

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

TEMPUS

騰邦控股

TEMPUS HOLDINGS LIMITED

騰邦控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 06880)

ANNOUNCEMENT OF CONSOLIDATED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

References are made to (i) the announcement of Tempus Holdings Limited (the “**Company**”) dated 27 March 2020 in relation to the unaudited annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2019 (the “**2019 Results Announcement**”); and (ii) the announcements of the Company dated 27 April 2020, 11 May 2020, 8 June 2020 and 10 June 2020 in relation to the delay in publication of audited annual results announcement and annual report of the Group for the year ended 31 December 2019. The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company is pleased to present the audited annual results of the Group for the year ended 31 December 2019 (the “**2019 Annual Results**”).

AUDITOR’S AGREEMENT ON THE 2019 ANNUAL RESULTS

The Board hereby announces that on 22 June 2020, the Company has obtained the agreement from the Company’s auditor, Messrs. Moore Stephens CPA Limited, on the 2019 Annual Results, including the financial figures in respect of the Group’s consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position and the related notes thereto as set out in the 2019 Results Announcement. Except there were updates on note 1 “Basis of preparation”, note 9 “Discontinued operations”, note 16 “Bank and other borrowings” and note 20 “Events after the reporting period”, 2019 Annual Results contained in the 2019 Results Announcement remain unchanged. The audited consolidated results of the Group for the year ended 31 December 2019 together with the comparative figures for the year ended 31 December 2018 are as follows:

HIGHLIGHTS

- Revenue from continuing operations for the year ended 31 December 2019 was approximately HK\$450.8 million, representing a decrease of approximately 17.3% as compared with that of approximately HK\$545.0 million for the year ended 31 December 2018.
- Gross profit for continuing operations for the year ended 31 December 2019 was approximately HK\$236.8 million, representing an increase of approximately 6.7% as compared with that of approximately HK\$221.9 million for the year ended 31 December 2018.
- Loss for the year from continuing operations and discontinued operations for the year ended 31 December 2019 was approximately HK\$282.4 million, while that for the year ended 31 December 2018 was approximately HK\$30.9 million.
- The Board does not recommend the payment of final dividend for the year ended 31 December 2019.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
For the year ended 31 December 2019

	<i>Notes</i>	2019 HK\$'000	2018 <i>HK\$'000</i> <i>(restated)</i>
Continuing operations			
Revenue	3	450,777	545,032
Cost of sales		(213,984)	(323,175)
Gross profit		236,793	221,857
Other income	4	10,494	22,883
Other gains and losses	5	(30,926)	56,856
Impairment losses on financial assets		(50,207)	(3,187)
Share of results of a joint venture		–	512
Share of results of associates		(32,633)	3,104
Selling and distribution expenses		(209,234)	(174,929)
Administrative expenses		(101,865)	(107,006)
Finance costs	6	(49,394)	(57,725)
Loss before tax	7	(226,972)	(37,635)
Income tax expense	8	(1,082)	(2,232)
Loss for the year from continuing operations		(228,054)	(39,867)
Discontinued operations			
(Loss)/profit for the year from discontinued operations	9	(54,296)	8,973
Loss for the year		(282,350)	(30,894)
Other comprehensive loss for the year			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of:			
– functional currency to presentation currency of subsidiaries		(8,926)	(17,780)
– reclassified to profit of loss upon disposal of a subsidiary		4,905	–
		(4,021)	(17,780)
Total comprehensive loss for the year		(286,371)	(48,674)

	<i>Note</i>	2019 HK\$'000	2018 <i>HK\$'000</i> <i>(restated)</i>
(Loss)/profit for the year attributable to:			
Owners of the Company			
– for continuing operations		(225,976)	(39,869)
– for discontinued operations		(36,493)	5,947
		<u>(262,469)</u>	<u>(33,922)</u>
Non-controlling interests			
– for continuing operations		(2,078)	20
– for discontinued operations		(17,803)	3,008
		<u>(19,881)</u>	<u>3,028</u>
		<u>(282,350)</u>	<u>(30,894)</u>
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		(266,713)	(49,044)
Non-controlling interests		(19,658)	370
		<u>(286,371)</u>	<u>(48,674)</u>
(Loss)/earnings per share	11		
– from continuing operations		(0.65)	(0.12)
– from discontinued operations		(0.10)	0.02
Basic and diluted (HK\$)		<u>(0.75)</u>	<u>(0.10)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	<i>Notes</i>	2019 HK\$'000	2018 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	12	324,463	338,979
Right-of-use assets	12	63,828	–
Investment properties	13	–	152,700
Investments in associates		14,455	52,247
Financial assets at fair value through profit or loss		22,972	45,761
Deferred tax assets		1,253	1,253
Intangible assets		–	2,285
Goodwill		–	2,657
Utility and other deposits paid		8,452	10,878
		435,423	606,760
Current assets			
Inventories		33,429	37,995
Trade, bills and other receivables	14	144,478	285,015
Utility and other deposits paid		12,630	21,004
Loans receivable		–	28,020
Tax recoverable		1,488	1,178
Pledged bank deposits		3,404	9,119
Bank balances and cash		73,340	134,467
		268,769	516,798

	<i>Notes</i>	2019 HK\$'000	2018 <i>HK\$'000</i>
Current liabilities			
Trade and other payables	15	86,734	99,736
Contract liabilities		11,628	20,346
Amount due to an intermediate holding company		–	1,355
Amount due to an immediate holding company		600	–
Lease liabilities		38,829	–
Obligations under finance leases		–	1,925
Tax payable		2,637	10,142
Bank and other borrowings – due within one year	16	205,356	131,179
Convertible bonds	17	170,504	192,228
Senior note		–	50,645
		<u>516,288</u>	<u>507,556</u>
Net current (liabilities)/assets		<u>(247,519)</u>	<u>9,242</u>
Total assets less current liabilities		<u>187,904</u>	<u>616,002</u>
Non-current liabilities			
Lease liabilities		27,490	–
Obligations under finance leases		–	3,194
Bank and other borrowings – due after one year	16	–	162,546
		<u>27,490</u>	<u>165,740</u>
NET ASSETS		<u>160,414</u>	<u>450,262</u>
Capital and reserves			
Share capital	18	27,231	27,279
Reserves		108,530	379,809
Equity attributable to owners of the Company		135,761	407,088
Non-controlling interests		24,653	43,174
TOTAL EQUITY		<u>160,414</u>	<u>450,262</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. 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 of Hong Kong Limited (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

Going concern

During the year ended 31 December 2019, the Group reported a net loss of approximately HK\$282 million. As at 31 December 2019, the Group’s current liabilities exceeded its current assets by approximately HK\$248 million. As at 31 December 2019, the Group has total bank and other borrowings of approximately HK\$205 million, of which are approximately HK\$136 million are repayable within twelve months from 31 December 2019 and approximately HK\$69 million contain a repayment on demand clause. In addition, the Group’s convertible bonds together with interest payable amounting to approximately HK\$171 million as at 31 December 2019 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). The bank balances and cash of the Group amounted to approximately HK\$73 million as at 31 December 2019.

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 is discussing with the subscriber of the convertible bonds to extend the maturity date of the convertible bonds. No legal action to request immediate repayment has been taken by the subscriber of the convertible bonds up to the date of this announcement. Subsequent to the end of the reporting period and up to the date of this announcement, the Group has repaid HK\$4 million of the convertible bonds;
- (ii) During the year ended 31 December 2019, the Group completed the disposal of its indirect non-wholly owned subsidiary with remaining consideration amounting to HK\$13 million (gross amount), of which HK\$7,801,000 has been received up to the date of this announcement, which will be used as working capital of the Group. The Group adopted the strategy to strip loss-making business, streamline its businesses to focus on the main businesses and improve its overall performance and prospects. The disposal provided a net cash inflow to the Group to enhance the cash position and working capital of the Group in view of its recent liquidity issue;
- (iii) Subsequent to the end of the reporting period and up to the date of this announcement, the Group has received RMB13,565,000 (equivalent to HK\$15,119,000) of the remaining balance arising from disposal of an associate on 28 December 2018, details of which are set out in Note 20;
- (iv) The Group is looking for an opportunity to realise part of its investments and other assets to reduce its overall business risk and to obtain additional working capital;
- (v) The Group has implemented measures to speed up the collection of outstanding sales proceeds; and
- (vi) The Group is planning to adopt 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. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new HKFRSs, the accounting policies and methods of computation used in the consolidated financial statements for the year ended 31 December 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018.

Application of new and amendments to HKFRSs

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

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

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

HKFRS 16 Leases

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

Definition of a lease

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

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

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts. The lease liabilities were measured at their present value discounted using the incremental borrowing rates of the relevant group entities at the date of initial application. And the right-of-use assets were measured, by applying HKFRS 16.C8(b)(i) transition, at their carrying amounts as if the standard applied since the commencement date but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

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

- i. relied on the assessment if whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
- iv. applied a single discount rate to a portfolio of lease with a similar remaining terms for similar class of underlying assets in similar economic environment.

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

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

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

	Right-of-use assets HK\$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	84,930
Amounts included in property, plant and equipment under HKAS 17	
– Assets previously under finance leases (<i>Note (a)</i>)	4,924
Adjustments on rental deposits at 1 January 2019 (<i>Note (b)</i>)	1,380
	<hr/>
Right-of-use assets as at 1 January 2019	91,234
	<hr/> <hr/>
By class:	
Leased premises used by the Group as:	
– Offices	7,969
– Retail shops	51,449
– Staff quarters	1,138
– Warehouses	25,754
Motor vehicles	4,924
	<hr/>
	91,234
	<hr/> <hr/>

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

As a lessor

Lessor accounting under HKFRS 16 is substantially, unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 does not have an impact for leases where the Group is the lessor.

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

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

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 ²
Amendments to HKFRS 3	Definition of a Business ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Covid-19-Related Rent Concessions ⁵
Amendments to HKAS 1 and HKAS 8	Amendments to Definition of Material ¹
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting ¹

¹ Effective for annual periods beginning on or after 1 January 2020

² Effective for annual periods on or after 1 January 2021

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

⁴ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

⁵ Effective for annual periods beginning on or after 1 June 2020

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

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the amount received or receivable for the sales of health and wellness products, net of sales related taxes, trading and distribution of consumer products and logistics business 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 makers for the purposes of making decisions about resources allocation and assessment of performance. The chief operating decision makers 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

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

No revenue from any single customer contributed over 10% of the total revenue of the Group during the current and prior years.

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 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	<u>448,627</u>	<u>2,150</u>	<u>450,777</u>
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			(30,926)
Bank interest income			549
Interest income on loans receivable			1,413
Finance costs			<u>(49,394)</u>
Loss before tax			(226,972)
Income tax expense			<u>(1,082)</u>
Loss for the year from continuing operations			<u><u>(228,054)</u></u>

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

For the year ended 31 December 2018 (restated)

	Continuing operations		
	Sales of health and wellness products business <i>HK\$' 000</i>	Trading business <i>HK\$' 000</i> <i>(restated)</i>	Total <i>HK\$' 000</i> <i>(restated)</i>
Total segment revenue	404,684	140,348	545,032
Recognised at a point in time	404,684	138,782	543,466
Recognised over time	–	1,566	1,566
Inter-segment sales	–	–	–
Segment revenue from external customers	<u>404,684</u>	<u>140,348</u>	<u>545,032</u>
Segment profit	5,887	5,085	10,972
Share of results of joint ventures			512
Share of results of associates			3,104
Impairment losses on financial assets			(3,187)
Unallocated administrative expenses			(53,525)
Other gains and losses			56,856
Bank interest income			1,754
Interest income on loans receivable			3,604
Finance costs			<u>(57,725)</u>
Loss before tax			(37,635)
Income tax expense			<u>(2,232)</u>
Loss for the year from continuing operations			<u><u>(39,867)</u></u>

Inter-segment sales are made at cost plus a certain percentage profit mark-up.

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

4. OTHER INCOME

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i> <i>(restated)</i>
Continuing operations		
Repair income	1,512	1,708
Delivery income	459	427
Bank interest income	549	1,754
Interest income on loans receivable	1,413	3,604
Warranty income	182	134
Rental income	2,220	10,999
Government grant <i>(Note)</i>	1,765	2,069
Sundry income	2,394	2,188
	<u>10,494</u>	<u>22,883</u>

Note: The amounts recognised for the years ended 31 December 2018 and 2019 represented subsidies from government authority received before years ended 31 December 2018 and 2019, respectively, without any specific conditions attached to the grants.

5. OTHER GAINS AND LOSSES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i> <i>(restated)</i>
Continuing operations		
Gain on fair value change of derivatives embedded in convertible bonds	6,895	15,842
Gain on lapse of conversion option of convertible bonds	3,200	–
(Loss)/gain on fair value change of financial assets at fair value through profit or loss	(22,958)	6,028
(Loss)/gain on fair value change of investment properties	(4,980)	34,150
Gain on disposal of property, plant and equipment	8,818	143
Loss on disposal of a subsidiary	(14,461)	–
(Loss on dissolution)/gain on disposal of an associate	(1,915)	2,295
Loss on written-off of property, plant and equipment	(4)	(105)
Impairment loss on interest in an associate	(7,350)	–
Net exchange gain/(loss)	1,552	(1,364)
Others	277	(133)
	<u>(30,926)</u>	<u>56,856</u>

6. FINANCE COSTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i> <i>(restated)</i>
Continuing operations		
Interest on:		
Bank borrowings	7,062	9,513
Other borrowings	443	–
Convertible bonds	36,263	39,253
Leases	2,872	20
Senior note	2,754	8,939
	<u>49,394</u>	<u>57,725</u>

7. LOSS BEFORE TAX

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i> <i>(restated)</i>
Loss before tax has been arrived at after charging/(crediting):		
Continuing operations		
Auditor's remuneration		
– Audit service	2,100	2,100
– Other service	1,585	2,077
	<u>3,685</u>	<u>4,177</u>
Cost of inventories recognised as an expense	163,325	371,827
Impairment losses on inventories	3,674	–
Depreciation of property, plant and equipment	16,767	12,949
Depreciation of right-of-use assets	40,098	–
Short-term leases expenses	17,629	–
Variable lease payments not included in the measurement of lease liabilities (based on turnover generated from the leased retail shops) (<i>Note</i>)	42,477	–
Gross rental income from investment properties	(2,220)	(10,999)
Less: Direct operating expenses incurred from investment properties that generated rental income during the year	23	1,641
	<u>(2,197)</u>	<u>(9,358)</u>
Operating lease payments in respect of rented premises (included in cost of sales and selling expenses)		
– Minimum lease payments	–	53,201
– Contingent rent (<i>Note</i>)	–	44,073
Staff costs:		
– Fee, salaries and other benefits (including directors' remuneration)	112,951	116,080
– Staff retirement benefit costs (including directors' retirement benefit scheme contributions)	4,948	9,072
– Share-based payment expenses	(855)	2,081
	<u>117,044</u>	<u>127,233</u>

Note: During the year ended 31 December 2018, the variable lease payments not included in the measurement of lease liabilities were included in contingent rent.

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i> <i>(restated)</i>
Discontinued operations		
Amortisation of intangible assets	507	761
Depreciation of property, plant and equipment	657	2,820
Depreciation of right-of-use assets	15,050	–
Short-term leases expenses	3,240	–
Operating lease payments in respect of rented premises (included in cost of sales and selling expenses)		
– Minimum lease payments	–	10,633
Staff costs:		
– Fee, salaries and other benefits (including directors' remuneration)	21,779	27,884
– Staff retirement benefit costs (including directors' retirement benefit scheme contributions)	1,130	1,802
	<u>22,909</u>	<u>29,686</u>

8. INCOME TAX EXPENSE

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i> <i>(restated)</i>
Continuing operations		
Current tax expense:		
Hong Kong Profits Tax	216	1,285
Macau Complimentary Income Tax	1,000	797
Malaysian Corporate Income Tax	–	23
PRC Enterprise Income Tax (“EIT”)	–	2,217
	<u>1,216</u>	<u>4,322</u>
(Over)/under-provision of taxation in prior years:		
Hong Kong Profits Tax	–	160
Macau Complimentary Income Tax	(58)	–
Malaysian Corporate Income Tax	(23)	–
PRC EIT	(498)	–
	<u>(579)</u>	<u>160</u>
Deferred tax credit	–	(2,250)
Withholding tax on earnings distributed by a subsidiary	445	–
	<u>1,082</u>	<u>2,232</u>

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 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.

9. DISCONTINUED OPERATIONS

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.

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). The disposal was completed on 30 December 2019.

The consideration for disposal of Qianhai Value Chain was as follows:

	HK\$’000
Consideration	
Cash consideration (<i>Note</i>)	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
	<hr/>
	53,072
	<hr/> <hr/>

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\$13,358,000) will be satisfied by cash payment by three instalments, RMB2,000,000 (equivalent to approximately HK\$2,226,000) shall be paid on the day after the registration at the Administrative for Industry and Commerce in the PRC in respect of the transfer of entire equity interest of the Qianhai Value Chain, RMB5,000,000 (equivalent to approximately HK\$5,566,000) shall be settled on or before 29 February 2020 and RMB5,000,000 (equivalent to approximately HK\$5,566,000) shall be settled on or before 31 May 2020. Up to the date of this announcement, RMB11,000,000 (equivalent to approximately HK\$12,245,000) of the cash consideration was received by the Group.

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

	2019 HK\$'000	2018 <i>HK\$'000</i> <i>(restated)</i>
Loss of Hong Kong Logistic Business for the period/year	(12,224)	(1,949)
(Loss)/profit of Value Chain Logistic Business for the period/year	(26,118)	10,922
Gain on disposal of Tempus Sky Group	8,984	–
Loss on disposal of Qianhai Value Chain	(24,938)	–
	<u>(54,296)</u>	<u>8,973</u>

The (loss)/profit for the period/year from discontinued operations

	2019 HK\$'000	2018 <i>HK\$'000</i> <i>(restated)</i>
Revenue	279,231	340,899
Cost of sales	<u>(282,301)</u>	<u>(300,462)</u>
Gross (loss)/profit	(3,070)	40,437
Other income	113	174
Other gains and losses	2,313	922
Impairment losses on financial assets	(12,259)	–
Selling and distribution expenses	(17,674)	(22,370)
Administrative expenses	(7,250)	(6,279)
Finance costs	<u>(1,567)</u>	<u>(649)</u>
(Loss)/profit before tax	(39,394)	12,235
Income tax credit/(expense)	<u>1,052</u>	<u>(3,262)</u>
(Loss)/profit for the period/year	(38,342)	8,973
Loss on disposal of subsidiaries	<u>(15,954)</u>	<u>–</u>
(Loss)/profit for the period/year from discontinued operations	<u>(54,296)</u>	<u>8,973</u>

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

	2019 HK\$'000	2018 <i>HK\$'000</i> <i>(restated)</i>
Operating activities	6,220	4,984
Investing activities	(853)	868
Financing activities	<u>(9,224)</u>	<u>(2,631)</u>
Net cash (outflow)/inflow	<u>(3,857)</u>	<u>3,221</u>

10. DIVIDENDS

	2019 HK\$'000	2018 <i>HK\$'000</i>
Dividends recognised as distributions during the year:		
For the year ended 31 December 2017		
Final – HK cents 2.3 per share	<u>–</u>	<u>8,047</u>

The Board does not recommend the payment of any dividend in respect of the year ended 31 December 2019 (2018: Nil).

11. (LOSS)/EARNINGS 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:

	2019 HK\$'000	2018 <i>HK\$'000</i> <i>(restated)</i>
Loss		
Loss for the year for continuing operations attributable to owners of the Company	<u>(225,976)</u>	<u>(39,869)</u>
	<i>'000</i>	<i>'000</i>
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>349,311</u>	<u>349,877</u>

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:

	2019 HK\$'000	2018 <i>HK\$'000</i>
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(262,469)</u>	<u>(33,922)</u>

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

Discontinued operations

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i> <i>(restated)</i>
(Loss)/earnings		
(Loss)/profit for the year for discontinued operations attributable to owners of the Company	<u><u>(36,493)</u></u>	<u><u>5,947</u></u>

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

Note: The computation of diluted (loss)/earnings per share for both years does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price of the Company's shares and does not assume the conversion of the Company's convertible bonds since their assumed conversion would result in a decrease in loss per share for the year ended 31 December 2019 (2018: an increase in earnings per share).

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

During the current year, the Group acquired property, plant and equipment of HK\$12,088,000 (2018: HK\$28,802,000).

During the current year, the Group entered into leases for the use of buildings for one month to six years. The Group is required to make fixed monthly payments.

13. MOVEMENT IN INVESTMENT PROPERTIES

The Group's investment properties as at 31 December 2018 were stated at fair value which had been arrived at on the basis of a valuation carried out by APAC Appraisal and Consulting Limited, which is a firm of independent professional valuers not connected with the Group, members of the Hong Kong Institute of Surveyors and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

During the current year, the Group disposed of all its investment properties with an aggregate carrying amount of approximately HK\$147,720,000. A loss on fair value change of HK\$4,980,000 was included in other gains and losses in profit or loss (2018: gain on fair value change of investment properties of HK\$34,150,000).

14. TRADE, BILLS AND OTHER RECEIVABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade receivables	87,583	158,160
Bills receivable	3,301	7,873
Prepayments	17,140	49,053
Other receivables, net of expected credit losses ("ECL")	<u>36,454</u>	<u>69,929</u>
	<u><u>144,478</u></u>	<u><u>285,015</u></u>

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 and logistics business:

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

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
0 – 30 days	65,453	123,241
31 – 60 days	11,729	21,373
61 – 90 days	4,719	7,773
Over 90 days	5,682	5,773
	87,583	158,160

15. TRADE AND OTHER PAYABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade payables	51,435	59,914
Receipts in advance	2,500	2,250
Accruals	13,234	17,824
Others	19,565	19,748
	86,734	99,736

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
0 – 30 days	37,840	39,064
31 – 60 days	11,861	9,380
61 – 90 days	641	4,119
Over 90 days	1,093	7,351
	51,435	59,914

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

16. BANK AND OTHER BORROWINGS

	2019 <i>HK\$' 000</i>	2018 <i>HK\$' 000</i>
Secured trust receipt loans	–	6,889
Secured bank loans	183,656	285,807
Bank overdraft	–	1,029
	<u>183,656</u>	<u>293,725</u>
Other borrowings	21,700	–
	<u>205,356</u>	<u>293,725</u>
Carrying amount of the above borrowings that are repayable:		
On demand and within one year	133,200	121,020
In more than one year but not more than two years	–	94,093
In more than two years but not more than five years	–	14,813
More than five years	–	53,640
	<u>133,200</u>	<u>283,566</u>
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	2,990	10,159
In more than one year but not more than two years	3,112	–
In more than two years but not more than five years	17,572	–
More than five years	48,482	–
	<u>72,156</u>	<u>10,159</u>
	205,356	293,725
Less: Amounts due within one year shown under current liabilities	<u>(205,356)</u>	<u>(131,179)</u>
Amounts shown under non-current liabilities	<u>–</u>	<u>162,546</u>

The Group's convertible bonds together with interest payable amounting to approximately HK\$171 million as at 31 December 2019 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), this event constituted events of default under certain bank borrowings. As a consequence, bank borrowings with carrying amount of approximately HK\$72,156,000 as at 31 December 2019, of which the bank may on and at any time after the occurrence of the event of default continuing by notice in writing to the Group declare that the borrowings has become immediately due and payable, were classified as current liabilities. No action has been taken by the bank and no remedies in respect of the cross-defaults have been agreed with the bank up to the date of this announcement.

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

The Subscriber has the right to convert the CB 2018A in whole into shares at the maturity date. 67,510,549 new shares will be issued upon full conversion of the CB 2018A based on the initial conversion price of HK\$2.37 per share which is subject to certain adjustments as set out in the Agreement A. The conversion option lapsed upon maturity of convertible bonds on 30 May 2019.

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

The CB 2018A contains two components: debt and derivative components amounting to HK\$143,690,000 and HK\$16,310,000 at initial recognition and HK\$154,274,000 and HK\$3,200,000 at 31 December 2018, respectively. The fair value of the debt component at inception date is calculated based on the present value contractually determined stream of future cash flows discounted at an effective interest rate of 22.9% per annum, which was determined with reference to the prevailing market rates of interest for a similar instrument with a similar credit rating.

According to the Company’s announcement dated 11 June 2019, pursuant to the terms and conditions (the “Conditions”) in the instruments of the convertible bonds, it is an event of default (“EOD”) if, among others, Tempus Group Co., Ltd.* (騰邦集團有限公司) (“Tempus Group”) fails to make any payment in respect of any financial indebtedness in an amount exceeding HK\$30,000,000 (or its equivalent in another currency or currencies) on the due date for payment as extended by any originally applicable grace period. In case of an EOD, the convertible bonds will immediately become due and repayable upon notice of an EOD being given to the Company and additional interest will accrue on the outstanding principal amount of the convertible bonds from the date of the occurrence of an EOD to the date of actual payment at an internal rate of return of 18% per annum. Due to Tempus Group’s default on the corporate bonds on 25 May 2019, the Board considers that it has technically triggered an EOD under the Conditions.

Further, the Group and its guarantor failed to fully settle the principal amount outstanding of HK\$162,752,000 together with accrued interest of HK\$5,600,000 of CB 2018A on 30 May 2019. The interest accrued by the Group after default amounting to HK\$14,992,000. The Group partially settled HK\$47,892,000 after the maturity date of CB 2018A. As at 31 December 2019, the principal amount outstanding together with accrued interest of CB 2018A amounted to HK\$135,452,000.

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 Subscriber. Pursuant to the Agreement B, the Subscriber agreed to further subscribe the convertible bonds with principal amount of HK\$30,000,000 at an interest rate of 7% per annum and guaranteed by the non-executive Director, Mr. Zhong Baisheng. The CB 2018B was issued to the Subscriber on 16 October 2018 and would be due on 14 October 2019.

The Subscriber has the right to convert the CB 2018B in whole into shares at the maturity date. 23,510,971 new shares will be issued upon full conversion of the CB 2018B based on the initial conversion price of HK\$1.276 per share which is subject to certain adjustments as set out in the Agreement B. The conversion option lapsed upon maturity of convertible bonds on 14 October 2019.

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

The CB 2018B contains two components: debt and derivative components amounting to HK\$26,985,000 and HK\$3,015,000 at initial recognition and HK\$27,859,000 and HK\$6,895,000 at 31 December 2018, respectively. The fair value of the debt component at inception date is calculated based on the present value contractually determined stream of future cash flows discounted at an effective interest rate of 22.7% per annum, which was determined with reference to the prevailing market rates of interest for a similar instrument with a similar credit rating.

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

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. The interest accrued by the Group after default amounting to HK\$3,224,000. As at 31 December 2019, the principal amount outstanding together with accrued interest of CB 2018B amounted to HK\$35,052,000.

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

The fair values of the derivatives embedded in the convertible bonds at initial recognition and at 31 December 2018 have been arrived with reference to valuation carried out by an independent professional valuer not connected with the Group using the Binomial model. The inputs used in the model were as follows:

	At initial recognition		At 31 December 2018	
	CB 2018A	CB 2018B	CB 2018A	CB 2018B
Share price	HK\$1.68	HK\$1.20	HK\$1.09	HK\$1.09
Exercise price	HK\$2.37	HK\$1.276	HK\$2.37	HK\$1.276
Expected volatility	55.52%	75.54%	91.29%	81.05%
Expected dividend yield	0.72%	0.72%	0.72%	0.72%

During the year ended 31 December 2019, the derivatives embedded in the convertible bonds were lapsed upon maturity of CB 2018A and CB 2018B.

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
As 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)
As at 31 December 2019	<u>170,504</u>	<u>–</u>	<u>170,504</u>

18. SHARE CAPITAL

	Number of shares	Share capital US\$
Ordinary shares of US\$0.01 each		
Authorised:		
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	<u>10,000,000,000</u>	<u>100,000,000</u>
Issued and fully paid or credited as fully paid		
At 1 January 2018, 31 December 2018 and 1 January 2019	349,876,800	3,498,768
Share repurchased and cancellation	(616,000)	(6,160)
At 31 December 2019	<u>349,260,800</u>	<u>3,492,608</u>
	2019	2018
	HK\$'000	HK\$'000
Presented as	<u>27,231</u>	<u>27,279</u>

During the current year, 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 of Hong Kong Limited. 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.

19. 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:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Leasehold land and buildings		
– included in property, plant and equipment	294,980	238,113
Investment properties	–	152,700
Pledged bank deposits	3,404	9,119
	<u>298,384</u>	<u>399,932</u>

In addition, as at 31 December 2018 and 2019, respectively, the Group's obligations under finance leases/lease liabilities are secured by the lessor's charge over the leased assets with carrying values of HK\$nil and HK\$267,000, respectively, as at 31 December 2019 (31 December 2018: HK\$4,924,000 and HK\$nil, respectively).

20. EVENTS AFTER THE REPORTING PERIOD

Disposal of other receivable

On 22 January 2020, the Group and an independent third party (the "Transferee") entered into an agreement (the "Receivables Transfer Agreement") in respect of the assignment of the remaining balance of other receivable of RMB19,810,000 (equivalent to HK\$22,077,000) from the Group to the Transferee at a total consideration of RMB15,850,000 (equivalent to HK\$17,664,000) (the "Consideration"). Pursuant to the Receivables Transfer Agreement, the Transferee should pay the consideration in two instalments: (i) RMB3,850,000 (equivalent to HK\$4,291,000) within one calendar day from the date of the Receivables Transfer Agreement; and (ii) RMB12,000,000 (equivalent to HK\$13,373,000) within 30 calendar days from the date of the Receivables Transfer Agreement or the completion of certain conditions. Up to the date of this announcement, the Group had received RMB13,565,000 (equivalent to HK\$15,119,000).

Outbreak of the novel coronavirus (the "COVID-19 outbreak") in early 2020

Since the COVID-19 outbreak in early 2020, the Board has been closely monitoring the Group's exposure to the risks and uncertainties in connection with the COVID-19 outbreak. The business markets of the Group primarily focuses in the Mainland China, Hong Kong and Macau, Singapore and Malaysia (the "Relevant Regions"). Due to the COVID-19 outbreak, various governmental control measures have been implemented in the Relevant Regions in combating the COVID-19 outbreak, such as the retail stores have been temporarily closed. The number of customers visiting the shopping malls has been significantly reduced, which may lead to a decrease in the sales and the revenue of the Group to some extent. Given the dynamic nature of these circumstances, the degree of impact of the COVID-19 outbreak on the Group's business and financial performance cannot be determined now.

21. COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform to the disclosure requirement in respect of the discontinued operations. The comparative figures in the consolidated statement of profit or loss have been restated to achieve consistent presentation as the current year.

FINANCIAL HIGHLIGHTS

	2019	2018 <i>(restated)</i>	Changes
Profitability data (HK\$'000)			
Revenue – from continuing operations	450,777	545,032	(17.3%)
Gross profit – from continuing operations	236,793	221,857	6.7%
Loss before tax – from continuing operations	(226,972)	(37,635)	503.1%
(Loss)/profit after tax for the year			
– from continuing operations	(228,054)	(39,867)	472.0%
– from discontinued operations	(54,296)	8,973	(705.1%)
Loss per share – from continuing operations			
– basic and diluted (HK\$)	(0.65)	(0.12)	441.7%
Gross profit margin – from continuing operations	52.5%	40.7%	11.8 ppt
Loss before tax margin – from continuing operations	(50.4%)	(6.9%)	(43.5 ppt)
Dividend per share (HK cents)			
– final dividend	–	–	N/A

As at 31 December		
2019	2018	Changes

Assets and liabilities data (HK\$'000)			
Bank balances and cash	73,340	134,467	(45.5%)
Bank and other borrowings	205,356	293,725	(30.1%)
Net current (liabilities)/assets	(247,519)	9,242	(2,778.2%)
Total assets less current liabilities	187,904	616,002	(69.5%)

Assets and working capital ratios/data

Current ratio (<i>times</i>)	0.5	1.0	(0.5)
Gearing ratio (%)	53.4	48.2	5.2
Inventories turnover days (<i>days</i>)	26.3	21.4	4.9
Trade receivables turnover days (<i>days</i>)	61.4	69.2	(7.8)
Trade payables turnover days (<i>days</i>)	40.9	35.6	5.3

Notes for key ratio:

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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**”) 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*. Without changing the Company’s principal business and looking forward, the Company will remain cautiously optimistic towards the prospect of the logistics business and will continue to stay tuned to the market trends and explore new business opportunities.

In 2019, the Group’s revenue generated from the continuing operations, i.e. the sale of health and wellness products business and trading business, was HK\$450.8 million, decreased by 17.3% as compared with that of HK\$545.0 million for the year ended 31 December 2018. The Group recorded a loss for the year from continuing operations of HK\$228.1 million, as compared with that of HK\$39.9 million in 2018. The decrease in revenue generated from the continuing operations was mainly due to the impacts of external macroeconomic environment including the slow down in global economy, the intensification in the Sino-US trade conflicts and the unstable situation in Hong Kong, which has led to the slow down in the business of the Group. The loss for the year from continuing operations was mainly attributable to the significant drop in other gains, which mainly due to the loss on fair value change of financial assets at fair value through profit or loss and the loss on disposal of a subsidiary, and the increase in impairment losses on financial assets for the year.

The Group’s revenue generated from discontinued operations, i.e. the logistics business conducted through the Disposed OpCo, of HK\$279.2 million in 2019, as compared with that of HK\$340.9 million in 2018. The Group recorded a loss for the year from discontinued operations of HK\$54.3 million, as compared with a profit of HK\$9.0 million in 2018. The decrease in revenue from discontinued operations was mainly because Tempus Sky, which contributed its full-year revenue in 2018, was partially disposed by the Group on 6 August 2019, as such only seven-months’ revenue was contributed in 2019. The decrease in gross profit, the increases in loss on disposal of subsidiaries and impairment losses on financial assets mainly led to the loss for the year from discontinued operations during the year.

SALES OF HEALTH AND WELLNESS PRODUCTS BUSINESS

For the year ended 31 December 2019, sales of massage chairs and other massage/fitness/diagnostics products were HK\$404.5 million and HK\$44.1 million, respectively, representing 90.2% and 9.8% of the Group’s segment revenue from the sales of health and wellness products business, respectively. The Group launched a total of 34 new products, generating revenue of HK\$65.2 million, representing 14.5% 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.

	2019		2018		Changes	
	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>%</i>
Retail outlets	262,154	58.4	259,604	64.1	2,550	1.0
Roadshow counters	43,831	9.8	38,451	9.5	5,380	14.0
Corporate sales	105,906	23.6	71,365	17.7	34,541	48.4
International sales	9,646	2.2	13,357	3.3	(3,711)	(27.8)
Internet sales	27,090	6.0	21,907	5.4	5,183	23.7
Total	<u>448,627</u>	<u>100.0</u>	<u>404,684</u>	<u>100.0</u>	<u>43,943</u>	<u>10.9</u>

(i) Traditional sales channels

The Group's revenue generated from traditional sales channels was HK\$262.2 million in 2019, representing 58.4% of the Group's segment revenue from the sales of health and wellness products business, and a slight increase of 1.0% as compared to HK\$259.6 million in 2018, which was stable and in line with the number of retail outlets. As at 31 December 2019, the Group operated the following retail outlets which consist of retail stores and consignment counters:

	No. of outlets as at	
	31 December 2019	31 December 2018
Mainland China	113	112
Hong Kong and Macau	24	24
Singapore and Malaysia	15	16
Total	<u>152</u>	<u>152</u>

Retail business in the Mainland China

As at 31 December 2019, the Group operated 113 retail outlets (2018: 112) in the 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 the Mainland China was HK\$111.3 million, representing a slight decrease of 2.4% as compared to HK\$114.0 million in 2018. With the adjustment and optimisation of store distribution in the region during the year, the revenue contributed by the retail business in the region remained stable.

Retail business in Hong Kong and Macau

As at 31 December 2019, the Group maintained 24 retail outlets (2018: 24) in Hong Kong and Macau. During the year, the revenue contributed by the retail business in the region was HK\$122.6 million, representing an increase of 7.9% as compared to HK\$113.6 million in 2018. The increase in revenue was due to the launch of new products in late 2018 which greatly contributed to the revenue in the region in 2019.

Retail business in Singapore and Malaysia

As at 31 December 2019, the Group operated 15 retail outlets (2018: 16) in Singapore and Malaysia. During the year, the revenue contributed by retail business in the region was HK\$28.2 million, representing a decrease of 11.9% as compared to HK\$32.0 million in 2018. The decrease in revenue in the region was mainly due to the significant decline of retail business in Malaysia driven by the decline of economy in the region during the year.

(ii) Proactive sales channels

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

Roadshow counters of the Group are promotional and non-permanent counters which the Group operated in different department stores and shopping malls from time to time. The revenue generated from roadshow counters remained stable during the 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 increase of 48.4% in revenue from corporate sales was mainly due to sizable 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 decrease of 27.8% in revenue generated from international sales was due to the drop in demand of the market in Europe and the Middle East given the decline of the international economy 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 23.7% in revenue from internet sales was mainly attributable to the rapid development of general e-commerce environment in the Mainland China.

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\$2.2 million, representing 0.5% of the revenue generated from continuing operations of the Group. The significant decrease of 98.5% in revenue generated from trading was mainly due to the adverse effect faced by the general business environment across the Asia Pacific region, especially import and export trade, caused by the prolonged Sino-US trade war during the year and political upheaval in Hong Kong in the second half of year 2019.

RESULTS OF OPERATION

The Group's operating results from continuing operations in 2019 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. The consolidated statement of comprehensive income for 2018 has also been restated for comparison purpose.

Revenue

Revenue from the continuing operations represents the income from sales of health and wellness products and trading of consumer products. In 2019, the Group's revenue from the continuing operations decreased by 17.3% to HK\$450.8 million from HK\$545.0 million in 2018. The decrease was mainly attributable to the decrease in revenue of 98.5% generated from trading business, which was slightly offset by the increase in revenue of 10.9% generated from sales of health and wellness products business.

	2019		2018		Changes	
	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>%</i>
Sales of health and wellness products	448,627	99.5	404,684	74.2	43,943	10.9
Trading	2,150	0.5	140,348	25.8	(138,198)	(98.5)
Total	<u>450,777</u>	<u>100.0</u>	<u>545,032</u>	<u>100.0</u>	<u>(94,255)</u>	<u>(17.3)</u>

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 2019 was HK\$214.0 million, representing a decrease of 33.8% from HK\$323.2 million for 2018. The decrease was mainly due to the decrease in cost of trading in line with the deterioration of the business of the same segment.

Gross profit

The gross profits for the continuing operations for 2019 and 2018 were HK\$236.8 million and HK\$221.9 million, respectively. The gross profit margins for 2019 and 2018 were 52.5% and 40.7%, respectively, representing an increase of 11.8 ppt. The gross profit margins remained stable during the year.

Other income

Other income for the continuing operations for 2019 was HK\$10.5 million, mainly comprising rental income of HK\$2.2 million, government grant of HK\$1.8 million and sundry income of HK\$2.4 million. Other income for the continuing operations for 2018 was HK\$22.9 million, mainly comprising rental income of HK\$11.0 million and interest income of HK\$5.4 million.

Other gains and losses

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. The Group's continuing operations recorded other gains of HK\$56.9 million for 2018, mainly comprising a gain on fair value change of investment properties of HK\$34.2 million and a gain on fair value change of derivatives embedded in convertible bonds of HK\$15.8 million.

Impairment losses on financial assets

Impairment losses on financial assets for the continuing operations of HK\$50.2 million for 2019 (2018: HK\$3.2 million) mainly represented the impairment losses on loans receivable.

Pursuant to a loan agreement dated 29 June 2017 (the "**Loan Agreement**") entered into between the Company and an independent third party (the "**Borrower**"), the Company provided to the Borrower a revolving loan of HK\$30,000,000, which carries interest 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. All of the Borrower and the Guarantors primarily engage in 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 Company extended the term under the Loan Agreement for one year, and the revolving loan would be matured on 18 June 2019, in consideration of adjusting the interest to 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. As at the date of this announcement, all of the Borrower and the Guarantors failed to repay the principal and all interest incurred in accordance with the Agreements of approximately HK\$32,640,000.

Upon the Group's internal assessment on 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 considers an impairment allowance for the loan receivable of HK\$29,100,000, i.e. the full outstanding amount 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.

In light of the above, the Company has entered into negotiation with the Borrower and the Guarantors and has issued demand letter to demand for repayment for the outstanding amount under the Loan Agreement. The Group shall consider further necessary actions to recover the loan receivable including but not limited to taking legal proceedings against the Borrower and the Guarantors.

Share of results of a joint venture

Share of results of a joint venture for continuing operations for 2019 was nil (2018: a profit of HK\$0.5 million), mainly representing the Group's share of results from TBRJ Asset Management Limited, a Cayman Islands exempted company, which the Group holds 45% of its equity interest. It is the general partner of TBRJ Fund I L.P., a Cayman Islands exempted limited partnership.

Share of results of associates

Share of results of associates for continuing operations for 2019 was a loss of HK\$32.6 million (2018: a profit of HK\$3.1 million), mainly representing the Group's share of loss from an associate, Yantai Leteng Equity Investment Management Centre (Limited Partnership)* (煙台樂騰股權投資管理中心(有限合夥)).

Selling and distribution expenses

Selling and distribution expenses for the continuing operations, mainly comprising advertising and marketing expenses as well as staff costs, increased from HK\$174.9 million for 2018 to HK\$209.2 million for 2019.

Administrative expenses

Administrative expenses for the continuing operations, mainly comprising staff costs and professional fees, decreased from HK\$107.0 million for 2018 to HK\$101.9 million for 2019.

Finance costs

Finance costs for the continuing operations decreased to HK\$49.4 million for 2019 from HK\$57.7 million for 2018. The drop was due to the decrease in bank and other borrowings.

Loss before tax

As a result of the factors described above, the Group's loss before tax for the continuing operations was HK\$227.0 million for 2019, as compared to that of HK\$37.6 million for 2018.

Income tax expense

Income tax expense for the continuing operations was HK\$1.1 million for 2019 and HK\$2.2 million for 2018. The decrease was mainly attributed to the drop in profit subject to income tax 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\$228.1 million for 2019, as compared to that of HK\$39.9 million for 2018.

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*. Without changing its principal business and looking forward, the Company will remain cautiously optimistic towards the prospect of the logistics business and will continue to stay tuned to the market trends and explore new business opportunities.

Since Tempus Sky, which contributed the full-year revenue in 2018, was partially disposed by the Group in August 2019, and it contributed only seven months' revenue in 2019. The revenue generated from the discontinued operations decreased by 18.1% to HK\$279.2 million in 2019 (2018: HK\$340.9 million) and the gross loss for the discontinued operations was HK\$3.1 million (2018: gross profit of HK\$40.4 million). The loss for the year from discontinued operations of HK\$54.3 million (2018: a profit: HK\$9.0 million) was attributed from decrease in gross profit of HK\$43.5 million, loss on disposal of subsidiaries of HK\$16.0 million (2018: nil) and impairment losses on financial assets of HK\$12.3 million (2018: nil) for the discontinued operations.

FINANCIAL POSITION

As at 31 December 2019, total equity of the Group was HK\$160.4 million (as at 31 December 2018: HK\$450.3 million). The decrease was mainly due to the loss for the year.

As at 31 December 2019, the Group's net current liabilities was HK\$247.5 million (as at 31 December 2018: net current assets of HK\$9.2 million). The current ratio was 0.5 time as at 31 December 2019 (as at 31 December 2018: 1.0 time).

As at 31 December 2019, total non-current assets of the Group was HK\$435.4 million (as at 31 December 2018: HK\$606.8 million), while total current assets of the Group was HK\$268.8 million (as at 31 December 2018: HK\$516.8 million). The decreases in non-current assets and current assets were mainly due to an investment property of the Group being disposed during the year and the decrease in trade, bills and other receivables, respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2019, the Group had bank balances and cash of HK\$73.3 million (as at 31 December 2018: HK\$134.5 million). The Group's bank balances and cash primarily consisted of cash on hand and bank balances which were mainly held at the banks in Hong Kong and the 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\$26.3 million for 2019 (2018: net cash used in operating activities of HK\$42.6 million), primarily reflecting the operating cash outflows before movements in working capital of HK\$13.8 million, as adjusted by a decrease of HK\$0.9 million in inventories, a decrease of HK\$7.3 million in trade, bills and other receivables and an increase of HK\$39.7 million in trade and other payables.

Investing activities

Net cash generated from investing activities was HK\$70.2 million for 2019 (2018: HK\$11.6 million), primarily consisted of net cash inflow from disposal of subsidiaries of HK\$30.7 million and proceeds from disposal of an associate of HK\$21.3 million.

Financing activities

Net cash used in financing activities was HK\$150.7 million for 2019 (2018: net cash generated from financing activities of HK\$42.4 million), which was primarily due to repayments of lease liabilities of HK\$58.0 million and senior note of HK\$50.0 million and redemption of convertible bonds of HK\$38.0 million, offsetting by bank and other borrowings additionally raised of HK\$49.1 million during the year.

BORROWINGS AND GEARING RATIO

Total borrowings of the Group as at 31 December 2019 was HK\$375.9 million with effective interest rates ranging from 3.28% to 22.05% per annum. The Group's gearing ratio increased by 5.2 ppt from 48.2% as at 31 December 2018 to 53.4% as at 31 December 2019, which was primarily due to decreases in investment properties of HK\$152.7 million and trade, bills and other receivables of HK\$140.5 million at the year end.

WORKING CAPITAL

As at 31 December 2019, the net negative working capital of the Group was HK\$247.5 million, which represented a decrease of HK\$256.7 million or 2,790.2% as compared to the net positive working capital HK\$9.2 million as at 31 December 2018. The reclassification of bank and other borrowings from non-current liabilities to current liabilities has led to the decrease in net working capital at the year end.

As at 31 December 2019, the Group's inventories decreased by HK\$4.6 million to HK\$33.4 million from HK\$38.0 million as at 31 December 2018. The inventories turnover days was 26.3 days as at 31 December 2019 as compared with 21.4 days as at 31 December 2018. The increase was primarily due to the decrease in costs as a result of the decline in trading business.

As at 31 December 2019, the Group's trade receivables decreased by HK\$70.6 million, to HK\$87.6 million from HK\$158.2 million as at 31 December 2018. The trade receivables turnover days decreased to 61.4 days from 69.2 days as at 31 December 2018. The decreases were due to better control of collection of trade receivables during the year.

As at 31 December 2019, the Group's trade payables decreased by HK\$8.5 million to HK\$51.4 million from HK\$59.9 million as at 31 December 2018. The trade payables turnover days increased by 5.3 days to 40.9 days from 35.6 days as at 31 December 2018. The increase was mainly due to longer settlement period to the suppliers during the year.

CAPITAL EXPENDITURE

During the year ended 31 December 2019, the Group's total capital expenditure amounted to HK\$12.1 million, which was used in the acquisition of property, plant and equipment.

CHARGE ON ASSETS

As at 31 December 2019, the Group had pledged certain assets, including leasehold land and buildings, under property, plant and equipment with a total carrying value of HK\$295.0 million for the purpose of securing certain banking and other facilities.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

Disposal of Investment in Yundongli

On 29 December 2018, Zhuhai Tempus Jinyue Investment Limited* (珠海騰邦金躍投資有限公司) (“**Vendor A**”), a wholly owned subsidiary of the Company, entered into a repurchase agreement (“**Repurchase Agreement**”) with Mr. Wang Xiaowei (王嘯巍), Mr. Peng Biao (彭彪) and Tianjin Yuncheng Corporate Management LLP* (天津市雲橙企業管理合夥企業(有限合夥)) (collectively, the “**Purchasers A**”), pursuant to which the Vendor A agreed to sell and the Purchasers A agreed to repurchase the 12% equity interest of Yundongli (Tianjin) Electronic Commerce Company Limited* (雲動力(天津)電子商務有限公司) (“**Yundongli**”), for a consideration of RMB67,220,000. The Company has been actively following up on the payment of the consideration for the disposal since the completion of the disposal on 29 December 2018. Upon the expiry of the time extension of the settlement of the last instalment of the consideration, on 27 March 2019, the Vendor A, the Purchasers A and Yundongli entered into a supplemental agreement to the Repurchase Agreement (the “**Supplemental Agreement**”) to extend the payment deadline of the outstanding consideration. On 27 March 2019, the Company and Mr. Wang Xiaowei (王嘯巍) entered into an equity interest pledge agreement pursuant to which Mr. Wang Xiaowei (王嘯巍) agreed to pledge a total of 12% equity interest in Yundongli held by him in favour of the Vendor A as security for the Purchaser A's fulfilment of their payment obligation under the Supplemental Agreement. As of 22 November 2019, i.e. the deadline of full payment as stipulated in the Supplemental Agreement, the outstanding consideration which had to be settled was amounted to RMB19,810,000 (the “**Receivables**”). On 22 January 2020, the Vendor A, the Purchasers A and Ms. Zheng Meiling (鄭美玲) (the “**Transferee**”) entered into an agreement (the “**Receivables Transfer Agreement**”) in respect of the assignment of the Receivables from Vendor A to the Transferee for a total consideration of RMB15,850,000 (the “**Receivables Consideration**”). Up to the date of this announcement, the Group has received RMB13,565,000 (equivalent to HK\$15,119,000).

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

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

On 29 May 2019, Tempus (BVI) Properties Investment Limited (the “**Vendor B**”), a wholly owned subsidiary of the Company, entered into a provisional sale and purchase agreement with Talent Realty Limited, an independent third party (the “**Purchaser B**”) and the Company (as guarantor for the performance of the obligations of the Vendor B under the provisional sale and purchase agreement), pursuant to which the Vendor B conditionally agreed to sell and the Purchaser B conditionally 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 B as at completion of the transaction, for an initial consideration of HK\$122,268,000 to be adjusted with reference to the net tangible asset value of the Target Company as at the completion date. The deposit of HK\$20,000,000 has been paid by the Purchaser B upon the signing of the provisional sale and purchase agreement; and the balance of the consideration, being HK\$102,268,000, as adjusted with reference to the net tangible asset value of the Target Company as at completion date, was paid by the Purchaser B on completion. Upon completion, the Target Company ceased to be a subsidiary Company.

For details, please refer to the Company’s announcements dated 29 May 2019 and 23 July 2019, and the circular dated 19 July 2019.

Disposal of a commercial property and a residential property in Hong Kong

On 5 July 2019, OTO Bodycare (H.K.) Limited, a wholly owned subsidiary of the Company, entered into provisional agreements with two independent third parties, in relation to the sale and purchase of a commercial property and a residential property in Hong Kong for considerations of HK\$10,620,000 and HK\$10,800,000, respectively. Each purchaser to the provisional agreements has paid the deposit of HK\$5,000,000 upon the signing of the provisional agreements, and the balances of the considerations, being HK\$5,620,000 and HK\$5,800,000 for the commercial property and the residential property, respectively, were paid on completion. The transactions have been completed on 7 August 2019.

For details, please refer to the Company’s announcement dated 5 July 2019.

Partial disposal of shareholding in Tempus Sky

On 6 August 2019, OTO (BVI) Investment Limited (the “**Vendor C**”), the Company’s direct wholly owned subsidiary and an independent third party (the “**Purchaser C**”) entered into a sale and purchase agreement, pursuant to which the Vendor C has conditionally agreed to sell and the Purchaser C has conditionally agreed to acquire 2,000 ordinary shares of HK\$1 each in Tempus Sky, representing approximately 14.93% of the entire issued share capital of Tempus Sky, the Company’s indirect non-wholly owned subsidiary, for a consideration of HK\$3,000,000. HK\$1,500,000 has been paid to the Vendor C as earnest money and such amount has been converted into deposit upon signing of the sale and purchase agreement, and the balance of the consideration has been received before the completion date. Upon completion, Vendor C will continue to hold approximately 36.56% of the entire issued share capital of Tempus Sky. Tempus Sky will cease to be a subsidiary of the Company and will be accounted for as an associate of the Company using equity method. The financial results of Tempus Sky and its subsidiaries will no longer be consolidated into the financial statements of the Group. The transaction has been completed on 19 August 2019.

For details, please refer to the Company’s announcement dated 6 August 2019.

Disposal of Shenzhen Qianhai Tempus Value Chain Limited * (深圳前海騰邦價值鏈有限公司)

On 30 December 2019, Shenzhen Tempus Value Chain Co., Ltd.* (深圳市騰邦價值鏈股份有限公司) (the “**Vendor D**”), the Company’s direct non-wholly owned subsidiary and Shenzhen Youxingxin Logistics Co., Ltd. * (深圳市友興昕物流有限公司), an independent third party (the “**Purchaser D**”), entered into a sale and purchase agreement, pursuant to which the Vendor D has agreed to sell and the Purchaser D has agreed to acquire the equity interest, representing the entire equity interest held by the Vendor D in Shenzhen Qianhai Tempus Value Chain Limited* (深圳前海騰邦價值鏈有限公司), for a consideration of approximately RMB47,700,000 (equivalent to approximately HK\$53,100,000) (the “**Consideration**”), where RMB22,000,000 (equivalent to approximately HK\$24,500,000) shall be settled by way of cash payment to the Vendor D, and RMB25,700,000 (equivalent to approximately HK\$28,600,000) shall be settled by the Purchaser D taking up debts of the Vendor D of RMB25,700,000 (equivalent to approximately HK\$28,600,000). According to the sale and purchase agreement, the Purchaser D 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\$13,358,000) will be satisfied by cash payment by three instalments, RMB2,000,000 (equivalent to approximately HK\$2,226,000) shall be paid on the day after the registration at the Administrative for Industry and Commerce in the PRC in respect of the transfer of entire equity interest of the Qianhai Value Chain, RMB5,000,000 (equivalent to approximately HK\$5,566,000) shall be settled on or before 29 February 2020 and RMB5,000,000 (equivalent to approximately HK\$5,566,000) shall be settled on or before 31 May 2020. As at the date of this announcement, RMB11,000,000 (equivalent to approximately HK\$12,245,000) of the cash consideration was received by the Group.

For details, please refer to the Company’s announcements dated 30 December 2019 and 3 January 2020.

IMPORTANT EVENTS AFTER THE END OF THE YEAR

On 8 January 2020, Ms. Lok Man Tsit (“**Ms. Lok**”) has tendered her resignation as the company secretary of the Company. Ms. Lok has confirmed that she has no disagreement with the Board and there are no circumstances relating to her resignation which need to be brought to the attention of the Stock Exchange and the shareholders of the Company. Mr. Kam Chi Sing has been appointed as the company secretary of the Company with effect from 8 January 2020. For further details, please refer to the Company’s announcement dated 8 January 2020.

On 22 January 2020, Zhuhai Tempus Jinyue Investment Limited* (珠海騰邦金躍投資有限公司) (“**Vendor A**”), a wholly owned subsidiary of the Company, Mr. Wang Xiaowei (王嘯巍), Mr. Peng Biao (彭彪) and Tianjin Yuncheng Corporate Management LLP* (天津市雲橙企業管理合夥企業 (有限合夥)) (the “**Purchasers A**”) and Ms. Zheng Meiling (鄭美玲) (the “**Transferee**”) entered into Receivables Transfer Agreement in respect of the assignment of the outstanding consideration amounted to RMB19,810,000 from Vendor A to the Transferee for a total consideration of RMB15,850,000. For further details, please refer to page 37 of this announcement.

Since the COVID-19 outbreak (the “**COVID-19 outbreak**”) in early 2020, the Board has been closely monitoring the Group’s exposure to risks and uncertainties in connection with the COVID-19 outbreak. The business markets of the Group primarily focuses in the Mainland China, Hong Kong and Macau, Singapore and Malaysia (the “**Relevant Regions**”). Due to the COVID-19 outbreak, various governmental control measures have been implemented in the Relevant Regions in combating the COVID-19 outbreak, such as the retail stores have been temporarily closed. The number of customers visiting the shopping malls has been significantly reduced, which may lead to a decrease in the sales and the revenue of the Group to some extent. Given the dynamic nature of these circumstances, the degree of impact of the COVID-19 outbreak on the Group’s business and financial performance cannot be determined now. The Group will continue to monitor the situation closely and will keep shareholders and potential investors of the Company informed of the material developments as and when they arise.

CONTINGENT LIABILITIES

Saved as disclosed in this announcement, the Group did not have any material contingent liabilities as at 31 December 2019 and 31 December 2018.

FOREIGN EXCHANGE RISK MANAGEMENT

As at 31 December 2019, the Group was exposed to certain foreign exchange risk as the Group had bank balances in Renminbi of approximately RMB32,997,000 (equivalent to approximately HK\$36,773,000), and in United States dollar of approximately US\$116,000 (equivalent to approximately HK\$902,000). The Group does not use any derivative financial instruments to hedge the foreign exchange risk. Instead, the Group manages the foreign exchange risk by closely monitoring the movement of the foreign currency rates and may, depending on the circumstances and trend of foreign currency, consider adopting significant foreign currency hedging policy in the future.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR ACQUISITION OF CAPITAL ASSETS

The Group does not have any solid plans for material investments or acquisition of capital assets as at the date of this announcement. 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 2019, the Group had a total number of 780 (2018: 765) full-time employees. The key components of the Group's remuneration package include basic salary, and where appropriate, other allowances, incentive bonus, mandatory provident funds, state-managed retirement benefits scheme and share options under the share option scheme of the Company. The Group determined the remuneration packages of all employees based on factors including individual qualifications, contributions to the Group, performance and years of experience of the respective staff. The remuneration committee 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 employed in Macau are members of the defined contribution retirement benefit plan. The subsidiary established in Macau is required to contribute Macanese Pataca 60 per month for each employee to the retirement benefit plan to fund the benefits.

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

SHARE OPTION SCHEME

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

During the year ended 31 December 2019, no share options was granted under the Share Option Scheme. Movements of the outstanding share options granted under the Share Option Scheme during the year ended 31 December 2019 are as follows:

	Balance as at 1 January 2019	Share options granted	Share options exercised	Share options expired	Share options lapsed	Balance as at 31 December 2019
Lot 1 (<i>Note</i>)	4,200,000	–	–	(4,200,000)	–	–
Lot 2	21,720,000	–	–	–	(9,320,000)	12,400,000
Lot 3	34,186,000	–	–	–	(17,187,400)	16,998,600
Total	<u>60,106,000</u>	<u>–</u>	<u>–</u>	<u>(4,200,000)</u>	<u>(26,507,400)</u>	<u>29,398,600</u>

Notes: All share options granted under Lot 1 has expired as at 30 August 2019.

STRATEGIES AND PROSPECTS

The political upheaval and social unrest in Hong Kong in the second half of year 2019 have undermined the overall business environment, especially the retail sector, in the city. The prolonged Sino-US trade war and the slowing down of economy in Mainland China have also brought negative impact on domestic demands in Mainland China. Looking ahead, the COVID-19 outbreak has further weaken the global economy, the Company envisages a greater challenge in the first half of year 2020. Moreover, as disclosed in the Company’s announcements in respect of consolidated annual results for the year ended 31 December 2018 on 29 March 2019, the Company has been striving to resolve its liquidity issue arising from the redemption of certain convertible bonds by timely adopting a series of measures to tide over these difficulties, including (i) disposing of non-core assets such as properties and equity investments, and strip loss-making business; (ii) studying the possibility of strengthening fundraising activities; (iii) expediting the collection of receivables; and (iv) optimising the operation efficiency. For further details, please refer to “Significant investment, material acquisitions and disposals of assets” on page 37 of this announcement.

Maintaining its focus on the major business segments, the Group continues to devote itself to explore new business in the segment of logistics in the future.

COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with all applicable code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) throughout the year ended 31 December 2019 except that Mr. Zhong Baisheng, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 24 May 2019 since he had other business engagements, which deviated from code provision E.1.2 of the CG Code. However, the then chief executive officer and executive Director, Mr. Li Dongming who was present at the annual general meeting, took the chair of that meeting in accordance with the articles of association of the Company.

Mr. Choi Tan Yee resigned as an independent non-executive Director, the chairman of the audit committee of the Company (the “**Audit Committee**”) and a member of the nomination committee of the Company (the “**Nomination Committee**”) and the Remuneration Committee with effect from 28 August 2019. Since then, the Company no longer complied with Rules 3.10, 3.10A and 3.21 of the Listing Rules and the requirements on composition under the terms of reference of each of the Nomination Committee, the Remuneration Committee and the Audit Committee. On 27 November 2019, Mr. Wong Kai Hing (“**Mr. Wong**”), who possesses the professional qualifications as required under Rules 3.10(2) of the Listing Rules, was appointed as an independent non-executive Director and a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company. Mr. Wong has been re-designated as the chairman of the Audit Committee on 27 March 2020. Following Mr. Wong’s appointment, the number of independent non-executive Directors has satisfied the minimum number as stipulated under Rules 3.10(1) of the Listing Rules. Mr. Wong possesses the professional qualifications as required under Rules 3.10(2) of the Listing Rules and as such, the Company has also complied with the said rule as well as Rule 3.21 of the Listing Rules regarding the composition of the Audit Committee following the appointment of Mr. Wong as an independent non-executive Director. Further, his appointment has met the requirements on composition of the Nomination Committee and the Audit Committee. On 27 March 2020, Mr. Wong was re-designated as the chairman of the Audit Committee and Mr. Li Qi was re-designated as the member of the Audit Committee.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 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 as set out in the Model Code and its code of conduct regarding Directors’ securities transactions throughout the year ended 31 December 2019.

AUDIT COMMITTEE

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

The Group’s audited results for the year ended 31 December 2019 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made. The Audit Committee recommended the Board to adopt the same.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company repurchased a total of ordinary 616,000 Shares of the Company at an aggregate purchase price of approximately HK\$680,000 on the Stock Exchange during the year ended 31 December 2019 preceding to the date of this announcement, details of which are as follows:

Date of repurchase	No. of Shares repurchased	Price paid per Share	
		Highest HK\$	Lowest HK\$
15 January 2019	310,000	1.09	0.97
16 January 2019	298,000	1.25	1.10
23 January 2019	8,000	1.03	1.03
Total	<u>616,000</u>		

Such repurchased shares were cancelled on 31 January 2019. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

ANNUAL GENERAL MEETING

The Board resolved to propose to the shareholders of the Company (the "Shareholders") in the forthcoming annual general meeting on Friday, 31 July 2020 (the "AGM").

FINAL DIVIDEND

The Board has resolved not to declare a final dividend for the year ended 31 December 2019 (2018: nil).

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 28 July 2020 to Friday, 31 July 2020, both days inclusive, in order to determine the eligibility of the Shareholders to attend and vote at the AGM to be held on Friday, 31 July 2020. In order to be eligible to attend and vote at the AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited, 2103B, 21/F., 148 Electric Road, North Point, Hong Kong before 4:30 p.m. on Monday, 27 July 2020.

SCOPE OF WORK OF MESSRS. MOORE STEPHENS CPA LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, and the related notes thereto for the year ended 31 December 2019 as set out in the 2019 Results Announcement have been agreed by the Group's auditor, Messrs. Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2019 as approved by the Board on 22 June 2020. The work performed by Messrs. Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Moore Stephens CPA Limited on this 2019 Annual Results.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report from the Group's audited consolidated financial statements for the year ended 31 December 2019.

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 2019, 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.

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\$282 million for the year ended 31 December 2019. As at 31 December 2019, the Group's current liabilities exceeded its current assets by approximately HK\$248 million. As at 31 December 2019, the Group has total bank and other borrowings of approximately HK\$205 million, of which approximately HK\$136 million are repayable within twelve months from 31 December 2019 and approximately HK\$69 million contain a repayment on demand clause, as disclosed in note 34. In addition, the Group's convertible bonds together with interest payable amounted to approximately HK\$171 million as at 31 December 2019 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 35. 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.

PUBLICATION OF ANNUAL REPORT

As the auditing process of the 2019 Annual Results has been completed, the Company expects to publish its annual report for the year ended 31 December 2019 on or before 30 June 2020.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The results announcement is required to be published on the websites of the Stock Exchange at www.hkexnews.hk under “Listed Company Information” and the website of the Company at www.tempushold.com, respectively. The annual report of the Company for the year ended 31 December 2019 will be despatched to the shareholders of the Company and published on the Stock Exchange’s and the Company’s websites in due course.

By Order of the Board
Tempus Holdings Limited
Zhong Baisheng
Chairman

Hong Kong, 22 June 2020

** for identification purposes only*

As at the date of this announcement, 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; and three independent non-executive Directors, namely Mr. Han Biao, Mr. Li Qi and Mr. Wong Kai Hing.