. Zhong Baisheng (Note 2)	Interest in a controlled corporation	218,347,092(L)	—	218,347,092(L)	62.52%
Mr. Yip Chee Lai, Charlie (Note 3)	Beneficial owner	6,046,000(L)	4,000,000(L)	10,046,000(L)	2.88%
	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)	4,000,000(L)	28,030,000(L)	8.03%
Mr. Sun Yifei (Note 4)	Beneficial owner	—	4,000,000(L)	4,000,000(L)	1.15%
Mr. Han Biao (Note 5)	Beneficial owner	—	400,000(L)	400,000(L)	0.11%
Mr. Li Qi (Note 6)	Beneficial owner	—	400,000(L)	400,000(L)	0.11%



OTHER INFORMATION

Notes:

- (1) The letter "L" denotes the Director's long position in the Shares or underlying Shares.
- (2) These Shares are held directly by Tempus Holdings (Hong Kong) Limited ("**Tempus Hong Kong**"), which is wholly owned by Tempus Value Chain Limited ("**Tempus Value Chain**"). Tempus Value Chain is wholly owned by Tempus Logistics Group 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 201,534,092 Shares, representing approximately 57.7% 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 4,000,000 options granted to him by the Company on 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, 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. Sun Yifei's long position in the underlying Shares comprises an aggregate of 4,000,000 options granted to him by the Company on 26 January 2017 and 16 April 2018 under the Share Option Scheme. Out of these options, 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.
- (5) Mr. Han Biao's long position in the underlying Shares comprises an aggregate of 400,000 options granted to him by the Company on 26 January 2017 and 16 April 2018 under the Share Option Scheme. Out of these options, 200,000 options are exercisable at the exercise price of HK\$1.84 per Share during the period from 26 January 2017 to 25 January 2021; and 200,000 options are exercisable at the exercise price of HK\$2.13 per Share during the period from 16 April 2018 to 15 April 2022, subject to the vesting schedule.
- (6) Mr. Li Qi's long position in the underlying Shares comprises an aggregate of 400,000 options granted to him by the Company on 26 January 2017 and 16 April 2018 under the Share Option Scheme. Out of these options, 200,000 options are exercisable at the exercise price of HK\$1.84 per Share during the period from 26 January 2017 to 25 January 2021; and 200,000 options are exercisable at the exercise price of HK\$2.13 per Share during the period from 16 April 2018 to 15 April 2022, subject to the vesting schedule.
- (7) The approximate percentage of shareholding is calculated based on a total of 349,260,800 issued Shares of the Company as at 30 June 2020.

* *For identification purposes only*

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

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

Notes:

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

Saved as disclosed above and disclosed under the paragraph headed "Share Option Scheme" in this report, as at 30 June 2020, 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 2020, 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:



OTHER INFORMATION

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 2,5)	Beneficial owner	218,347,092(L)	—	218,347,092(L)	62.52%
Tempus Value Chain (Note 2,5)	Interest in a controlled corporation	218,347,092(L)	—	218,347,092(L)	62.52%
Tempus Logistics (Note 2,5)	Interest in a controlled corporation	218,347,092(L)	—	218,347,092(L)	62.52%
Tempus Group (Note 2,5)	Interest in a controlled corporation	218,347,092(L)	—	218,347,092(L)	62.52%
Pingfeng Jewellery (Note 2)	Interest in a controlled corporation	218,347,092(L)	—	218,347,092(L)	62.52%
Ms. Duan Naiqi (Note 2)	Interest in a controlled corporation	218,347,092(L)	—	218,347,092(L)	62.52%
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)	4,000,000(L)	22,256,000(L)	6.37%
	Total	24,030,000(L)	4,000,000(L)	28,030,000(L)	8.02%
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)	4,000,000(L)	21,916,000(L)	6.27%
	Total	24,030,000(L)	4,000,000(L)	28,030,000(L)	8.02%



OTHER INFORMATION

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)	1.75%
	Interests of parties to an agreement to acquire interests of the Company	17,934,000(L)	4,000,000(L)	21,934,000(L)	6.28%
	Total	24,030,000(L)	4,000,000(L)	28,030,000(L)	8.03%
Mr. Tan Beng Gim (Note 4)	Beneficial owner	—	—	—	—
	Interests of parties to an agreement to acquire interests of the Company	24,030,000(L)	4,000,000(L)	28,030,000(L)	8.03%
	Total	24,030,000(L)	4,000,000(L)	28,030,000(L)	8.03%
Ms. Chua Siew Hun (Note 4)	Beneficial owner	—	—	—	—
	Interests of parties to an agreement to acquire interests of the Company	24,030,000(L)	4,000,000(L)	28,030,000(L)	8.03%
	Total	24,030,000(L)	4,000,000(L)	28,030,000(L)	8.03%



OTHER INFORMATION

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 201,534,092 Shares, representing approximately 57.7% 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) On 12 September 2019, Tempus Hong Kong, Tempus Value Chain, Tempus Logistics, Tempus Group and Mr. Zhong Baisheng (collectively, the "**Controlling Shareholder Group**") entered into the voting rights entrustment agreement (the "**Voting Rights Entrustment Agreement**") with Zhongke Jianye High New Technology Co., Ltd* (中 科 建 業 高 新 技 術 有 限 公 司) ("**Zhongke Jianye**"). Pursuant to which, Tempus Hong Kong entrusted Zhongke Jianye to exercise the voting rights of 69,502,899 ordinary shares it directly held (the "**Entrusted Voting Rights**"), representing 19.9% of the total issued Shares. On 13 May 2020, the Controlling Shareholder Group entered into a termination agreement to the Voting Rights Entrustment Agreement with Zhongke Jianye to terminate the Entrusted Voting Rights. For more details, please refer to the Company's announcements dated 12 September 2019, 11 May 2020 and 13 May 2020.
- (6) The approximate percentage of shareholding is calculated based on a total of 349,260,800 issued Shares as at 30 June 2020.

Save as disclosed above, as at 30 June 2020, 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.

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 2020	
					Outstanding as at 1 January 2020	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period		
Mr. Yip Chee Lai, Charlie	26.1.2017	26.1.2017	26.1.2017 – 25.1.2021	1.84	200,000	–	–	–	–	200,000	
		26.1.2017 – 25.1.2018	26.1.2018 – 25.1.2021	1.84	600,000	–	–	–	–	600,000	
		26.1.2017 – 25.1.2019	26.1.2019 – 25.1.2021	1.84	600,000	–	–	–	–	600,000	
		26.1.2017 – 25.1.2020	26.1.2020 – 25.1.2021	1.84	600,000	–	–	–	–	600,000	
	16.4.2018	16.4.2018	16.4.2018 – 15.4.2022	2.13	200,000	–	–	–	–	200,000	
		16.4.2018 – 15.4.2019	16.4.2019 – 15.4.2022	2.13	600,000	–	–	–	–	600,000	
		16.4.2018 – 15.4.2020	16.4.2020 – 15.4.2022	2.13	600,000	–	–	–	–	600,000	
		16.4.2018 – 15.4.2021	16.4.2021 – 15.4.2022	2.13	600,000	–	–	–	–	600,000	
	Sub-total				4,000,000	–	–	–	–	4,000,000	
	Mr. Sun Yifei	26.1.2017	26.1.2017	26.1.2017 – 25.1.2021	1.84	200,000	–	–	–	–	200,000
			26.1.2017 – 25.1.2018	26.1.2018 – 25.1.2021	1.84	600,000	–	–	–	–	600,000
			26.1.2017 – 25.1.2019	26.1.2019 – 25.1.2021	1.84	600,000	–	–	–	–	600,000
26.1.2017 – 25.1.2020			26.1.2020 – 25.1.2021	1.84	600,000	–	–	–	–	600,000	
16.4.2018		16.4.2018	16.4.2018 – 15.4.2022	2.13	200,000	–	–	–	–	200,000	
		16.4.2018 – 15.4.2019	16.4.2019 – 15.4.2022	2.13	600,000	–	–	–	–	600,000	
		16.4.2018 – 15.4.2020	16.4.2020 – 15.4.2022	2.13	600,000	–	–	–	–	600,000	
		16.4.2018 – 15.4.2021	16.4.2021 – 15.4.2022	2.13	600,000	–	–	–	–	600,000	
Sub-total					4,000,000	–	–	–	–	4,000,000	

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Grantees	Date of grant	Vesting period	Exercise period	Exercise price per Share HK\$	Number of Share Options						
					Outstanding as at 1 January 2020	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	Outstanding as at 30 June 2020	
Mr. Han Biao	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	
	Mr. Li Qi	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		26.1.2017	26.1.2017	26.1.2017 – 25.1.2021	1.84	800,000	–	–	(350,000)	–	450,000
			26.1.2017 – 25.1.2018	26.1.2018 – 25.1.2021	1.84	2,400,000	–	–	(1,050,000)	–	1,350,000
			26.1.2017 – 25.1.2019	26.1.2019 – 25.1.2021	1.84	2,400,000	–	–	(1,050,000)	–	1,350,000
	26.1.2017 – 25.1.2020		26.1.2020 – 25.1.2021	1.84	2,400,000	–	–	(1,050,000)	–	1,350,000	
	16.4.2018	16.4.2018	16.4.2018 – 15.4.2022	2.13	1,259,860	–	–	(429,860)	–	830,000	
		16.4.2018 – 15.4.2019	16.4.2019 – 15.4.2022	2.13	3,779,580	–	–	(1,289,580)	–	2,490,000	
		16.4.2018 – 15.4.2020	16.4.2020 – 15.4.2022	2.13	3,779,580	–	–	(1,289,580)	–	2,490,000	
		16.4.2018 – 15.4.2021	16.4.2021 – 15.4.2022	2.13	3,779,580	–	–	(1,289,580)	–	2,490,000	
	Sub-total				20,598,600	–	–	(7,798,600)	–	12,800,000	
	Total				29,398,600	–	–	(7,798,600)	–	21,600,000	

Note: Further details of the Share Option Scheme are set out in note 26 to the interim financial statements.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



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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 29 to 64, which comprise the condensed consolidated statement of financial position as of 30 June 2020 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.

EMPHASIS OF MATTER

We draw your attention to Note 1 to the condensed consolidated financial statements, which states that the Group incurred a net loss of approximately HK\$42 million for the six months ended 30 June 2020. As at 30 June 2020, the Group's current liabilities exceeded its current assets by approximately HK\$271 million. As at 30 June 2020, the Group has total bank and other borrowings of approximately HK\$201 million, of which approximately HK\$133 million are repayable within twelve months from 30 June 2020 and approximately HK\$68 million contain a repayment on demand clause, as disclosed in Note 21. In addition, the Group's convertible bonds together with interest payable amounted to approximately HK\$180 million as at 30 June 2020 are repayable on demand since the Group and its guarantor failed to settle the principal and interest on the maturity date (which was 30 May 2019), as disclosed in Note 22. These conditions, together with other matters disclosed in Note 1 to the condensed consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Moore Stephens CPA Limited

Certified Public Accountants

Chan King Keung

Practising Certificate Number: P06057

Hong Kong, 28 August 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Unaudited for the six months ended	
		30 June 2020	30 June 2019
	NOTES	HK\$' 000	HK\$' 000 (Restated)
Continuing operations			
Revenue	3A, 3B	171,849	227,396
Cost of sales		(83,155)	(100,164)
Gross profit		88,694	127,232
Other income	4	5,985	7,641
Other gains and losses, net	5	(6,783)	(7,500)
Reversal of impairment losses/(impairment losses) on financial assets		13,916	(5,929)
Share of results of associates		(3,262)	(419)
Selling and distribution expenses		(81,583)	(107,730)
Administrative expenses		(39,977)	(53,451)
Finance costs	6	(19,089)	(25,767)
Loss before tax	7	(42,099)	(65,923)
Income tax expense	8	(274)	(722)
Loss for the period from continuing operations		(42,373)	(66,645)
Discontinued operations			
Loss for the period from discontinued operations	9	—	(878)
Loss for the period		(42,373)	(67,523)
Other comprehensive (loss)/income for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation		(2,682)	637
Total comprehensive loss for the period		(45,055)	(66,886)
Loss for the period attributable to:			
Owners of the Company			
– for continuing operations		(42,033)	(66,532)
– for discontinued operations		—	526
		(42,033)	(66,006)
Non-controlling interests			
– for continuing operations		(340)	(113)
– for discontinued operations		—	(1,404)
		(340)	(1,517)
		(42,373)	(67,523)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Unaudited for the six months ended	
		30 June 2020	30 June 2019
	NOTE	HK\$' 000	HK\$' 000 (Restated)
<hr/>			
Total comprehensive loss for the period attributable to:			
Owners of the Company		(44,398)	(65,392)
Non-controlling interests		(657)	(1,494)
		(45,055)	(66,886)
<hr/>			
Loss per share	11		
– from continuing operations		(12.03)	(19.04)
– from discontinued operations		—	0.15
<hr/>			
Basic and diluted (HK cents)		(12.03)	(18.89)
<hr/>			

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	NOTES	30 June 2020 HK\$' 000 (Unaudited)	31 December 2019 HK\$' 000 (Audited)
Non-current assets			
Property, plant and equipment	12	317,580	324,463
Right-of-use assets	12	46,240	63,828
Investment properties	13	—	—
Investment in a joint venture	14	—	—
Investments in associates	15	11,208	14,455
Financial assets at fair value through profit or loss	16	14,835	22,972
Deferred tax assets		1,253	1,253
Utility, other deposits paid and other receivable		18,112	8,452
		409,228	435,423
Current assets			
Inventories	17	30,249	33,429
Trade, bills and other receivables	18	84,709	144,478
Utility and other deposits paid		12,226	12,630
Amount due from a fellow subsidiary		877	—
Loan receivable	19	—	—
Tax recoverable		1,173	1,488
Pledged bank deposits		3,404	3,404
Bank balances and cash		84,750	73,340
		217,388	268,769

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	NOTES	30 June 2020 HK\$' 000 (Unaudited)	31 December 2019 HK\$' 000 (Audited)
Current liabilities			
Trade and other payables	20	65,994	86,734
Contract liabilities		11,441	11,628
Amount due to an intermediate holding company		124	—
Amount due to ultimate holding company		47	—
Amount due to a fellow subsidiary		906	—
Amount due to immediate holding company		600	600
Lease liabilities		24,943	38,829
Tax payable		2,719	2,637
Bank and other borrowings – due within one year	21	201,196	205,356
Convertible bonds	22	180,017	170,504
		487,987	516,288
Net current liabilities		(270,599)	(247,519)
Total assets less current liabilities		138,629	187,904
Non-current liabilities			
Lease liabilities		23,270	27,490
Net assets		115,359	160,414
Capital and reserves			
Share capital	23	27,231	27,231
Reserves		64,132	108,530
Equity attributable to owners of the Company		91,363	135,761
Non-controlling interests		23,996	24,653
Total equity		115,359	160,414

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the Company												
	Share capital HK\$'000	Share premium HK\$'000	Share redemption reserve HK\$'000	Share options 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/losses (Accumulated) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2019 (audited)	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 23)	(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
At 1 January 2020 (audited)	27,231	359,575	32	2,546	(18,939)	(124,750)	—	(20,677)	14,067	(103,324)	135,761	24,653	160,414
Loss for the period	—	—	—	—	—	—	—	—	—	(42,033)	(42,033)	(340)	(42,373)
Other comprehensive loss for the period – exchange difference arising on translation	—	—	—	—	(2,365)	—	—	—	—	—	(2,365)	(317)	(2,682)
Total comprehensive loss for the period	—	—	—	—	(2,365)	—	—	—	—	(42,033)	(44,398)	(657)	(45,055)
Transfer upon forfeiture of share options	—	—	—	(744)	—	—	—	—	—	744	—	—	—
At 30 June 2020 (unaudited)	27,231	359,575	32	1,802	(21,304)	(124,750)	—	(20,677)	14,067	(144,613)	91,363	23,996	115,359

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	NOTES	Unaudited for the six months ended	
		30 June 2020 HK\$' 000	30 June 2019 HK\$' 000
Operating activities			
Operating cash flows before movements in working capital		3,891	10,490
Decrease in inventories		3,180	26
Decrease in trade, bills and other receivables		63,024	30,438
Decrease in utility and other deposits paid		775	6,179
Decrease in trade and other payables		(20,738)	(5,988)
Decrease in contract liabilities		(187)	(3,413)
Cash generated from operations		49,945	37,732
Income taxes refunded/(paid)		123	(6,463)
Net cash generated from operating activities		50,068	31,269
Investing activities			
Deposit received for disposal of a subsidiary		—	20,000
Purchases of property, plant and equipment	12	(2,516)	(5,888)
Interest received		102	213
Increase in pledged bank deposits		—	(17,449)
Repayment of a loan from a third party	19	—	900
Net cash used in investing activities		(2,414)	(2,224)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

		Unaudited for the six months ended	
		30 June 2020	30 June 2019
	NOTES	HK\$' 000	HK\$' 000
Financing activities			
Interest paid		(2,334)	(3,399)
Repayment of convertible bonds	22	(5,000)	—
New bank and other borrowings raised	21	19,307	45,814
Repurchase of shares	23	—	(680)
Repayment of bank borrowings	21	(1,660)	(54,201)
Repayment of other borrowings	21	(21,807)	—
Repayment of senior note		—	(50,000)
Payment of lease liabilities		(22,606)	(25,336)
Other financing cash flows		197	(1,320)
Net cash used in financing activities		(33,903)	(89,122)
Net increase/(decrease) in cash and cash equivalents		13,751	(60,077)
Cash and cash equivalents at the beginning of the period		73,340	134,467
Effect of foreign exchange rate changes		(2,341)	126
Cash and cash equivalents at the end of the period*		84,750	74,516

* 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 2020

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”).

The condensed consolidated financial statements is presented in Hong Kong Dollars (“HK\$”).

Going concern

During the six months ended 30 June 2020, the Group reported a net loss of approximately HK\$42 million. As at 30 June 2020, the Group’s current liabilities exceeded its current assets by approximately HK\$271 million. As at 30 June 2020, the Group has total bank and other borrowings of approximately HK\$201 million, of which are approximately HK\$133 million are repayable within twelve months from 30 June 2020 and approximately HK\$68 million contain a repayment on demand clause, as disclosed in Note 21. In addition, the Group’s convertible bonds together with interest payable amounting to approximately HK\$180 million as at 30 June 2020 are repayable on demand since the Group and its guarantor failed to settle the principal and interest on the maturity date (which was 30 May 2019), as disclosed in Note 22. The bank balances and cash of the Group amounted to approximately HK\$85 million as at 30 June 2020.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, the Directors of the Company have adopted the going concern basis in the preparation of the condensed consolidated financial statements of the Group based on the following:

- (i) The Group is discussing with the subscriber of the convertible bonds to extend the maturity date of the convertible bonds. No legal action to request immediate repayment has been taken by the subscriber of the convertible bonds up to the date of this interim report;
- (ii) The Group is looking for an opportunity to realise part of its investments and other assets to reduce its overall business risk and to obtain additional working capital;
- (iii) The Group has implemented measures to speed up the collection of outstanding sales proceeds; and
- (iv) The Group is planning to adopt various cost control measures to reduce various general and administrative and other operating expenses.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. BASIS OF PREPARATION *(Continued)*

Going concern *(Continued)*

Provided that these measures can successfully improve the liquidity of the Group, the Directors of the Company are satisfied that the Group will be able to meet its financial obligation as and when they fall due for the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to the condensed consolidated financial statements to restate the values of assets to their estimated recoverable amounts, to provide for any further liabilities which might arise and to re-classify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in these condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain 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 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2019.

Application of new and amendments to HKFRSs and an interpretation

In the current interim period, the Group has applied, for the first time, the Amendments to Reference to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to HKFRS 16 “COVID-19-Related Rent Concessions”.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Application of new and amendments to HKFRSs and an interpretation *(Continued)*

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in current period has had no material impact on the Group's financial performance for current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts and accounting policies on early application of Amendment to HKFRS 16 "COVID-19-Related Rent Concessions"

Accounting policies

Leases

COVID-19-related rent concessions

Rent concessions relating to lease contracts that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments original due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 "Leases" if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

Transition and summary of effects

The Group has early applied the amendment in the current interim period. The application has no impact to the opening accumulated losses at 1 January 2020. The Group recognised changes in lease payments that resulted from rent concessions of HK\$4,192,000 in the profit or loss for the current interim period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

3A. REVENUE FROM GOODS AND SERVICES

Disaggregation of revenue

For the six months ended 30 June 2020

	Continuing operations		
	Sales of health and wellness products business HK\$' 000 (Unaudited)	Trading business HK\$' 000 (Unaudited)	Total HK\$' 000 (Unaudited)
Types of goods or services			
Sales of health and wellness products:			
Relaxation products	155,311	—	155,311
Fitness and other products	14,408	—	14,408
	169,719	—	169,719
Sales of consumer products	—	2,130	2,130
Total	169,719	2,130	171,849
Geographical markets			
Hong Kong	57,014	—	57,014
Macau	10,901	—	10,901
PRC	82,419	2,130	84,549
Singapore	17,916	—	17,916
Malaysia	1,469	—	1,469
Total	169,719	2,130	171,849
Timing of revenue recognition			
A point in time	169,719	2,130	171,849

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

Disaggregation of revenue *(Continued)*

For the six months ended 30 June 2019 (restated)

	Continuing operations		
	Sales of health and wellness products business HK\$' 000 (Unaudited)	Trading 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	—	531	531
	—	531	531
Total	226,865	531	227,396
Geographical markets			
Hong Kong	70,359	—	70,359
Macau	14,054	—	14,054
PRC	112,752	531	113,283
Singapore	26,744	—	26,744
Malaysia	2,956	—	2,956
Total	226,865	531	227,396
Timing of revenue recognition			
A point in time	226,865	531	227,396

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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 business — Trading and distribution of consumer products

As disclosed in Note 9, the Group ceased its existing logistics operations upon the partial disposal of the shareholding in Tempus Sky Enterprises Limited ("Tempus Sky") and disposal of Shenzhen Qianhai Tempus Value Chain Co., Ltd ("Qianhai Value Chain") during the year ended 31 December 2019 and its existing logistics operations that include "Hong Kong Logistic Business" (see Note 9) and "Value Chain Logistic Business" (see Note 9) were classified as discontinued operations. Comparative figures have been restated to reflect the cessation of the logistics business as discontinued operations, and segment information in this note includes only continuing operations.

For the six months ended 30 June 2020

	Continuing operations		
	Sales of health and wellness products business HK\$'000 (Unaudited)	Trading business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue			
External sales	169,719	2,130	171,849
Inter-segment sales	4,905	—	4,905
Segment revenue	174,624	2,130	176,754
Elimination			(4,905)
Group revenue			171,849
Segment loss	(11,496)	(1,269)	(12,765)
Share of results of associates			(3,262)
Reversal of impairment losses on financial assets			13,916
Unallocated administrative expenses			(14,218)
Other gains and losses			(6,783)
Bank interest income			102
Finance costs			(19,089)
Loss before tax			(42,099)
Income tax expense			(274)
Loss for the period from continuing operations			(42,373)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

For the six months ended 30 June 2019 (Restated)

	Continuing operations		
	Sales of health and wellness products business HK\$' 000 (Unaudited)	Trading business HK\$' 000 (Unaudited)	Total HK\$' 000 (Unaudited)
Revenue			
External sales	226,865	531	227,396
Inter-segment sales	—	1,569	1,569
Segment revenue	226,865	2,100	228,965
Elimination			(1,569)
Group revenue			227,396
Segment loss	(3,759)	(6,792)	(10,551)
Share of results of associates			(419)
Impairment losses on financial assets			(5,929)
Unallocated administrative expenses			(19,384)
Other gains and losses			(7,500)
Rental income			2,016
Bank interest income			198
Interest income on loan receivable			1,413
Finance costs			(25,767)
Loss before tax			(65,923)
Income tax expense			(722)
Loss for the period from continuing operations			(66,645)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

4. OTHER INCOME

	Unaudited for the six months ended	
	30 June 2020 HK\$' 000	30 June 2019 HK\$' 000 (Restated)
Continuing operations		
Bank interest income	102	198
Interest income on loan receivable	—	1,413
Rental income	—	2,016
Government grants (Note)	4,021	1,737
Sundry income	1,862	2,277
	5,985	7,641

Note: During the current interim period the Group recognised government grants of HK\$880,000 in respect of COVID-19-related subsidies, related to Retail Sector Subsidy Scheme provided by Hong Kong government. The remaining amount recognised for the six months ended 30 June 2019 and 2020 represented subsidies from government authority received before period ended 30 June 2019 and 2020, respectively, without any specific conditions attached to the grants.

5. OTHER GAINS AND LOSSES, NET

	Unaudited for the six months ended	
	30 June 2020 HK\$' 000	30 June 2019 HK\$' 000 (Restated)
Continuing operations		
Gain on fair value change of derivatives embedded in convertible bonds	—	6,895
Gain on lapse of conversion option of a convertible bond	—	3,200
Loss on fair value change on financial assets at fair value through profit or loss ("FVTPL")	(8,137)	(1,347)
Loss on fair value change of investment properties (Note 13)	—	(4,980)
Loss on disposal group classified as held for sale	—	(13,388)
Gain on disposal of a lease	153	—
Net exchange gain	1,201	2,120
	(6,783)	(7,500)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

6. FINANCE COSTS

	Unaudited for the six months ended	
	30 June 2020	30 June 2019
	HK\$' 000	HK\$' 000 (Restated)
Continuing operations		
Interest on:		
Bank borrowings	2,852	3,896
Other borrowings	445	—
Convertible bonds (Note 22)	14,513	17,996
Leases	1,279	1,121
Senior note	—	2,754
	19,089	25,767

7. LOSS BEFORE TAX

	Unaudited for the six months ended	
	30 June 2020	30 June 2019
	HK\$' 000	HK\$' 000 (Restated)
Loss before tax has been arrived at after charging/(crediting):		
Continuing operations		
Cost of inventories recognised as an expense	63,847	75,950
Depreciation of property, plant and equipment	9,025	8,460
Depreciation of right-of-use assets	20,992	19,172
Short-term leases expenses	1,020	460
Variable lease payments not included in the measurement of lease liabilities (based on turnover generated from the leased retail shops)	18,995	24,229
COVID-19-related rent concessions	(4,192)	—
Discontinued operations		
Depreciation of property, plant and equipment	—	1,124
Depreciation of right-of-use assets	—	7,366
Short-term leases expenses	—	769

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

8. INCOME TAX EXPENSE

	Unaudited for the six months ended	
	30 June 2020 HK\$' 000	30 June 2019 HK\$' 000 (Restated)
Continuing operations		
Current tax expense:		
Hong Kong Profits Tax	96	114
Macau Complementary Income Tax	165	386
Malaysian Corporate Income Tax	13	—
The PRC Enterprise Income Tax	—	222
	274	722

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 24% 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. DISCONTINUED OPERATION

Partial disposal of the shareholding in Tempus Sky

On 6 August 2019, OTO (BVI) Investment Limited ("Vendor A"), the Company's direct wholly owned subsidiary and an independent third party ("Purchaser A") entered into a sale and purchase agreement pursuant to which Vendor A has conditionally agreed to sell and Purchaser A has conditionally agreed to acquire the 2,000 ordinary shares, representing approximately 14.93% of the entire issued share capital of Tempus Sky, the Company's indirect non-wholly owned subsidiary.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

9. DISCONTINUED OPERATION *(Continued)*

Partial disposal of the shareholding in Tempus Sky *(Continued)*

Upon the completion of the partial disposal of shareholding in Tempus Sky on 19 August 2019, the equity interest of Tempus Sky held by the Group was diluted from 51.49% to 36.56%. Tempus Sky ceased to be a subsidiary of the Company and has become an associate of the Group.

The principal business and activity of Tempus Sky and its subsidiaries (together “Tempus Sky Group”) is provision of logistics services and trading of consumer products in Hong Kong (“Hong Kong Logistic Business”). Upon completion of the partial disposal of shareholding in Tempus Sky Group, the Group ceased to engage in Hong Kong Logistic Business. Accordingly, the operation of Tempus Sky Group was classified as discontinued operation.

Disposal of entire equity interest in Qianhai Value Chain

On 30 December 2019, Shenzhen Tempus Value Chain Co., Ltd. (“SZ Tempus Value Chain”) (“Vendor B”), a non-wholly owned subsidiary directly held by the Company, and Shenzhen Youxingxin Logistics Co., Ltd.* (深圳市友興昕物流有限公司) (the “Purchaser B”), an independent third party, entered into a sale and purchase agreement, pursuant to which Vendor B has agreed to sell and Purchaser B has agreed to acquire the entire equity interest of Qianhai Value Chain. The disposal was completed on 30 December 2019.

The principal business and activity of Qianhai Value Chain is trading and distribution of consumer products and provision of supply chain services in PRC (“Value Chain Logistic Business”). Upon the completion of the disposal of Qianhai Value Chain, the Group ceased to engage in Value Chain Logistic Business. Accordingly, the operation of Value Chain Logistic Business was classified as discontinued operation.

The loss for the period from the discontinued operations is set out below. The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to re-present the result of Hong Kong Logistic Business and Value Chain Logistic Business as discontinued operations.

	Unaudited for the six months ended	
	30 June 2020 HK\$' 000	30 June 2019 HK\$' 000
Loss of Hong Kong Logistic Business for the period	—	(6,144)
Profit of Value Chain Logistic Business for the period	—	5,266
	—	(878)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

9. DISCONTINUED OPERATION *(Continued)*

The loss for the period from discontinued operations

	Unaudited for the six months ended	
	30 June 2020 HK\$' 000	30 June 2019 HK\$' 000
Revenue	—	154,914
Cost of sales	—	(139,344)
Gross profit	—	15,570
Other income	—	79
Other gains and losses	—	(677)
Selling and distribution expenses	—	(10,361)
Administrative expenses	—	(3,070)
Finance costs	—	(814)
Profit before tax	—	727
Income tax expense	—	(1,605)
Loss for the period from discontinued operations	—	(878)

The net cash flows incurred by discontinued operations are as follows:

	Unaudited for the six months ended	
	30 June 2020 HK\$' 000	30 June 2019 HK\$' 000
Operating activities	—	10,365
Investing activities	—	(187)
Financing activities	—	(7,647)
Net cash inflow	—	2,531

10. DIVIDENDS

The director of the Company do not recommend an interim dividend for the six months ended 30 June 2020 (for six months ended 30 June 2019: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

11. LOSS PER SHARE

Continuing operations

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

	Unaudited for the six months ended	
	30 June 2020	30 June 2019
	HK\$' 000	HK\$' 000 (Restated)
Loss		
Loss for the period from continuing operations attributable to owners of the Company	(42,033)	(66,532)
	' 000	' 000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	349,261	349,363

Continuing and discontinued operations

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

	Unaudited for the six months ended	
	30 June 2020	30 June 2019
	HK\$' 000	HK\$' 000
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	(42,033)	(66,006)

The denominators used are the same as those set out above for the continuing operations.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

11. LOSS PER SHARE (Continued)

Discontinued operations

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

	Unaudited for the six months ended	
	30 June 2020	30 June 2019
	HK\$' 000	HK\$' 000 (Restated)
Earnings		
Profit for the period from discontinued operations attributable to owners of the Company	—	526

The denominators used are the same as those set out above for the continuing operations.

Note: The computation of diluted loss 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 convertible bonds since their assumed conversion would result in a decrease in loss per share for both periods.

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

During the current interim period, the Group acquired property, plant and equipment of HK\$2,516,000 (for the six months ended 30 June 2019: HK\$5,888,000).

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\$5,662,000 (for the six months ended 30 June 2019: HK\$ 17,708,000) of right-of-use assets and HK\$5,662,000 (for the six months ended 30 June 2019: HK\$ 17,708,000) of lease liabilities.

During the current interim period, lessors of the relevant retail stores provided rent concessions to the Group through rent reductions ranging from 6% to 100% over 1 to 6 months.

These rent concessions occurred as a direct consequence of COVID-19 pandemic and met all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. During the current interim period, the effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of HK\$4,192,000 were recognised as negative variable lease payments.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

13. MOVEMENT IN INVESTMENT PROPERTIES

On 29 May 2019, 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. The disposal of the investment property was completed on 23 July 2019.

As 30 June 2019, 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 disposal of the investment property was completed on 21 July 2019.

The valuation has been arrived at using direct comparison method. The direct comparison method reflects recent transaction prices for similar properties, adjusted unit sale rate, taking into account the location, and individual factors, such as frontage and site.

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

14. INVESTMENT IN A JOINT VENTURE

	30 June 2020 HK\$' 000 (Unaudited)	31 December 2019 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 2020

15. INVESTMENTS IN ASSOCIATES

	30 June 2020 HK\$' 000 (Unaudited)	31 December 2019 HK\$' 000 (Audited)
Cost of investments, unlisted	57,470	57,470
Share of post-acquisition losses	(36,101)	(32,839)
Exchange adjustments	(2,811)	(2,826)
	18,558	21,805
Less: Provision for impairment (Note)	(7,350)	(7,350)
	11,208	14,455

Note: As disclosed in Note 9, upon the loss of control of Tempus Sky, the equity interest of Tempus Sky held by the Group was diluted from 51.49% to 36.56%. Tempus Sky became an associate of the Group since 19 August 2019. As at 31 December 2019, the management reviewed the recoverable amount of the interest in an associate after taking into account of the financial performance and financial position of the associate and the poor business outlook of the associate in 2020. The directors of the Company estimated that there was a significant decline in the present value of the estimated future cash inflow comprising expected dividend income from the associate and expected ultimate disposal. Based on the assessment, the recoverable amount of the Group's interest in an associate was lower than the carrying amount and a full impairment loss of HK\$7,350,000 was recognised during the year ended 31 December 2019. As at 30 June 2020, the directors of the Company revisited the recoverable amount of the associate after taking into account of the financial performance and financial position of the associate and the poor business outlook of the associate in 2020 and considered no reversal of impairment is necessary.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at FVTPL comprise:

	30 June 2020 HK\$' 000 (Unaudited)	31 December 2019 HK\$' 000 (Audited)
Financial assets mandatorily measured at FVTPL		
Unlisted investments:		
– Equity interest in TBRJ Fund I L.P.	6,472	10,120
– Equity interest in 重慶格洛博電子商務有限公司 (“格洛博”)	8,363	12,852
	14,835	22,972

17. INVENTORIES

All inventories represent finished goods held for resale.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

18. TRADE, BILLS AND OTHER RECEIVABLES

	30 June 2020	31 December 2019
	HK\$' 000	HK\$' 000
	(Unaudited)	(Audited)
Trade receivables	47,802	87,583
Bills receivable	5,699	3,301
Prepayments	15,156	17,140
Other receivables, net of expected credit loss	16,052	36,454
	84,709	144,478

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 2020	31 December 2019
	HK\$' 000	HK\$' 000
	(Unaudited)	(Audited)
0 – 30 days	29,345	65,453
31 – 60 days	9,011	11,729
61 – 90 days	5,469	4,719
Over 90 days	3,977	5,682
	47,802	87,583

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

18. 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 2020 HK\$' 000 (Unaudited)	31 December 2019 HK\$' 000 (Audited)
0 – 30 days	506	595
31 – 60 days	616	509
61 – 90 days	1,204	—
Over 90 days	3,373	2,197
	5,699	3,301

19. 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 year ended 31 December 2019, the borrower has partially repaid HK\$900,000 of the principal. The borrower and the guarantor failed to repay the interest and principal according to the agreement. Full impairment allowance of HK\$29,100,000 for the loan receivable was provided based on the financial position of the guarantor and the borrower and the economic environment the guarantor and the borrower operate. As a results, additional impairment allowance amounting to HK\$27,120,000 (including impairment loss of HK\$5,929,000 recognised for the six months ended 30 June 2019) included in impairment losses on financial assets was recognised in the profit or loss for the year ended 31 December 2019.

Up to the date of this interim report, the borrower or guarantor failed to repay the principal of HK\$29,100,000. As a result, in the opinion of the directors of the Company, no reversal of impairment is considered necessary for the six months ended 30 June 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

20. TRADE AND OTHER PAYABLES

	30 June 2020 HK\$' 000 (Unaudited)	31 December 2019 HK\$' 000 (Audited)
Trade payables	31,644	51,435
Receipts in advance	3,256	2,500
Accruals	12,368	13,234
Others	18,726	19,565
	65,994	86,734

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

	30 June 2020 HK\$' 000 (Unaudited)	31 December 2019 HK\$' 000 (Audited)
0 – 30 days	19,132	37,840
31 – 60 days	3,900	11,861
61 – 90 days	6,714	641
Over 90 days	1,898	1,093
	31,644	51,435

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

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For the six months ended 30 June 2020

21. BANK AND OTHER BORROWINGS

	30 June 2020 HK\$' 000 (Unaudited)	31 December 2019 HK\$' 000 (Audited)
Secured bank loans	181,996	183,656
Other borrowings	19,200	21,700
	201,196	205,356
Carrying amount of the above borrowings that are repayable:		
On demand and within one year	130,700	133,200
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	2,792	2,990
In more than one year but not more than two years	3,164	3,112
In more than two years but not more than five years	17,539	17,572
More than five years	47,001	48,482
	70,496	72,156
	201,196	205,356
Less: Amounts due within one year shown under current liabilities	(201,196)	(205,356)
Amounts shown under non-current liabilities	—	—

As at 30 June 2020, the bank borrowings of the Group are at variable interest rate and the weighted average effective interest rate is 1.75% – 2.40% (31 December 2019: 3.28% – 3.66%) per annum.

The other borrowings bear fixed interest rate at 8% (31 December 2019: 8%) per annum. The other borrowings are unsecured.

During the current interim period, the Group repaid bank borrowings amounting to HK\$1,660,000 (six months ended 30 June 2019: HK\$54,201,000). Besides, the Group repaid other borrowings amounting to HK\$21,807,000 (six months ended 30 June 2019: Nil).

The Group's convertible bonds together with interest payable amounting to approximately HK\$180 million (31 December 2019: HK\$171 million) as at 30 June 2020 are repayable on demand since the Group and its guarantor failed to settle the principal and interest on the maturity date (which was 30 May 2019), as disclosed in Note 22, this event constituted events of default under certain bank borrowings. As a consequence, bank borrowings with carrying amount of approximately HK\$70,496,000 as at 30 June 2020 (31 December 2019: HK\$72,156,000), of which the bank may on and at any time after the occurrence of the event of default continuing by notice in writing to the Group declare that the borrowings has become immediately due and payable, were classified as current liabilities. No action has been taken by the bank and no remedies in respect of the cross-defaults have been agreed with the bank up to the date of this interim report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

22. CONVERTIBLE BONDS

Convertible bonds issued on 1 June 2018 (“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 conversion option lapsed upon maturity of convertible bonds on 30 May 2019.

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.

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 on 25 May 2019, the directors of the Company consider that it has technically triggered an EOD under the Conditions.

Further, the Group and its guarantor failed to fully settle the principal amount outstanding of HK\$162,752,000 together with accrued interest of HK\$5,600,000 of CB 2018A on 30 May 2019. As at 30 June 2020, the interest accrued by the Group after default amounting to HK\$26,507,000 (31 December 2019: HK\$14,992,000). The Group partially settled HK\$52,892,000 after the maturity date of CB 2018A of which HK\$5,000,000 was settled during the period ended 30 June 2020. As at 30 June 2020, the principal amount outstanding together with accrued interest of CB 2018A amounted to HK\$141,967,000 (31 December 2019: HK\$135,452,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

22. CONVERTIBLE BONDS (Continued)

Convertible bonds issued on 16 October 2018 ("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 would 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 conversion option lapsed upon maturity of convertible bonds on 14 October 2019.

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.

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.

Further, the Group and its guarantor failed to fully settle the principal amount outstanding of HK\$30,516,000 together with accrued interest of HK\$1,312,000 of CB 2018B on 30 May 2019. As at 30 June 2020, the interest accrued by the Group after default amounting to HK\$6,222,000 (31 December 2019: HK\$3,224,000). As at 30 June 2020, the principal amount outstanding together with accrued interest of CB 2018B amounted to HK\$38,050,000 (31 December 2019: HK\$35,052,000).

Up to the date of this interim report, the Company is still in discussion with the Subscriber as to the redemption schedule of CB 2018A and CB 2018B.

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

	Debt component HK\$' 000
As at 1 January 2020 (audited)	170,504
Interest charged	14,513
Repayment of convertible bonds	(5,000)
As at 30 June 2020 (unaudited)	180,017

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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23. SHARE CAPITAL

	Number of shares	Share capital US\$
Ordinary shares of US\$0.01 each		
Authorised:		
At 1 January 2019, 31 December 2019 and 30 June 2020	10,000,000,000	100,000,000
Issued and fully paid or credited as fully paid		
At 1 January 2019 (audited)	349,876,800	3,498,768
Share repurchased and cancellation	(616,000)	(6,160)
At 31 December 2019 (audited) and 30 June 2020 (unaudited)	349,260,800	3,492,608
	30 June 2020 HK\$' 000 (Unaudited)	31 December 2019 HK\$' 000 (Audited)
Presented as	27,231	27,231

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.

24. 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 2020 HK\$' 000 (Unaudited)	31 December 2019 HK\$' 000 (Audited)
Leasehold land and buildings		
– included in property, plant and equipment	291,961	294,980
Bank deposits	3,404	3,404
	295,365	298,384

In addition, certain of the Group's lease liabilities are secured by the lessor's charge over the leased assets with carrying values of HK\$144,000 (31 December 2019: HK\$267,000) as at 30 June 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

25. RELATED PARTY TRANSACTIONS

(a) Related Party balances

The balance of amount with immediate holding company/an intermediate holding company/ultimate holding company/a fellow subsidiary 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 from/(to) immediate holding company/an intermediate holding company/ultimate holding company/a fellow subsidiary 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:

	Unaudited for the six months ended	
	30 June 2020 HK\$' 000	30 June 2019 HK\$' 000
Fee	250	251
Salaries and other benefits	3,767	4,326
Retirement benefits scheme contributions	36	33
Share-based payments	—	212
	4,053	4,822

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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26. 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 2020, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 21,600,000 (31 December 2019: 29,399,000), representing approximately 6.2% (31 December 2019: 8.4%) 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 2020

26. SHARE-BASED PAYMENTS *(Continued)*

Details of the share options are as follows:

Date of grant	No. of share options granted	Exercise period	Exercise price
26 January 2017	2,342,000 (Note a)	26.1.2017 to 25.1.2021	HK\$1.84 per share
	7,026,000 (Note b)	26.1.2018 to 25.1.2021	
	7,026,000 (Note b)	26.1.2019 to 25.1.2021	
	7,026,000 (Note b)	26.1.2020 to 25.1.2021	
	23,420,000		
16 April 2018	3,498,600 (Note a)	16.4.2018 to 15.4.2022	HK\$2.13 per share
	10,495,800 (Note b)	16.4.2019 to 15.4.2022	
	10,495,800 (Note b)	16.4.2020 to 15.4.2022	
	10,495,800 (Note b)	16.4.2021 to 15.4.2022	
	34,986,000		

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

(b) The options 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 2020	Lapsed during the period	Outstanding at 30 June 2020
26 January 2017	12,400,000	(3,500,000)	8,900,000
16 April 2018	16,998,600	(4,298,600)	12,700,000
	29,398,600	(7,798,600)	21,600,000
Exercisable at the end of the period	2,399,900	—	1,620,000
Weighted average exercise price	HK\$2.01		HK\$2.01

No share options were granted or exercised during the six months ended 30 June 2020.

The Group recognised a reversal of remuneration expenses of HK\$214,000 in the staff costs for the six months ended 30 June 2019 in relation to share options granted by the Company. During the six months ended 30 June 2020, as certain performance targets of the share options granted were not fulfilled. Hence, no share-based payment was recognised in the staff costs for the six months ended 30 June 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

27. 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 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)			
Financial assets at FVTPL (Unlisted equity securities)	14,835	22,972	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 2019: 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 8 to 35 percent (31 December 2019: from 26 to 35 percent). Weighted average cost of capital ("WACC"), ranging from 15 to 19 percent (31 December 2019: from 14 to 20 percent).

Note: There were no transfers between level 1, level 2 and level 3 during the six months ended 30 June 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

27. 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 2019 (audited)	45,761	10,095
Fair value change recognised in profit or loss	(929)	(6,895)
Lapse of conversion option	—	(3,200)
30 June 2019 (unaudited)	44,832	—
At 1 January 2020 (audited)	22,972	—
Fair value change recognised in profit or loss	(8,137)	—
At 30 June 2020 (unaudited)	14,835	—

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 2020, 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 for the period would increase by HK\$47,000/decrease by HK\$46,000, 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 for the period would increase by HK\$260,000/decrease by HK\$260,000, 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 for the period would decrease by HK\$487,000/increase by HK\$551,000, 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 2020

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

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 2020, the valuation of financial assets at FVTPL was estimated by the management.

As at 31 December 2019, 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. 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.

Information about the valuation techniques and inputs used in determining the fair values of the asset 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.

28. EVENTS AFTER THE REPORTING PERIOD

On 7 August 2020, the Group entered into an agreement with two independent third parties to sell its 1.7513% of the equity interest in 格洛博 of financial assets at FVTPL, for an aggregate consideration of RMB2,213,000. On 20 August 2020, the Group entered into another agreement with an independent third party to sell its 1.10% of the equity interest in 格洛博 for a consideration of RMB1,390,000. The Group recorded a gain of disposals of financial assets at FVTPL of RMB326,000. Up to the date of this interim report, the Group received all of the considerations.

29. COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform to the disclosure requirement in respect of the discontinued operations set out in Note 9 to the condensed consolidated financial statements. The comparative figures in the condensed consolidated statements of profit or loss have been restated to achieve consistent presentation as the current period.