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

2020
ANNUAL REPORT

CONTENTS

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. Li Qi
Mr. Wong Kai Hing
Mr. Cheng Tsz Lok

COMPANY SECRETARY

Ms. Cheung Man Yin

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. Cheng Tsz Lok

REMUNERATION COMMITTEE

Mr. Cheng Tsz Lok *(Chairman)*
Mr. Li Qi
Mr. Wong Kai Hing
Mr. Zhong Yiming
Mr. Sun Yifei

NOMINATION COMMITTEE

Mr. Cheng Tsz Lok *(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
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

GROUP INTRODUCTION

Tempus Holdings Limited (06880.HK) (the "**Company**" or "**Tempus Holdings**"), a member of the Tempus Group, was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in 2011. Being Tempus Group's key overseas capital operation platform, Tempus Holdings adheres to the concept of parallel development of industry and investment, focusing on two major business segments — sales of health and wellness products and trading business, and striving to realise its the overall strategic objective of "developing global value chain, building worldwide consumption ecology".

The "OTO", founded in 1978, is the flagship brand under Tempus Holdings' healthcare business and one of the market leaders of health and wellness products. OTO has more than 40 years of experience in R&D and brand operation, and has its own product design and development team, OTO's products range from leisure, fitness, health care and diagnosis, OTO has established comprehensive sales network in the People's Republic of China ("**PRC**"), Hong Kong, Macau, Singapore, Malaysia, etc., and enjoys a good reputation in the international market with its products reaching far out markets such as North America, Oceania, Europe, Latin America.

Dear Shareholders,

2020 was an extraordinary year in which the global economy was seriously damaged by the year-long outbreak of the novel coronavirus (COVID-19) pandemic (the "**Pandemic**"). The rapid spread of the Pandemic during 2020 forced many countries to enter continuous lockdown period. Lockdown measures caused large-scale shutdown of economies, and soaring unemployment around the world, and decelerated global economic activities. The operations of the Group were not spared and we experienced unprecedented impact. The management of the Company promptly adjusted its operation strategy, by intensifying implementation of management measures such as cost reduction and optimization of operations internally, and meanwhile pursued a collaboration model that promotes cautious development and steady growth externally. During the reporting period until the date of this annual report, given the difficult financing environment, the management of the Company has been continuing its discussions with holder of the convertible bonds in finding solutions for restructuring of the convertible bonds which expired in 2019.

During the reporting period, the impairment losses on financial assets for the year ended 31 December 2020 decreased significantly as compared to the impairment losses on financial assets of approximately HK$50 million for the year ended 31 December 2019, and the reversal of impairment losses on financial assets of approximately HK$22 million was recognized in 2020. In addition, the administrative expenses decreased by approximately HK$26 million for the year ended 31 December 2020 as compared to that for the year ended 31 December 2019. The Group recorded a loss for the year from continuing operations of approximately HK$81 million in 2020, representing a decrease of approximately HK$147 million as compared to that for the year ended 31 December 2019.

In terms of the main business, due to the enduring outbreak of the Pandemic in 2020, the Group faced a challenging business environment. Anti-Pandemic measures were implemented against the Pandemic, and continued to be in force. Various restrictions imposed by the respective authorities in Mainland China, Hong Kong, Macau, Singapore and Malaysia during the year 2020 in view of public health concerns impacted the OTO sales activities of the Group, especially in the first half of 2020. Consequently, the Group's revenue generated from the continuing operations declined by approximately 24% in the first half of 2020 as compared to the corresponding period in 2019. On a more positive note, the market gradually improved in the second half of 2020, the Group's revenue generated from the continuing operations declined by approximately 11% for the year ended 31 December 2020 as compared to that for the year ended 31 December 2019. In a retail environment fighting against the Pandemic, OTO maintained a positive spirit of innovation and continuous improvement seeking breakthroughs in products, marketing, channels and other aspects. During the reporting period, OTO launched new products including OTO Muscle Jet, Rockie massage chair and OTO Zooozh Bike, which became best sellers and appealed greatly to consumers.

CHAIRMAN'S STATEMENT

2021 will be a year which is full of challenges and new opportunities. The availability of the coronavirus vaccine and its universal use mean that the Pandemic is likely to be controlled effectively in the foreseeable future. Going forward, and despite challenges ahead, the management of the Group will try its best to solve the problems of restructuring of the convertible bonds, and strives to explore new business opportunities combined with a sounder and effective corporate governance structure, which will ultimately lead the Group to sail through the economic winter through indomitable willpower and an entrepreneurial spirit of arduous struggle.

The new era belongs to strivers, and the new journey is one for dream chasers. I believe that as long as we courageously take responsibility in overcoming difficulties, turn crisis into opportunities, open up new dimensions amidst changes, be firm in our convictions and be united, we will pull through these trials. Victory belongs to the most persevering.

I would like to express my gratitude to all shareholders, investors, customers and partners for their continuous support. The management of the Group and all our employees will continue to give our best and to strive for better performance to maximise shareholders' returns.

Zhong Baisheng
Chairman and Non-executive Director
Hong Kong, 31 March 2021

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 (the “**HKFRS 5**”). In 2019, the Group’s revenue generated from discontinued operations, i.e. the logistics business conducted through the Disposed OpCo, was approximately HK$279.2 million, and recorded a loss from discontinued operations of HK$54.3 million. Looking forward, without changing the Company’s principal business, the Company will continue to stay tuned to market trends and explore new business opportunities.

In 2020, the Group’s revenue generated from the continuing operations was HK$403.4 million, decreased by 10.5% as compared with that of HK$450.8 million for the year ended 31 December 2019. The decrease in revenue generated from the continuing operations was mainly due to the long-lasting outbreak of the Pandemic in 2020, and the Group therefore had faced a challenging business environment. Anti-Pandemic measures were implemented against the Pandemic, and had continued to be in force. Various restrictions were imposed by authorities in Mainland China, Hong Kong, Singapore, Malaysia as well as Macau (the “**Respective Regions**”) during the year 2020 in view of public health concerns. The lockdown which caused a temporary closure of retail outlets in the Respective Regions, had resulted in little appetite for consumer purchase. The Group’s sales activities were adversely affected, especially in the first half of 2020. Consequently, the Group’s revenue generated from the continuing operations declined by approximately 24.4% in the first half of 2020 as compared to that in the first half of 2019. Fortunately, the market had gradually improved in the second half of 2020. The Group’s revenue generated from the continuing operations declined by approximately 10.5% for the year ended 31 December 2020 as compared to that in the year ended 31 December 2019. The decrease in the revenue was however partially compensated by the reversal of impairment losses on financial assets of HK$21.7 million which was recognised during the year, by the decrease in impairment losses on financial assets of approximately HK$48.7 million for the year ended 31 December 2020 as compared to that in the year ended 31 December 2019, and by the decrease in administrative expenses of approximately HK$25.7 million for the year ended 31 December 2020 as compared to that in the year ended 31 December 2019, and as well as by the decrease in selling and distribution expenses of approximately HK$41.0 million for the year ended 31 December 2020 as compared to that in the year ended 31 December 2019. The Group therefore recorded a loss for the year from continuing operations of HK$81.4 million, as compared with that of HK$228.1 million in 2019.

SALES OF HEALTH AND WELLNESS PRODUCTS BUSINESS

For the year ended 31 December 2020, sales of massage chairs/other massage and fitness/diagnostics products were HK$367.4 million and HK$32.5 million, respectively, representing 91.9% and 8.1% of the Group's segment revenue from the sales of health and wellness products business, respectively. The Group launched a total of 36 new products, generating revenue of HK$50.2 million, representing 12.5% of the Group's segment revenue from the sales of health and wellness products business.

Sales Channels

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

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

	2020		2019		**Changes**	
	HK$'000	***% of revenue***	*HK$'000*	*% of revenue*	*HK$'000*	*%*
Retail outlets	**231,775**	**58.0**	262,154	58.4	(30,379)	(11.6)
Roadshow counters	**21,776**	**5.4**	43,831	9.8	(22,055)	(50.3)
Corporate sales	**93,328**	**23.3**	105,906	23.6	(12,578)	(11.9)
International sales	**16,727**	**4.2**	9,646	2.2	7,081	73.4
Internet sales	**36,258**	**9.1**	27,090	6.0	9,168	33.8
Total	**399,864**	**100.0**	448,627	100.0	(48,763)	(10.9)

(i) Traditional sales channels

The Group's revenue generated from traditional sales channels was HK$231.8 million in 2020, representing 58.0% of the Group's segment revenue from the sales of health and wellness products business, and a decrease of 11.6% as compared to HK$262.2 million in 2019. The decrease in revenue was due to the impact of the prolonged effect of the Pandemic mentioned above throughout the year 2020. As at 31 December 2020, the Group operated the following retail outlets which consist of retail stores and consignment counters:

	No. of outlets as at 31 December 2020	31 December 2019
Mainland China	**118**	113
Hong Kong and Macau	**23**	24
Singapore and Malaysia	**14**	15
Total	**155**	152

Retail business in Mainland China

As at 31 December 2020, the Group operated 118 retail outlets (2019: 113) in Mainland China, mainly located in the Yangtze River Delta, the Pearl River Delta, Beijing-Tianjin-Hebei regions and Chengdu. During the year, the revenue contributed by retail business in Mainland China was HK$92.5 million, representing a decrease of 16.9% as compared to HK$111.3 million in 2019. The decrease in revenue by the retail business was due to the Pandemic's impact mentioned above in the region during the year 2020.

Retail business in Hong Kong and Macau

As at 31 December 2020, the Group maintained 23 retail outlets (2019: 24) in Hong Kong and Macau. During the year, the revenue contributed by the retail business in the region was HK$108.8 million, representing a decrease of 11.3% as compared to HK$122.6 million in 2019. The decrease in revenue was due to the impact of the year-long outbreak of the Pandemic mentioned above in the region during the year 2020.

Retail business in Singapore and Malaysia

As at 31 December 2020, the Group operated 14 retail outlets (2019: 15) in Singapore and Malaysia. During the year, the revenue contributed by retail business in the region was HK$30.4 million, representing an increase of 7.8% as compared to HK$28.2 million in 2019. The increase in revenue in the region was mainly contributed by an increase of approximately HK$5.6 million due to greater local demands on health and wellness products in Singapore, while, offset by a decrease of approximately HK$3.4 million in Malaysia due to the Pandemic's impact in Malaysia during the year 2020.

(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 50.3% in revenue from roadshow counters was mainly due to the impact of Pandemic mentioned above during the year.

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 11.9% in revenue from corporate sales was mainly due to a decrease in corporate projects during the year.

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 increase of 73.4% in revenue generated from international sales was due to the increase in demand of the market in the Middle East during the year.

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 33.8% in revenue from internet sales was mainly attributable to rapid growth in the demand for online shopping in Mainland China, and more consumers buying online as a result in view of prevalence of the Pandemic.

MANAGEMENT DISCUSSION AND ANALYSIS

TRADING BUSINESS

The Group's trading business represents trading of goods such as personal consumables. During the year, the revenue generated from trading business was HK$3.5 million, representing 0.9% of the revenue generated from continuing operations of the Group. The increase of 64.8% in the revenue generated from trading business as compared to the year 2019 was mainly due to the revenue generated from trading of circuit boards during the year.

RESULTS OF OPERATION

The Group's operating results from continuing operations in 2020 were primarily contributed by businesses 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.

Revenue

Revenue from the continuing operations represents the income from sales of health and wellness products and trading of consumer products. In 2020, the Group's revenue from the continuing operations decreased by 10.5% to HK$403.4 million from HK$450.8 million in 2019. The decrease was mainly attributable to the decrease in revenue of 10.9% generated from sales of health and wellness products business.

	2020		**2019**		**Changes**	
	HK$'000	***% of revenue***	*HK$'000*	*% of revenue*	*HK$'000*	*%*
Sales of health and wellness products	**399,864**	**99.1**	448,627	99.5	(48,763)	(10.9)
Trading	**3,543**	**0.9**	2,150	0.5	1,393	64.8
Total	**403,407**	**100.0**	450,777	100.0	(47,370)	(10.5)

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 2020 was HK$200.7 million, representing a decrease of 6.2% from HK$214.0 million for 2019. The decrease 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 2020 and 2019 were HK$202.7 million and HK$236.8 million, respectively. The gross profit margins for 2020 and 2019 were 50.2% and 52.5%, respectively, representing a decrease of 2.3ppt. The gross profit margins remained stable during the year.

Other income

Other income for the continuing operations for 2020 was HK$16.0 million, mainly comprising rental income of HK$0.7 million, government grant of HK$11.0 million and sundry income of HK$1.5 million. Other income for the continuing operations for 2019 was HK$10.5 million, mainly comprising interest income on a loan receivable of HK$1.4 million, rental income of HK$2.2 million, government grant of HK$1.8 million and sundry income of HK$2.4 million.

Other gains and losses, net

The Group's continuing operations recorded other losses of HK$30.4 million for 2020, mainly comprising a loss on fair value change of financial assets at fair value through profit or loss of HK$14.2 million and impairment loss on property, plant and equipment of HK$16.4 million. The Group's continuing operations recorded other losses of HK$30.9 million for 2019, mainly comprising a loss on fair value change of financial assets at fair value through profit or loss of HK$23.0 million and a loss on disposal of a subsidiary of HK$14.5 million, which were partially offset by a gain on disposal of property, plant and equipment of HK$8.8 million.

Impairment losses on financial assets

A sum of HK$21.7 million of impairment losses on financial assets which the Group recognised in 2019 has been reversed in 2020, mainly represented by consideration receivables received from other debtors.

Impairment losses on financial assets for the continuing operations for 2019 was HK$50.2 million, mainly represented by the impairment losses on a loan receivable.

Pursuant to a loan agreement dated 29 June 2017 (the "**Loan Agreement**") entered into between the Group and an independent third party (the "**Borrower**"), the Group granted to the Borrower a revolving loan of HK$30,000,000, which carries an interest rate at 10% per annum, and guaranteed by the Borrower's shareholder and a company incorporated in Hong Kong (the "**Guarantors**"), and with an original maturity of three months, which can be revolved at a maximum of three times with three months each upon maturity. The Borrower and the Guarantors are primarily engaged in the tourism industry. On 19 June 2018, the parties entered into a supplemental loan agreement (together with the Loan Agreement, the "**Agreements**"), pursuant to which the Group extended the term under the Loan Agreement for one year, and the maturity date of the revolving loan was on 18 June 2019 with an adjustment to the interest of 12% per annum.

As at 31 December 2018, the carrying amount of the loan receivable was HK$28,020,000 and the impairment allowance for the loan receivable amounted to HK$1,980,000 was provided based on the financial position of the Borrower and the Guarantors, and the general prospect of the tourism industry. In 2019, the Borrower repaid HK$900,000 of the principal.

Upon the Group's internal assessment of the credit risk on the Borrower and the Guarantors and in view of the Borrower and the Guarantors have repeatedly failed to comply with the repayment schedule, the possibility of repayment, the Borrower's and the Guarantors' financial position and the general prospect of the tourism industry, the management of the Group considered that an impairment allowance for the loan receivable of HK$29,100,000, i.e. the full outstanding amount of the principal of the loan under the Agreements, is appropriate. As such, an additional impairment allowance amounting to HK$27,120,000 was recognised for the year ended 31 December 2019.

As at the date of this annual report, the Group has a dispute with the Borrower regarding the outstanding principal and interest amount, and the Borrower or the Guarantors failed to repay the principal of HK$29,100,000 and outstanding interest incurred. As a result, in the opinion of the directors of the Company, no reversal of impairment is considered necessary for the year ended 31 December 2020.

During the year ended 31 December 2020, the Group issued demand letters for repayment for the outstanding principal and interest under the Agreements, and further filed objection of deregistration of the Borrower to the Company Registry. The Group shall consider further necessary action to recover the loan receivable including but not limited to take legal proceedings against the Borrower and the Guarantors.

Share of results of associates

Share of results of associates for continuing operations for 2020 was a loss of HK$5.2 million (2019: HK$32.6 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 of advertising and marketing expenses as well as staff costs, decreased from HK$209.2 million for 2019 to HK$168.2 million for 2020. The decrease was mainly attributed to the decrease in advertising and marketing expenses of HK$10.4 million, distribution expenses of HK$4.3 million, rental expense of HK$4.8 million and staff costs of HK$6.6 million.

Administrative expenses

Administrative expenses for the continuing operations, mainly comprising staff costs and professional fees, decreased from HK$101.9 million for 2019 to HK$76.2 million for 2020. The decrease was primarily due to the decrease in legal and professional fees of HK$7.9 million and staff costs of HK$9.9 million.

Finance costs

Finance costs for the continuing operations decreased to HK$38.9 million for 2020 from HK$49.4 million for 2019. The drop was due to the decrease in bank and other borrowings during the year, and the full settlement of senior note in 2019.

Loss before tax

As a result of the factors described above, the Group's loss before tax for the continuing operations was HK$79.9 million for 2020, as compared to the loss before tax of HK$227.0 million for 2019.

Income tax expense

Income tax expense for the continuing operations was HK$1.4 million for 2020 and HK$1.1 million for 2019. The increase was mainly due to the reversal of the deferred tax asset for the year.

Loss for the year

As a result of the factors described above, the Group's loss for the year for the continuing operations was HK$81.4 million for 2020, as compared to that of HK$228.1 million for 2019.

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 revenue generated from the discontinued operations for 2019 was approximately HK$279.2 million and the gross loss for the discontinued operations was HK$3.1 million. The loss for 2019 from discontinued operations of HK$54.3 million was attributed from decrease in gross profit of HK$43.5 million, loss on disposal of subsidiaries of HK$16.0 million and impairment losses on financial assets of HK$12.3 million for the discontinued operations.

FINANCIAL POSITION

As at 31 December 2020, total equity of the Group was HK$91.0 million (as at 31 December 2019: HK$160.4 million). The decrease was mainly due to the loss for the year.

As at 31 December 2020, the Group's net current liabilities was HK$260.0 million (as at 31 December 2019: HK$247.5 million). The current ratio was 0.5 time as at 31 December 2020 (as at 31 December 2019: 0.5 time).

As at 31 December 2020, total non-current assets of the Group was HK$374.5 million (as at 31 December 2019: HK$435.4 million), while total current assets of the Group was HK$260.5 million (as at 31 December 2019: HK$268.8 million). The decreases in non-current assets were mainly due to the decrease in property, plant and equipment, the decrease in rights-in-use assets, and the decrease in financial assets at fair value through profit or loss respectively. The decreases in current assets was mainly attributable to the decrease in trade, bills and other receivables, which was partially offset by the increase in bank balances and cash.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2020, the Group had bank balances and cash of HK$118.5 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 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$76.9 million for 2020 (2019: HK$26.3 million), primarily reflecting the operating cash inflows before movements in working capital of HK$33.7 million, as adjusted by an increase of HK$2.8 million in inventories, a decrease of HK$44.1 million in trade, bills and other receivables and a decrease of HK$3.8 million in trade and other payables.

Investing activities

Net cash generated from investing activities was HK$26.0 million for 2020 (2019: HK$70.2 million), primarily due to amounts received from other debtors of HK$31.2 million and offset by purchases of property, plant and equipment of HK$6.3 million.

Financing activities

Net cash used in financing activities was HK$70.6 million for 2020 (2019: HK$150.7 million), which was primarily due to repayments of convertible bonds of HK$11.0 million and repayment of lease liabilities of HK$44.8 million during the year.

BORROWINGS AND GEARING RATIO

Total borrowings of the Group as at 31 December 2020 was HK$386.1 million with effective interest rates ranging from 2.28% to 18% 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 31 December 2020, which was primarily due to decreases in investment in financial assets at fair value through profit or loss of HK$15.6 million and trade, bills and other receivables of HK$55.1 million at the year end.

WORKING CAPITAL

As at 31 December 2020, the net negative working capital of the Group was HK$260.0 million, which represented an increase of HK$12.5 million or 5.1% as compared to the net negative working capital HK$247.5 million as at 31 December 2019.

As at 31 December 2020, the Group's inventories increased by HK$2.2 million to HK$35.6 million from HK$33.4 million as at 31 December 2019. The inventories turnover days were 62.8 days as at 31 December 2020 as compared with 60.9 days as at 31 December 2019. The increase was due to the expectation of the recovery in the economy the coming year with increases in stocks to meet sales growth.

As at 31 December 2020, the Group's trade receivables decreased by HK$31.6 million, to HK$56.0 million from HK$87.6 million as at 31 December 2019. The trade receivables turnover days decreased to 65.0 days from 99.5 days as at 31 December 2019. The decreases were due to better control of collection of trade receivables during the year.

As at 31 December 2020, the Group's trade payables decreased by HK$4.3 million to HK$47.1 million from HK$51.4 million as at 31 December 2019. The trade payables turnover days decreased by 5.4 days to 89.6 days from 95.0 days as at 31 December 2019. The decrease was mainly due to shorter settlement period to the suppliers during the year.

CAPITAL EXPENDITURE

During the year ended 31 December 2020, the Group's total capital expenditure amounted to HK$6.3 million, which was used in the acquisition of property, plant and equipment.

CHARGE ON ASSETS

As at 31 December 2020, the Group had pledged certain assets, including leasehold land and buildings, under property, plant and equipment with a total carrying value of HK$272.5 million for the purpose of securing certain banking and other facilities.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

Save as disclosed in this annual report, the Group did not have any other significant investment during the year ended 31 December 2020, and the Group did not enter into any material acquisition or disposal during the year ended 31 December 2020.

IMPORTANT EVENTS AFTER THE END OF THE YEAR

On 11 March 2021, the Company received a notification from Tempus Group Holdings Limited*（騰邦集團有限公司）(“**Tempus Group**”) and Tempus Logistics Group Holding Ltd.*（騰邦物流集團股份有限公司）(“**Tempus Logistics**”), the controlling shareholders of the Company, regarding a decision received by Tempus Group from Guangdong Province Shenzhen Intermediate People’s Court（廣東省深圳市中級人民法院）(the “**Court**”) on 8 March 2021 (the “**Decision**”). Pursuant to the Decision, the Court has decided to initiate the pre-reorganization procedures (the “**Pre-reorganization**”) against Tempus Group, Tempus Logistics, and Tempus Asset Management Group Co., Ltd.*（騰邦資產管理集團股份有限公司）(“**Tempus Asset**”), the period of which is three months from the date of the Decision, and Beijing Zhong Lun (Shenzhen) Law Firm*（北京市中倫(深圳)律師事務所）and KPMG Consulting (China) Co., Ltd.*（畢馬威企業諮詢(中國)有限公司）have been designated by the Court to jointly act as the managers of Tempus Group, Tempus Logistics, and Tempus Asset during the period of Pre-reorganization (the “**Event**”). So far as the board of directors of the Company is aware, up to the date of this annual report, the Event has no material impact to the business and general operations of the Company and its subsidiaries. For details, please refer to the announcements of the Company dated 21 October 2020 and 12 March 2021.

On 23 March 2021, the Company received a statutory demand pursuant to Sections 178(1)(a) or 327(4)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32) which was served on the Company by the subscriber of the convertible bonds (the “**CBs holder**”) to demand for repayment, being the principal and accrued interest, of approximately HK$194,661,000 from the Company. For details, please refer to the announcement of the Company dated 24 March 2021.

CONTINGENT LIABILITIES

Saved as disclosed in this annual report, the Group did not have any material contingent liabilities as at 31 December 2020 and 31 December 2019.

FOREIGN EXCHANGE RISK MANAGEMENT

As at 31 December 2020, the Group was exposed to certain foreign exchange risk as the Group had bank balances in Renminbi of approximately RMB36.5 million (equivalent to approximately HK$43.3 million), in Singapore dollar of approximately SGD2.5 million (equivalent to approximately HK$14.4 million), and in United States dollar of approximately US$0.5 million (equivalent to approximately HK$4.3 million). 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 annual report. The Group continues to seek appropriate investment opportunities which are in line with the Group’s strategy.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, the Group had a total number of 604 (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 of the Company (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 in Macau are members of the defined contribution retirement benefit plan. The subsidiary established in Macau is required to contribute Macanese Pataca 60 per month for each employee to the retirement benefit plan to fund the benefits.

The employees in Mainland China are members of the state-managed retirement benefit scheme operated by the 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.

STRATEGIES AND PROSPECTS

The year 2020 had been a very challenging year for the Company. The Pandemic has wreaked havoc on the global economy and inevitably impacted the Group's sales of health and wellness products business in all regions, especially in respect of roadshow counters and corporate sales. The Company has responded cautiously to the crisis by actively taking steps to speed up collection of outstanding receivables and implementing a number of cost control measures to reduce various general and administrative and other operating expenses.

It will continue to be challenging in 2021 as the Pandemic and its latest variants continue to affect the global economy and consumer shopping habits. Despite the mass rollout of the vaccines, which is expected to help boosting global economic recovery, it will take time to offset the damage caused by the Pandemic. Although there is improvement in the Group's sales, it remains difficult to predict the strength of a comprehensive and sustainable recovery. On 23 March 2021, the Company received a letter from the CBs holder demanding repayment of the outstanding amount of the convertible bonds amounting to approximately HK$194,661,000. According to the demand letter, the Company has 3 weeks after serving of this demand letter to repay the debt. After the expiry of the 3 weeks' period, the CBs holder may present a winding-up petition against the Company, which could further aggravate the Company's financial situation.

Looking ahead, the Company remains cautiously optimistic towards its business and development. While maintaining the continuous development of the main business, the Company will use its best endeavours to take steps to solve the problems of restructuring of convertible bonds, which include (i) discussion with the CBs holder for the restructuring of the convertible bonds; (ii) planning to realise part of its assets; and (iii) studying the possibility of strengthening financing activities to supplement the working capital of the Group. The Company will continue to closely monitor and evaluate the impact of the economic environment on the Group, timeously formulate countermeasures to cope with various crises, and actively deploy efforts in advance to seize opportunities and strive for returns for its shareholders.

DIRECTORS' REPORT

The board (the "**Board**") of directors (the "**Directors**") of the Company and its subsidiaries (collectively, the "**Group**") presents the annual report with the audited consolidated financial statements for the year ended 31 December 2020 (the "**Year**") together with the comparative figures for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The Group is principally engaged in sales of health and wellness products and trading business. The principal activities of its subsidiaries are set out in note 45 to the consolidated financial statements.

BUSINESS REVIEW AND OUTLOOK

The business review and outlook of the Group for the Year is set out in the sections of "Chairman's Statement" on page 5 of this annual report and "Management Discussion and Analysis" on page 7 of this annual report.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 December 2020 and the financial position of the Group at that date are set out in the consolidated financial statements on pages 77 to 84 of this annual report.

The Board has resolved not to declare a final dividend for the year ended 31 December 2020 (2019: nil). No interim dividend was paid by the Company for the six months ended 30 June 2020 (2019: nil).

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years, as set out on page 192 of this annual report, is extracted from the audited consolidated financial statements.

DIVIDEND POLICY

The Company has adopted a dividend policy with retroactive from 1 January 2019. The dividend policy aims at enhancing transparency of the Company and facilitating the shareholders and investors of the Company to make informed investment decision relating to the Company. The declaration, form, frequency and amount of dividend paid by the Company must be in accordance with all applicable laws and regulations and subject to the articles of association of the Company (the "**Articles of Association**"). In deciding whether to declare any dividend, the Board will take into account a number of factors, including but not limited to the Group's financial performance, the distributable reserves, the operations and liquidity requirements, general economic conditions and other factors as the Board may consider relevant.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from Tuesday, 25 May 2021 to Friday, 28 May 2021 (both dates inclusive), during which period no transfer of the shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting ("**AGM**") of the Company to be held on Friday, 28 May 2021 or any adjournment of such meeting, all transfer forms of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F., 148 Electric Road, North Point, Hong Kong by not later than 4:30 p.m. on Monday, 24 May 2021.

SHARE CAPITAL

Details of the movements in the issued share capital of the Company during the Year are set out in note 36 to the consolidated financial statements of this annual report.

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into during the Year or subsisting at the end of the Year are set out below:

(1) Convertible Bonds issued in 2018 with Maturity Date 30 May 2019 ("2018CB1")

The Company issued 2018CB1 on 1 June 2018 with the aggregate principal amount of HK$160,000,000 to Wan Tai Investments Limited ("**Wan Tai**") which has the right to convert it into 67,510,549 new shares of the Company at the conversion price of HK$2.37 per share of the Company. The purpose of the issue of the 2018CB1 is to satisfy the needs of the Group's continual business development. The net proceeds were approximately HK$157,700,000 and was fully utilised for working capital, refinancing and general corporate purposes. The maturity date of the 2018CB1 was 30 May 2019. As at the date of this annual report, the conversion option has lapsed and the Company has not redeemed 2018CB1.

(2) Convertible Bonds issued in 2018 with Maturity Date 14 October 2019 ("2018CB2")

The Company issued 2018CB2 on 16 October 2018 with the aggregate principal amount of HK$30,000,000 to Wan Tai which has the right to convert it into 23,510,971 new shares of the Company at the conversion price of HK$1.276 per share of the Company. The purpose of the issue of the 2018CB2 is to satisfy the needs of the Group's continual business development. The net proceeds were approximately HK$29,500,000 and was fully utilised for investment, working capital, refinancing and general corporate purposes. The maturity date of the 2018CB2 was 14 October 2019. As at the date of this annual report, the conversion option has lapsed and the Company has not redeemed 2018CB2.

On 23 March 2021, the Company received a statutory demand pursuant to Sections 178(1)(a) or 327(4)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32) was served on the Company by Wan Tai to demand for repayment, being the principal and accrued interest, of approximately HK$194,661,000 from the Company. For details, please refer to the announcement of the Company dated 24 March 2021.

During the reporting period, the Group has been negotiating with the CBs holder of outstanding principals of HK$141,000,000 together with accrued interests thereon for a debt restructuring plan. After receiving the demand letter, the negotiation continued and the Group has submitted a debt restructuring proposal to the CBs holder.

The Company will make further announcement(s) in relation to the above matters as and when appropriate in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

Share options granted to directors and selected employees

Details of the share options granted in prior years are set out in "Share Options" section contained in this annual report. No share options were granted during the year ended 31 December 2020.

The computation of diluted loss per share for the year ended 31 December 2020 does not assume the exercise of the Company's share option because the exercise price of those share option was higher than the average market price of the Company's shares.

The computation of diluted loss per share for the year ended 31 December 2019 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.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020.

DISTRIBUTABLE RESERVES

As at 31 December 2020, the Group's aggregate amounts of reserves available for distribution were approximately HK$36,676,000.

DONATIONS

During the year ended 31 December 2020, the Company and its subsidiaries have not made any charitable donations.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or applicable laws of the Cayman Islands where the Company was incorporated.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the shareholders of the Company due to their holding of the Company's securities.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment are set out in note 16 to the consolidated financial statements.

BANK BORROWINGS AND INTEREST

Details of the Group's bank borrowings are set out in note 33 to the consolidated financial statements of this annual report. Bank borrowings repayable within one year or on demand are classified as current liabilities in the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2020, the Group's sales to its five largest customers accounted for approximately 24.9% of the Group's total sales and the Group's sales to its largest customer accounted for approximately 12.7% of the Group's total sales. The Group's five largest suppliers accounted for approximately 49.9% of the Group's total purchases, while the largest supplier for the Year accounted for approximately 16.2% of the Group's total purchases.

None of the Directors or their respective associates or, to the knowledge of the Directors, any of the shareholders who owns more than 5% of the Company's issued share capital has any interest in any of the Group's five largest customers or suppliers during the Year.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties that may cause the Group's financial conditions or results materially different from the expected or historical results are described below:

Significant competition

The Group faces significant competition from both international and local players in each of the markets it operates. The Group's market position depends on its ability to diversify and differentiate its products or services and to anticipate changing customer preferences. Increased competition may result in price adjustments and narrowed gross profit margins.

Operational risks

The Group's operation is subject to a number of risk factors distinctive to trading related businesses. Default on the part of the Group's suppliers, customers, and inadequacies or failures of internal processes, people and systems or other external factors may have various levels of negative impact on the results of the Group's operation. In addition, accidents may happen despite systems and policies set up for their prevention, which may lead to the Group's financial loss, litigation, or damage in reputation.

Risk with regard to trade receivables

The recoverability of trade receivables is essential to the Group's financial conditions due to its significance as a whole and the judgements associated with the assessment of the recoverability of trade receivables, which mainly depends on the current creditworthiness and the past collection history of each customer. There is no assurance that the Group will be able to collect and realise part or full amount of the trade receivables.

Liquidity risk arising from redemption of convertible bonds and repayment of bank loans

The Group's convertible bonds together with interest payable amounting to approximately HK$189,469,000 as at 31 December 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 34 to the consolidated financial statements. This event constituted events of default under certain bank borrowings. As a consequence, bank borrowings with carrying amount of approximately HK$68,628,000 as at 31 December 2020, 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 have become immediately due and payable. Also, the Group has a short-term revolving loan of approximately HK$111,500,000 from a bank. The Group has been negotiating with the "CBs holder of the outstanding principals of HK$141,000,000 together with accrued interests thereon for a debt restructuring plan. On 23 March 2021, the Company received a letter from the CBs holder demanding repayment of the outstanding amount of the convertible bonds amounting to approximately HK$194,661,000. According to the demand letter, the Company has 3 weeks after serving of this demand letter to repay the debt. After the expiry of the 3 weeks' period, the CBs holder may present a winding-up petition against the Company. After receiving the demand letter, the Group continues its negotiation with and has submitted a debt restructuring proposal to the CBs holder. The Group is also considering to realise part of its assets; however, these financing activities may or may not proceed. The Group may encounter a liquidity issue if the cash generated from aforementioned financing activities together with existing free cash is not sufficient for the redemption of convertible bonds and repayment of bank loans.

Interest rate risks

The Group's certain borrowings are floating-rate bank loans, which expose the Group to the risks of rising interest rates. The Group will closely monitor the interest rate risk and consider to adopt measures to manage the associated risk when appropriate, including but not limited to use of derivatives such as interest rate swaps and management of the ratio of fixed or floating loan portfolio. As at 31 December 2020, the Group had not carried out any hedging activities to manage its interest rate exposure.

DIRECTORS

The Directors during the Year and up to the date of this annual report were:

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. Li Qi
Mr. Wong Kai Hing
Mr. Cheng Tsz Lok *(appointed on 28 February 2021)*
Mr. Han Biao *(resigned on 1 December 2020)*

In accordance with Article 105 of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. The Directors to retire by rotation in every year shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

In accordance with Article 109 of the Articles of Association, any Director appointed by the Board to fill a casual vacancy or as an additional Director shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting. Accordingly, Mr. Cheng Tsz Lok will retire at the AGM and, being eligible, offer himself for re-election at the AGM.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Profiles of all the Directors and members of the senior management are set out on pages 51 to 53 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

REMUNERATION OF THE DIRECTORS

The Remuneration Committee considers and recommends to the Board on the remuneration and other benefits paid by the Company to the Directors. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate.

Details of the emoluments of every Director for the Year is set out in note 12 to the consolidated financial statements.

SENIOR MANAGEMENT'S EMOLUMENTS

The annual remuneration of the members of the senior management (other than the Directors) for the year ended 31 December 2020 is set out in Note 13 to the consolidated financial statements.

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	Date of Change	Details of Changes
Mr. Li Qi	27 March 2020	re-designated as a member of the audit committee of the Company (the "**Audit Committee**")
Mr. Wong Kai Hing	27 March 2020	re-designated as the chairman of the Audit Committee
Mr. Han Biao	1 December 2020	resigned from all positions of the Company
Mr. Cheng Tsz Lok	28 February 2021	appointed as an independent non-executive Director, the chairman of the nomination committee of the Company (the "**Nomination Committee**") and of the Remuneration Committee and a member of the Audit Committee

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

As at 31 December 2020, the interests and short positions of the Directors and the chief executive of the Company in the shares or underlying shares or debentures 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 for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as adopted by the Company, were as follows:

(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 6)*
Mr. Zhong Baisheng *(Note 2)*	Interest in a controlled corporation	201,534,092(L)	–	201,534,092(L)	57.70%
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. Li Qi *(Note 5)*	Beneficial owner	–	400,000(L)	400,000(L)	0.11%

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 31 December 2020, Tempus Hong Kong held 201,534,092 shares, representing approximately 57.70% of the issued share capital of the Company.

(3) Mr. Yip Chee Lai, Charlie, Mr. Yip Chee Seng, Mr. Yip Chee Way, David and Mr. Yep Gee Kuarn (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. 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.

(6) The approximate percentage of shareholding is calculated based on a total of 349,260,800 issued shares of the Company as at 31 December 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 Options" in this annual report, as at 31 December 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 or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would be required to (i) be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, (ii) or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Saved as disclosed in the note 41 to the consolidated financial statements and in the paragraph headed "Related Party Disclosures" in this annual report, no contracts of significance to which the Company, its holding company, or any of its subsidiaries was a party or contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries and in which a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Year and up to the date of this annual report, none of the Directors nor their respective associates had interests in a business that competes or is likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the Directors have been appointed or were appointed as directors to represent the interests of the Company and/or the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, AGREEMENTS OR CONTRACTS

Saved as disclosed in the note 41 to the consolidated financial statements and in the paragraph headed "Related Party Disclosures" in this annual report, none of the Directors or an entity connected with a Director had a material interest, whether directly or indirectly, in any transaction, agreement or contract of significance subsisted during or at the end of the Year to which the Company or any of its subsidiaries was a party.

MANAGEMENT CONTRACTS

As at 31 December 2020, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

PERMITTED INDEMNITY

Pursuant to the Articles of Association, the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in the execution of their duties in their offices. Such permitted indemnity provision has been in force throughout the Year. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Group.

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

As at 31 December 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:

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 5)*
Tempus Hong Kong *(Note 2)*	Beneficial owner	201,534,092(L)	–	201,534,092(L)	57.70%
Tempus Value Chain *(Note 2)*	Interest in a controlled corporation	201,534,092(L)	–	201,534,092(L)	57.70%
Tempus Logistics *(Note 2)*	Interest in a controlled corporation	201,534,092(L)	–	201,534,092(L)	57.70%
Tempus Group *(Note 2)*	Interest in a controlled corporation	201,534,092(L)	–	201,534,092(L)	57.70%
Pingfeng Jewellery *(Note 2)*	Interest in a controlled corporation	201,534,092(L)	–	201,534,092(L)	57.70%
Ms. Duan Naiqi *(Note 2)*	Interest in a controlled corporation	201,534,092(L)	–	201,534,092(L)	57.70%
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%

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 5)*
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%

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 31 December 2020, 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) The approximate percentage of shareholding is calculated based on a total of 349,260,800 issued shares as at 31 December 2020.

Save as disclosed above, as at 31 December 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 registered 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. The Directors may, at their absolute discretion, invite any person belonging to any of the following classes or participants, to take up options to subscribe for shares:

(a) any eligible employee of the Company (the "**Eligible Employee**") (whether full-time or part-time including any executive Director but excluding any non-executive Director);

(b) any non-executive Directors (including independent non-executive Directors), any of the subsidiaries or any Invested Entity;

(c) any supplier of goods or services to any member of the Group or any Invested Entity;

(d) any customer of the Group or any Invested Entity;

(e) any person or entity that provides research, development or other technological support to the Group or any member of any Invested Entity;

(f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(g) any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any Invested Entity; and

(h) any other group of classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of the Group,

and, for the purposes of the Share Option Scheme, the options may be granted to any company wholly- owned by one or more persons belonging to any of the above classes of participants.

The Directors were authorised to grant options to subscribe for shares and to allot, issue and deal with the shares pursuant to the exercise of options granted under the Share Option Scheme and to take all such steps as may be necessary and/or desirable to implement and give effect to the Share Option Scheme. The maximum number of shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue on the day on which trading of the shares commenced on the Main Board of the Stock Exchange.

Unless otherwise approved by the shareholders in general meeting, the number of shares that may be granted to an eligible participant under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) shall not exceed 1% of the shares in issue within any 12-month period. Any grant of options to a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors. Unless otherwise approved by the shareholders in general meeting and/or such other requirements prescribed under the Listing Rules, any grant of options to a substantial shareholder or independent non-executive Director or their respective associates under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) shall not represent in aggregate over 0.1% of the shares in issue and has an aggregate value in excess of HK$5 million, within any 12-month period.

There is no minimum period for which an option must be held before it can be exercised, and the period during which an option may be exercised will be determined by the Board in its absolute discretion, however, no options shall be exercised 10 years after they have been granted. The subscription price of a share in respect of a particular option shall be not less than the highest of (a) the official closing price of the shares on the daily quotation sheet of the Stock Exchange on the date of the offer of the grant, which must be a business day; (b) the average official closing price of the shares on the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of the offer of the grant; and (c) the nominal value of the share. Each grantee shall pay HK$1.00 to the Company at the time the option is granted. The Share Option Scheme shall take effect from the date it is adopted (that is, 25 November 2011) and shall remain effective within a period of 10 years from that date (that is, the Share Option Scheme shall expire on 25 November 2021).

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.

As at the date of this annual report, the total number of shares available for issue and the maximum number of options available to be granted under the Share Option Scheme were 10,900,000 and 34,926,080, respectively, which represented approximately 3.12% and 10.00%, respectively, of the issued share capital of the Company on that date.

SHARE OPTIONS

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

					Number of Share Options					
Grantees	Date of grant	Vesting period	Exercise period	Exercise price per share HK$	Outstanding as at 1 January 2020	Granted during the year ended 31 December 2020	Exercised during the year ended 31 December 2020	Lapsed during the year ended 31 December 2020	Cancelled during the year ended 31 December 2020	Outstanding as at 31 December 2020
Directors										
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
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)	–	–

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 year ended 31 December 2020	Exercised during the year ended 31 December 2020	Lapsed during the year ended 31 December 2020	Cancelled during the year ended 31 December 2020	Outstanding as at 31 December 2020
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	–	–	(589,860)	–	670,000
		16.4.2018 – 15.4.2019	16.4.2019 – 15.4.2022	2.13	3,779,580	–	–	(1,769,580)	–	2,010,000
		16.4.2018 – 15.4.2020	16.4.2020 – 15.4.2022	2.13	3,779,580	–	–	(1,769,580)	–	2,010,000
		16.4.2018 – 15.4.2021	16.4.2021 – 15.4.2022	2.13	3,779,580	–	–	(1,769,580)	–	2,010,000
	Sub-total				20,598,600	–	–	(9,398,600)	–	11,200,000
	Total				**29,398,600**	**–**	**–**	**(9,798,600)**	**–**	**19,600,000**

Note:

Further details of the Share Options Scheme are set out in note 43 to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken in the normal course of business are provided under note 41 to the consolidated financial statements. Those transactions comprise no continuing connected transactions nor connected transactions which required disclosure pursuant to Chapter 14A of the Listing Rules. The Board confirmed that during the Year and up to the date of this annual report, the Company had complied with the disclosure requirement under Chapter 14A of the Listing Rules.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group has compliance policies and procedures in place to ensure adherence to applicable laws, rules and regulations, in particular, those have a significant impact on the Group. The Group would seek professional legal advice from its legal advisers to ensure its transactions and business are in compliance with the applicable laws and regulations. During the Year, the Group was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Acting in an environmentally responsible manner, the Group strictly abides by the laws and regulations on pollutant discharge and environmental protection in countries or regions where it operates. The retail outlets, warehouses and offices do not discharge wastewater or emit waste gas. In addition to the water usage, the Group's operation has no special water demand. The Group has implemented a number of measures to effectively utilise resources and reduce energy consumption. Meanwhile, the implementation of the Enterprise Resources Planning (ERP) System to optimise resource allocation and management of the procurement, logistics and sales of "OTO" products has reduced the consumption of resources through minimising the use of paper documents.

During the Year, the Group has complied with the relevant environmental laws and regulations applicable to it in all material respects. The Group will review its environmental practices from time to time and will implement further eco-friendly measures and practices closely enhancing environmental sustainability. For further details, please refer to the Environmental, Social and Governance Report on pages 54 to 69 of this annual report.

RELATIONSHIPS WITH THE GROUP'S EMPLOYEES

The Group believes that employees are important and valuable assets. The Group will provide trainings for employees to enhance their knowledge in corporate values and culture and to implement them thoroughly. Meanwhile, the Group accelerates development of young leaders and nurtures them in establishing study-oriented teams and keeps them abreast of updated knowledge and timely development.

The Group also aims to provide competitive and attractive remuneration packages to retain the employees. Management reviews annually the remuneration package offered to employees of the Group. Meanwhile, for the purpose of providing incentives and rewards to eligible participants who contributed to the success of the Group's operations, the Group adopted the Share Option Scheme. Information about the scheme is set out in the paragraph headed "Share Option Scheme" in this annual report. For further details, please refer to pages 30 to 33 of this annual report.

RELATIONSHIPS WITH THE GROUP'S CUSTOMERS AND SUPPLIERS

The Group values the relationship with customers, as well as their feedback and opinions. In order to respond quickly to customer requirements, the Group has established a team consisting of skilled engineers and technicians to provide customers with high-quality and efficient after-sales services. In addition, the Group also collects and stores customers' opinions and suggestions on products via customer relationship management system to assist the design and development of products and enhance the quality management and services. During the Year, the Group considered the relationship with customers was satisfactory. For further details, please refer to pages 66 to 68 of this annual report.

The Group's suppliers are mainly external manufacturers, and warehousing and logistics providers. The Group outsources the manufacturing of health and wellness products to third-party external manufacturers. The Group implements measures in selecting suppliers and conducts regular inspection and evaluation on existing external manufacturers. During the Year, the Group considered the relationship with suppliers was good and stable. For further details, please refer to pages 66 to 68 of this annual report.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On 11 March 2021, the Company received a notification from Tempus Group and Tempus Logistics, the controlling shareholders of the Company, regarding a decision received by Tempus Group from the Court on 8 March 2021. Pursuant to the Decision, the Court has decided to initiate the Pre-reorganization procedures against Tempus Group, Tempus Logistics, and Tempus Asset, the period of which is three months from the date of the Decision, and Beijing Zhong Lun (Shenzhen) Law Firm*（北京市中倫（深圳）律師事務所）and KPMG Consulting (China) Co., Ltd.*（畢馬威企業諮詢（中國）有限公司）have been designated by the Court to jointly act as the managers of Tempus Group, Tempus Logistics, and Tempus Asset during the period of Pre-reorganization. So far as the board of directors of the Company is aware, up to the date of this annual report, the Event has no material impact to the business and general operations of the Company and its subsidiaries. For details, please refer to the announcements of the Company dated 21 October 2020 and 12 March 2021.

On 23 March 2021, the Company received a statutory demand pursuant to Sections 178(1)(a) or 327(4)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32) which was served on the Company by CBs holder to demand for repayment, being the principal and accrued interest, of approximately HK$194,661,000 from the Company. For details, please refer to the announcement of the Company dated 24 March 2021.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules as at the latest practicable date prior to the issue of this annual report.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the Year except code provision A.5.1, details of which are set out in the "Corporate Governance Report". The Corporate Governance Report is set out on pages 37 to 50 of this annual report.

AUDIT COMMITTEE

The Audit Committee had reviewed together with the management of the Company and external auditors the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the Year.

AUDITOR

Deloitte Touche Tohmatsu ("**Deloitte**") resigned as the auditor of the Group with effect from 9 January 2019 and Moore Stephens CPA Limited ("**Moore Stephens**") was then appointed as the auditor of the Group following the resignation of Deloitte as the auditor of the Group. Save as disclosed above, there was no change in the auditor of the Company in any of the preceding three years.

The consolidated financial statements for the year ended 31 December 2020 have been audited by Moore Stephens who retire and, being eligible, offer themselves for re-appointment at the AGM. A resolution for re-appointment of Moore Stephens as auditor of the Company is to be proposed at the forthcoming AGM.

By Order of the Board

Zhong Baisheng
Chairman and Non-executive Director

Hong Kong, 31 March 2021

* *For identification purposes only*

CORPORATE GOVERNANCE PRACTICE

The Board is committed to maintaining a good standard of corporate governance practices and business ethics in the Company and believes that they are essential for maintaining and promoting investors' confidence and maximising shareholders' returns. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of shareholders and comply with the increasingly stringent regulatory requirements, and to fulfill its commitment to excellence in corporate governance.

The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 of the Listing Rules as its own code of corporate governance practice and complied with the CG Code throughout the year ended 31 December 2020, except the Code Provision A.5.1 of the CG Code. Pursuant to code provision A.5.1 of the CG Code, the Nomination Committee is required to be chaired by the chairman of the board or an independent non-executive Director and comprises a majority of independent non-executive Directors.

Mr. Han Biao resigned as an independent non-executive Director, the chairman of the Nomination Committee and the Remuneration Committee and a member of the Audit Committee with effect from 1 December 2020 (the "**Resignation of Mr. Han**"). Following the appointment of Mr. Cheng Tsz Lok as an independent non-executive Director, chairman of the Nomination Committee and the Remuneration Committee and a member of the Audit Committee with effect from 28 February 2021 (the "**Appointment of Mr. Cheng**"), the Company has been in compliance with the requirements prescribed under code provision A.5.1 of the CG Code since 28 February 2021.

In addition, upon the Resignation of Mr. Han with effect from 1 December 2020, the Company no longer complied with Rules 3.10(1), 3.10A, 3.21 and 3.25 of the Listing Rules and the requirements of composition under the terms of reference of each of the Nomination Committee, the Remuneration Committee and the Audit Committee. Following the Appointment of Mr. Cheng, the number of independent non-executive Directors has satisfied the minimum number as stipulated under Rule 3.10(1) of the Listing Rules, and with independent non-executive Directors representing at least one-third of the Board, the Company has thereby complied with Rules 3.10(1) and 3.10A of the Listing Rules. In addition, the Company has also met the requirements on composition of the committees of the Company under the terms of reference of each of the Nomination Committee, the Remuneration Committee and the Audit Committee of the Company. The Audit Committee is now comprised of solely non-executive Directors, and has a minimum of three members. The Remuneration Committee is currently composed of a majority of independent non-executive Directors and chaired by an independent non-executive Director. In view thereof, the Company also complies with the Rules 3.21 and 3.25 of the Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of 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 set out in the Model Code and its code of conduct regarding Directors' securities transactions throughout the Year.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company. The Board oversees the Group's businesses, strategic decisions, internal control, risk management systems and monitors the performance of the senior management. The Directors have the responsibility to act objectively in the interests of the Company.

The day-to-day management, administration and operation of the Company are delegated to the executive committee of the Company (the "**Executive Committee**") and the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the above-mentioned officers.

The Board also assumes the responsibilities of maintaining high standard of corporate governance, including, among others, developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, and reviewing the Company's compliance with the CG Code.

The Board has delegated various responsibilities to the Board committees as set out in their respective terms of reference including the Audit Committee, the Remuneration Committee, the Nomination Committee and the Executive Committee. Further details of these committees are set out in the paragraphs below.

As at the date of this annual report, the Board comprises four executive Directors namely, Mr. Zhong Yiming, Mr. Yip Chee Lai, Charlie, Mr. Wang Xingyi and Mr. Sun Yifei; one non-executive Director namely, Mr. Zhong Baisheng (Chairman); and three independent non-executive Directors namely, Mr. Li Qi, Mr. Wong Kai Hing and Mr. Cheng Tsz Lok. The profiles of each Director are set out in the "Biographies of Board of Directors and Senior Management" section in this annual report.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective delivery of the Board functions. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee. All of the non-executive Directors have letters of appointment with the Company for a fixed term of service for three years.

The biographical details of all Directors are set out on pages 51 to 53 of this annual report. To the best knowledge of the Company, save as disclosed under the section headed "Biographies of Board of Directors and Senior Management", there is no financial, business, family or other material or relevant relationships among members of the Board.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent.

THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

In compliance with the code provision in A.2.1 of the CG Code, the roles of the chairman and the chief executive officer are separated and assumed by different individuals to ensure a balance of power and authority, so that power is not concentrated in any one individual. The chairman, Mr. Zhong Baisheng, is responsible for leadership of the Board and strategic planning of the Group while the chief executive officer, Mr. Zhong Yiming, is responsible for formulating and executing the business strategy approved by the Board and overall business management. There is a clear division of responsibilities between the chairman and chief executive officer. Mr. Zhong Yiming, the chief executive officer, is the son of Mr. Zhong Baisheng, the Chairman of the Board. The Board will continue to review the situation and consider splitting the roles of chairman and chief executive officer of the Company in due course after taking into account of the then overall circumstances of the Group.

DIRECTORS' ATTENDANCE RECORDS

Six Board meetings were held during the Year under review.

Details of Directors' attendance at the meetings of the Board, the Audit Committee, the Remuneration Committee and the Nomination Committee held during the Year under review are set out in the following table:

	Number of meetings attended/eligible to attend during the Year			
	Board	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**
Executive Directors				
Mr. Zhong Yiming	6/6	—	1/1	—
Mr. Yip Chee Lai, Charlie	6/6	—	—	—
Mr. Wang Xingyi	6/6	—	—	—
Mr. Sun Yifei	6/6	—	1/1	—
Non-executive Director				
Mr. Zhong Baisheng *(Chairman)*	5/6	—	—	—
Independent non-executive Directors				
Mr. Han Biao *(resigned on 1 December 2020)*	6/6	3/3	1/1	1/1
Mr. Li Qi	5/6	3/3	1/1	1/1
Mr. Wong Kai Hing	6/6	3/3	1/1	1/1

BOARD MEETINGS

Board meetings are held regularly for at least four times a year at approximately quarterly intervals and ad-hoc meetings are also convened if necessary to discuss the overall strategy as well as financial performance of the Group, and to review and approve the Group's annual and interim results. Notice of Board meeting is normally sent to all Directors at least 14 days prior to a regular Board meeting. Reasonable notice is given to the Directors for ad-hoc Board meetings. Directors may participate either in person or through electronic means of communication.

Agenda and Board papers together with all appropriate, complete and reliable information will be provided to all Directors before meetings. All Directors will be provided with sufficient resources to discharge their duties, and, upon reasonable request, the Directors will be able to seek independent professional advice in appropriate circumstances, at the Company's expenses. All Directors will have the opportunity to suggest matters in the agenda for Board meetings. Directors have access to the services of the company secretary to ensure that the Board procedures are followed.

Minutes of the Board meetings and committee meetings are recorded in sufficient details of the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held.

In addition to regular Board meetings, the chairman of the Board met with the independent non-executive Directors without the presence of the executive Directors.

A list of Directors is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT PROGRAMME

Each newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

All Directors are encouraged to attend relevant training courses and seminars to strengthen their skill sets and knowledge on understanding of current issues and developments of the financial and business environment. During the Year under review, the Company provided to all Directors with (i) the briefing, updates and presentations on changes and developments to the Group's business and operations, (ii) the workshop conducted by a professional and licensed solicitor pertaining to the latest developments of the Listing Rules and other applicable laws, rules and regulations relating to the Directors' duties and responsibilities; and (iii) the relevant reading materials in respect of his profession. The Directors will continue to undergo training that may be required from time to time keeping abreast with latest changes in laws, regulations and the business environment.

According to the records maintained by the Company, the Directors have received the following training in the year ended 31 December 2020:

	Type of trainings: Attending seminars/ conferences and/or similar events	Type of trainings: Reading materials and updates
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 *(resigned on 1 December 2020)*	√	√
Mr. Li Qi	√	√
Mr. Wong Kai Hing	√	√

DIRECTORS' ATTENDANCE AT GENERAL MEETING

During the Year under review, the Company held one annual general meeting on 31 July 2020 (the "**2020 AGM**"). The attendance of each Director is set out in the table below:

	2020 AGM
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 *(resigned on 1 December 2020)*	√
Mr. Li Qi	√
Mr. Wong Kai Hing	√

Remarks:

√ represents attendance × represents absence N/A represents not applicable

The Directors are committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise interests of the shareholders.

BOARD COMMITTEES

Audit Committee

As at the date of this annual report, the Audit Committee comprises three members, namely Mr. Wong Kai Hing, Mr. Li Qi and Mr. Cheng Tsz Lok, all being independent non-executive Directors. Mr. Wong Kai Hing is the chairman of the Audit Committee. The primary duties of the Audit Committee include:

i. to review the financial statements and reports and consider any significant or unusual items raised by the external professional advisers or external auditors before submission to the Board;

ii. to review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditors; and

iii. to review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The Audit Committee has reviewed the Group's consolidated financial statements for the Year including the accounting principles and practice adopted by the Group. The Audit Committee has also reviewed the internal control and risk management system of the Group for the Year.

During the Year, the Audit Committee performed the duties and responsibilities under its terms of reference as published on the websites of the Stock Exchange and the Company and other duties of CG Code.

Three Audit Committee meetings were held during the Year. At the meetings, the Audit Committee has performed the following:

i. reviewed the annual results of the Group for the year ended 31 December 2019;

ii. reviewed the interim results of the Group for the six months ended 30 June 2020;

iii. reviewed the financial status and performance, internal control and risk management systems of the Group for the year ended 31 December 2019 and six months ended 30 June 2020;

iv. reviewed the interim review engagement by the auditor;

v. recommended to the Board for the re-appointment of the auditor of the Company; and

vi. discussed the re-designation of chairman of the Audit Committee.

Remuneration Committee

As at the date of this annual report, the Remuneration Committee consists of three independent non-executive Directors, namely Mr. Cheng Tsz Lok, Mr. Li Qi and Mr. Wong Kai Hing and two executive Directors, namely Mr. Zhong Yiming and Mr. Sun Yifei. Mr. Cheng Tsz Lok is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include making recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group, review performance based remuneration and ensure that none of the Directors or any of his associates will participate in determining or will determine their own remuneration.

The Board retains its power to determine the individual remuneration package of all individual Directors and senior management with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group and at the recommendation of the Remuneration Committee.

All Directors do not participate in determining their own remuneration.

Details of the Directors' remuneration for the year ended 31 December 2020 are set out in note 12 to the consolidated financial statements. Details of the remuneration policy of the Group are also set out in the "Employees and Remuneration Policy" section contained in the Management Discussion and Analysis on page 16 of this annual report.

A meeting of the Remuneration Committee was held during the Year. During the meeting, the Remuneration Committee reviewed and recommended to the Board the remuneration packages of Directors and senior management.

Nomination Committee

As at the date of this annual report, the Nomination Committee consists of three members, namely Mr. Cheng Tsz Lok, Mr. Li Qi and Mr. Wong Kai Hing. Mr. Cheng Tsz Lok is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include:

i. to review the structure, size and composition of the Board and make recommendations regarding any proposed changes;

ii. to identify suitable candidates for appointment as Directors;

iii. to make recommendations to the Board on appointment or re-appointment of and succession planning for Directors; and

iv. to assess the independence of the independent non-executive Directors.

The Company has adopted the Director Nomination Procedure in March 2012 and a board diversity policy in August 2013. These policies were amended alongside with the Listing Rules.

Under the board diversity policy, a range of diversity perspectives including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge are taken into account when considering the nomination of a candidate for directorship and all Board appointments are based on meritocracy. Candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board and the ultimate decision is based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee monitors the implementation of the diversity policy and review the same as appropriate.

The appointment of Directors recommended by the Nomination Committee and approved by the Board based on the formal written procedures and policy for the appointment of new directors. When there is a vacancy, the Nomination Committee identifies and selects suitably qualified candidates following the board diversity policy and taking into account the candidate's independence and capability to devote sufficient time and commitment to the roles as well as potential conflict of interests.

A meeting of the Nomination Committee was held during the Year. During the meeting, the Nomination Committee reviewed the nomination policy and board diversity policy, recommended Directors standing for re-election at the annual general meeting of the Company, reviewed the structure, size and composition of the Board and each of the committee of the Board and assessed the independence of Independent non-executive Directors. The Nomination Committee considered the current structure, size and composition of the Board and each committee of the Company is sufficient.

Executive Committee

The Company has set up the Executive Committee which is responsible for implementing the corporate strategy, monitoring the business performances and exercising the powers and authority delegated by the Board. It comprises four executive Directors, namely Mr. Zhong Yiming, Mr. Yip Chee Lai, Charlie, Mr. Wang Xingyi and Mr. Sun Yifei, with Mr. Zhong Yiming being the chairman of the Executive Committee. Meeting of the Executive Committee is held when the executive Directors consider necessary and a meeting was held during the Year.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITY

To indemnify Directors and officers of the Company against all costs, charges, losses, expenses and liabilities incurred by them in the execution of and discharge of their duties or in relation thereto, the Company has arranged insurance cover for these purposes.

CORPORATE GOVERNANCE FUNCTION

The Board is entrusted with the overall responsibility to maintain good standard of corporate governance practices and business ethics within the Group. Under the terms of reference of the corporate governance function, the Board is responsible to develop and review the Company's policies and practices on corporate governance and make recommendations; review and monitor the training and continuous professional development of Directors and senior management; review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report. The Board has performed the above responsibilities during the Year.

In order to achieve effective and efficient operations and reliable financial reporting and compliance with applicable laws and regulations, the Company has adopted various internal control rules and procedures, including the following:

i. to adopt the internal control management measures, which set out the procedures for effective implementation of internal control measures; and

ii. to engage external professional advisers as necessary to ensure that all registrations, licenses, permits, filings and approvals are valid and that the renewals of such documents are made in a timely manner.

The Board has engaged an external professional service firm as its risk management and internal control review adviser (the "**Adviser**") to conduct the annual review of the risk management and internal control systems for the year ended 31 December 2020. Such review is conducted annually and the cycles reviewed are on rotation basis. The scope of review was previously determined and approved by the Board. The Adviser has reported findings and areas for improvement to the Audit Committee and the management. The Audit Committee are of the view that there are no material internal control defects noted. All recommendations from the Adviser are properly followed up by the Group to ensure that they are implemented within a reasonable period of time. The Board therefore considered that the risk management and internal control systems are effective and adequate.

FINANCIAL REPORTING

Directors' Responsibility on the Financial Statements

The Directors acknowledge their responsibility for preparing, with the support from the finance and accounting department of the Group, the financial statements of the Company and the Group and are responsible for overseeing the preparation of financial statements for the year ended 31 December 2020 with a view to ensuring such financial statements give a true and fair view of the state of affairs of the Group and of the results and cash flows for the Year. The Company's accounts are prepared in accordance with all relevant statutory requirements and suitable accounting standards.

In the preparation of financial statements, the accounting principles generally accepted in Hong Kong have been adopted and the requirements of the Hong Kong Financial Reporting Standards have been consistently complied with. The Board aims to present a clear and balanced assessment of the Group's performance in the annual and interim reports to the shareholders, and make appropriate disclosure and announcements in a timely manner.

A statement from the auditor about its reporting responsibilities on the financial statements is set out on pages 74 to 76 of this annual report.

Independent Auditor's Remuneration

During the Year, the Group was charged HK$1,500,000 for auditing services and approximately HK$650,000 for non-auditing services by the Company's auditor, Moore Stephens.

	Fee paid/payable *HK$'000*
Annual audit services	1,500
Other services:	
Review of interim results	650
Total	2,150

The Audit Committee will recommend the re-appointment of Moore Stephens for audit services, and consider the engagement of the non-audit services to ensure the independence and objectivity of audit services.

RISK MANAGEMENT AND INTERNAL CONTROL

To maintain sound risk management and internal control systems is of vital importance to fulfill the Group's business objectives and its long-term sustainable growth. The Board acknowledges its overall responsibility for evaluating and determining the nature and extent of the risks that the Group is willing to take in achieving the Group's strategic goals, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems to safeguard shareholders' investment and the Group's assets.

The Company has adopted a series of internal control policies and procedures designed to provide reasonable assurance for achieving objectives, such as effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. During the Year, the Group engaged an external consultant and conducted a comprehensive review of the Group's risk management and internal control systems. The Board has also annually reviewed the effectiveness of the risk management and internal control systems and the Group's internal audit function through discussion with the Audit Committee on audit findings and control issue and considered them effective and adequate.

Risk Management

The Company has developed an integrated risk management framework by reference to the Committee of Sponsoring Organization of the Treadway Commission Principles, to identify potential events that may affect the Group, manage the associated risks and opportunities and provide reasonable assurance that Group's strategic goal will be achieved.

The Board is responsible for overseeing the risk management framework and reviewing the major existing and potential risks and their respective mitigating measures. The Audit Committee is responsible for reviewing the adequacy and effectiveness of risk management and internal control system of the Group and advising the Board on the same. The Executive Committee is responsible for formulating and executing the risk management policies, monitoring and assessing and mitigating the risks identified and ensuring the effective implementation of risk management framework. The business units are responsible for risk identification, evaluation and execution of risk management measures from daily operation.

Risks are segregated into four broad categories: strategic, operational, financial and compliance perspectives for further assessment and management. A bottom-up and top-down approach are adopted to ensure a comprehensive risk management process. The bottom-up approach is supported by business units and other functional units to identify and prioritise the risks whilst the top-down approach identifies, assesses and mitigates the risks at corporate level.

The Board reviews the Group's risk management system annually. After reviewing the Group's risk management system, the Board considers that its risk management system during the Year is effective and adequate as a whole.

Internal Control

The Group has its own internal control and accounting systems, finance and accounting department, independent treasury function for cash receipts and payments, as well as independent access to third party financing. As such, the Directors believe that the Group is financially independent from the controlling shareholders of the Company and their/its associates.

The Board is responsible for the internal control of the Group and for reviewing its effectiveness. Procedures have been designed to safeguard the assets of the Company and ensure maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, ensure compliance of applicable laws, rules and regulations. The Group's system of internal control is designed to manage rather than to eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board reviews the Group's internal control system annually. After reviewing the Group's internal control system, the Board considers that the internal control system is effective and adequate for the Group as a whole. The Board further considers that (i) there was no issue relating to the material controls, including financial, operational and compliance controls and risk management functions of the Group; and (ii) that there were adequate staffs with appropriate qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function for the Year.

INSIDE INFORMATION

The Company regulates the handling and dissemination of inside information to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

The Group sets out written guidelines and procedures to the employees of the Group, while the employees of the Group undertake to ensure inside information of the Group is not to be disseminated to the public unless the Board decides such information is regarded as inside information and requires disclosure in accordance with the Securities and Futures Ordinance and the Listing Rules. Measures are in place to preserve the confidentiality of inside information and to ensure that its recipients recognise their obligations to maintain its confidentiality. In communicating with external parties, only designated officers are authorised to respond to enquiries in allocated areas of issues. The written guidelines and procedures will be subject to be reviewed by the Company as and when it thinks appropriate.

COMPANY SECRETARY

Ms. Lok Man Tsit and Mr. Kam Chi Sing resigned as the company secretary of the Company on 8 January 2020 and 7 July 2020 respectively. Ms. Cheung Man Yin ("**Ms. Cheung**") was appointed as the company secretary of the Company on 7 July 2020. Ms. Cheung is responsible for supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed and advising the Board through the chairman and/or the chief executive on governance matters and should also facilitate induction and professional development of Directors.

The profile of Ms. Cheung is set out in the "Biographies of Board of Directors and Senior Management" section in this annual report. According to Rule 3.29 of the Listing Rules, Ms. Cheung has taken no less than 15 hours of the relevant professional training during the Year.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company aims to maintain amicable relationships with its shareholders and investors, and to enhance the transparency of its business operations. Annual/interim reports, announcements and press releases are posted on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.tempushold.com which are constantly being updated in a timely manner and also contain additional information on the Group's business.

The hotline of the Company is +852 2543-6880, and its fax number is +852 2466-6880, through which the Company makes replies to the written or direct enquiries regarding all kinds of matters by shareholders and investors.

The Company's annual general meeting of shareholders is an important channel for Directors and shareholders to communicate with each other. Shareholders are given the opportunity to participate actively during the annual general meetings and query the Board and management regarding the Group's business and financial statements. The chairman of the Company himself presides over the annual general meeting to ensure the opinions of the Directors can be passed directly to the Board. In an annual general meeting, the Board and chairman of the Audit Committee, Remuneration Committee and Nomination Committee will participate in the questions raised by shareholders, and the chairman of the Company will come up with individual resolutions in respect of every issue raised in the annual general meeting.

Procedures for Shareholders to convene an Extraordinary General Meeting

The following procedures are subject to the Articles of Association (as amended from time to time), and the applicable legislation and regulation, in particular the Listing Rules (as amended from time to time).

- Any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "**Eligible Shareholder(s)**") shall at all times have the right, by written requisition to the Board or the company secretary, to require an extraordinary general meeting ("**EGM**") to be called by the Board for the transaction of any business specified in such requisition.

- Eligible Shareholders who wish to convene an EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong at 28th Floor, No. 9 Des Voeux Road West, Hong Kong, for the attention of the company secretary.

- The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding, the reason(s) to convene an EGM and the details of the business(es) proposed to be transacted in the EGM, and must be signed by the Eligible Shareholder(s) concerned together with a deposit of a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered shareholders.

- The Requisition will be verified with the Company's branch share registrar and upon their confirmation that the Requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the Articles of Association to all the registered shareholders. On the contrary, if the Requisition has been verified as not in order or the shareholders concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM.

- If within 21 days of the deposit of the Requisition, the Board fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Procedures for Shareholders to put forward proposals at Shareholders' meetings

There are no provisions allowing shareholders to move new resolutions at the EGM under the Cayman Islands Companies Law (2011 Revision). However, pursuant to the Articles of Association, shareholders who wish to move a resolution may by means of Requisition convene an EGM following the procedures set out above.

Procedures for sending enquiries to the Board

Shareholders may send their enquiries and concerns to the Board of the Company by addressing them to the principal place of business of the Company in Hong Kong at 28th Floor, No. 9 Des Voeux Road West, Hong Kong by post or by fax to +852 2466-6880 for the attention of the company secretary of the Company. Upon receipt of the enquiries, the company secretary of the Company will forward:

1. communications relating to matters within the Board's purview to the executive Directors;

2. communications relating to matters within a Board committee's purview to the chairman of the appropriate committee; and

3. communications relating to ordinary business matters, such as suggestions, inquiries and consumer complaints, to the appropriate management of the Company.

CONSTITUTIONAL DOCUMENT

During the Year under review, the Company has not made any changes to the Articles of Association. An up-to-date version of the Articles of Association is available on the websites of the Company and the Stock Exchange.

BIOGRAPHIES OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Zhong Yiming ("Mr. Zhong YM"), aged 31, joined the Company in August 2019 as an executive Director, the chief executive officer, the chairman of Executive Committee and a member of Remuneration Committee. Mr. Zhong YM is also a member of the senior management of Tempus Group Co., Ltd.*（騰邦集團有限公司）and its subsidiaries. He obtained a Bachelor's degree in business management from Coventry University in the United Kingdom in 2012. After that, he has been profoundly working in the investment field with the focus of Hong Kong and international capital markets and has accumulated extensive market and management experience. Mr. Zhong YM is the founder of Enter Venture Partners Limited, a Hong Kong company primarily invests in the international medical and innovative technology business opportunities. He has also formed a strategic alliance with the famous investment management company in Israel in pursuing business opportunities in the PRC. Mr. Zhong YM had been appointed as the chairman of ATTA Group, which is holding company of Atta Capital Limited ("**ATTA Capital**") and Atta Securities Limited ("**ATTA Securities**"). ATTA Capital is a licensed corporation for type 4 (advising on securities) and type 9 (asset management) regulated activities as defined in the SFO, which provides consultancy services on private equity investment, asset management, securities, discretionary investment portfolio management and investment portfolio management. ATTA Securities is a licensed corporation for type 1 (dealing in securities) and type 2 (dealing futures contracts) regulated activities as defined in the SFO. During Mr. Zhong YM's tenure of services as a chairman of ATTA Group, he successfully introduced a leading enterprise in financial holding in Guangdong Province, as a strategic shareholder of ATTA Group, aiming at developing ATTA Group as an influential financial platform in the Guangdong-Hong Kong-Macao Greater Bay Area. Mr. Zhong YM is the son of Mr. Zhong Baisheng, a non-executive Director and the chairman of the Board, and the brother-in-law of Mr. Wang Xingyi, an executive Director.

Mr. Yip Chee Lai, Charlie ("Mr. Yip"), aged 61, joined the Company in May 2011 as an executive Director, vice president and a member of the Executive Committee. He also holds directorships in certain subsidiaries of the Group. Mr. Yip participates in the Group's general management and is particularly responsible for the product research and development, marketing and customer service of the Group and Hong Kong and Macau market. Mr. Yip received education to GCE Advance Level in Singapore in 1979. He has been contributing to the growth of "OTO" brand business and brand development for more than 40 years. Mr. Yip is a member of the Hong Kong Institute of Directors.

Mr. Wang Xingyi ("Mr. Wang"), aged 31, joined the Company in September 2016 and was appointed as an executive Director and a member of the Executive Committee in November 2019. He obtained a Bachelor of Arts degree in Business Administration from Lincoln University in May 2011 and a Master of Arts degree in Financial Economics from the University of Detroit Mercy in December 2012. Prior to joining the Company, Mr. Wang worked for MTR Property Development (Shenzhen) Company Limited from March 2013 to March 2014 and MTR Corporation Limited from March 2014 to September 2016, respectively, acting as a real estate development officer and a real estate support officer. He has served as an assistant to the chairman of the Board of the Company since September 2016, assisting in handling work including corporate strategies, governance and financial policies. Mr. Wang is the director of Tempus Cross-border Commercial Service Limited, Tempus OTO Limited, Tempus Star (HK) Investment Limited, Tempus (BVI) Investment Limited, OTO (BVI) Investment Limited, Tempus (BVI) Properties Investment Limited, KK VII (BVI) Limited, KK VIII (BVI) Limited and Shenzhen Tempus OTO Commerce Limited*（深圳騰邦豪特商貿有限公司）which are wholly owned subsidiaries of the Company, and he is also the director of Tempus Sky Enterprises Limited which is indirectly held by the Company for its 36.56% of the entire issued share capital. Mr. Wang is the son-in-law of Mr. Zhong Baisheng, a non-executive Director and the chairman of the Board, and the brother-in-law of Mr. Zhong YM, an executive Director and the chief executive officer.

Mr. Sun Yifei ("Mr. Sun"), aged 36, joined the Company in March 2017 and was appointed as an executive Director, a member of the Executive Committee and Remuneration Committee in December 2019. He obtained a Bachelor's degree in information management and information system and a Bachelor's degree in economics from Peking University in July 2006, and a Master's degree in information management from Peking University in July 2008. Mr. Sun has over 12 years of experience in financial industry. Prior to joining the Company, Mr. Sun worked at Huatai Securities Co., Ltd. from July 2008 to July 2010, China Development Bank Capital Co., Ltd. from July 2010 to July 2013 and the investment bank department of BOC International Holdings Limited from July 2013 to February 2017. Mr. Sun has acted as the vice president of the Company since March 2017. Mr. Sun is the legal representative and the director of Zhuhai Tempus Jinyue Investment Limited* (珠海騰邦金躍投資有限公司) and Shenzhen Tempus Science and Technology Industry Development Limited* (深圳騰邦科技產業發展有限公司) which are indirect wholly owned subsidiaries of the Company, and he is the legal representative and director of Tianjin Tempus Yimaotong Foreign Trade Service Limited* (天津騰邦易貿通外貿服務有限公司) which is indirectly held by the Company for 80% equity interest, and he is also the general manager of Yantai Tempus Equity Investment Management Limited* (煙台騰邦股權投資管理有限公司) which is indirectly held by the Company for its 40% equity interest.

NON-EXECUTIVE DIRECTOR

Mr. Zhong Baisheng ("Mr. Zhong"), aged 56, has been re-designated as a non-executive Director with effect from 15 August 2019. He was a non-executive Director from January 2015 to February 2019, and was an executive Director from 1 March 2019 to August 2019. Mr. Zhong is the chairman of the Board and is responsible for leadership of the Board and strategic planning of the Group. He is the founder and chairman of Tempus Group and the chairman of Tempus Global Business Service Group Holding Ltd.*（騰邦國際商業服務集團股份有限公司） ("**Tempus Global**") which is a joint stock company incorporated in the PRC with limited liability with its A shares listed on the Shenzhen Stock Exchange (stock code: 300178). Mr. Zhong is a member of the 12th committee of the Chinese People's Political Consultative Conference of Guangdong Province*（中國人民政治協商會議廣東省第十二屆委員會委員）and a member of the 6th standing committee of the Chinese People's Political Consultative Committee of Shenzhen City of Guangdong Province*（中國人民政治協商會議廣東省深圳市第六屆常務委員會委員）. Mr. Zhong is the father of Mr. Zhong YM, an executive Director and the chief executive officer, and the father-in-law of Mr. Wang, an executive Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheng Tsz Lok ("Mr. Cheng"), aged 31, joined the Company in February 2021 as an independent non-executive Director, the chairman of each of the Nomination Committee and the Remuneration Committee, and a member of the Audit Committee. Mr. Cheng is the chief investment officer of China Daisy Asset Management Limited ("**China Daisy Asset**"). He holds a Specialist Certificate in Securities and Asset Management issued by Hong Kong Securities and Investment Institute. Mr. Cheng served as financial manager and head of finance of Grand Fortune Property Development Limited* (大鴻地產發展有限公司) from March 2013 to February 2017. From March 2018 till now, Mr. Cheng has served as the chief operating officer, investment director and chief investment officer of China Daisy Asset. He obtained the Bachelor of Science in Computer Science with Business and Management from The University of Manchester in 2011.

Mr. Li Qi ("Mr. Li"), aged 65, joined the Company in January 2015 as an independent non-executive Director and a member of the Audit Committee, the Nomination Committee and the Remuneration Committee. Mr. Li is a doctor of economics, a professor in E-commerce of Xi'an Jiaotong University and a doctoral tutor. He is the director of the E-Commerce Institute of Xi'an Jiaotong University*（西安交通大學電子商務研究所）. Mr. Li was the vice chairman of the Steering Committee of Professional E-commerce Education of Colleges and Universities*（國家教育部高等學校電子商務專業教學指導委員會）under the Ministry of Education from 2006 to 2010 and from 2013 to 2022. He was the deputy dean of School of Economics and Finance of Xi'an Jiaotong University. He was a member of the Discipline Development and Major Setting Experts Committee*（國家教育部學科發展與專業設置專家委員會）under the Ministry of Education from 2006 to 2010. He was also a member of the E-commerce Experts Consultative Committee*（國家商務部電子商務專家諮詢委員會）under the Ministry of Commerce from 2012 to 2015 and a member of the Shanxi Decision marking and Advisory Committee*（陝西省決策諮詢委員會）since 2014. Mr. Li is the director of the Shanxi Key Laboratory of E-Commerce and E-Government*（陝西省電子商務與電子政務重點實驗室）and the director of the National Joint Laboratory for all colleges and universities*（全國高校電子商務與電子政務聯合實驗室）. Mr. Li was conferred the honorary title "Top Teacher*（教學名師）" by the Xi'an Jiaotong University in 2007. He was awarded the Honorary Memorial Award for Top One Hundred Figures of a decade in China E-commerce*（中國電子商務十年百人榮譽紀念獎）by the Internet Society of China in 2008 and the Outstanding Contribution Award in 10 Years' Development of China E-commerce*（中國電子商務十年發展突出貢獻獎）by China Electronic Commerce Association in 2009 and won the Second prize of National Teaching Achievement Prize*（國家級教學成果二等獎）in 2009. The Research of Enterprise E-commerce Development in Zhengzhou*（鄭州市企業電子商務發展研究）under the charge of Mr. Li was awarded "Outstanding Decision-making Research Achievement*（決策研究優秀成果）" by the People's Government of Zhengzhou in 2010. He was also awarded "Outstanding Science Researcher in Humanities and Social Sciences*（人文社會科學優秀科研工作者）" by Xi'an Jiaotong University in 2010.

Mr. Wong Kai Hing ("Mr. Wong"), aged 46, joined the Company in November 2019 as an independent non-executive Director and a member of the Audit Committee, the Nomination Committee and the Remuneration Committee. Mr. Wong has been re-designated as the chairman of the Audit Committee on 27 March 2020. Mr. Wong is a member of the Hong Kong Institute of Certified Public Accountants and a member of Chartered Financial Analyst. He holds a Bachelor's degree in Business Administration in Professional Accountancy from the Chinese University of Hong Kong in 1997. Mr. Wong obtained a Master of Business Administration from the Chinese University of Hong Kong in 2006. Mr. Wong has over 20 years of experience in the field of company secretarial, auditing, finance and accounting and worked in various listed companies and an international accounting firm in Hong Kong. Prior to his appointment, he was the chief financial officer and company secretary of Xiwang Property Holdings Company Limited (stock code: 2088) and Xiwang Special Steel Company Limited (stock code: 1266) from November 2015 to October 2019 respectively.

COMPANY SECRETARY

Ms. Cheung Man Yin ("Ms. Cheung"), was appointed as the company secretary of the Company on 7 July 2020. Ms. Cheung has over eighteen years of experience in finance and accounting. Ms. Cheung obtained a degree of Bachelor of Science in Applied Accounting. She is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

* *for identification purpose only*

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

This Environmental, Social and Governance Report (the "**ESG Report**") provides an overview of the environmental, social and governance (the "**ESG**") initiatives, plans and performance of the Group, and demonstrates the Group's commitment and adherence to sustainable development. While it's the Group's conviction that ESG policies have a profound impact on the future development of the Group, the business model of the Company also has a profound impact on society, the environment and various stakeholders. Therefore, the ESG Report will elaborate on the Group's ESG philosophy, related initiatives and performance and future plans. In the future, the Group will endeavor to insist on incorporating ESG factors into its risk management system and take corresponding measures from the perspective of daily operation and governance.

The Group mainly focuses on the development of the self-owned "OTO" brand with its principal activities including but not limited to (i) products design and development; (ii) brand promotion and management; and (iii) products sales. The Group is committed to providing quality, safe and convenient products to consumers and promoting healthy living through the products so as to fulfill its corporate social responsibility. The Group will continue to implement and optimize energy efficiency measures to improve productivity and reduce the Group's impact on the environment and society. In addition, in terms of corporate governance, the Group will continue adhering to the principle of putting employees and customers first, and to reduce employee turnover through comprehensive and effective production safety guidelines and generous employee benefits. The Group will also continue to maintain its positive corporate image through up-to-date, safe and quality products.

During the Reporting Period, one of our subsidiaries, OTO Bodycare (H.K.) Limited, has been awarded the "Outstanding Relaxation and Fitness Products" under "Beauty and Fitness" category in Etnet Health Partnership Awards 2020 and garnered the Bronze Award under "Best Mobile Experience" category and the Silver Award under "Best Fulfillments" category " in Asia's Best E-Tailing Awards 2020. The Group was deeply honored and would continue to make efforts to fulfill the expectations of the stakeholders.

ESG Governance Structure

The Group has adopted a top-down management approach to its ESG issues. The Board monitors and formulates the ESG strategy for the Group and is responsible for ensuring the effectiveness of the Group's risk management and internal controls. The Group has arranged designated personnel from various departments to form a taskforce to manage the ESG issues of the Group in order to develop an effective and systematic approach to the ESG matters. The taskforce is responsible for collecting relevant information on ESG aspects so as to prepare ESG report. The taskforce is responsible for reporting to the Board on a regular basis to help identify and assess the ESG risks of the Group and to evaluate the implementation and effectiveness of the Group's internal control system. The taskforce is also required to review and examine the Group's ESG performance in relation to the Group's ESG-related objectives and targets, including environmental, labour practices and other ESG aspects.

ABOUT THIS REPORT

Reporting Scope

Unless stated otherwise, the ESG Report covers information on the Group's operational sites in Mainland China, Hong Kong, Macau, Singapore and Malaysia. With the exception of the environmental section, rest of the information in the ESG Report is disclosed on a Group-wide basis. The Group has collected ESG-related key performance indicators ("**KPIs**"), as shown in the ESG Report and supplemented by notes for benchmarking purposes. The Group will continue to assess the key ESG aspects of the different businesses to determine whether they are required to be included in the ESG Report.

Reporting Framework

The ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") as set out in the Appendix 27 of the Listing Rules.

Information on the Group's governance structure and practices is set out in the corporate governance report on pages 37 to 50 of this annual report.

Reporting Period

The ESG Report describes the environmental, social and governance activities, challenges faced and measures taken during the financial year from 1 January 2020 to 31 December 2020 (the "**Reporting Period**").

STAKEHOLDER ENGAGEMENT

The Group understands that the success of business mainly depends on the support from its key stakeholders, therefore the Group attaches great importance to stakeholders' feedback related to the Group's business and the ESG. In order to understand and address the key concerns of stakeholders, the Group has put in place a series of measures to establish and maintain close communication channels with key stakeholders. The Group's key stakeholders include those who (i) have invested or will invest in the Group; (ii) have the ability to influence the outcomes of the Group; and (iii) have interest in or affected by or have the potential to be affected by the impact of the Group's activities, products, services and relationships.

The Group takes into account the expectations and concerns of its stakeholders by utilizing a variety of engagement models and communication channels in developing its business and ESG strategies. The following table provides an overview of the Group's stakeholders and the various communication approaches and their concerns and expectations for the Group.

Stakeholders	Communication channels	Concerns and expectations
Investors and Shareholders	• Annual general meeting and other shareholders' meetings • Financial reports and announcements	• Low risk • Return on the investment • Information disclosure and transparency • Protection of interests and fair treatment of shareholders
Customers	• Website and brochures • Email and customer service hotline • Regular meeting	• Safe and high-quality products • Stable relationship • Information transparency • Integrity • Business ethics
The Group's employees	• Trainings, seminars and briefing sessions • Cultural and sport activities • Newsletters • Internet and emails	• Safeguard the rights and interests of employees • Working environment • Career development opportunities • Salaries and benefits • Health and safety
Suppliers/Partners	• Business meetings, supplier conferences, phone calls, interviews • Regular meeting • Review and assessment • Tendering process	• Long-term partnership • Honest cooperation • Fair and impartial • Information resources sharing • Risk reduction
Regulatory bodies and government authorities	• On-site inspections and examinations • Research and discussion through work conferences, work reports preparation and submission for approval • Annual reports • Website	• Comply with the laws • Proper tax payment • Promote regional economic development and employment
Communities, non-governmental organizations and media	• Media release • Annual reports • ESG reports	• Contribute to the society • Environmental protection • Social welfare • Health and safety

The Group is committed to working with its stakeholders and developing mutually beneficial relationships to enhance its ESG performance, and to continue to deliver greater value for the wider community in order to promote sustainable development of markets, workplaces, communities and the environment.

MATERIALITY ASSESSMENT

In order to better understand stakeholders' views and expectations on the Group's ESG performance, the Group adopts a systematic approach in conducting the annual materiality assessment. The steps of the materiality assessment process are set out in the following table.

Step 1: Identification

- List out key areas through benchmarking policies, industry standards, and corporate development strategies.

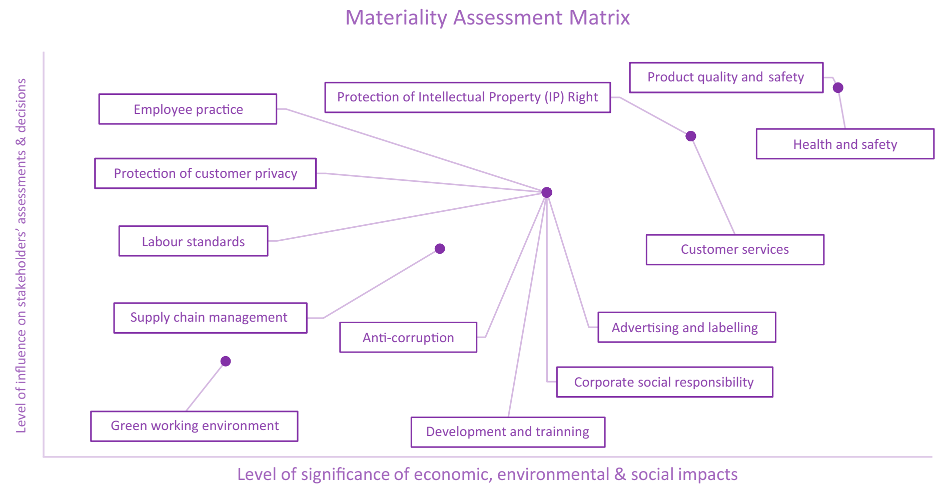
Step 2: Stakeholder Engagement

- Stakeholders such as employees, customers and subcontractors were invited to assess the materiality of each topic through a survey. Stakeholders were also given the opportunity to express their views on the Group's ESG performance through open-ended questions.

Step 3: Validation

- Key topics were analyzed and ranked based on the survey results. Management reviews and discusses the views of stakeholders and the results of the materiality assessment to determine the focus of disclosure and future directions for improving ESG performance.

The Group's ESG materiality matrix is as follows:



The Group confirms that it has established appropriate and effective management policies and internal control systems for ESG matters and that the disclosures made are in compliance with the ESG Reporting Guide.

Contact us

The Group attaches great importance to the feedback and suggestions from stakeholders on the Group's sustainability performance. You can provide valuable suggestions on the ESG report or the Group's sustainability performance by:

Hotline: 852-2543 6880
Fax: 852-2466 6880

ENVIRONMENTAL ASPECTS

As a non-manufacturing enterprise, the Group does not have significant adverse impact on the environment. However, the Group still strives to minimize the potential impacts to the environment and society in which the Group operates in order to fulfill the Group's commitment to social responsibility and to contribute to environmental protection.

Due to our business nature, we recognize that our day-to-day operations can directly or indirectly affect the environment. Therefore, we have formulated related environmental protection policies to protect and improve the environment and to promote the sustainability of our business. We maintain the principles of emission reduction and resource efficiency in our approach to environmental management by implementing various measures and adopting best practices that promote energy efficiency, waste reduction and other green initiatives. The Group is also committed to educating our employees to raise their environmental awareness and to comply with relevant environmental laws and regulations. Within our policy framework, we are constantly looking for opportunities to implement environmental initiatives to improve our environmental performance by reducing energy consumption and other resources consumption.

During the Reporting Period, the Group is not aware of any material non-compliance with any laws and regulations in the areas in which it operates that have a material impact on the Group, including but not limited to the Air Pollution Control Ordinance (Cap. 311), Environmental Protection Law of the PRC, Environmental Quality (Clean Air) Regulations (2014) in Malaysia and Environmental Protection and Management (Vehicular Emissions) Regulations (Reg 6.) in Singapore. Besides, the Group is not aware of any illegal and harmful discharges to air, water and land that may have a significant impact on the Group or its environment.

Emission

Exhaust Gas Emission

The main emissions from the Group's operations are from petrol and diesel consumed by vehicles. In respect of such sources of emissions, we have actively taken the following emission reduction measures to reduce the adverse impact of emissions on the environment and the risk of illnesses caused by air pollution in the community:

- Perform regular vehicle inspections and maintenance to improve vehicle efficiency;
- Educate employees to turn off idling vehicle engines;
- Encourage the use of public transportation for business travel;
- Use electronic means of communication such as video conference to reduce the frequency of business trips; and
- Actively take other emission reduction measures, as described in the "Greenhouse Gas ("**GHG**") Emission" section in this aspect.

During the Reporting Period, the Group's air pollutant emission decreased by approximately 93% due to the partial disposal of shareholding in an indirect non-wholly owned subsidiary of the Group (the "**Subsidiary Company**") which was engaged in the trading and logistics business, and the Subsidiary Company became an associate of the Group in August 2019, this led to a significant decrease in the air pollutant emission during the Reporting Period. The Group's air pollutant emission performance is as follows:

Types of pollutants	**Unit**	**Emission**	
		2020	**2019**
Nitrogen oxides (NO_x)	kg	133.00	1,857.41
Sulfur dioxide (SO_x)	kg	0.28	3.02
Particulate matter (PM)	kg	12.43	136.39

GHG Emission

The Group's GHG emission mainly consist of direct and indirect GHG emission, which include fuel consumed by transportation (Scope 1) and purchased electricity (Scope 2). During the Reporting Period, the Group's GHG emission intensity has decreased by approximately 94% due to the partial disposal of a Subsidiary Company which was engaged in the trading and logistics business, and the Subsidiary Company became an associate of the Group in August 2019. The Group's GHG Emission performance is as follows:

Indicator[1]	**Unit**	**Emission**	
		2020	**2019**
Direct GHG Emission (Scope 1)	tCO_2e	49.27	460.01
Energy indirect GHG Emission (Scope 2)	tCO_2e	134.28	301.17
Total GHG Emission	**tCO_2e**	**183.55**	**761.18**
GHG Emission intensity	tCO_2e/m^2	0.0084	0.13

Notes:

1. GHG Emission data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5).

2. For the financial year ended 31 December 2020, the area of the Group's operating sites was approximately 21,904.16 m^2. The data is also used for calculating other density data in this ESG Report.

Sewage Discharge

Our business activities do not consume significant amounts of water and therefore we do not generate significant amounts of sewage from our business activities. As the sewage generated by the Group is discharged to the public sewerage system, the amount of sewage discharged is considered as water consumption. The amount of water consumption and corresponding water conservation measures are described under "Water Management" in aspect A2.

Waste Management

Non-hazardous wastes will be generated during the course of the Group's operations. In order to reduce the impact of waste on the environment, the Group continues to take various waste management and emission reduction measures in strict compliance with relevant laws and regulations.

Hazardous Wastes

During the Reporting Period, the Group does not generate any hazardous waste. If any hazardous waste is generated, the Group will engage qualified chemical waste collectors to dispose of such waste while complying with relevant environmental laws and regulations.

Non-hazardous Wastes

Non-hazardous wastes generated from the Group includes paper and plastic. The waste is mainly generated from daily office operation. The Group has taken various environmental measures to reduce both hazardous and non-hazardous wastes. The Group considers suppliers that the use of recyclable and durable packaging materials as one of the selection criteria for suppliers. The Group engages qualified recyclers to recycle waste packaging materials. For disposed decoration materials generated in retail outlets, the Group would transfer them to the malls' designated disposal sites. We reused product components, promotional brochures, sales props and decorations. The removed non-recyclable parts of products were sold to qualified recyclers. We strive to achieve the goal of waste reduction, reuse and recycling in our operations. Since the products sold by the Group are packaged by the product suppliers, and the packaged products are delivered directly to the customers. As a result, the Group has not collected any data of the total weight of the packaging materials used for its finished products during the Reporting Period. We promote awareness of waste reduction and environmental protection to employees through internal publicity, such as sending messages to employees, and encourage employees to reuse single-sided non-confidential print-out. The Office Automation system is used to substitute paper records for administrative processes and leave applications. We also provide appropriate facilities in the office to encourage employees to sort waste sources and recycle waste.

During the Reporting Period, the Group's non-hazardous wastes generated approximates to 27,500 tonnes, and the intensity of non-hazardous wastes is approximately 1.26 tonnes/m^2, which was mainly due to the up-keeping of warehouses and disposal of non-reusable wastes such as written off inventories, cabinets, light boxes and product materials generated from outlets and roadshows.

Resource Utilization

The Group adheres to the basic principles of water conservation and recycling, insists on and advocates the efficient use of resources, and strives to optimize the use of resources in all business operations. As a non-manufacturing enterprise, we do not have a significant adverse impact on the environment and natural resources, but we still strive to contribute to environmental protection. For example, when renovating or refurbishing retail outlets, we require our contractors to consider safe and environmentally-friendly renovation materials, and we also adopt the "reduce, reuse, recycle and replace" waste management principles and emission reduction policy.

Energy Consumption

The Group considers environmental protection as an essential component of a sustainable and responsible corporation. The Group is committed to implementing energy saving policies and standards, regularly reviewing various energy consumption targets and energy saving indicators of the industries, promoting energy saving and emission reduction, and continuously improving the efficiency of energy usage to achieve energy saving, while promoting resource saving and implementing suitable energy saving measures in order to improve the energy saving performance. The Group has also established energy saving and green management measures to reduce energy consumption as much as possible. In the meantime, the Group promotes the importance of energy saving among its employees by sending related reminders or messages through emails and messages, recommending them to switch off all the electrical appliances by the end of the working day, and unplugging electrical appliances that are not in use for a long time to save power consumed when they are left on standby mode. The Group encourages all of its employees to set their computers to sleep-mode automatically when they leave the computers idle for a certain period of time. Turn off the lights and all electrical appliances after the meeting to develop a good habit of turning off the lights after use. Air-conditioners are set within a reasonable range of around 25 degrees Celsius.

During the Reporting Period, the Group's energy consumption intensity decreased by approximately 94% due to the partial disposal of a Subsidiary Company which was engaged in the trading and logistics business, and the Subsidiary Company became an associate of the Group in August 2019, which led to a significant decrease in the electricity and fuel consumption during the Reporting Period. The Group's energy consumption is as follows:

Energy Consumption	**Unit**	**Consumption**	
		2020	**2019**
Direct energy consumption	**MWh**	**189.85**	**1,855.52**
Petrol	MWh	32.58	40.05
Diesel	MWh	157.27	1,815.47
Indirect energy consumption	**MWh**	**253.11**	**441.89**
Purchased electricity	MWh	253.11	441.89
Total energy consumption	**MWh**	**442.96**	**2,297.41**
Energy consumption intensity	MWh/m^2	0.02	0.34

Water Consumption

Water is another important natural resource of the Group. Other than the domestic water used in office which was provided and managed by the management office of the office building, the Group does not consume water during daily operation. Retail outlets and warehouses generally share the same fresh water and drainage system with shopping malls or properties. The Group's water consumption is as follows:

Water Consumption	**Unit**	**Consumption**	
		2020	**2019**
Water consumption	Tonnes	1,728.24	1,514.50
Water consumption intensity	$Tonnes/m^2$	0.08	1.30

The Environment and Natural Resources

In order to improve resources efficiency and reduce energy consumption, the Group has implemented various measures, including replacing traditional lamps with LED lights, reminding employees to shut down all electrical equipment after work, adjusting air-conditioning temperature to around 25 degree Celsius, encouraging duplex printing, recycling printed paper, and reusing office supplies, etc. The Group also adopts the Enterprise Resources Planning (ERP) system to optimize resource allocation and management during procurement, logistics and sales of "OTO" products, thereby reducing resources consumption.

SOCIAL ASPECTS

Employment

The Group advocates equality of opportunity and culture diversity. During the employment process, the principles of fairness, equality and openness are upheld and the Group does not discriminate applicants by their age, gender, religion, etc. during the recruitment process. Moreover, the Group strictly complies with relevant laws and regulations in terms of prohibiting the employment of juveniles in countries or regions where its business operates. The Group complies with the Employment of Young Persons (Industry) Regulations in Hong Kong, the Children and Young Person Act (CYPA) 2001 in Singapore, the Children and Young Persons (Employment) Act 1966 in Malaysia and the Child & Juvenile Worker Regulations in the PRC. During the Reporting Period, the Group was not aware of any material non-compliance of relevant employment laws and regulations that had a significant impact on the Group.

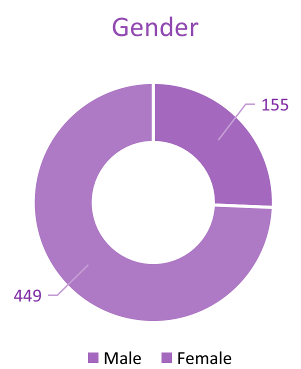
Furthermore, the employment contracts provide for recruitment, compensation, dismissal, remuneration, promotion, various employee benefits, training and promotion opportunities and equal opportunities, etc., so that employees have a system to follow and their rights are protected. The adoption of these human resources policies ensures that the Group complies with the relevant labour laws and regulations in the places where it operates, including the Employment Ordinance in Hong Kong, the Labour Law of the PRC, the Employment Act in Singapore and the Employment Act in Malaysia. The Group regularly reviews and, where necessary, revises and updates the relevant policies to ensure that they are up-to-date.

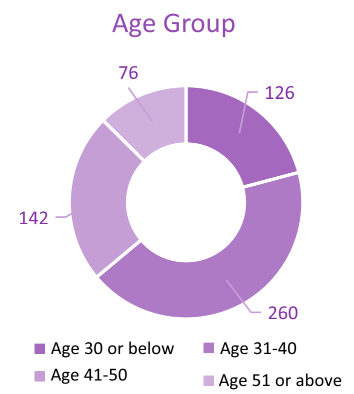
The Group has a clear basis and process for managing the promotion of employees. According to the performance mechanism, the Group is able to dynamically adjust employees' salary and award bonuses based on their performance, experience, working attitude and the Group's performance to provide attractive employee benefits to all talented employees.

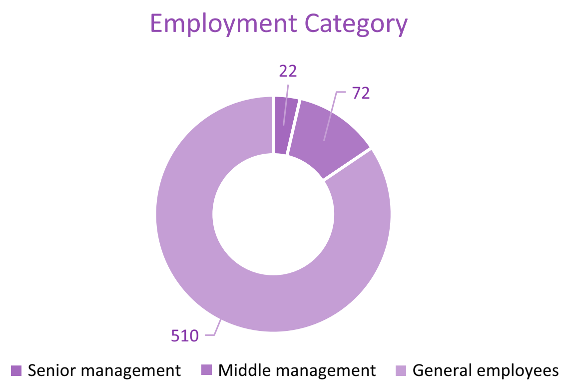
The Group protects the legitimate rights and interests of the labour force in accordance with the requirements of the regulations, respects the rights of employees to rest and leave, and regulates the working hours of employees and their rights to various types of rest periods and holidays. In order to monitor the employees' attendance and eliminate forced labour, the Group has formulated work attendance regulation.

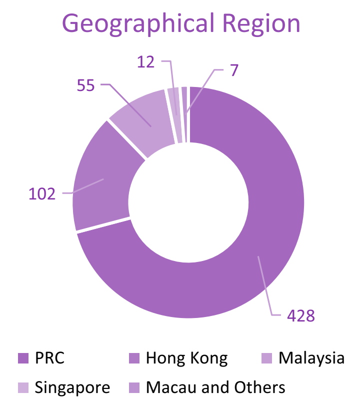
For its employees in Hong Kong, the Group participates in Mandatory Provident Fund ("**MPF**") Schemes in accordance with the MPF Schemes Ordinance in Hong Kong. The Group also participates in the Macau's mandatory social security funds and makes contributions in accordance with the provisions in the Macau Social Security System and provides employees compensation insurance to its employees. For the employees in the Mainland China, the Group offers work-related injury (or accidental injury) insurance, hospital medical insurance, retirement pension and housing provident fund in accordance with the Social Insurance Law of the PRC, the Regulations on Administration of Housing Provident Fund and other provisions. For employees in Singapore and Malaysia, the Group provides appropriate welfare according to applicable laws and regulations on social security and housing provident fund.

As at 31 December 2020, the Group had 604 employees. Below is the employee breakdown by gender, age group, employment category and geographical region.









During the Reporting Period, the employee turnover rates by gender and age group are as follows:

Category	Turnover rate
Gender	
Male	11.86%
Female	17.79%
Age group	
Aged 30 or below	27.23%
Aged 31-40	9.64%
Aged 41-50	3.59%
Aged 51 or above	7.32%

Health Development

The Group considers its employees as its most valuable asset, therefore the Group is committed to educating all employees on safety and providing a safe and healthy working environment. To achieve this, the Group has implemented various measures, for example, providing medical insurance for its employees, cleaning air outlets regularly to reduce the dust level of indoor air and increase efficiency of the ventilation system and cleaning carpet regularly to prevent breeding of bacteria, fungi and mites.

During the Reporting Period, the Group is not aware of any material non-compliance with health and safety related laws and regulations that have had a significant impact on the Group, including but not limited to the Work Injury Compensation Act and the Workplace Safety and Health Act in Malaysia and Singapore, Occupational Safety and Health Ordinance in Hong Kong and the Occupational Safety and Health Act in the PRC. During the Reporting Period, the Group did not have any accidents resulting in death or serious dismemberment.

Responding to COVID-19

With the global spread of COVID-19, the Group is extremely concerned about the potential health and safety impact of COVID-19 on its employees and customers. In order to minimize the risk of cross-infection and to ensure the safety and health of all employees of the Group, we have closely monitored the situation of the pandemic at the beginning of the pandemic to ensure the safe and orderly prevention of the pandemic. In the meanwhile, the Group has formulated a number of measures and work plans for the prevention and control of the pandemic to comply with the pandemic prevention policies of the local government at each operation, including but not limited to the formulation of a work plan for the prevention and control of the COVID-19, the arrangement of health registration and daily temperature measurement, the formulation of a training manual on the prevention and control of COVID-19, the mandatory wearing of masks by all employees and customers, the promotion of frequent hand washing, and the cleaning and disinfection of offices, stores, warehouses and transportation.

Development and Training

The Group has established training related policies to regulate the training management of employees. The management will regularly review the effectiveness of different training plans to help improve the efficiency of the Group's training system. The Group actively assists employees in their long-term career planning by providing them with a wide range of training. Before taking up their positions, new employees are required to participate in orientation training, and all employees are required to participate in on-the-job training every year. The training contents vary for different positions so as to ensure that the development of employees can align with the actual work needs, and to complement and support the Group's strategic goals and directions at the same time. The contents for employees in charge of research and development include topics such as technical development trends, new technology development and application, etc.; the contents for employees in charge of marketing include topics such as market status and trends, market behavior, marketing management techniques, advertising, media, etc.; the contents for employees in charge of logistics service include topics such as warehousing, purchasing and supply management, etc.; and the contents for employees working at retail outlets include topics such as product features, sales skills, customer services, etc. The training methods of the Group include internal training and external training. Internal training is held by the internal departments of the Group, and the external training involves the hiring of experienced individuals to give lessons, participation in academic exchanges and expert lectures, onsite visits, participation in training in the leading enterprises in the same industry and so on. After each training activity is organized, both the human resources department and the employee's own department assess the training outcomes.

Labour Standards

Prevention of Child Labour and Forced Labour

The Group strictly complies with national and local employment laws and regulations prohibiting the employment of child labour and forced labour in its business operations. During the Reporting Period, the Group was not aware of any material breach of laws and regulations relating to child labour and forced labour that had a significant impact on the Group, including but not limited to the Labour Law of the PRC, the Provisions on Prohibition of Child Labour of the PRC, the Employment Ordinance of Hong Kong, the Employment Act of Singapore and the Employment Act (1995) of Malaysia.

The Group requires all new employees to provide true and accurate personal information upon joining the Group and takes reasonable action to verify the accuracy and authenticity of such information by checking academic credentials and identification to prevent any incidental employment of child labour or potential dereliction of duty. In the event of any exceptions, the Group will follow established management procedures to hold the employee concerned accountable and protect the personal safety of the forced employee. If there is a violation of the law, we will also report it to the regulatory authorities to prevent similar problems from arising. The Group will also conduct regular reviews and inspections to prevent any child labour and forced labour in its operations.

In addition, the Group's employees volunteer to work overtime only when necessary. The Group also does not condone any negative behavior, such as verbal abuse, physical punishment, physical abuse, oppression, sexual harassment, etc., against its employees for any reason.

Operating Practices

Supply Chain Management

The Group attaches great importance to the potential environmental and social risks in the supply chain and believes that supply chain management can indirectly help reduce environmental and social risks. Therefore, the Group has established a series of strict and standardized processes for supply chain management and supplier selection. The goods purchased by the Group can be categorized into "OTO" products and supplies for retail outlets, warehouses and offices. For "OTO" products, procurement of raw materials and production of products are outsourced to external manufacturers. While selecting a product manufacturer, the Group evaluates its history record, financial strength, production experience, reputation, production capacity of high-quality products and quality control effectiveness. Meanwhile, the environmental and social performance of manufacturers is also an important part of the evaluation of their performance and standards. Manufacturers who obtain ISO 14001 and ISO 9001 certificates are preferred by the Group.

To ensure that the quality and safety of the products provided by the manufacturers are maintained at a high standard, the Group will conduct regular reviews and evaluations of the existing manufacturers. If a manufacturer's quality compliance rate falls below 90% three times in a row during the supply period, the Group will remove the non-compliant supplier from the list of approved suppliers. At the same time, the Group organizes tenders from time to time to attract new qualified manufacturers so as to enhance the competitive awareness of manufacturers.

Apart from product manufacturers, the Group's sales business in the Mainland China also requires selection of warehousing and logistics service providers. In order to effectively control the operation costs of warehousing and transportation, the Group selects warehousing companies according to the factors such as degree of standardization, inventory operation, logical stacking and field investigation. Besides, the market reputation, customer service quality, transportation efficiency and trial service performance are also key factors in evaluating the logistics companies. The Group strictly requires its suppliers to share its social responsibility and to comply with relevant laws and regulations such as the labour laws of the places where they operate to ensure that the relevant corporate policies of the suppliers are in line with the policy direction of the Group. During the Reporting Period, the Group's major suppliers were located in the PRC.

Product Responsibility

The Group places great emphasis on product quality and corporate reputation. Therefore, the Group has been proactive in ensuring that the quality of the products sold and the needs of customers are consistent through stringent supplier selection and internal controls. During the Reporting Period, the Group strictly complied with the laws and regulations relating to health and safety, advertising, labelling and privacy matters and remedies for its products and services, including but not limited to the Law of the PRC on Protection of Consumer Rights and Interests, Advertising Law of the PRC, Patent Law of the PRC, Copyright Law of the PRC, Trademark Law of the PRC, Personal Data (Privacy) Ordinance (Cap.486) of Hong Kong, Personal Data Protection Act 2010 of Malaysia and the Personal Data Protection Act of Singapore. During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to health and safety of products and services, advertising, labelling and privacy matters and remedies that may have a material impact on the Group.

Product Quality and Safety

The Group highly values the management and monitoring of product quality. Therefore, the Group has established standardized procedures for the production of custom and mass production streams. Prior to production, the Group provides manufacturers with exact specifications and requirements for production, inspection and packaging. After manufacturers receive these production specifications, they produce samples for examination. An approval from the Group must be obtained before proceeding with mass production. At various stages of the production process, the Group arranges personnel to conduct inspections and reviews at the production site from time to time to ensure that the production process of the products is kept in a strict and orderly manner. Before shipment, the quality control staffs randomly check the first two batches of new products and conduct second inspections when the products arrive at the Group's warehouses.

The Group's manufacturers are required to ensure that all raw materials and parts of the products comply with international standards (such as European Conformity) and other standards required by the Group (such as National Standards of China). For unqualified products, the Group arranges either restoration or refund with manufacturers and the products must be retested via the above procedures after restoration. The Group has entered into a "Product Manufacturing Agreement" for the manufacture of products, which requires that the manufacturer should replace defective products or refund within 14 days after receiving notice. If the number of unqualified products exceeds 3% of the total number of purchase order, the Group can return all unqualified products, or request the manufacturers to return the payment of the order and compensate for the loss.

In accordance with the laws and regulations on product safety in countries or regions where it operates, the Group clearly places Chinese and English warnings labels regarding safe storage, use or disposal of the products on a prominent position of all products' packaging. During the Reporting Period, the Group received only one complaint of skin abrasion after using the product and the customer requested a full refund and held the Group accountable for any medical expenses incurred. The Group is not aware of any material non-compliance with laws and regulations relating to the products during the Reporting Period.

Intellectual Property and Privacy Protection

Intellectual property is an important intangible asset for the Group. The Group understands the importance of protecting and strengthening intellectual property rights, and relies on relevant laws and regulations in countries or regions where it operates, including but not limited to the Copyright Ordinance of Hong Kong and the Trademark Law of the PRC to protect the Group's intellectual property rights. In the meantime, the Group has entered into a "Product Manufacturing Agreement" to ensure that the Group's intellectual property will not be granted to manufacturers. When selecting a manufacturer, the Group will stringently review and verify the manufacturer's ownership of the relevant intellectual property rights, and will request it to submit a copy of the intellectual property documents in relation to its products and to bear all responsibilities of the products it supplies if such products infringe the third party's intellectual property rights. The Group also abides by the laws and regulations to prevent infringing the trademark rights, patents and copyrights of third parties.

Besides, the Group also respects the privacy rights granted to individuals by the law. Customer information, maintenance information and complaint information will be sealed and kept strictly confidential.

Customer Services

The Group has always believed that the success of its business depends on the support of its customers. To ensure a higher standard of customer service, the Group has established a team of experienced engineers and technicians to provide quality and efficient after-sales services to its customers. The Group provides a one-year warranty for all products. Customers can arrange maintenance services or make complaints via visiting the retail outlets directly, dialing the after-sales service hotline, or sending e-mail. For the complaints about service attitude, the sales department will conduct investigation and impose penalties as appropriate. The complaining customer will be informed of the result of the investigation in due course. In addition, the Group also collects the opinions and suggestions on products from customers through customer relationship management system, in order to assist the design and development of products and enhance the quality management and services.

Advertising and Labelling

The Group displays products through television, radio programs, newspapers, magazines, advertising posters, display boards, in-store display boards, exhibition shelves of retail stores and department stores; conducts direct advertising through direct mail, developing promotion activities and special offers with financial institutions, sponsoring health care activities and projects, participating in exhibitions and other channels; and conducts indirect advertising by engaging product spokespersons. The advertising and promotional activities carried out by the Group are in compliance with the relevant laws and regulations in countries or regions where it operates, including but not limited to the Trade Descriptions Ordinance of Hong Kong. The Group also ensures that all advertising contents are clear, real and authentic. The use of false and misleading product descriptions in advertisements is strictly prohibited.

Anti-corruption

The Group values and adheres to integrity, honesty and fairness in its business practices. The Group therefore attaches great importance to anti-corruption efforts and does not tolerate any corruption, fraud and all other unethical practices. The Group strictly complies with the laws and regulations of the countries or regions in which it operates in relation to incorruptible business practices, including but not limited to the Law of the PRC on Anti-money Laundering, the Prevention of Bribery Ordinance of Hong Kong and the Prevention of Corruption Act of Singapore. The Group also explicitly prohibits any forms of corruption, bribery or kickbacks in its labour contracts and employee handbooks. The Group’s management team is also obliged to comply with the anti-corruption regulations in the policy of the head office, i.e., the controlling shareholder, Tempus Group Co., Ltd..

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to bribery, extortion, fraud and money laundering that would have a material impact on the Group, and it has not been involved in any matter relating to bribery, extortion, fraud and money laundering that would have a material impact, and the Group hasn’t been convicted of any breach of the relevant laws and regulations.

Whistleblowing Mechanism

In order to further achieve and maintain the highest standards of openness, integrity and accountability, the Group has also established an internal whistleblowing mechanism. This mechanism allows stakeholders to raise concerns about matters in a confidential manner through a suggestion box and a whistleblowing telephone number, and to establish an investigation process. The whistleblowing mechanism applies to all stakeholders, including but not limited to employees, shareholders, customers and suppliers. Employees are encouraged to report any suspected financial fraud, misconduct, fraud, regulatory irregularities, criminal activity, misconduct or unethical behavior to the whistleblowing mechanism and we will maintain communication with outside parties. Any verified acts of corruption or bribery will be reported immediately to the appropriate local law enforcement authority.

Community Investment

The Group considers itself to be responsible for contributing to society and strives to be a responsible corporate citizen. As part of its strategic development, the Group is committed to encouraging and supporting its employees through social participation and contribution, and upholding the belief that it should shoulder the responsibility to contribute to society while developing the economy. The Group aims to promote social stability by actively participating in social activities and repaying the community to support the underprivileged and to improve the quality of life for the public. We are committed to being an active member of the community by supporting various charitable and community activities.

The Group hopes to develop a sense of social responsibility among its employees. As such, employees are encouraged to make a greater contribution for society by participating in charitable activities. We believe that the participation in activities that repay the society will increase the civic awareness of our employee and help set up correct values for them.

MOORE

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大華馬施雲
會計師事務所有限公司

TO THE SHAREHOLDERS OF TEMPUS HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Tempus Holdings Limited (the "Company") and its subsidiaries (collectively referred to as (the "Group")), set out on pages 77 to 191, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw your attention to Note 1(b) to the consolidated financial statements, which states that the Group incurred net loss of approximately HK$81 million for the year ended 31 December 2020. As at 31 December 2020, the Group's current liabilities exceeded its current assets by approximately HK$260 million. As at 31 December 2020, the Group has total bank and other borrowings of approximately HK$197 million, of which approximately HK$132 million are repayable within twelve months from 31 December 2020 and approximately HK$65 million contain a repayment on demand clause, as disclosed in Note 33. In addition, the Group's convertible bonds together with interest payable amounted to approximately HK$189 million as at 31 December 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 34. On 23 March 2021, the Company received a letter from the subscriber of the convertible bonds (the "CBs holder") demanding repayment of the outstanding amount of the convertible bonds amounting to approximately HK$194,661,000. According to the demand letter, the Company has 3 weeks after serving of this demand letter to repay the debt. After the expiry of the 3 weeks' period, the CBs holder may present a winding-up petition against the Company. These conditions, together with other matters disclosed in Note 1(b) to the 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 opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

KEY AUDIT MATTERS *(Continued)*

Key audit matter

Impairment assessment of trade receivables

We identified the impairment of trade receivables as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole and the estimation of impairment losses entails a significant degree of the inability of the customers to make the required payment.

As disclosed in the Note 27 to the consolidated financial statements, the trade receivables amounted to HK$56,014,000 as at 31 December 2020.

Management performed periodic assessment on the recoverability of the trade receivables and the sufficiency of provision for impairment based on information including internal credit ratings of different customers and the Group's historical default rates taking into consideration forward looking information. Management also considered forward looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses for the impairment assessment.

We focused on this area due to the impairment assessment of trade receivables under the expected credit losses model involved the use of significant management judgements and estimates.

How our audit addressed the key audit matter

Our procedures in relation to the assessment of recoverability of trade receivables included:

- Obtaining an understanding of how allowance for trade receivables is estimated by the management;
- Testing the ageing of trade receivables, on a sample basis, to the supporting documents and the credit term granted;
- Challenging the information used to determine the expected credit losses by considering cash collection performance against historical trends and the level of credit loss charges over time;
- Reviewing the reasonableness of management's judgement by comparing historical management's judgement against actual write-offs; and
- Examining on sampling basis evidence related to post year end cash receipt.

KEY AUDIT MATTERS *(Continued)*

Key audit matter

Valuation of financial assets at fair value through profit or loss ("FVTPL")

We identified the valuation of an unlisted equity security and unlisted equity interest in a fund included in financial assets at FVTPL as a key audit matter due to the significant judgement and estimation required in determining their fair values.

The fair value of an unlisted equity security and unlisted equity interest in a fund included in financial assets at FVTPL amounted to HK$5,701,000 as at 31 December 2020, with the fair value loss of HK$13,623,000 recognised in the profit or loss for the year then ended.

As disclosed in Notes 4 and 21 to the consolidated financial statements, in estimating the fair value of an unlisted equity security and unlisted equity interest in a fund, the Group engaged independent qualified external valuers to perform the valuation and worked with the external valuers to establish inputs to the valuation. The fair value of these financial assets at FVTPL was arrived at by using discounted cash flow method and based on the adjusted net assets of the fund.

The fair value of an unlisted equity security included in financial assets at FVTPL is based on discounted cash flow method under income approach. The management estimates are based on cash flow forecast for the relevant business and requires the adoption of certain assumptions such as budgeted revenue, gross margin, other related expenses, long-term revenue growth, long-term pre-tax operating margin and discount rate.

The fair value of unlisted equity interest in a fund included in financial assets at FVTPL is based on the adjusted net assets of the fund. The management estimates are based on net assets of the fund and requires the adoption of certain assumptions such as determine the fair values of individual asset of the fund.

How our audit addressed the key audit matter

Our procedures in relation to the valuation of an unlisted equity security and unlisted equity interest in a fund included in financial assets at FVTPL included:

- Evaluating the competence, capabilities, objectivity and independence of the external valuers;
- With the assistance of our internal valuation specialists, discussing with the management and the external valuers their valuation methodology and the key estimates and assumptions adopted in their valuations;
- Evaluating the appropriateness of the valuation models and the judgement made by the management and the external valuers;
- Challenging the reasonableness of key assumptions being used based on our knowledge of the business and industry, including the discount rate and sale growth rate; and
- Checking on a sample basis, the accuracy and reliance of the input data used.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in chairman's statement, management discussion and analysis, corporate governance report, environment, social and governance report and directors' report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to elimate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Moore Stephens CPA Limited
Certified Public Accountants

Chan King Keung
Practising Certificate Number: P06057

Hong Kong, 31 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	NOTES	2020 HK$'000	2019 HK$'000
Continuing operations			
Revenue	5	**403,407**	450,777
Cost of sales		**(200,698)**	(213,984)
Gross profit		**202,709**	236,793
Other income	6	**15,977**	10,494
Other gains and losses, net	7	**(30,366)**	(30,926)
Reversal of impairment losses on financial assets		**21,724**	—
Impairment losses on financial assets		**(1,554)**	(50,207)
Share of results of associates	20	**(5,174)**	(32,633)
Selling and distribution expenses		**(168,185)**	(209,234)
Administrative expenses		**(76,174)**	(101,865)
Finance costs	8	**(38,906)**	(49,394)
Loss before tax	9	**(79,949)**	(226,972)
Income tax expense	10	**(1,439)**	(1,082)
Loss for the year from continuing operations		**(81,388)**	(228,054)
Discontinued operations			
Loss for the year from discontinued operations	11	**—**	(54,296)
Loss for the year		**(81,388)**	(282,350)
Other comprehensive income/(loss) for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**12,023**	(8,926)
Reclassification of cumulative translation reserve upon disposal of a foreign operation		**—**	4,905
		12,023	(4,021)
Total comprehensive loss for the year		**(69,365)**	(286,371)
(Loss)/profit for the year attributable to:			
Owners of the Company			
– for continuing operations		**(82,192)**	(225,976)
– for discontinued operations		**—**	(36,493)
		(82,192)	(262,469)
Non-controlling interests			
– for continuing operations		**804**	(2,078)
– for discontinued operations		**—**	(17,803)
		804	(19,881)
		(81,388)	(282,350)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	NOTE	2020 HK$'000	2019 HK$'000
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(71,854)**	(266,713)
Non-controlling interests		**2,489**	(19,658)
		(69,365)	(286,371)
Total comprehensive loss attributable to owners of the Company:			
– from continuing operations		**(71,854)**	(231,935)
– from discontinued operations		**—**	(34,778)
		(71,854)	(266,713)
Loss per share	15		
– from continuing operations		**(0.24)**	(0.65)
– from discontinued operations		**—**	(0.10)
Basic and diluted (HK$)		**(0.24)**	(0.75)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	NOTES	**2020** HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment	16	**298,450**	324,463
Right-of-use assets	17	**55,080**	63,828
Investments in associates	20	**10,284**	14,455
Financial assets at fair value through profit or loss	21	**5,701**	22,972
Deferred tax assets	22	**—**	1,253
Utility and other deposits paid	25	**4,976**	8,452
		374,491	435,423
Current assets			
Inventories	26	**35,606**	33,429
Trade, bills and other receivables	27	**89,428**	144,478
Utility and other deposits paid	25	**13,749**	12,630
Tax recoverable		**37**	1,488
Financial assets at fair value through profit or loss	21	**1,720**	—
Pledged bank deposits	25	**1,418**	3,404
Bank balances and cash	25	**118,526**	73,340
		260,484	268,769
Current liabilities			
Trade and other payables	30	**83,232**	86,734
Contract liabilities	31	**16,105**	11,628
Amount due to ultimate holding company	29	**51**	—
Amount due to an intermediate holding company	29	**131**	—
Amount due to immediate holding company	29	**600**	600
Lease liabilities	32	**33,241**	38,829
Tax payable		**992**	2,637
Bank and other borrowings – due within one year	33	**196,654**	205,356
Convertible bonds	34	**189,469**	170,504
		520,475	516,288

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	NOTES	2020 HK$'000	2019 HK$'000
Net current liabilities		**(259,991)**	(247,519)
Total assets less current liabilities		**114,500**	187,904
Non-current liabilities			
Lease liabilities	32	**23,451**	27,490
Net assets		**91,049**	160,414
Capital and reserves			
Share capital	36	**27,231**	27,231
Reserves		**36,676**	108,530
Equity attributable to owners of the Company		**63,907**	135,761
Non-controlling interests		**27,142**	24,653
Total equity		**91,049**	160,414

The consolidated financial statements on pages 77 to 191 were approved and authorised for issue by the board of directors on 31 March 2021 and are signed on its behalf by:

Zhong Yiming
Director

Sun Yifei
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to owners of the Company											Non-controlling interests HK$'000	Total HK$'000
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Share options reserve HK$'000	Translation reserve HK$'000	Capital reserve HK$'000 (Note (a))	Property revaluation reserve HK$'000	Other reserve HK$'000 (Note (c))	Statutory reserve HK$'000 (Note (b))	Retained profits/ (accumulated losses) HK$'000	Total HK$'000		
At 1 January 2019	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 year	–	–	–	–	–	–	–	–	–	(262,469)	(262,469)	(19,881)	(282,350)
Other comprehensive (loss)/income for the year													
– exchange difference arising on translation	–	–	–	–	(8,107)	–	–	–	–	–	(8,107)	(819)	(8,926)
– reclassified to profit or loss upon disposal of a subsidiary	–	–	–	–	3,863	–	–	–	–	–	3,863	1,042	4,905
Total comprehensive loss for the year	–	–	–	–	(4,244)	–	–	–	–	(262,469)	(266,713)	(19,658)	(286,371)
Recognition of equity-settled share-based payments	–	–	–	(855)	–	–	–	–	–	–	(855)	–	(855)
Transfer upon forfeiture of share options	–	–	–	(5,973)	–	–	–	–	–	5,973	–	–	–
Share repurchased and cancelled (Note 36)	(48)	(632)	–	–	–	–	–	–	–	–	(680)	–	(680)
Arising from disposal of subsidiaries	–	–	–	–	–	–	(2,332)	–	(33)	2,365	–	1,265	1,265
At 31 December 2019 and 1 January 2020	27,231	359,575	32	2,546	(18,939)	(124,750)	–	(20,677)	14,067	(103,324)	135,761	24,653	160,414
(Loss)/profit for the year	–	–	–	–	–	–	–	–	–	(82,192)	(82,192)	804	(81,388)
Other comprehensive income for the year													
– exchange difference arising on translation	–	–	–	–	10,338	–	–	–	–	–	10,338	1,685	12,023
Total comprehensive (loss)/income for the year	–	–	–	–	10,338	–	–	–	–	(82,192)	(71,854)	2,489	(69,365)
Transfer upon forfeiture of share options	–	–	–	(1,134)	–	–	–	–	–	1,134	–	–	–
At 31 December 2020	27,231	359,575	32	1,412	(8,601)	(124,750)	–	(20,677)	14,067	(184,382)	63,907	27,142	91,049

Notes:

(a) Capital reserve mainly represented the difference between the aggregate share capital of the subsidiaries acquired by the Company and the Company's investment cost in a subsidiary, OTO (BVI) Investment Limited ("OTO BVI") upon the group reorganisation on 13 April 2011.

(b) Pursuant to the relevant People's Republic of China (the "PRC") regulations and the Articles of Association of the PRC subsidiaries of the Company, the PRC subsidiaries are required to transfer not less than 10% of their post-tax profit to statutory reserves as reserve funds until the aggregated amounts have reached 50% of their registered capitals. These reserves should only be used for making up losses, capitalisation into capital, and expansion of production and operation.

(c) Other reserve arose from acquisition of subsidiaries under common control.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	NOTES	2020 HK$'000	2019 HK$'000
OPERATING ACTIVITIES			
Loss before tax			
— for continuing operations		**(79,949)**	(226,972)
— for discontinued operations		**—**	(55,348)
		(79,949)	(282,320)
Adjustments for:			
Amortisation of intangible assets	9	**—**	507
Depreciation of property, plant and equipment	16	**17,054**	17,424
Depreciation of right-of-use assets	17	**41,815**	55,148
Finance costs		**38,906**	50,961
Share of results of associates		**5,174**	32,633
Gain on fair value change of derivatives embedded in convertible bonds	7, 34	**—**	(6,895)
Gain on lapse of conversion options of convertible bonds	7, 34	**—**	(3,200)
Loss on fair value change of investment properties	7, 18	**—**	4,980
Loss on disposal of subsidiaries	37	**—**	30,415
Loss on fair value change of financial assets at fair value through profit or loss	7	**14,164**	22,958
Gain on disposal of property, plant and equipment		**—**	(8,787)
Loss on write-off of property, plant and equipment	7	**—**	4
Gain on disposal of right-of-use assets — motor vehicle		**—**	(170)
Reversal of impairment losses on financial assets		**(21,724)**	—
Impairment losses on financial assets		**1,554**	62,466
Impairment losses on interest in an associate	7, 20(d)	**—**	7,350
Impairment losses on inventories	9	**622**	3,674
Impairment losses on property, plant and equipment	9	**16,409**	—
Loss on dissolution of an associate	7	**—**	1,915
Reversal of share-based payment expense		**—**	(855)
Bank interest income		**(364)**	(575)
Interest income on a loan receivable	6	**—**	(1,413)
		33,661	(13,780)
(Increase)/decrease in inventories		**(2,799)**	892
Decrease in trade, bills and other receivables		**44,058**	7,252
Decrease in utility and other deposits paid		**2,026**	8,445
(Decrease)/increase in trade and other payables		**(3,753)**	39,749
Increase/(decrease) in contract liabilities		**4,083**	(8,718)
Cash generated from operations		**77,276**	33,840
Income taxes paid		**(368)**	(7,588)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**76,908**	26,252

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	NOTES	2020 HK$'000	2019 HK$'000
INVESTING ACTIVITIES			
Placement of bank deposits with original maturity over three months		**(3,000)**	—
Purchase of financial assets at fair value through profit or loss		**(5,065)**	—
Proceeds from disposal of financial assets at fair value through profit or loss		**6,837**	—
Proceeds from disposal of an associate	27	**17,735**	21,257
Net cash inflow from disposal of subsidiaries	37	**13,427**	30,674
Proceeds from deregistration of an associate		**—**	74
Repayment of a loan from a third party	28	**—**	900
Bank interest received		**364**	575
Interest received from a loan receivable	6	**—**	1,413
Additions of property, plant and equipment	16	**(6,306)**	(12,088)
Proceeds from disposal of property, plant and equipment		**—**	10,826
Proceeds from disposal of an investment property		**—**	10,620
Proceeds from disposal of right-of-use assets		**—**	210
Withdrawal of pledged bank deposits		**1,986**	5,715
NET CASH GENERATED FROM INVESTING ACTIVITIES		**25,978**	70,176
FINANCING ACTIVITIES			
Interest paid		**(6,088)**	(19,986)
Redemption of convertible bonds	34	**(11,000)**	(38,000)
Repayments of senior note	35	**—**	(50,000)
Repurchase of shares	36	**—**	(680)
Repayment to an intermediate holding company	46	**—**	(1,355)
Advance from immediate holding company		**—**	600
Advance from an associate		**—**	1,327
Repayments of bank and other borrowings		**(40,608)**	(33,667)
New bank and other borrowings raised		**31,906**	49,062
Repayments of lease liabilities	46	**(44,804)**	(58,023)
NET CASH USED IN FINANCING ACTIVITIES		**(70,594)**	(150,722)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**32,292**	(54,294)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**73,340**	134,467
Effect of foreign exchange rate changes		**9,894**	(6,833)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**115,526**	73,340
ANALYSIS OF THE BALANCES OF BANK BALANCES AND CASH			
Bank deposits with original maturity within three months and cash		**115,526**	73,340
Bank deposits with original maturity over three months		**3,000**	—
		118,526	73,340

1. GENERAL AND BASIS OF PREPARATION

(a) General information

Tempus Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The immediate holding company of the Company is Tempus Holdings (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, and the ultimate holding company of the Company is Shenzhen Pingfeng Jewellery Limited, a company established in the PRC, which holds 98% equity interests of Tempus Group Co., Ltd. since 2017. The ultimate controlling party is Mr. Zhong Baisheng, the chairman and non-executive director of the Company. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is located at 28th Floor, No. 9 Des Voeux West, Hong Kong.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in Note 45. The Company and its subsidiaries are collectively referred to as the "Group".

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company. All values are rounded to the nearest thousand except where otherwise indicated.

(b) Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which includes all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

Going concern

During the year ended 31 December 2020, the Group reported a net loss of approximately HK$81 million. As at 31 December 2020, the Group's current liabilities exceeded its current assets by approximately HK$260 million. As at 31 December 2020, the Group has total bank and other borrowings of approximately HK$197 million, of which are approximately HK$132 million are repayable within twelve months from 31 December 2020 and approximately HK$65 million contain a repayment on demand clause, as disclosed in Note 33. In addition, the Group's convertible bonds together with interest payable amounting to approximately HK$189 million as at 31 December 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 34. The bank balances and cash of the Group amounted to approximately HK$119 million as at 31 December 2020.

1. GENERAL AND BASIS OF PREPARATION *(Continued)*

(b) Basis of preparation *(Continued)*

Going concern *(Continued)*

On 23 March 2021, the Company received a letter from the subscriber of the convertible bonds (the "CBs holder") demanding repayment of the outstanding amount of the convertible bonds amounting to approximately HK$194,661,000. According to the demand letter, the Company has 3 weeks after serving of this demand letter to repay the debt. After the expiry of the 3 weeks' period, the CBs holder may present a winding-up petition against the Company.

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 consolidated financial statements of the Group based on the following:

(i) The Group has been negotiating with the CBs holder of outstanding principals of HK$141,000,000 together with accrued interests thereon for a debt restructuring plan. After receiving the demand letter, the negotiation continues and the Group has submitted a debt restructuring proposal to the CBs holder;

(ii) The Group plans to realise part of its assets to reduce its overall business risk, to obtain additional working capital; and

(iii) The Group has implemented various cost control measures to reduce various general and administrative and other operating expenses.

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 obligations as and when they fall due for the foreseeable future. Accordingly, the 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 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 consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year.

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the 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*.

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

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

The Group has applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- 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 originally 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* ("HKFRS 16") 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.

The application of the amendment had 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$7,252,000 in the profit or loss for the current year.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.

2 Effective for annual periods beginning on or after 1 January 2022.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2021.

The directors of the Company anticipate that the application of the amendments to HKFRSs will have no material impact of the amounts reported and disclosures made in the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which have been measured at fair value, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets* ("HKAS 36").

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments which are transferred at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equal the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The significant accounting policies are set out below.

Other than changes in accounting policies resulting from application of amendments to HKFRSs, the accounting policies and methods of computation used in the consolidated financial statements for the year ended 31 December 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

Changes in the Group's interests in existing subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* ("HKFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates and joint ventures *(Continued)*

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal / partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates and joint ventures *(Continued)*

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Revenue recognition

Revenue from contracts with customers

Under HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15"), the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. The Group recognises revenue from (i) sales of health and wellness products; and (ii) trading and distribution of consumer products.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers (Continued)

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations (sales of health and wellness products and provision of logistics services), the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method is used to measure the progress towards complete satisfaction of a performance obligation which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sales of health and wellness products

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

(ii) Trading business

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers (Continued)

(iii) Logistics business

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

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

Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost or debt instruments classified as fair value through other comprehensive income that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

Property, plant and equipment

Property, plant and equipment including buildings and leasehold land held for use in the supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment property is initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is measured at its fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

Definition of a lease

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

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contact are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of properties that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Right-of-use assets

The cost of right-of-use asset includes:

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

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual values guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

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

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease modifications

Covid-19-related rent concessions

In relation to rent concessions 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 originally 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 if the changes are 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.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessor *(Continued)*

Refundable rental deposits

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

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liabilities and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

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

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

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Financial assets at FVTPL

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

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

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets which are subject to impairment under HKFRS 9 (including trade, bills and other receivables, loan receivable, amount due from an associate, utility and other deposits paid, pledged bank deposits and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets (Continued)

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

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

(i) Significant increase in credit risk

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets (Continued)

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

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

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

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

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets (Continued)

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

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

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments (Continued)

Financial liabilities at FVTPL (Continued)

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, such as convertible bonds, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments (Continued)

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, amount due to ultimate holding company, amount due to an intermediate holding company, amount due to immediate holding company, bank and other borrowings and convertible bonds) are subsequently measured at amortised cost, using the effective interest method.

Derecognition/modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Group accounts for an exchange with a lender of a financial liability with the substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability. A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments (Continued)

Non-substantial modifications of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate.

Transaction costs or fees incurred are adjusted to the carrying amount of modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Convertible bonds that contain debt and derivative components

Convertible bonds issued by the Company that contain both debt and derivative components, including conversion option and redemption option which is not closely related to the host contract, are classified separately into respective items on initial recognition. A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative.

At the date of issue, both the debt component and derivative components are recognised at fair value. In subsequent periods, the debt component of the convertible bonds is carried at amortised cost using the effective interest method. The derivative components are measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible bonds are allocated to the debt and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative component are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the convertible bonds using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair values at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derivative financial instruments (Continued)

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of HKFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of HKFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Generally, multiple embedded derivatives in a single instrument that are seperated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment on property, plant and equipment and right-of-use assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Retirement benefit costs

Payments to the state-managed retirement benefits schemes and the defined contribution retirement benefits plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned. Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Group's parent;

or

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

In the process of applying the Group's accounting policies, the directors of the Company have made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

Completion date of disposal of a subsidiary

As disclosed in Note 11, the Group has entered into a sale and purchase agreement to dispose of Shenzhen Qianhai Tempus Value Chain Co., Ltd.（深圳前海騰邦價值鏈有限公司）("Qianhai Value Chain") on 30 December 2019. The Group determined the completion date of disposal of Qianhai Value Chain based on an evaluation of the terms and conditions of the agreement together with the facts and circumstances existed.

Estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision of ECL for trade receivables, other receivables and loan receivable

The Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired are assessed for ECL individually.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Estimation uncertainty *(Continued)*

Provision of ECL for trade receivables, other receivables and loan receivable (Continued)

The Group measures the allowance for impairment equal to 12-month ECL of other receivables. For those balance expected to have significant increase in credit risk since initial recognition, the Group applies lifetime ECL based on aging for classes with different credit risk characteristics and exposures. Management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience.

The Group determines the provision of impairment of a loan receivable based on ECL. The Group assesses the ECL for the loan receivable individually based on the financial position and the economic environment in which the borrower operates.

The provision of ECL is sensitive to changes in estimates. The information about the ECL of the Group's trade receivables, other receivables and loan receivable are disclosed in Note 40(b)(iii).

Fair value of an unlisted equity security and unlisted equity interest in a fund included in financial assets at FVTPL

In determining the fair value of an unlisted equity security included in financial assets at FVTPL is based on discounted cash flow method under income approach. The management of the Group estimates are based on cash flow forecast for the relevant business and requires the adoption of certain assumptions such as budgeted revenue, gross margin, other related expenses, long-term revenue growth, long-term pre-tax operating margin and discount rate. Changes in assumptions relating to these factors could affect the reported fair value of the unlisted equity security. As at 31 December 2020, the fair value of unlisted equity security is HK$5,701,000 (2019: HK$12,852,000).

In determining the fair value of unlisted equity interest in a fund included in financial assets at FVTPL is based on adjusted net assets of the fund. The management of the Group estimates are based on adjusted net assets of the fund and requires the adoption of certain assumptions such as determine the fair values of individual asset of the fund. Changes in assumptions relating to these factors could affect the reported fair value of the unlisted equity interest in a fund. As at 31 December 2020, the fair value of unlisted equity interest in a fund is HK$nil (2019: HK$10,120,000).

Estimated allowances for inventories

The Group makes allowances for inventories based on an assessment of the net realisable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The identification of obsolete inventories requires the use of judgement and estimates on the conditions and usefulness of the inventories. If conditions which have an impact on the net realisable value of inventories deteriorate/improve; additional allowances/reversal of allowances may be required. The carrying amount of inventories as at 31 December 2020 is HK$35,606,000 (2019: HK$33,429,000) after taking into account the provision for impairment losses of HK$4,296,000 (2019: HK$3,674,000).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Estimation uncertainty *(Continued)*

Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

As at 31 December 2020, the carrying amounts of property, plant and equipment and right-of-use assets are HK$298,450,000 and HK$55,080,000 (2019: HK$324,463,000 and HK$63,828,000) respectively.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents the amount received or receivable for the sales of health and wellness products, net of sales related taxes and trading and distribution of consumer products during the year.

The operating segments of the Group represent the components of the Group whose operating results are regularly reviewed by the chief operating decision maker for the purposes of making decisions about resources allocation and assessment of performance. The chief operating decision maker comprise the executive directors of the Company.

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 11, the Group ceased its logistics operations upon the partial disposal of the shareholding in Tempus Sky Enterprises Limited ("Tempus sky") and disposal of Qianhai Value Chain during the year ended 31 December 2019 and its logistics operations that include "Hong Kong Logistic Business" (see Note 11) and "Value Chain Logistic Business" (see Note 11) were classified as discontinued operations.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments as mentioned above for the year:

For the year ended 31 December 2020

	Continuing operations		
	Sales of health and wellness products business HK$'000	**Trading business HK$'000**	**Total HK$'000**
Total segment revenue	**399,864**	**3,543**	**403,407**
Recognised at a point in time	**399,864**	**3,543**	**403,407**
Recognised over time	**—**	**—**	**—**
Inter-segment sales	**—**	**—**	**—**
Segment revenue from external customers	**399,864**	**3,543**	**403,407**
Segment profit/(loss)	**6,481**	**(3,408)**	**3,073**
Share of results of associates			**(5,174)**
Reversal of impairment losses on financial assets			**21,724**
Impairment losses on financial assets			**(1,554)**
Unallocated administrative expenses			**(29,110)**
Other gains and losses, net			**(30,366)**
Bank interest income			**364**
Finance costs			**(38,906)**
Loss before tax			**(79,949)**
Income tax expense			**(1,439)**
Loss for the year from continuing operations			**(81,388)**

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(a) Segment revenue and results *(Continued)*

For the year ended 31 December 2019

	Continuing operations		
	Sales of health and wellness products business HK$'000	Trading business HK$'000	Total HK$'000
Total segment revenue	448,627	2,150	450,777
Recognised at a point in time	448,627	2,150	450,777
Recognised over time	—	—	—
Inter-segment sales	—	—	—
Segment revenue from external customers	448,627	2,150	450,777
Segment loss	(17,364)	(14,558)	(31,922)
Share of results of associates			(32,633)
Impairment losses on financial assets			(50,207)
Unallocated administrative expenses			(33,852)
Other gains and losses, net			(30,926)
Bank interest income			549
Interest income on a loan receivable			1,413
Finance costs			(49,394)
Loss before tax			(226,972)
Income tax expense			(1,082)
Loss for the year from continuing operations			(228,054)

The accounting policies of reportable segments are the same as the Group's significant accounting policies described in Note 3. Segment profit/(loss) represents the pre-tax gross profit/(loss) incurred for each segment without allocation of share of results of associates, reversal of impairment losses/(impairment losses) on financial assets, certain unallocated administrative expenses, other gains and losses, bank interest income, interest income on a loan receivable, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) Other information

For the year ended 31 December 2020

	Continuing operations		
	Sales of health and wellness products business HK$'000	**Trading business HK$'000**	**Total HK$'000**
Amounts included in the measurement of segment profit or loss:			
Depreciation and amortisation	**51,611**	**239**	**51,850**

For the year ended 31 December 2019

	Continuing operations		
	Sales of health and wellness products business HK$'000	Trading business HK$'000	Total HK$'000
Amounts included in the measurement of segment profit or loss:			
Depreciation and amortisation	48,788	1,055	49,843

No other items of other information are regularly provided to the chief operating decision maker.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(c) Revenue from major products and services

The following is the analysis of the Group's revenue from its major products and services:

	2020	2019
	HK$'000	HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Continuing operations		
Sales of relaxation products	**367,395**	404,559
Sales of fitness products	**21,224**	34,305
Sales of therapeutic, diagnostic and cookware products	**11,245**	9,763
Sales of consumer products	**3,543**	2,150
	403,407	450,777

Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for all contracts that had an original expected duration of one year or less.

(d) Information about major customer

Revenue from customer of the corresponding years contributing over 10% of the total sales of the Group is as follows:

	2020	2019
	HK$'000	HK$'000
Customer A	**51,369**	—

Customer A contributed revenue from sales of health and wellness products.

No revenue from any single customer contributed over 10% of the total revenue of the Group during the year ended 31 December 2019.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(e) Geographical information

The following table sets out information about the Group's geographical analysis of revenue from external customers determined based on the location of customers.

	Revenue from external customers	
	2020	2019
	HK$'000	HK$'000
Continuing operations		
Hong Kong	**124,388**	144,673
Macau	**28,628**	32,304
PRC	**188,722**	217,188
Malaysia	**2,974**	5,837
Singapore	**58,695**	50,775
	403,407	450,777

The following table sets out information about the Group's geographical analysis of the Group's non-current assets other than financial assets at fair value through profit or loss and deferred tax assets.

	Non-current assets	
	2020	2019
	HK$'000	HK$'000
Hong Kong	**309,881**	338,992
Macau	**50**	104
PRC	**43,033**	53,007
Malaysia	**842**	1,506
Singapore	**14,984**	17,589
	368,790	411,198

(f) Segment assets and liabilities

No information about segment assets and liabilities is presented as such information is not regularly provided to the chief operating decision maker for resource allocation and performance assessment purposes.

6. OTHER INCOME

	2020 HK$'000	2019 HK$'000
Continuing operations		
Repair income	**1,836**	1,512
Delivery income	**376**	459
Bank interest income	**364**	549
Interest income on a loan receivable	**—**	1,413
Warranty income	**227**	182
Rental income	**664**	2,220
Government grant (Note)	**10,986**	1,765
Sundry income	**1,524**	2,394
	15,977	10,494

Note: During the current year, the Group recognised government grants of HK$5,902,000 in respect of COVID-19-related subsidies, related to Employment Support Scheme and Retail Sector Subsidy Scheme provided by Hong Kong government. The remaining amount recognised for the years ended 31 December 2020 and 2019 represented subsidies from government authority received before the end of the reporting period, without any specific conditions attached to the grants.

7. OTHER GAINS AND LOSSES, NET

	2020 HK$'000	2019 HK$'000
Continuing operations		
Gain on fair value change of derivatives embedded in convertible bonds	—	6,895
Gain on lapse of conversion option of convertible bonds	—	3,200
Loss on fair value change of financial assets at fair value through profit or loss	(14,164)	(22,958)
Loss on fair value change of investment properties	—	(4,980)
Gain on disposal of property, plant and equipment	—	8,818
Loss on disposal of a subsidiary (Note 37(a))	—	(14,461)
Loss on dissolution of an associate (Note)	—	(1,915)
Loss on write-off of property, plant and equipment	—	(4)
Impairment loss on interest in an associate	—	(7,350)
Impairment loss on property, plant and equipment	(16,409)	—
Covid-19 related rent concessions	7,252	—
Net exchange (loss)/gain	(6,893)	1,552
Others	(152)	277
	(30,366)	(30,926)

Note: During the year ended 31 December 2019, an associate was deregistered, net cash received upon deregistration of the associate amounting to HK$77,000 and a loss on write-off of an associate of HK$1,915,000 was recognised in other gains and losses.

8. FINANCE COSTS

	2020 HK$'000	2019 HK$'000
Continuing operations		
Interest on:		
Bank borrowings	5,502	7,062
Other borrowings	1,020	443
Convertible bonds (Note 34)	29,965	36,263
Leases	2,419	2,872
Senior note (Note 35)	—	2,754
	38,906	49,394

9. LOSS BEFORE TAX

	2020 HK$'000	2019 HK$'000
Loss before tax has been arrived at after charging/(crediting):		
Continuing operations		
Auditor's remuneration		
– Audit service	**1,500**	2,100
– Other service	**1,257**	1,585
	2,757	3,685
Cost of inventories recognised as an expense	**151,893**	163,325
Impairment losses on inventories	**622**	3,674
Impairment loss on property, plant and equipment	**16,409**	—
Depreciation of property, plant and equipment	**17,054**	16,767
Depreciation of right-of-use assets	**41,815**	40,098
Short-term leases expenses	**7,773**	17,629
Variable lease payments not included in the measurement of lease liabilities (based on turnover generated from the leased retail shops)/license fee	**34,368**	42,477
Gross rental income from investment properties	**—**	(2,220)
Less: Direct operating expenses incurred from investment properties that generated rental income during the year	**—**	23
	—	(2,197)
Staff costs:		
– Fee, salaries and other benefits (including directors' remuneration)	**98,159**	104,682
– Staff retirement benefit costs (including directors' retirement benefit scheme contributions)	**8,958**	13,217
– Share-based payment expenses	**—**	(855)
	107,117	117,044

9. LOSS BEFORE TAX *(Continued)*

	2020 HK$'000	2019 HK$'000
Discontinued operations		
Amortisation of intangible assets	–	507
Depreciation of property, plant and equipment	–	657
Depreciation of right-of-use assets	–	15,050
Short-term leases expenses	–	3,240
Staff costs:		
– Fee, salaries and other benefits (including directors' remuneration)	–	21,779
– Staff retirement benefit costs (including directors' retirement benefit scheme contributions)	–	1,130
	–	22,909

10. INCOME TAX EXPENSE

	2020 HK$'000	2019 HK$'000
Continuing operations		
Current tax expense:		
Hong Kong Profits Tax	–	216
Macau Complimentary Income Tax	699	1,000
Malaysian Corporate Income Tax	15	–
	714	1,216
(Over)/under-provision of taxation in prior years:		
Hong Kong Profits Tax	(270)	–
Macau Complimentary Income Tax	(361)	(58)
Malaysian Corporate Income Tax	–	(23)
PRC EIT	103	(498)
	(528)	(579)
Deferred tax charged (Note 22)	1,253	–
Withholding tax on earnings distributed by a subsidiary	–	445
	1,439	1,082

10. INCOME TAX EXPENSE *(Continued)*

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

The Macau Complimentary Income Tax is calculated at 12% of the estimated assessable profit for both years exceeding Macanese Pataca ("MOP") 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 years.

Under the Law of the PRC on EIT, the tax rate of a PRC subsidiary is 25% of taxable income for both years.

The tax expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2020 **HK$'000**	2019 HK$'000
Loss before tax (from continuing operations)	**(79,949)**	(226,972)
Tax at PRC EIT Tax rate of 25%	**(19,987)**	(56,743)
Tax effect of income not taxable for tax purposes	**(6,910)**	(3,262)
Tax effect of expenses not deductible for tax purposes	**22,160**	15,579
Tax effect of tax losses and other deductible temporary difference not recognised	**493**	23,875
Tax effect of different tax rates on operations in other jurisdictions	**6,211**	21,767
Over-provision of taxation in prior years	**(528)**	(579)
Withholding tax on earnings distributed by a subsidiary	**—**	445
Income tax expense for the year	**1,439**	1,082

11. DISCONTINUED OPERATION

Partial disposal of 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, for a cash consideration of HK$3,000,000. The consideration was fully settled on 19 August 2019.

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. Details are set out in Note 37(b).

Disposal of entire equity interest in Qianhai Value Chain

On 30 December 2019, Shenzhen Tempus Value Chain Co., Ltd.*（深圳市騰邦價值鏈股份有限公司）("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, for a consideration of approximately RMB47,675,000 (equivalent to approximately HK$53,072,000). Details are set out in Note 37(c). The disposal was completed on 30 December 2019.

11. DISCONTINUED OPERATION *(Continued)*

Disposal of entire equity interest in Qianhai Value Chain *(Continued)*

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 year ended 31 December 2019 from the discontinued operations is set out below.

	Notes	2019 HK$'000
Loss of Hong Kong Logistic Business for the year		(12,224)
Loss of Value Chain Logistic Business for the year		(26,118)
Gain on disposal of Tempus Sky Group	37(b)	8,984
Loss on disposal of Qianhai Value Chain	37(c)	(24,938)
		(54,296)

The loss for the year ended 31 December 2019 from discontinued operations

	Notes	2019 HK$'000
Revenue		279,231
Cost of sales		(282,301)
Gross loss		(3,070)
Other income		113
Other gains and losses		2,313
Impairment losses on financial assets		(12,259)
Selling and distribution expenses		(17,674)
Administrative expenses		(7,250)
Finance costs		(1,567)
Loss before tax		(39,394)
Income tax credit		1,052
Loss for the year		(38,342)
Net loss on disposal of subsidiaries	37(b) and (c)	(15,954)
Loss for the year from discontinued operations		(54,296)

11. DISCONTINUED OPERATION *(Continued)*

The net cash flows for the year ended 31 December 2019 incurred by discontinued operations are as follows:

	2019 HK$'000
Operating activities	6,220
Investing activities	(853)
Financing activities	(9,224)
Net cash outflow	(3,857)

The carrying amounts of the assets and liabilities of Tempus Sky Group and Qianhai Value Chain at the date of disposal are disclosed separately in Note 37.

12. DIRECTORS' EMOLUMENTS

Continuing and discontinued operations

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Companies Ordinance (Chapter 622 of the Laws of Hong Kong), is as follows:

	For the year ended 31 December 2020					
	Fee HK$'000	Salary and other benefits HK$'000	Performance related incentive payments (Note (xi)) HK$'000	Retirement benefits scheme contributions HK$'000	Share-based payments HK$'000	Total emoluments HK$'000
Executive directors						
Mr. Yip Chee Lai, Charlie	–	2,666	–	18	–	2,684
Mr. Zhong Yiming (Note (i))	–	2,000	–	18	–	2,018
Mr. Wang Xingyi (Note (ii))	–	1,344	–	18	–	1,362
Mr. Sun Yifei (Note (iii))	–	1,344	210	18	–	1,572
Independent non-executive directors						
Mr. Han Biao (Note (iv))	–	138	–	–	–	138
Mr. Li Qi	–	150	–	–	–	150
Mr. Wong Kai Hing (Note (v))	–	200	–	–	–	200
Mr. Cheng Tsz Lok (Note (vi))	–	–	–	–	–	–
Non-executive director						
Mr. Zhong Baisheng	–	–	–	–	–	–
	–	7,842	210	72	–	8,124

12. DIRECTORS' EMOLUMENTS *(Continued)*

Continuing and discontinued operations *(Continued)*

	For the year ended 31 December 2019					
	Fee HK$'000	Salary and other benefits HK$'000	Performance related incentive payments HK$'000	Retirement benefits scheme contributions HK$'000	Share-based payments HK$'000	Total emoluments HK$'000
Executive directors						
Mr. Li Dongming (Note (vii))	–	2,484	–	15	–	2,499
Mr. Huang Jingkai (Note (viii))	–	1,866	–	18	–	1,884
Mr. Yip Chee Lai, Charlie	–	3,145	–	18	–	3,163
Mr. Zhong Yiming (Note (i))	–	1,137	–	8	–	1,145
Mr. Wang Xingyi (Note (ii))	–	185	–	1	–	186
Mr. Sun Yifei (Note (iii))	–	117	–	1	–	118
Independent non-executive directors						
Mr. Han Biao	–	150	–	–	–	150
Mr. Wong Lit Chor, Alexis (Note (ix))	–	79	–	–	–	79
Mr. Li Qi	–	150	–	–	–	150
Mr. Choi Tan Yee (Note (x))	–	52	–	–	–	52
Mr. Wong Kai Hing (Note (v))	–	19	–	–	–	19
Non-executive director						
Mr. Zhong Baisheng	–	1,363	–	12	–	1,375
	–	10,747	–	73	–	10,820

Notes:

(i) Mr. Zhong Yiming was appointed as executive director of the board of directors of the Company on 15 August 2019.

(ii) Mr. Wang Xingyi was appointed as executive director of the board of directors of the Company on 27 November 2019.

(iii) Mr. Sun Yifei was appointed as executive director of the board of directors of the Company on 6 December 2019.

(iv) Mr. Han Biao resigned as independent non-executive director of the board of directors of the Company on 1 December 2020.

(v) Mr. Wong Kai Hing was appointed as independent non-executive director of the board of directors of the Company on 27 November 2019.

(vi) Mr. Cheng Tsz Lok was appointed as independent non-executive director of the board of directors of the Company on 28 February 2021.

(vii) Mr. Li Dongming resigned as executive director of the board of directors of the Company on 17 October 2019.

(viii) Mr. Huang Jingkai resigned as executive director of board of directors of the Company on 6 December 2019.

(ix) Mr. Wong Lit Chor, Alexis resigned as independent non-executive director of board of directors of the Company on 24 May 2019.

(x) Mr. Choi Tan Yee was appointed as independent non-executive director of the board of directors of the Company on 24 May 2019 and resigned on 28 August 2019.

(xi) For the year ended 31 December 2020, the performance related incentive payments are determined as a percentage, ranging from 3% to 8% per annum, of the collection of outstanding receivables from the disposal of investments.

12. DIRECTORS' EMOLUMENTS *(Continued)*

Continuing and discontinued operations *(Continued)*

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' and non-executive directors' emoluments shown above were for their services as directors of the Company.

The emoluments of Mr. Li Dongming disclosed above include those for services rendered by him as the chief executive during the prior year. He ceased to be the chief executive of the Company on 15 August 2019.

The emoluments of Mr. Zhong Yiming disclosed above include those for services rendered by him as the chief executive during the current and prior year. He was appointed as the chief executive of the Company on 15 August 2019.

Neither the chief executive nor any of the directors waived any emoluments during the current and prior year.

13. EMPLOYEES' EMOLUMENTS

Continuing and discontinued operations

Of the five individuals with the highest emoluments in the Group, four (2019: four) are the directors of the Group during the year, whose emoluments are included in Note 12 above. The emoluments of remaining one (2019: one) individual during the year are as follows:

	2020 **HK$'000**	2019 HK$'000
Salary and other benefits	**2,051**	2,169
Performance related incentive payments	**—**	—
Retirement benefits scheme contributions	**18**	18
Share-based payments	**—**	—
Total emoluments	**2,069**	2,187

The emoluments were within the following bands:

	2020	2019
HK$2,000,001 to HK$2,500,000	**1**	1

During the current and prior year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend in respect of the year ended 31 December 2020 (2019: Nil).

15. LOSS PER SHARE

Continuing operations

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

	2020 **HK$'000**	2019 HK$'000
Loss		
Loss for the year for continuing operations attributable to owners of the Company	**(82,192)**	(225,976)

	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**349,261**	349,311

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:

	2020 **HK$'000**	2019 HK$'000
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(82,192)**	(262,469)

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

15. LOSS PER SHARE *(Continued)*

Discontinued operations

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

	2020	2019
	HK$'000	HK$'000
Loss		
Loss for the year for discontinued operations attributable to owners of the Company	–	(36,493)

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

Note: The computation of diluted loss per share for the year ended 31 December 2020 does not assume the exercise of the Company's share option because the exercise price of those share option was higher than the average market price of the Company's shares.

The computation of diluted loss per share for the year ended 31 December 2019 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.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Computer equipment HK$'000	Total HK$'000
COST						
At 1 January 2019	308,891	24,573	3,196	52,886	18,111	407,657
Additions	–	1,272	1,514	8,908	394	12,088
Disposal of subsidiaries (Note 37)	–	(4,013)	(909)	(1,838)	(131)	(6,891)
Disposals	(5,341)	–	(100)	–	–	(5,441)
Write-off	–	(2,966)	–	(8,836)	(1,929)	(13,731)
Exchange adjustments	–	(132)	(37)	(461)	(314)	(944)
At 31 December 2019 and 1 January 2020	303,550	18,734	3,664	50,659	16,131	392,738
Additions	**–**	**816**	**–**	**5,463**	**27**	**6,306**
Write-off	**–**	**(7)**	**–**	**(5,679)**	**–**	**(5,686)**
Exchange adjustments	**–**	**510**	**160**	**1,391**	**961**	**3,022**
At 31 December 2020	**303,550**	**20,053**	**3,824**	**51,834**	**17,119**	**396,380**
DEPRECIATION						
At 1 January 2019	5,391	19,737	2,404	42,845	3,225	73,602
Provided for the year	6,538	1,790	245	6,864	1,987	17,424
Eliminated on disposal of subsidiaries (Note 37)	–	(3,205)	(748)	(1,031)	(85)	(5,069)
Disposals	(3,359)	–	(43)	–	–	(3,402)
Eliminated on write-off	–	(2,966)	–	(8,832)	(1,929)	(13,727)
Exchange adjustments	–	(79)	(12)	(373)	(89)	(553)
At 31 December 2019 and 1 January 2020	8,570	15,277	1,846	39,473	3,109	68,275
Provided for the year	**6,071**	**1,147**	**356**	**7,755**	**1,725**	**17,054**
Eliminated on write-off	**–**	**(7)**	**–**	**(5,679)**	**–**	**(5,686)**
Impairment loss	**16,409**	**–**	**–**	**–**	**–**	**16,409**
Exchange adjustments	**–**	**340**	**77**	**1,096**	**365**	**1,878**
At 31 December 2020	**31,050**	**16,757**	**2,279**	**42,645**	**5,199**	**97,930**
CARRYING VALUES						
At 31 December 2020	**272,500**	**3,296**	**1,545**	**9,189**	**11,920**	**298,450**
At 31 December 2019	294,980	3,457	1,818	11,186	13,022	324,463

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

	Depreciation rate
Leasehold land and buildings	Over the shorter of the term of the lease or 50 years
Furniture, fixtures and equipment	20% — 50%
Motor vehicles	33%
Leasehold improvements	Over the shorter of the term of the lease or 3 years
Computer equipment	10%

The leasehold land represents leasehold land in Hong Kong with lease terms of 999 years.

The Group's owned leasehold land and buildings were valued on 31 December 2020 by Ascent Partners Valuation Service Limited (2019: APAC Appraisal and Consulting Limited), an independent qualified professional valuer not connected with the Group, 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 size. As at 31 December 2020, the fair value of the Group's owned leasehold land and buildings were HK$272,500,000 (2019: HK$301,900,000). The recoverable amount of certain leasehold land and buildings based on the fair value less cost of disposal, are estimated to be lower than the carrying amounts, impairment loss of approximately HK$16,409,000 are recognised for leasehold land and buildings for the year ended 31 December 2020 (2019: nil).

17. RIGHT-OF-USE ASSETS

	Leased properties HK$'000	Motor vehicles HK$'000	Total HK$'000
Carrying value			
At 1 January 2019	86,310	4,924	91,234
Additions	70,249	306	70,555
Depreciation expense	(53,819)	(1,329)	(55,148)
Disposal of subsidiaries (Note 37(b) and 37(c))	(38,813)	(3,594)	(42,407)
Disposals	—	(40)	(40)
Exchange adjustments	(366)	—	(366)
At 31 December 2019 and 1 January 2020	63,561	267	63,828
Additions	**31,999**	**—**	**31,999**
Depreciation expense	**(41,584)**	**(231)**	**(41,815)**
Exchange adjustments	**1,068**	**—**	**1,068**
At 31 December 2020	**55,044**	**36**	**55,080**
For the year ended 31 December 2020			
Expense relating to short-term leases	**7,773**	**—**	**7,773**
Variable lease payments not included in the measurement of lease liabilities (based on turnover generated from leased retail shops)	**592**	**—**	**592**
Total cash outflow for leases	**52,942**	**227**	**53,169**
For the year ended 31 December 2019			
Expense relating to short-term leases and other leases with lease term ended within 12 months of the date of initial application of HKFRS 16	20,869	—	20,869
Variable lease payments not included in the measurement of lease liabilities (based on turnover generated from leased retail shops)	298	—	298
Total cash outflow for leases	77,598	1,592	79,190

For both years, the Group lease various offices, warehouses, retail stores and motor vehicles for its operations. Lease contracts are entered into fixed term of 1 month to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of difference terms and conditions.

As at 31 December 2020, the carrying value of motor vehicles includes an amount of HK$36,000 (2019: HK$267,000) in respect of assets held under hire-purchase.

17. RIGHT-OF-USE ASSETS *(Continued)*

The Group regularly entered into short-term leases for retail shops. As at 31 December 2020 and 2019, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Leases of retail stores are either with only fixed lease payments or contain variable lease payment that are based on 10% to 23.2% (2019:10% to 23.2%) of sales and minimum annual lease payment that are fixed over the lease term. The payment terms are common in retail stores in Hong Kong, PRC, Singapore and Malaysia where the Group operates. The amount of fixed and variable lease payments paid/payable to relevant lessors for the year ended 31 December 2020:

For the year ended 31 December 2020

	Number of stores	Fixed payments HK$'000	Variable payments HK$'000	Total payments HK$'000
Retail stores without variable lease payments	**25**	**10,805**	**—**	**10,805**
Retail stores with variable lease payments	**43**	**28,060**	**592**	**28,652**
	68	**38,865**	**592**	**39,457**

For the year ended 31 December 2019

	Number of stores	Fixed payments HK$'000	Variable payments HK$'000	Total payments HK$'000
Retail stores without variable lease payments	19	7,027	—	7,027
Retail stores with variable lease payments	34	28,694	298	28,992
	53	35,721	298	36,019

The overall financial effect of using variable payment terms is that higher rental costs are incurred by stores with higher sales. Variable rent expense are expected to continue to represent a similar proportion of store sales in future years.

Restrictions or covenants on leases

In addition, lease liabilities of HK$56,692,000 are recognised with related right-of use assets of HK$55,080,000 as at 31 December 2020 (2019: lease liabilities of HK$66,319,000 and related right-of-use assets of HK$63,828,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

17. RIGHT-OF-USE ASSETS *(Continued)*

Rent concessions

During the year ended 31 December 2020, lessors of retail stores provided rent concessions to the Group through rent reductions ranging from 6% to 100% over 1 to 11 months.

These rent concessions occurred as a direct consequence of Covid-19 pandemic and met of all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of HK$7,252,000 were recognised.

18. INVESTMENT PROPERTIES

	2020 **HK$'000**	2019 HK$'000
FAIR VALUE		
At 1 January	**–**	152,700
Decrease in fair value (included in other gains and losses)	**–**	(4,980)
Disposal of a subsidiary (Note 37(a))	**–**	(137,100)
Disposal	**–**	(10,620)
At 31 December	**–**	–

The Group's property interests held under operating lease to earn rentals or for capital appreciation purpose are measured using fair value model and are classified and accounted for as investment properties.

19. INVESTMENT IN A JOINT VENTURE

	2020 **HK$'000**	2019 HK$'000
Cost of investment, unlisted	**175**	175
Share of post-acquisition losses	**(175)**	(175)
	–	–

19. INVESTMENT IN A JOINT VENTURE *(Continued)*

The following set out the particulars of the joint venture of the Group as at 31 December 2020 and 2019:

Name of joint venture	Place of establishment/ operations	Class of shares held	Proportion of ownership interest		Proportion of voting rights held		Nature of business
			2020	2019	**2020**	2019	
TBRJ Asset Management Limited ("TBRJ") (Note)	Cayman Islands	Ordinary shares	**45%**	45%	**33.3%**	33.3%	Provision of asset management and investment advisory services

Note: On 7 July 2017, Tempus (BVI) Investment Limited ("Tempus BVI"), a wholly-owned subsidiary of the Company and two other independent third parties entered into an agreement for the establishment of TBRJ, a Cayman Islands exempted company, for the purpose of acting as the general partner of TBRJ Fund I L.P. ("TBRJ Fund"), a Cayman Islands exempted limited partnership as disclosed in Note 21. Tempus BVI subscribed 22,500 ordinary shares of US$1 each of total US$22,500 to TBRJ (equivalent to approximately HK$175,000). Upon the completion of the capital contribution, the Group holds 45% equity interest in TBRJ. The Group has the right to appoint two out of six directors in the board of directors of TBRJ which is responsible for making decisions of the relevant activities of TBRJ. Decisions about the relevant activities of TBRJ require the unanimous consent of one director appointed by the Group and one director appointed by another joint venturer. In this regard, the investment in TBRJ is accounted for as a joint venture of the Group.

20. INVESTMENTS IN ASSOCIATES

	2020 HK$'000	2019 HK$'000
Cost of investments, unlisted	**57,470**	57,470
Share of post-acquisition losses	**(37,669)**	(32,839)
Exchange adjustments	**(2,167)**	(2,826)
	17,634	21,805
Less: Provision for impairment (Note (d))	**(7,350)**	(7,350)
	10,284	14,455

The following set out the particulars of the associates of the Group as at 31 December 2020 and 2019:

Name of associate	Place of establishment/ operations	Class of shares held	Proportion of ownership interest 2020	Proportion of ownership interest 2019	Proportion of voting rights held 2020	Proportion of voting rights held 2019	Nature of business
煙台騰邦股權投資管理有限公司 ("Yantai Tengbang") (Note (a))	PRC	Paid-up capital	**40%**	40%	**40%**	40%	Provision of asset management and investment advisory services
煙台樂騰股權投資管理中心(有限合夥) ("Yantai Leteng LP") (Note (b))	PRC	Paid-up capital	**33.0%**	33.0%	**33.0%**	33.0%	Investment holding
廣東數程科技有限公司 ("廣東數程") (Note (c))	PRC	Paid-up capital	**12.5%**	14.3%	**12.5%**	14.3%	Provision for internet data services, information processing and storage support services and internet information technology consulting services
Tempus Sky (Note (d), 37(b))	Hong Kong	Ordinary shares	**36.6%**	36.6%	**36.6%**	36.6%	Investment holding, provision of logistics services and general trading

20. INVESTMENTS IN ASSOCIATES *(Continued)*

Notes:

(a) On 25 September 2017, 深圳騰邦科技產業發展有限公司 ("Shenzhen Tempus"), an indirect wholly-owned subsidiary of the Company and other two independent third parties entered into an agreement for the establishment of Yantai Tengbang, a company established in the PRC with limited liability, for the purpose of acting as the general partner of Yantai Leteng LP. Shenzhen Tempus contributed RMB1,200,000 (equivalent to approximately HK$1,440,000) to the registered capital of Yantai Tengbang. Upon the completion of the capital contribution, the Group holds 40% equity interest in Yantai Tengbang. The shareholders exercise their voting rights in the shareholders meeting which is the highest decision-making body of Yantai Tengbang in proportion to their paid-up capital contributions. In this regard, the investment is accounted for as an associate of the Group.

(b) On 29 November 2017, Yantai Tengbang, Tempus OTO (Shenzhen) Health Industry Limited（騰邦豪特（深圳）大健康產業有限公司）("Tempus OTO (Shenzhen)"), an indirect wholly-owned subsidiary of the Company and two other independent third parties established Yantai Leteng LP, a limited partnership established in the PRC, for the purpose of having capital appreciation by acquiring companies in the segments of healthcare, consumption upgrade, science and technology manufacturing and trading and logistics. Upon the completion of the capital contribution from all shareholders, the Group will hold 20% of equity interest in Yantai Leteng LP. Tempus OTO (Shenzhen) and one of the shareholders of Yantai Leteng LP, each contributed RMB30,000,000 (equivalent to HK$36,023,000) to Yantai Leteng LP during the year ended 31 December 2017. Pursuant to the shareholders' agreement, the Group has the right to appoint two out of five members in the investment committee of Yantai Leteng LP which is responsible for making decisions of relevant activities of Yantai Leteng LP, where these decisions require a minimum resolution of four members. In the opinion of the directors of the Company, Tempus OTO (Shenzhen) and Yantai Tengbang who is also entitled to appoint two voting members in the investment committee share joint control over Yantai Leteng LP as the decisions of the relevant activities of Yantai Leteng LP require the consent from both the Group and Yantai Tengbang. In this regard, the investment was accounted for as a joint venture of the Company as at 31 December 2017. As at 31 December 2017, capital contribution to Yantai Leteng LP was outstanding from three shareholders, therefore the Group shared 50% of the net assets of Yantai Leteng LP, which was equivalent to its proportion of capital contribution as at 31 December 2017.

During the year ended 31 December 2018, a shareholder of Yantai Leteng LP contributed RMB30,000,000 (equivalent to HK$35,610,000) to Yantai Leteng LP, resulting in a dilution of the Group's share of net assets of Yantai Leteng LP to 33.3%. Therefore, Yantai Leteng LP is account for an associate of the Group.

During the year ended 31 December 2019, Yantai Tengbang contributed RMB1,000,000 to Yantai Leteng LP, resulting in further dilution of the Group's share of net assets of Yantai Leteng LP from 33.3% to 33%.

(c) On 26 April 2018, 珠海騰邦金躍投資有限公司("Tempus Jinyue"), an indirect wholly-owned subsidiary of the Company, entered into a shareholders' agreement with eight leading supply chain enterprises or its subsidiaries in the PRC, in relation to the formation of the associate engaging in supply chain big data business, pursuant to which, Tempus Jinyue contributed approximately RMB11,111,000 (equivalent to HK$12,652,000) to 廣東數程. Upon the completion of the capital contribution from all shareholders, the Group will hold 11.1% of equity interest in 廣東數程. Pursuant to shareholders' agreement, each shareholder has a right to appoint one director in the board of directors of 廣東數程 who is responsible for making decision over the relevant activities of 廣東數程. In this regard, the investment is accounted for as an associate of the Company as at 31 December 2019 and 2020. As at 31 December 2019, capital contribution to 廣東數程 is outstanding from two shareholders, therefore the Group shares 14.3% of the net assets of 廣東數程, which is equivalent to its proportion of capital contribution as at 31 December 2019. During the year ended 31 December 2020, a shareholder of 廣東數程 contributed RMB11,111,000 (equivalent to HK$12,433,000) to 廣東數程, resulting in a dilution of the Group's share of net assets of 廣東數程 to 12.50%.

(d) As disclosed in Note 11, 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 2020 and 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 and 2021. 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 an impairment loss of HK$7,350,000 was recognised during the year ended 31 December 2019 and no reversal of impairment loss is considered necessary for the year ended 31 December 2020.

20. INVESTMENTS IN ASSOCIATES *(Continued)*

The summarised financial information in respect of the Group's material associates, which are unlisted corporate entities whose quoted market price are not available, is set out below:

Yantai Leteng LP	As at 31 December 2020 HK$'000	 2019 HK$'000
Gross amounts of the associate's		
Current assets	**3**	1,341
Non-current assets	**—**	6,651
Current liabilities	**(742)**	(2)
Non-current liabilities	**—**	—
(Deficit)/equity	**(739)**	7,990
Revenue	**—**	—
Loss and total comprehensive loss	**(8,717)**	(93,422)
Reconciled to the Group's interests in the associate		
Gross amount of net assets of the associate	**—**	7,989
The Group's effective interest	**33.0%**	33.0%
The Group's share of net assets of the associate	**—**	2,636
The Group's share of results of the associate for the year	**(2,645)**	(30,801)

廣東數程	As at 31 December 2020 HK$'000	 2019 HK$'000
Gross amounts of the associate's		
Current assets	**74,281**	72,837
Non-current assets	**118**	66
Current liabilities	**(2,041)**	(1,529)
Non-current liabilities	**—**	—
Equity	**72,358**	71,374
Revenue	**3,402**	—
Loss and total comprehensive loss	**(16,973)**	(11,791)
Reconciled to the Group's interests in the associate		
Gross amount of net assets of the associate	**72,358**	71,374
The Group's effective interest	**12.5%**	14.3%
The Group's share of net assets of the associate	**9,045**	10,199
The Group's share of results of the associate for the year	**(2,093)**	(1,685)

20. INVESTMENTS IN ASSOCIATES *(Continued)*

Aggregate information of associates that are not individually material:

	As at 31 December	
	2020	2019
	HK$'000	HK$'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**1,239**	1,621
Aggregate amount of the Group's share on those associates' loss from operations	**(436)**	(147)
Other comprehensive income	**—**	—
Total comprehensive loss	**(436)**	(147)

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss comprise:

	2020	2019
	HK$'000	HK$'000
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted equity interest in a fund — TBRJ Fund (Note (a))	**—**	10,120
Unlisted equity security — 重慶格洛博電子商務有限公司 (“格洛博”) (Note (b))	**5,701**	12,852
Listed equity investments in Hong Kong (Note (c))	**1,529**	—
Listed equity investments in United States (Note (d))	**191**	—
	7,421	22,972
Represented by:		
Current assets	**1,720**	—
Non-current assets	**5,701**	22,972
	7,421	22,972

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

Notes:

(a) On 12 December 2017, Tempus BVI and other two independent third parties established TBRJ Fund for the purpose of having capital appreciation by acquiring, holding and disposing of securities primarily in tourism business, cross-border commercial logistics business, and consumer and healthcare business. Tempus BVI contributed US$3,580,000 (equivalent to approximately HK$27,781,000) to TBRJ Fund as a limited partner. Upon the completion of the capital contribution, the Group holds 12.43% equity interest in TBRJ Fund and has no rights to appoint any director in the investment committee of TBRJ Fund, which is responsible for making decisions of the relevant activities of the TBRJ Fund. In this regard, the investment in TBRJ Fund is accounted for as a financial asset at fair value through profit or loss of the Group.

During the year ended 31 December 2020, the investee of TBRJ Fund defaulted on the debentures as the tourism business was devastated by Covid-19. The receivers of the charged assets in relation to the debentures were appointed. For the purpose of preparing the consolidated financial statements for the year ended 31 December 2020, the Group engaged an independent valuer, Valtech Valuation Advisory Limited, to assess the fair value of the investment in TBRJ Fund. The estimated fair value of TBRJ Fund as at 31 December 2020 was estimated to be zero and full impairment was recognised for the year ended 31 December 2020.

(b) On 8 August 2018, Tempus OTO (Shenzhen) and two independent third parties (together, the "Investor") entered into an agreement with the founding shareholders for the injection of new capital to 格洛博 by the Investor. Upon the completion of the capital contribution of RMB10,500,000 (approximately HK$11,954,000), the Group held 7% of equity interest in 格洛博.

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, for an aggregate consideration of RMB2,213,000 (approximately HK$2,476,000). 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 (approximately HK$1,555,000). The Group recorded an aggregate gain of disposals of financial assets at FVTPL of RMB326,000 (approximately HK$364,000). The Group received all of the considerations during the year ended 31 December 2020.

As at 31 December 2020, the Group held 3.80% (2019: 7%) of equity interest in 格洛博.

(c) The fair values of the listed shares in Hong Kong are determined based on the quoted bid price available on the Stock Exchange.

(d) The fair values of the listed shares in United States are determined based on the quoted bid price available on the New York Stock Exchange.

22. DEFERRED TAX

The following are the deferred tax assets recognised by the Group and movements thereon during the current and prior year:

	Accelerated tax depreciation HK$'000
At 1 January 2019, 31 December 2019 and 1 January 2020	1,253
Deferred tax charged to profit or loss (Note 10)	**(1,253)**
At 31 December 2020	**–**

As at 31 December 2020, the Group has unused tax losses of HK$110,838,000 (2019: HK$107,302,000) available for offset against future assessable profits. No deferred tax asset has been recognised in respect of such losses due to unpredictability of future assessable profit streams. The tax losses amounting to HK$83,661,000 (2019: HK$80,435,000) as at 31 December 2020 may be carried forward indefinitely. The tax losses amounting to HK$27,177,000 (2019: HK$26,867,000) as at 31 December 2020 will expire within five years.

Under the Law of PRC on EIT, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. At the end of the reporting period, the temporary difference associated with undistributed earnings of the PRC subsidiaries for which deferred tax liability has not been recognised is HK$30,658,000 (2019: HK$29,028,000). No deferred taxation has been recognised in respect of this difference because the Group is in a position to control the timing of the reversal of the temporary difference and it is probable that such differences will not reverse in the foreseeable future.

23. INTANGIBLE ASSETS

	HK$'000
COST	
At 1 January 2019	3,807
Disposal of subsidiaries (Note 37(b))	(3,807)
At 31 December 2019, 1 January 2020 and 31 December 2020	—
AMORTISATION	
At 1 January 2019	1,522
Charge for the year	507
Eliminated on disposal of subsidiaries (Note 37(b))	(2,029)
At 31 December 2019, 1 January 2020 and 31 December 2020	—
CARRYING VALUES	
At 31 December 2020	—
At 31 December 2019	—

Intangible assets represent customer relationships from ongoing operations and are amortised on straight-line basis over 5 years.

24. GOODWILL

	HK$'000
At 1 January 2019	2,657
Disposal of subsidiaries (Note 37(b))	(2,657)
At 31 December 2019, 1 January 2020 and 31 December 2020	—

25. UTILITY AND OTHER DEPOSITS PAID/PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Utility and other deposits paid include rental deposits and other deposits. Those which are not expected to be realised within twelve months from the end of the reporting period are classified as non-current assets.

As at 31 December 2020, pledged bank time deposits with maturity date within 12 months from the end of the reporting period carry interest at rates ranging from 0.2% to 1.5% (2019: 1.2% to 2.8%) per annum. Pledged bank deposits amounting to HK$1,418,000 (2019: HK$3,404,000) have been pledged to secure financial guarantee for rental deposits and therefore classified as current assets.

As at 31 December 2020, bank deposits with original maturity date over 3 months amounting to HK$3,000,000 (2019: nil) are include in the bank balances and cash.

26. INVENTORIES

All inventories represent finished goods held for resale.

During the year ended 31 December 2020, HK$622,000 (2019: HK$3,674,000) was recognised as an expense for written down inventories to net realisable value.

27. TRADE, BILLS AND OTHER RECEIVABLES

	2020 **HK$'000**	2019 HK$'000
Trade receivables	**56,014**	87,583
Bills receivable	**2,186**	3,301
Prepayments (Note (b))	**9,200**	17,140
Other receivables, net of ECL (Note (c))	**22,028**	36,454
	89,428	144,478

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

Notes:

(a) Details of impairment assessment of trade, bill and other receivables for the year ended 31 December 2020 and 2019 are set out in Note 40(b)(iii).

(b) As at 31 December 2020, prepayments mainly represent prepayments to suppliers amounting to HK$6,101,000 (2019: HK$8,032,000).

(c) As at 31 December 2019, other receivables included the receivable arising from disposal of a subsidiary (Note 11 and 37) amounting to RMB7,320,000 (approximately HK$8,158,000) (net of ECL), a refundable security deposit placed to CBs holder upon the default of convertible bonds amounting to RMB10,000,000 (approximately HK$11,145,000) and the remaining balance arising from disposal of an associate on 28 December 2018 (the "Consideration Receivable"), amounting to RMB3,850,000 (approximately HK$4,291,000) (net of ECL amounting to HK$17,787,000).

During the year ended 31 December 2019, part of the Consideration Receivable of RMB18,700,000 (approximately HK$21,257,000) was received by the Group and the Group recognised impairment losses on the Consideration Receivable of RMB15,960,000 (approximately HK$17,786,000) included in impairment losses on financial assets in profit or loss. During the year ended 31 December 2020, the Consideration Receivable of RMB15,850,000 (approximately HK$17,735,000) was received and a reversal of impairment losses on financial assets of RMB12,000,000 (approximately HK$13,427,000) was recogaised in profit or loss.

As at 31 December 2020, other receivables included a refundable security deposit placed to CBs holder upon the default of convertible bonds amounting to RMB8,260,000 (approximately HK$9,817,000).

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 to 90 days to the corporate customers.

For trading business:

The Group granted a credit period from 30 to 60 days to customers of trading business.

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

	2020 **HK$'000**	2019 HK$'000
0–30 days	**29,528**	65,453
31–60 days	**17,885**	11,729
61–90 days	**7,479**	4,719
Over 90 days	**1,122**	5,682
	56,014	87,583

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

Before accepting any new corporate customer, the Group assesses the potential corporate customer's credit quality and defines credit limits for corporate customers. Credit limits granted to corporate customers are reviewed annually.

As at 31 December 2020, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$8,893,000 (2019: HK$32,297,000) which are past due as at the reporting date for which the Group has not provided for impairment loss. There has not been a significant change in credit quality and the amounts are still considered recoverable based on historical experience and substantial settlement after the end of the reporting period.

Ageing of trade receivables (by due date) which are past due but not impaired:

	2020 **HK$'000**	2019 HK$'000
1–30 days	**4,616**	21,803
31–60 days	**3,231**	4,027
61–90 days	**539**	1,156
Over 90 days	**507**	5,311
	8,893	32,297

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date at which credit was initially granted up to the reporting date.

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

	2020 **HK$'000**	2019 HK$'000
0–30 days	**830**	595
31–60 days	**771**	509
61–90 days	**—**	—
Over 90 days	**585**	2,197
	2,186	3,301

All bills receivable at the end of the reporting period are not yet due.

28. 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 loan of HK$30,000,000 which carries interest at 10% per annum, guaranteed by the shareholder and a related party of the borrower, and with an original maturity of three months, which can be extended at a maximum of three times with 3 months each upon maturity at the discretion of the borrower. On 19 June 2018, the Group extended the loan agreement with the borrower for a year with maturity date on 18 June 2019 and carried interest at 12% per annum.

During the year ended 31 December 2019, the borrower has partially repaid HK$900,000 of the principal. The borrower and the guarantors 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 guarantors and the borrower and the economic environment the guarantors and the borrower operate. As a results, additional impairment allowance amounting to HK$27,120,000 included in impairment losses on financial assets was recognised in the profit or loss for the year ended 31 December 2019.

During the year ended 31 December 2020, the Group had issued demand letter to demand for repayment for the outstanding principal and interest and applied for objection of de-registration of the borrower to the Company Registry.

Up to the date when the consolidated financial statements are authorised for issue, the Group has dispute with the borrower regarding the outstanding principal and interest amount and the borrower or guarantors failed to repay the principal of HK$29,100,000 and outstanding interest. As a result, in the opinion of the directors of the Company, no reversal of impairment is considered necessary for the year ended 31 December 2020.

29. AMOUNTS DUE FROM/TO AN ASSOCIATE/ULTIMATE HOLDING COMPANY/ AN INTERMEDIATE HOLDING COMPANY/IMMEDIATE HOLDING COMPANY

	2020 HK$'000	2019 HK$'000
Amount due from:		
An associate		
Tempus Sky	**4,798**	5,300
Less: Provision for ECL	**(4,798)**	(5,300)
	—	—
Amount due to:		
Ultimate holding company	**51**	—
An intermediate holding company	**131**	—
Immediate holding company	**600**	600

Details of impairment assessment of amount due from an associate as at 31 December 2020 and 2019 are set out in Note 40(b)(iii).

As at 31 December 2020 and 2019, the amounts due from/to ultimate holding company, an intermediate holding company, immediate holding company and an associate are unsecured, interest-free and repayable on demand.

30. TRADE AND OTHER PAYABLES

	2020 HK$'000	2019 HK$'000
Trade payables	**47,056**	51,435
Receipts in advance	**—**	2,500
Accruals	**19,455**	13,234
Others	**16,721**	19,565
	83,232	86,734

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

	2020 HK$'000	2019 HK$'000
0–30 days	**27,764**	37,840
31–60 days	**10,769**	11,861
61–90 days	**3,739**	641
Over 90 days	**4,784**	1,093
	47,056	51,435

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

31. CONTRACT LIABILITIES

	2020 HK$'000	2019 HK$'000
Sales of health and wellness products	**16,105**	11,628

Movement of contract liabilities

	2020 HK$'000	2019 HK$'000
At 1 January	**11,628**	20,346
Currency realignment	**394**	—
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(10,393)**	(20,346)
Increase in contract liabilities as a result of receiving deposit for trading of goods	**14,476**	11,628
At 31 December	**16,105**	11,628

32. LEASE LIABILITIES

	2020 HK$'000	2019 HK$'000
Lease liabilities payable:		
Within one year	**33,241**	38,829
Within a period of more than one year but not more than two years	**17,584**	19,603
Within a period of more than two years but not more than five years	**5,867**	7,790
Within a period of more than five years	**—**	97
	56,692	66,319
Less: Amounts due for settlement within 12 months shown under current liabilities	**(33,241)**	(38,829)
Amounts due for settlement after 12 months shown under non-current liabilities	**23,451**	27,490

The weighted average incremental borrowing rates applied to lease liabilities range from 3.7% to 5.9% for both years.

33. BANK AND OTHER BORROWINGS

	2020 HK$'000	2019 HK$'000
Secured bank loans	**180,128**	183,656
Other borrowings	**16,526**	21,700
	196,654	205,356
Carrying amount of the above borrowings that are repayable:		
On demand and within one year	**128,026**	133,200
Carrying amount of bank and other borrowings that contains a repayment on demand clause (shown under current liabilities) and the maturity analysis based on the scheduled repayment dates set out in the loan agreements are:		
Within one year	**3,881**	2,990
In more than one year but not more than two years	**3,934**	3,112
In more than two years but not more than five years	**12,129**	10,119
More than five years	**48,684**	55,935
	68,628	72,156
	196,654	205,356
Less: Amounts due within one year shown under current liabilities	**(196,654)**	(205,356)
Amounts shown under non-current liabilities	**–**	–

The Group's convertible bonds together with interest payable amounting to approximately HK$189,469,000 as at 31 December 2020 (2019: HK$170,504,000) 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 34, this event constituted events of default under certain bank borrowings. As a consequence, bank borrowings with carrying amount of approximately HK$68,628,000 as at 31 December 2020 (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 when the consolidated financial statements are authorised for issue.

33. BANK AND OTHER BORROWINGS *(Continued)*

The details of the Group's borrowings at the end of the reporting period are as follows:

	2020 **HK$'000**	2019 HK$'000
Fixed rate:		
— 8%	**16,526**	21,700
Variable rates:		
— 1.3% to 1.8% over 1 month Hong Kong Interbank Offered Rate ("HIBOR")	**180,128**	183,656
	196,654	205,356

The range of effective interest rate per annum to the Group's variable rate borrowings are as follows:

	2020	2019
Fixed rate borrowings	**8%**	8%
Variable rate borrowings	**2.28% — 2.72%**	3.28% — 3.66%

34. 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 the CBs holder, an independent third party. Pursuant to the Agreement A, the CBs holder 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 CBs holder on 1 June 2018 and would be due 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.

The CBs holder has the right to convert the CB 2018A in whole into shares at the maturity date. Upon full conversion, 67,510,549 new shares would be issued 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.

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 board of directors of the Company considers that it has technically triggered an EOD under the Conditions.

Further, the Group and its guarantor failed to fully settle the principal amount outstanding of HK$162,752,000 together with accrued interest of HK$5,600,000 of CB 2018A on 30 May 2019. During the year ended 31 December 2020, the interest accrued by the Group recognised in profit or loss after default amounting to HK$23,656,000 (2019: HK$14,992,000). The Group partially settled HK$58,892,000 after the maturity date of CB 2018A of which HK$11,000,000 was settled during the year ended 31 December 2020 (2019: HK$47,892,000). As at 31 December 2020, the principal amount outstanding together with accrued interest of CB 2018A amounted to HK$148,108,000 (2019: HK$135,452,000).

34. 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 the CBs holder. Pursuant to the Agreement B, the CBs holder 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 CBs holder on 16 October 2018 and would be due on 14 October 2019.

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

The CBs holder has the right to convert the CB 2018B in whole into shares at the maturity date. Upon full conversion, 23,510,971 new shares would be issued 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.

Due to the occurrence of EOD mentioned in CB 2018A, CB 2018B immediately became due and repayable upon notice of repayment being given to the Company and additional interest accrued 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. No repayment has been made by the Group after the maturity date up to 31 December 2020. During the year ended 31 December 2020, the interest accrued by the Group recognised in profit or loss after default amounting to HK$6,309,000 (2019: HK$3,224,000). As at 31 December 2020, the principal amount outstanding together with accrued interest of CB 2018B amounted to HK$41,361,000 (2019: HK$35,052,000).

On 23 March 2021, the Company received a letter from the CBs holder demanding repayment of the outstanding amount of the convertible bonds amounting to approximately HK$194,661,000. According to the demand letter, the Company has 3 weeks after serving of this demand letter to repay the debt. After the expiry of the 3 weeks' period, the CBs holder may present a winding-up petition against the Company.

Up to the date when the consolidated financial statements are authorised for issue, the Company has been continuing its discussions with the CBs holder as to the restructuring plan of CB 2018A and CB 2018B, and the parties have not reached agreement yet.

34. CONVERTIBLE BONDS *(Continued)*

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

	Debt component HK$'000	Derivative component HK$'000	Total HK$'000
At 1 January 2019	182,133	10,095	192,228
Interest charged	36,263	—	36,263
Interest paid	(9,892)	—	(9,892)
Redemption of convertible bonds	(38,000)	—	(38,000)
Change in fair value	—	(6,895)	(6,895)
Lapse of conversion options	—	(3,200)	(3,200)
At 31 December 2019 and 1 January 2020	170,504	—	170,504
Interest charged	**29,965**	**—**	**29,965**
Redemption of convertible bonds	**(11,000)**	**—**	**(11,000)**
At 31 December 2020	**189,469**	**—**	**189,469**

35. SENIOR NOTE

	2020 HK$'000	2019 HK$'000
At 1 January	**—**	50,645
Interest charged during the year	**—**	2,754
Interest paid during the year	**—**	(3,399)
Repayment of senior note	**—**	(50,000)
At 31 December	**—**	—

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

The senior note has been fully repaid during the year ended 31 December 2019.

36. SHARE CAPITAL

	Number of shares	Share capital US$
Ordinary shares of US$0.01 each		
Authorised:		
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	10,000,000,000	100,000,000
Issued and fully paid or credited as fully paid		
At 1 January 2019	349,876,800	3,498,768
Share repurchased and cancellation	(616,000)	(6,160)
At 31 December 2019, 1 January 2020 and 31 December 2020	349,260,800	3,492,608

	2020 HK$'000	2019 HK$'000
Presented as	**27,231**	27,231

During the year ended 31 December 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.

37. DISPOSAL OF SUBSIDIARIES

(a) Disposal of entire equity interest in KK II (BVI) Limited

On 29 May 2019, Tempus (BVI) Properties Investment Limited ("Vendor C"), a wholly-owned subsidiary of the Company, Talent Realty Limited (the "Purchaser C"), an independent third party, and the Company (the "Guarantor") entered into a provisional sale and purchase agreement, pursuant to which Vendor C agreed to sell and Purchaser C agreed to purchase the entire issued share capital of KK II (BVI) Limited (the "Target Company"), and all such sum of money due and owing by the Target Company to the Vendor C as at completion of the transaction, for a cash consideration of HK$121,593,000. The Target Company is engaged in the business of property investment. The deposit of HK$20,000,000 has been paid by Purchaser C upon the signing of the provisional sale and purchase agreement; and the balance of the consideration, being HK$7,856,000 and HK$93,737,000, was paid by Purchaser C to the Group and to settle the bank borrowings of the Group respectively at completion date. The disposal was completed on 23 July 2019.

As at the disposal date, the collective carrying amount of net assets disposed of amounted to HK$136,054,000, mainly representing investment properties of HK$137,100,000, other receivables of HK$90,000, tax payable of HK$765,000 and deferred tax liabilities of HK$371,000. The net loss on disposal of the Target Company was HK$14,461,000 (Note 7). The net cash inflow arising on disposal of the Target Company was HK$27,856,000.

37. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Partial disposal of shareholding in Tempus Sky Group

As disclosed in Note 11, the Group completed the disposal of 14.93% equity interest of Tempus Sky on 19 August 2019. Tempus Sky ceased to be a subsidiary of the Company and had became an associate of the Company upon the completion of the disposal. The consideration and net assets of Tempus Sky Group at the date of disposal were as follows:

	HK$'000
Consideration	
Cash	3,000
Analysis of assets and liabilities disposed	
Property, plant and equipment	1,725
Right-of-use assets	38,702
Investment in an associate	400
Intangible assets (Note 23)	1,778
Trade and other receivables	16,680
Amount due from a fellow subsidiary	1,482
Tax recoverable	230
Bank balances and cash	241
Trade and other payables	(12,933)
Amount due to an associate	(327)
Amount due to the Group (Note)	(5,300)
Amount due to a director of Tempus Sky	(2,287)
Lease liabilities	(39,599)
Bank overdrafts	(3,348)
Net liabilities disposed of	(2,556)
Release of non-controlling interests	1,265
Goodwill (Note 24)	2,657
Fair value of retained interest (Note 20)	(7,350)
	(5,984)
Gain on disposal (Note 11)	8,984
Total consideration	3,000
Net cash inflow arising on disposal	
Cash consideration received	3,000
Less: bank balances and cash disposed of	(241)
	2,759

Note: The amount is included in amount due to an associate after the disposal of Tempus Sky and was fully impaired as at 31 December 2019.

37. DISPOSAL OF SUBSIDIARIES *(Continued)*

(c) Disposal of entire equity interest in Qianhai Value Chain

As disclosed in Note 11, the Group completed the disposal of entire equity interest of Qianhai Value Chain on 30 December 2019. The consideration and net assets of Qianhai Value Chain at the date of disposal were as follows:

	HK$'000
Consideration	
Cash consideration (Note)	17,811
Waiver of a loan payable due from the Group by Purchaser B	6,679
Assignment of a loan due from the Group to Qianhai Value Chain to Purchaser B	28,582
	53,072
Analysis of assets and liabilities disposed	
Property, plant and equipment	97
Right-of-use assets	3,705
Trade and other receivables	81,240
Deposits	974
Tax recoverable	613
Loan due from the Group	28,582
Bank balances and cash	4,394
Amount due to the Group	(2,806)
Trade and other payables	(39,821)
Lease liabilities	(3,873)
Net assets disposed of	73,105
Release of translation reserve	4,905
	78,010
Loss on disposal (Note 11)	(24,938)
Total consideration	53,072
Net cash inflow arising on disposal	
Cash consideration received	4,453
Less: bank balances and cash disposed of	(4,394)
	59

Note: According to the sale and purchase agreement, the Purchaser B agreed to settle RMB4,000,000 (equivalent to approximately HK$4,453,000) on 31 December 2019. The remaining of the consideration amounting to RMB12,000,000 (equivalent to approximately HK$13,427,000) was fully received by the Group during the year ended 31 December 2020.

38. PLEDGE OF ASSETS

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

	2020	2019
	HK$'000	HK$'000
Leasehold land and buildings		
— included in property, plant and equipment	**272,500**	294,980
Financial assets at fair value through profit or loss		
— listed equity investments	**394**	—
Pledged bank deposits	**1,418**	3,404
	274,312	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$36,000 as at 31 December 2020 (2019: HK$267,000).

39. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The Group's overall strategy remained unchanged from prior year.

The capital structure of the Group consists of debts, which includes bank and other borrowings and equity attributable to owners of the Company, comprising issued share capital and reserves.

The management of the Group reviews the capital structure regularly. The management considers the cost of capital and the risks associated with each class of capital and will balance its overall capital structure through payments of dividends, new share issues as well as issue of new debts or repayment of existing debts, if necessary.

40. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2020 HK$'000	2019 HK$'000
Financial assets		
At amortised cost	**218,897**	221,862
FVTPL	**7,421**	22,972
Financial liabilities		
Liabilities at amortised cost	**447,067**	447,460
Lease liabilities	**56,692**	66,319

(b) Financial risk management objectives and policies

The Group's major financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies, which expose the Group to foreign currency risk. The Group currently does not use any derivative financial instrument to hedge the foreign exchange risk. The Group manages the foreign currency risk by closely monitoring the movement of the foreign currency rate.

The Group's foreign currency monetary assets are mainly trade, bills and other receivables and bank balances and cash, and the Group's foreign currency monetary liabilities are mainly trade payables.

40. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(i) Foreign currency risk (Continued)

The carrying amounts of the group entities' foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2020	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States dollar ("US$")	**4,999**	902	**6,939**	14,978
HK$*	**25,089**	8,329	**—**	—
Renminbi ("RMB")	**15,161**	5,004	**—**	—

* Included in this balance were foreign currency denominated monetary assets amounting to HK$25,089,000 (2019: HK$8,329,000) of a group entity with functional currency of MOP.

Sensitivity analysis

As US$ and MOP (functional currency of a group entity) are pegged to HK$, the sensitivity analysis does not include US$ denominated assets and liabilities held by entity with HK$ as its functional currency and HK$ denominated assets held by entity with MOP as its functional currency, as it is expected that there would be no material currency risk exposure.

The Group is mainly exposed to the currency risk of RMB against HK$.

40. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(i) Foreign currency risk (Continued)

The following table details the Group's sensitivity to a 10% (2019: 10%) increase or decrease in HK$ against RMB 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% (2019: 10%) change in foreign currency rates. The following table indicates the impact to the loss after tax where HK$ strengthens 10% (2019: 10%) against the respective foreign currencies. For a 10% (2019: 10%) weakening of HK$ against the foreign currency, there would be an equal and opposite impact on the loss after tax.

	Increase/ (decrease) in RMB rate	**(Increase)/ decrease in loss for the year**
	%	**HK$'000**
2020		
If HK$ weakens against RMB	**10**	**1,137**
If HK$ strengthens against RMB	**(10)**	**(1,137)**
2019		
If HK$ weakens against RMB	10	375
If HK$ strengthens against RMB	(10)	(375)

40. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits (Note 25), interest-free amount due from an associate (Note 29), interest-free amount due to ultimate holding company (Note 29), interest-free amount due to an intermediate holding company (Note 29), interest-free amount due to immediate holding company (Note 29), fixed-rate lease liabilities (Note 32), fixed rate other borrowings (Note 33) and convertible bonds (Note 34). The management will take appropriate measures to manage interest rate exposure if interest rate fluctuates significantly. The management considers the fair value interest rate risk to the Group is insignificant.

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances (Note 25) and variable-rate bank borrowings (Note 33). The Group currently does not have an interest rate hedging policy. However, the management monitors closely the interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR (2019: HIBOR) arising from the Group's borrowings.

Sensitivity analysis

In the opinion of the directors of the Company, no sensitivity analysis is prepared for the interest rate risk for variable-rate bank balances since the impact on the Group's results for the year is not significant as the interest rates are low and did not fluctuate significantly during the year.

The sensitivity analysis below has been determined based on the exposure to interest rate risk for variable-rate borrowings. The analysis is prepared assuming the amount of liability outstanding at the end of the reporting period existed for the whole year. A 50 basis points (2019: 50 basis points) increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2019: 50 basis points) higher or lower and all other variables were held constant, the potential effect on the Group's loss after tax for the year ended 31 December 2020 would decrease or increase by approximately HK$752,000 (2019: decrease or increase by approximately HK$857,000).

40. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(iii) Credit risk

As at 31 December 2020, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade, bills and other receivables, loan receivable, amount due from an associate, pledged bank deposits, and bank balances.

The Group has concentration of credit risk as 45% (2019: 50%) of the total trade receivables representing amounts due from the Group's largest five trade debtors including department stores and wholesale customers. The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. The Group has performed historical analysis and identified the key economic variables impacting credit risk and ECL. It considers available reasonable and supportive forwarding-looking information.

The directors of the Company are of the opinion that the credit risk of trade receivables from sales of health and wellness products business is low based on the sound collection history of the receivables due from them and the economic environment the debtors operate. Therefore the ECL rate of the trade receivables from sales of health and wellness products business is assessed to be closed to zero and no provision was made as at 31 December 2020 and 2019.

The credit risk on bill receivables is limited because the majority of the counterparties are banks with good reputation.

As at 31 December 2020, the Group has concentration risk as 44% (2019: 65%) of total other receivables (net amount) representing the security deposit placed to CBs holder (Note 27(c) (2019: amounts due from the purchaser of Qianhai Value Chain and the security deposit placed to CBs holder (Note 27(c). Reversal of impairment amounting to HK$19,668,000 (2019: allowance for impairment of HK$30,045,000) was made for other receivables upon the receipt of settlement during the year ended 31 December 2020.

40. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(iii) Credit risk (Continued)

Movement in the allowance for impairment in respect of other receivables during the year is as follows:

	Not credit impaired HK$'000	Credit impaired HK$'000
At 1 January 2019	—	—
Impairment losses	5,216	24,829
At 31 December 2019 and 1 January 2020	5,216	24,829
Reversal of impairment losses	**(5,237)**	**(15,985)**
Impairment loss	**—**	**1,554**
Written-off	**—**	**(5,456)**
Currency realignment	**21**	**393**
At 31 December 2020	**—**	**5,335**

As at 31 December 2020 and 2019, the Group has concentration of credit risk on loan receivable from one counterparty. As part of the Group's credit risk management, the Group assessed the ECL for each of the loan receivable individually. During the year ended 31 December 2019, impairment allowance for the loan receivable amounting to HK$27,120,000 was fully recognised in profit or loss since the management of the Group considers the probability of default is significant based on the financial position of the guarantors and the borrower and the economic environment the guarantors and the borrower operate.

Movement in the allowance for impairment in respect of loan receivable during the year is as follows:

	Not credit impaired HK$'000	Credit impaired HK$'000
At 1 January 2019	1,980	—
Transfer to credit impaired due to increase in credit risk	(1,980)	1,980
Impairment losses	—	27,120
At 31 December 2019, 1 January 2020 and 31 December 2020	—	29,100

40. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(iii) Credit risk (Continued)

During the year ended 31 December 2020, reversal of impairment losses amounting to HK$502,000 was recognised for the amount due from an associate upon the receipt of settlement. During the year ended 31 December 2019, impairment losses of HK$5,300,000 was recognised for amount due from an associate based on the associate's financial background and creditability.

The credit risk on bank balances is limited because the majority of the counterparties are banks with good reputation.

(iv) Liquidity risk

The management of the Group has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The management manages liquidity risk by closely monitoring the Group's cash flow position.

In additions, the Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2020, the Group has no unutilised overdraft or short-term bank loan facilities.

Convertible bonds which are already defaulted as at 31 December 2020 are included in the repayable on demand or less than 3-month time band in the maturity analysis below. The directors of the Company believe that the Group would be able to negotiate with the CBs holder for the debt restructuring plan for the convertible bonds.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

40. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(iv) Liquidity risk (Continued)

Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights within one year after the reporting date. The maturity analysis for other non-derivative financial liabilities and lease liabilities is prepared based on the scheduled repayment dates:

	Weighted average effective interest rate %	Repayable on demand or less than 3 months HK$'000	3 months to 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 December 2020						
Financial liabilities at amortised cost						
Trade and other payables	–	60,162	–	–	60,162	60,162
Amount due to ultimate holding company	–	51	–	–	51	51
Amount due to an intermediate holding company	–	131	–	–	131	131
Amount due to immediate holding company	–	600	–	–	600	600
Bank and other borrowings	2.9%	204,437	–	–	204,437	196,654
Convertible bonds (Note)	18.0%	189,469	–	–	189,469	189,469
Liabilities at amortised cost						
Lease liabilities	4.5%	9,325	25,627	24,138	59,090	56,692
		464,175	25,627	24,138	513,940	503,759

Note: After default of the convertible bonds, 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.

40. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(iv) Liquidity risk (Continued)

	Weighted average effective interest rate %	Repayable on demand or less than 3 months HK$'000	3 months to 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 December 2019						
Financial liabilities at amortised cost						
Trade and other payables	–	71,000	–	–	71,000	71,000
Amount due to an immediate holding company	–	600	–	–	600	600
Bank and other borrowings	3.3	209,796	–	–	209,796	205,356
Convertible bonds (Note)	22.1	170,504	–	–	170,504	170,504
Liabilities at amortised cost						
Lease liabilities	4.8	11,398	30,061	28,860	70,319	66,319
		463,298	30,061	28,860	522,219	513,779

As at 31 December 2020 and 2019, bank borrowings with a repayment on demand clause were included in the "Repayable on demand or less than 3 months" time band in the above maturity analysis. The aggregate undiscounted principal amounts of these bank borrowings amounted to HK$68,628,000 (2019: HK$72,156,000). Taking into account the Group's financial position, the directors of the Company considered that it is unlikely that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings would be repaid by monthly instalments in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

Maturity Analysis — Bank borrowings with a repayment on demand clause based on scheduled repayments

	Less than 1 year HK$'000	**1-2 years HK$'000**	**Between 3-5 years HK$'000**	**Over 5 years HK$'000**	**Total undiscounted cash outflows HK$'000**	**Carrying amount HK$'000**
31 December 2020	**4,794**	**4,794**	**14,382**	**52,441**	**76,411**	**68,628**
31 December 2019	5,825	5,825	17,477	70,723	99,850	72,156

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

40. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(v) Equity Price Risk

Equity price risk is the risk that the fair values of equity investments decrease as a result of changes in the levels of equity indices and the values of individual securities. The Group was exposed to equity price risk arising from individual equity investments classified as financial assets at FVTPL (Note 21).

The Group has concentration of equity price risk on its unlisted equity investments at FVTPL as 100% (2019:100%) of its equity interests held by the Group are issued by two (2019: two) issuers. The management of the Group considers that the equity price risk on the equity instruments at FVTPL in equity interests held is limited as the directors of the Company took into consideration of the discounted cash flow calculation of the investments and considered that they could recover fully the carrying value of the investments.

The Group's listed equity investments classified as financial assets at FVTPL are listed on the Stock Exchange and New York Stock Exchange and are valued at quoted market prices at the end of the reporting period.

The Group manages its exposure by closely monitoring the price movements and the changes in market conditions that may affect the value of these equity investments.

The following table demonstrates the sensitivity to a reasonably possible change in the fair values of the listed equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

	Carrying amount of financial investments HK$'000	**Increase/ (decrease) in price %**	**Decrease/ (increase) in loss after tax and accumulated losses HK$'000**	**Increase/ (decrease) in other components of equity HK$'000**
As at 31 December 2020				
Listed equity securities				
Held-for-trading	1,720	41.95%/	722/	—/
		(41.95%)	(722)	—

40. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value measurements

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. At the end of the reporting period, the directors of the Company work closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The management of the Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the directors of the Company will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value, the causes of the fluctuations will be reported to the directors of the Company for appropriate actions to be taken.

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.

Financial assets measured at fair value

	Fair value **HK'000**	**Level 1** **HK'000**	**Level 3** **HK'000**
As at 31 December 2020			
Financial assets at FVTPL			
— listed equity investment	**1,720**	**1,720**	**—**
— unlisted equity investment	**5,701**	**—**	**5,701**
As at 31 December 2019			
Financial assets at FVTPL			
— unlisted equity investment	22,972	—	22,972

40. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value measurements *(Continued)*

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

	Fair value as at 2020 HK$'000	2019 HK$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Financial assets at FVTPL (Listed equity investments)	**1,720**	–	Level 1	Quoted bid prices in an active market	N/A
Financial assets at FVTPL (Unlisted equity security)	**5,701**	12,852	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 this investee.	Long-term revenue terminal growth rates, taking into account management's experience and knowledge of market conditions of the specific industries, with 3 percent (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 2 to 12 percent (2019: 3 to 12 percent). Weighted average cost of capital ("WACC"), 19 percent (2019: 20 percent).
Financial assets at FVTPL (Unlisted equity interest in a fund)	**–**	10,120	Level 3	Adjusted net assets approach (2019: Income approach) The summation method was used to value the assets and liabilities of the fund. (2019: 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 this investee)	Fair value of assets and liabilities of the fund. (2019: Long-term revenue terminal growth rate, taking into account management's experience and knowledge of market conditions of the specific industries, with 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 32 to 35 percent. WACC, 14 percent.)

40. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value measurements *(Continued)*

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 measurement of financial assets and financial liabilities

	Financial assets at FVTPL HK$'000	Derivative components of convertible bonds HK$'000
At 1 January 2019	45,761	10,095
Fair value change recognised in profit or loss	(22,958)	(6,895)
Lapse of conversion option	—	(3,200)
Exchange adjustments	169	—
At 31 December 2019 and 1 January 2020	22,972	—
Disposals (Note 21(b))	**(4,031)**	**—**
Fair value change recognised in profit or loss	**(13,623)**	**—**
Exchange adjustments	**383**	**—**
At 31 December 2020	**5,701**	**—**

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

41. RELATED PARTY DISCLOSURES

Other than those balances and transactions disclosed in Notes 12 and 29, during the year the Group had entered into transactions with related parties.

Related parties	Nature of transaction	2020 HK'000	2019 HK'000
An associate	Logistic service expenses	**1,677**	—

The balances of amounts due from/to an associate/ultimate holding company/an intermediate holding company/immediate holding company are disclosed in the consolidated statement of financial position and in Note 29.

The compensation to key management personnel comprises only the directors' emoluments, details of which are disclosed in Note 12.

42. RETIREMENT BENEFIT SCHEME

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 in Macau are members of the defined contribution retirement benefit plan. The subsidiary established in Macau is required to contribute MOP60 per month for each employee to the retirement benefit plan to fund the benefits.

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

The employees in Malaysia are members of Employees Provident Fund, a Malaysian government agency under the Ministry of Finance. The subsidiary established in Malaysia is required to contribute 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 scheme.

42. RETIREMENT BENEFIT SCHEME *(Continued)*

The employees in Singapore are members of the state-managed retirement benefit plan, the Central Provident Fund Board, operated by the Government of Singapore. The subsidiary established in Singapore is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

As at 31 December 2020 and 2019, the Group had no other significant obligation apart from the contribution as stated above.

43. 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 participants had or may have made to the Group. Under the Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares of the Company.

On 26 January 2017, the Company granted 23,420,000 share options, comprised (i) 8,800,000 share options to the directors of the Company and (ii) 14,620,000 share options to certain eligible participants including members of the senior management and employees of the Company, to subscribe for the ordinary shares of the Company at HK$1.84 per share.

On 16 April 2018, the Company granted 34,986,000 share options, comprised approximately (i) 9,797,000 share options to the directors of the Company and (ii) 25,189,000 share options to certain eligible participants including members of the senior management and employees of the Company to subscribe for shares in the Company at HK$2.13 per share.

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 31 December 2020, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 19,600,000 (2019: 29,399,000), representing approximately 5.61% (2019: 8.4%) of the shares of the Company in issue at that date.

43. SHARE-BASED PAYMENTS *(Continued)*

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.

Details of the share options are as follows:

Date of Grant	Number of share options granted	Exercisable period	Exercise Price
31 August 2015	1,080,000 (Note b)	31.8.2016 to 30.8.2019	HK$3.38 per share
	1,620,000 (Note b)	31.8.2017 to 30.8.2019	
	2,700,000 (Note b)	31.8.2018 to 30.8.2019	
	5,400,000		
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		

43. SHARE-BASED PAYMENTS *(Continued)*

Notes:

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

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

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

Date of grant	Exercise price	Outstanding at 1 January 2019	Expired during the year	Lapsed during the year	Outstanding at 31 December 2019 and 1 January 2020	Lapsed during the year	Outstanding at 31 December 2020
31 August 2015	HK$3.38	4,200,000	(4,200,000)	–	–	**–**	**–**
26 January 2017	HK$1.84	21,720,000	–	(9,320,000)	12,400,000	**(3,700,000)**	**8,700,000**
16 April 2018	HK$2.13	34,186,000	–	(17,187,000)	16,999,000	**(6,099,000)**	**10,900,000**
		60,106,000	(4,200,000)	(26,507,000)	29,399,000	**(9,799,000)**	**19,600,000**
Exercisable at the end of the year		3,418,600	–	–	2,399,900	**–**	**1,960,000**
Weighted average exercise price		HK$2.11	HK$3.38	HK$2.03	HK$2.01	**HK$2.02**	**HK$2.00**

The Group had not recognised any remuneration expenses in the staff costs for the year ended 31 December 2020 in relation to share options granted by the Company (2019: a reversal of remuneration expenses of HK$855,000).

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2020 HK$'000	2019 HK$'000
Non-current assets		
Property, plant and equipment	**2,522**	2,996
Investments in subsidiaries	**323,257**	342,668
	325,779	345,664
Current assets		
Prepayments and other receivables	**10,203**	11,567
Amounts due from subsidiaries	**126,925**	173,031
Financial assets at fair value through profit or loss	**589**	—
Bank balances and cash	**9,046**	7,935
	146,763	192,533
Current liabilities		
Other payables and accrued expenses	**5,127**	3,420
Amount due to immediate holding company	**600**	—
Amounts due to subsidiaries	**109,678**	64,626
Bank and other borrowings	**196,654**	205,356
Convertible bonds	**189,469**	170,504
	501,528	443,906
Net current liabilities	**(354,765)**	(251,373)
Net (liabilities)/assets	**(28,986)**	94,291
Capital and reserves		
Share capital	**27,231**	27,231
(Deficit)/reserves	**(56,217)**	67,060
Total (deficit)/equity	**(28,986)**	94,291

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Movement of reserves

	Share premium HK$'000	Capital redemption reserve HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2019	360,207	32	9,374	(118,787)	250,826
Loss for the year	–	–	–	(182,279)	(182,279)
Transfer upon forfeiture of share options	–	–	(5,973)	5,973	–
Reversal of equity-settled share-based payments	–	–	(855)	–	(855)
Share repurchased and cancelled	(632)	–	–	–	(632)
At 31 December 2019 and 1 January 2020	359,575	32	2,546	(295,093)	67,060
Loss for the year	**–**	**–**	**–**	**(123,277)**	**(123,277)**
Transfer upon forfeiture of share options	**–**	**–**	**(1,134)**	**1,134**	**–**
At 31 December 2020	**359,575**	**32**	**1,412**	**(417,236)**	**(56,217)**

45. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2020 and 2019 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid-up share capital/ registered capital	Attributable equity interest held by the Company Directly 2020	Directly 2019	Indirectly 2020	Indirectly 2019	Principal activities
OTO (BVI)	British Virgin Islands 7 January 2011	US$16,252	**100%**	100%	**–**	–	Investment holding
OTO (HK) Investment Limited	Hong Kong 17 February 2011	HK$1	**–**	–	**100%**	100%	Investment holding
OTO Bodycare (H.K.) Limited	Hong Kong 14 November 1986	HK$1,000,000	**–**	–	**100%**	100%	Sales of health and wellness products in Hong Kong
OTO International (Macau) Company Limited	Macau 13 September 2005	MOP30,000	**–**	–	**100%**	100%	Sales of health and wellness products in Macau
Dainty Shanghai Co., Ltd.	PRC (Note (a)) 25 March 2010	Registered and paid up capital US$5,150,000	**–**	–	**100%**	100%	Sales of health and wellness products in PRC

45. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid-up share capital/ registered capital	Attributable equity interest held by the Company Directly 2020	Directly 2019	Indirectly 2020	Indirectly 2019	Principal activities
OTO Wellness Sdn. Bhd.	Malaysia 17 July 2013	MYR1,000,000	**–**	–	**100%**	100%	Sales of health and wellness products in Malaysia
OTO Wellness Pte. Ltd.	Singapore 1 October 2014	SGD10,000	**–**	–	**100%**	100%	Sales of health and wellness products in Singapore
Tempus OTO Limited	Hong Kong 29 January 2015	HK$10,000	**–**	–	**100%**	100%	Inactive
Tempus OTO (Shenzhen)	PRC (Note (a)) 10 April 2015	Registered and paid-up capital RMB5,500,000	**–**	–	**100%**	100%	Sales of health and wellness products in PRC
Tempus Cross-border Commercial Service Limited	Hong Kong 12 August 2015	HK$10,000	**100%**	100%	**–**	–	Inactive
上海騰邦健康管理諮詢有限公司 (Note (b))	PRC 24 April 2016	Registered capital RMB1,000,000	**–**	–	**–**	100%	Inactive
Tempus BVI	British Virgin Islands 14 June 2016	US$50,000	**100%**	100%	**–**	–	Inactive
Tempus (BVI) Properties Investment Limited	British Virgin Islands 6 October 2016	US$50,000	**100%**	100%	**–**	–	Investment holding
KK VII (BVI) Limited	British Virgin Islands 21 October 2015	US$100	**–**	–	**100%**	100%	Property investment
KK VIII (BVI) Limited	British Virgin Islands 21 October 2015	US$100	**–**	–	**100%**	100%	Property investment
Tempus Star (HK) Investment Limited	Hong Kong 9 June 2017	HK$1	**–**	–	**100%**	100%	Investment holding
Shenzhen Tempus	PRC 24 November 2016	Registered and paid-up capital RMB120,000,000	**–**	–	**100%**	100%	Investment holding
OTO Properties Investment I (BVI) Limited (Note (b))	British Virgin Islands 23 April 2019	US$1	**–**	–	**100%**	100%	Inactive
OTO Properties Investment II (BVI) Limited (Note (b))	British Virgin Islands 23 April 2019	US$1	**–**	–	**100%**	100%	Inactive

45. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid-up share capital/ registered capital	Attributable equity interest held by the Company				Principal activities
			Directly		Indirectly		
			2020	2019	**2020**	2019	
深圳騰邦豪特商貿有限公司	PRC 24 November 2016	Registered capital RMB50,000,000	**–**	–	**100%**	100%	Trading and distribution of consumer products
Tempus Jinyue	PRC (Note (a)) 17 November 2017	Registered capital USD30,000,000 Paid-up capital USD17,500,000	**–**	–	**100%**	100%	Investment holding
SZ Tempus Value Chain	PRC (Note (a)) 11 July 2005	Registered and paid-up capital RMB52,631,579	**78.75%**	78.75%	**–**	–	Trading and distribution of consumer products and investment holding
上海騰邦供應鏈有限公司	PRC 3 December 2012	Registered and paid-up capital RMB10,000,000	**–**	–	**78.75%**	78.75%	Trading and distribution of consumer products and supply chain services
惠州市惠天勤物流有限公司 (Note (c))	PRC 14 July 2017	Registered capital RMB5,000,000	**–**	–	**–**	78.75%	Inactive
天津騰邦易貿通外貿服務有限公司	PRC 13 March 2018	Registered and paid-up capital RMB50,000,000	**–**	–	**80%**	80%	International trading agent

Notes:

(a) These subsidiaries are wholly foreign-owned enterprises registered in the PRC.

(b) The subsidiary had been dissolved during the year.

(c) The subsidiary had been disposed of during the year.

45. PARTICULARS OF SUBSIDIARIES *(Continued)*

Details of a non-wholly owned subsidiary that has material non-controlling interest

The table below shows details of a non-wholly owned subsidiary of the Company that has material non-controlling interest:

Name of subsidiary	Place of establishment	Proportion of ownership and voting rights held by non-controlling interest		Profit/(loss) allocated to non-controlling interest		Accumulated non-controlling interest	
		2020	2019	**2020**	2019	**2020**	2019
				HK$'000	HK$'000	**HK$'000**	HK$'000
SZ Tempus Value Chain	PRC	**21.25%**	21.25%	**1,057**	(10,955)	**15,634**	13,608

Summarised financial information in respect of SZ Tempus Value Chain that has material non-controlling interest is set out below. The summarised financial information below represents amounts before intragroup eliminations.

45. PARTICULARS OF SUBSIDIARIES *(Continued)*

Details of a non-wholly owned subsidiary that has material non-controlling interest *(Continued)*

	2020 HK$'000	2019 HK$'000
Current assets	**73,707**	72,165
Non-current assets	**55**	1,974
Current liabilities	**(190)**	(8,813)
Non-current liabilities	**—**	(1,290)
	73,572	64,036
Equity attributable to owners of the Company	**57,938**	50,428
Non-controlling interest	**15,634**	13,608
	73,572	64,036
Revenue	**1,108**	242,830
Gain/(expenses)	**3,866**	(294,385)
Profit/(loss) for the year	**4,974**	(51,555)
Profit/(loss) attributable to owners of the Company	**3,917**	(40,600)
Profit/(loss) attributable to non-controlling interest	**1,057**	(10,955)
Profit/(loss) for the year	**4,974**	(51,555)
Other comprehensive income attributable to owners of the Company	**3,593**	1,715
Other comprehensive income a ttributable to non-controlling interests	**969**	463
Other comprehensive income for the year	**4,562**	2,178
Total comprehensive income/(loss) attributable to owners of the Company	**7,510**	(38,885)
Total comprehensive income/(loss) attributable to non-controlling interest	**2,026**	(10,492)
Total comprehensive income/(loss) for the year	**9,536**	(49,377)
Net cash inflow/(outflow) from operating activities	**28,671**	(5,005)
Net cash (outflow)/inflow from investing activities	**(36,977)**	59
Net cash inflow from financing activities	**77**	1,359
Net cash outflow	**(8,229)**	(3,587)

46. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash from financing activities.

	Lease liabilities HK$'000	Bank and other borrowings HK$'000	Convertible bonds HK$'000	Senior note HK$'000	Amount due to ultimate holding company HK$'000	Amount due to an intermediate holding company HK$'000	Amount due to immediate holding company HK$'000	Total HK$'000
At 1 January 2019	93,256	293,725	192,228	50,645	–	1,355	–	631,209
Financing cash flows	(58,023)	8,700	(47,892)	(53,399)	–	(1,355)	600	(151,369)
Non-cash changes								
Finance cost recognised	4,247	6,695	36,263	2,754	–	–	–	49,959
New leases entered	70,613	–	–	–	–	–	–	70,613
Disposal of a subsidiary	(43,472)	(103,764)	–	–	–	–	–	(147,236)
Gain on fair value change of derivatives embedded in convertible bonds	–	–	(10,095)	–	–	–	–	(10,095)
Exchange adjustments	(302)	–	–	–	–	–	–	(302)
At 31 December 2019 and 1 January 2020	66,319	205,356	170,504	–	–	–	600	442,779
Financing cash flows	**(44,804)**	**(14,790)**	**(11,000)**	**–**	**–**	**–**	**–**	**(70,594)**
Non-cash changes								
Finance cost recognised	**2,419**	**6,522**	**29,965**	**–**	**–**	**–**	**–**	**38,906**
New leases entered	**31,668**	**–**	**–**	**–**	**–**	**–**	**–**	**31,668**
Interest payables included in other payables	**–**	**(434)**	**–**	**–**	**–**	**–**	**–**	**(434)**
Reclassify from other payables	**–**	**–**	**–**	**–**	**51**	**131**	**–**	**182**
Exchange adjustments	**1,090**	**–**	**–**	**–**	**–**	**–**	**–**	**1,090**
At 31 December 2020	**56,692**	**196,654**	**189,469**	**–**	**51**	**131**	**600**	**443,597**

47. EVENTS AFTER THE REPORTING PERIOD

On 11 March 2021, the Company received a notification from Tempus Group Holdings Limited*（騰邦集團有限公司）(“Tempus Group”), and Tempus Logistics Group Holding Ltd.*（騰邦物流集團股份有限公司）(“Tempus Logistics”), the controlling shareholders of the Company, regarding a decision received by Tempus Group from Guangdong Province Shenzhen Intermediate People’s Court（廣東省深圳市中級人民法院）(the “Court”) on 8 March 2021 (the “Decision”). Pursuant to the Decision, the Court has decided to initiate the pre-reorganization procedures (the “Pre-reorganization”) against Tempus Group, Tempus Logistics, and Tempus Asset Management Group Co., Ltd.*（騰邦資產管理集團股份有限公司）(“Tempus Asset”), the period of which is three months from the date of the Decision, and Beijing Zhong Lun (Shenzhen) Law Firm*（北京市中倫（深圳）律師事務所）and KPMG Consulting (China) Co., Ltd.*（畢馬威企業諮詢（中國）有限公司）have been designated by the Court to jointly act as the managers of Tempus Group, Tempus Logistics, and Tempus Asset during the period of pre-reorganization (the “Event”). So far as the board of directors of the Company is aware, up to the date of this annual report, the Event has no material impact to the business and general operations of the Company and its subsidiaries. For details, please refer to the announcements of the Company dated 21 October 2020 and 12 March 2021.

On 23 March 2021, the Company received a statutory demand pursuant to Sections 178(1)(a) or 327(4)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32) which was served on the Company by CBs holder to demand for repayment, being the principal and accrued interest, of approximately HK$194,661,000 from the Company. For details, please refer to the announcement of the Company dated 24 March 2021.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years/period, as extracted from the audited consolidated financial statements and restated as appropriate, is set out below:

	Year ended 31 December				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
(Loss)/profit for the year attributable to:					
Owners of the Company	**(82,192)**	(262,469)	(33,922)	24,142	(7,982)
Non-controlling interests	**804**	(19,881)	3,028	7,358	5,831
	(81,388)	(282,350)	(30,894)	31,500	(2,151)

ASSETS, LIABILITIES AND EQUITY

	At 31 December				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**634,975**	704,192	1,123,558	1,048,855	728,444
TOTAL LIABILITIES	**543,926**	543,778	673,296	566,013	240,414
TOTAL EQUITY	**91,049**	160,414	450,262	482,842	488,030