

*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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

### PERFORMANCE HIGHLIGHTS

- Revenue from continuing operations for the six months ended 30 June 2020 was approximately HK\$171.8 million, representing a decrease of approximately 24.4% as compared with revenue of approximately HK\$227.4 million for the six months ended 30 June 2019.
- Gross profit for continuing operations for the six months ended 30 June 2020 was approximately HK\$88.7 million, representing a decrease of approximately 30.3% as compared with gross profit of approximately HK\$127.2 million for the six months ended 30 June 2019.
- Loss for the six months ended 30 June 2020 from continuing operations and discontinued operations was approximately HK\$42.4 million, while the loss for the six months ended 30 June 2019 from continuing operations and discontinued operations was approximately HK\$67.5 million.
- No interim dividend is declared for the six months ended 30 June 2020.

### INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Tempus Holdings Limited (the “**Company**”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2020 (the “**Period**”) together with the unaudited comparative figures for the six months ended 30 June 2019. The interim results for the Period are unaudited, but have been reviewed by the audit committee (the “**Audit Committee**”) of the Company.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**For the six months ended 30 June 2020**

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

		<b>Unaudited for the six months ended</b>	
		<b>30 June 2020</b>	30 June 2019
<i>Note</i>		<b>HK\$'000</b>	<i>HK\$'000 (Restated)</i>
Loss for the period attributable to:			
Owners of the Company			
	– for continuing operations	(42,033)	(66,532)
	– for discontinued operations	–	526
		<u>(42,033)</u>	<u>(66,006)</u>
Non-controlling interests			
	– for continuing operations	(340)	(113)
	– for discontinued operations	–	(1,404)
		<u>(340)</u>	<u>(1,517)</u>
		<b><u>(42,373)</u></b>	<b><u>(67,523)</u></b>
Total comprehensive loss for the period attributable to:			
Owners of the Company			
		(44,398)	(65,392)
Non-controlling interests			
		(657)	(1,494)
		<u>(45,055)</u>	<u>(66,886)</u>
Loss per share			
			11
	– from continuing operations	(12.03)	(19.04)
	– from discontinued operations	–	0.15
		<u>(12.03)</u>	<u>(18.89)</u>
Basic and diluted (HK cents)		<b><u>(12.03)</u></b>	<b><u>(18.89)</u></b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2020**

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

		<b>30 June</b>	31 December
		<b>2020</b>	2019
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b><i>(Unaudited)</i></b>	<b><i>(Audited)</i></b>
<b>Current liabilities</b>			
Trade and other payables	14	<b>65,994</b>	86,734
Contract liabilities		<b>11,441</b>	11,628
Amount due to an intermediate holding company		<b>124</b>	–
Amount due to ultimate holding company		<b>47</b>	–
Amount due to a fellow subsidiary		<b>906</b>	–
Amount due to immediate holding company		<b>600</b>	600
Lease liabilities		<b>24,943</b>	38,829
Tax payable		<b>2,719</b>	2,637
Bank and other borrowings – due within one year	15	<b>201,196</b>	205,356
Convertible bonds	16	<b>180,017</b>	170,504
		<u><b>487,987</b></u>	<u>516,288</u>
<b>Net current liabilities</b>		<u><b>(270,599)</b></u>	<u>(247,519)</u>
<b>Total assets less current liabilities</b>		<u><b>138,629</b></u>	<u>187,904</u>
<b>Non-current liabilities</b>			
Lease liabilities		<u><b>23,270</b></u>	<u>27,490</u>
<b>NET ASSETS</b>		<u><b>115,359</b></u>	<u>160,414</u>
<b>Capital and reserves</b>			
Share capital	17	<b>27,231</b>	27,231
Reserves		<b>64,132</b>	108,530
Equity attributable to owners of the Company		<b>91,363</b>	135,761
Non-controlling interests		<b>23,996</b>	24,653
<b>TOTAL EQUITY</b>		<u><b>115,359</b></u>	<u>160,414</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## For the six months ended 30 June 2020

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”).

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

#### Going Concern

During the six months ended 30 June 2020, the Group reported a net loss of approximately HK\$42 million. As at 30 June 2020, the Group’s current liabilities exceed its current assets by approximately HK\$271 million. As at 30 June 2020, the Group has total bank and other borrowings of approximately HK\$201 million, of which are approximately HK\$133 million are repayable within twelve months from 30 June 2020 and approximately HK\$68 million contain a repayment on demand clause. In addition, the Group’s convertible bonds together with interest payable amounting to approximately HK\$180 million as at 30 June 2020 are repayable on demand since the Group and its guarantor failed to settle the principal and interest on the maturity date (which was 30 May 2019), as disclosed in Note 16. The bank balances and cash of the Group amounted to approximately HK\$85 million as at 30 June 2020.

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

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

- 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;
- ii. The Group is looking for an opportunity to realise part of its investments and other assets to reduce its overall business risk and to obtain additional working capital;
- iii. The Group has implemented measures to speed up the collection of outstanding sales proceeds; and
- iv. The Group is planning to adopt various cost control measures to reduce 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 in the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

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

## 2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2019.

### **Application of new and amendments to HKFRSs and an interpretation**

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

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

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

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

### ***Impacts and accounting policies on early application of Amendment to HKFRS 16 “COVID-19-Related Rent Concessions”***

#### *Accounting policies*

##### Leases

#### COVID-19-Related Rent Concessions

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

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

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

#### Transition and summary of effects

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

### 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, and trading and distribution of consumer products during the Period.

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

As disclosed in Note 9, 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” (see Note 9) and “Value Chain Logistic Business” (see Note 9) were classified as discontinued operations. Comparative figures have been restated to reflect the cessation of the logistics business as discontinued operations, and segment information in this note includes only continuing operations.

#### For the six months ended 30 June 2020

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

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



For the six months ended 30 June 2019 (Restated)

	Continuing operations		
	Sales of health and wellness products business <i>HK\$'000</i> <i>(Unaudited)</i>	Trading business <i>HK\$'000</i> <i>(Unaudited)</i>	Total <i>HK\$'000</i> <i>(Unaudited)</i>
Revenue			
External sales	226,865	531	227,396
Inter-segment sales	—	1,569	1,569
	<u>226,865</u>	<u>2,100</u>	<u>228,965</u>
Segment revenue	<u>226,865</u>	<u>2,100</u>	228,965
Elimination			<u>(1,569)</u>
Group revenue			<u>227,396</u>
Segment loss	(3,759)	(6,792)	(10,551)
Share of results of associates			(419)
Impairment losses on financial assets			(5,929)
Unallocated administrative expenses			(19,384)
Other gains and losses			(7,500)
Rental income			2,016
Bank interest income			198
Interest income on loan receivable			1,413
Finance costs			<u>(25,767)</u>
Loss before tax			(65,923)
Income tax expense			<u>(722)</u>
Loss for the period from continuing operations			<u>(66,645)</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 represents the pre-tax gross loss incurred/generated from each segment without allocation of share of results of joint ventures and associates, reversal of impairment losses/(impairment losses) on financial assets, certain unallocated administrative expenses, other gains and losses, rental income, 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

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

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

#### 5. OTHER GAINS AND LOSSES, NET

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

## 6. FINANCE COSTS

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

## 7. LOSS BEFORE TAX

	Unaudited for the Six months ended	
	30 June 2020 <i>HK\$'000</i>	30 June 2019 <i>HK\$'000</i> ( <i>Restated</i> )
Loss before tax has been arrived at after charging/(crediting):		
<b>Continuing operations</b>		
Cost of inventories recognised as an expense	63,847	75,950
Depreciation of property, plant and equipment	9,025	8,460
Depreciation of right-of-use assets	20,992	19,172
Short-term leases expenses	1,020	460
Variable lease payments not included in the measurement of lease liabilities (based on turnover generated from the leased retail shops)	18,995	24,229
COVID-19-related rent concessions	(4,192)	–
	<u>113,697</u>	<u>138,271</u>
	Unaudited for the six months ended	
	30 June 2020 <i>HK\$'000</i>	30 June 2019 <i>HK\$'000</i> ( <i>Restated</i> )
<b>Discontinued operations</b>		
Depreciation of property, plant and equipment	–	1,124
Depreciation of right-of-use assets	–	7,366
Short-term leases expenses	–	769
	<u>–</u>	<u>9,259</u>

## 8. INCOME TAX EXPENSE

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

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

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

Taxable income of the subsidiary in Malaysia is subject to corporate income tax at the rate of 24% of taxable income for both periods.

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

## 9. DISCONTINUED OPERATIONS

### Partial disposal of the shareholding in Tempus Sky

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

Upon the completion of the partial disposal of the 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. The disposal was completed on 30 December 2019.

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

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

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

The loss for the period from discontinued operations

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

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

	<b>Unaudited for the six months ended</b>	
	<b>30 June 2020</b>	30 June 2019
	<b>HK\$'000</b>	<b>HK\$'000</b>
Operating activities	–	10,365
Investing activities	–	(187)
Financing activities	–	(7,647)
	<u>–</u>	<u>(7,469)</u>
Net cash inflow	<u>–</u>	<u>2,531</u>

## 10. DIVIDENDS

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

## 11. LOSS PER SHARE

### Continuing operations

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

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

	Unaudited for the six months ended	
	30 June 2020 HK\$'000	30 June 2019 HK\$'000
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per shares	<u>(42,033)</u>	<u>(66,006)</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 earnings per share for discontinued operations attributable to owners of the Company is based on the following data:

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

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

*Note:* The computation of diluted loss per share for both interim periods does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price of the Company's shares and does not assume the conversion of the Company's convertible bonds since their assumed conversion would result in a decrease in loss per share for both periods.

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

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

During the current interim period, the Group entered into leases for the use of buildings for two to three years. The Group is required to make fixed monthly payments. On lease commencement, the Group recognised HK\$5,662,000 (for the six months ended 30 June 2019: HK\$17,708,000) of right-of-use assets and HK\$5,662,000 (for the six months ended 30 June 2019: HK\$17,708,000) of lease liabilities.

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

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

### 13. TRADE, BILLS AND OTHER RECEIVABLES

	<b>30 June 2020 HK\$'000 (Unaudited)</b>	31 December 2019 HK\$'000 (Audited)
Trade receivables	47,802	87,583
Bills receivable	5,699	3,301
Prepayments	15,156	17,140
Other receivables, net of expected credit losses ("ECL")	16,052	36,454
	<u>84,709</u>	<u>144,478</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 days to 90 days to the corporate customers.

#### For trading and logistics business:

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

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

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



#### 14. TRADE AND OTHER PAYABLES

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

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

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

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

## 15. BANK AND OTHER BORROWINGS

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

The Group's convertible bonds together with interest payable amounting to approximately HK\$180 million (31 December 2019: HK\$171 million) as at 30 June 2020 are repayable on demand since the Group and its guarantor failed to settle the principal and interest on the maturity date (which was 30 May 2019), as disclosed in Note 16, this event constituted events of default under certain bank borrowings. As a consequence, bank borrowings with carrying amount of approximately HK\$70,496,000 as at 30 June 2020 (31 December 2019: HK\$72,156,000), of which the bank may on and at any time after the occurrence of the event of default continuing by notice in writing to the Group declare that the borrowings has become immediately due and payable, were classified as current liabilities. No action has been taken by the bank and no remedies in respect of the cross-defaults have been agreed with the bank up to the date of this announcement.

## 16. CONVERTIBLE BONDS

### Convertible bonds issued on 1 June 2018 (“CB 2018A”)

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

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

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

According to the Company’s announcement dated 11 June 2019, pursuant to the terms and conditions (the “Conditions”) in the instruments of the convertible bonds, it is an event of default (“EOD”) if, among others, Tempus Group Co., Ltd.\* (騰邦集團有限公司) (“Tempus Group”) fails to make any payment in respect of any financial indebtedness in an amount exceeding HK\$30,000,000 (or its equivalent in another currency or currencies) on the due date for payment as extended by any originally applicable grace period. In case of an EOD, the convertible bonds will immediately become due and repayable upon notice of an EOD being given to the Company and additional interest will accrue on the outstanding principal amount of the convertible bonds from the date of the occurrence of an EOD to the date of actual payment at an internal rate of return of 18% per annum. Due to Tempus Group’s default on the corporate bonds on 25 May 2019, the 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. As at 30 June 2020, the interest accrued by the Group after default amounting to HK\$26,507,000 (31 December 2019: HK\$14,992,000). The Group partially settled HK\$52,892,000 after the maturity date of CB 2018A of which HK\$5,000,000 was settled during the period ended 30 June 2020. As at 30 June 2020, the principal amount outstanding together with accrued interest of CB 2018A amounted to HK\$141,967,000 (31 December 2019: HK\$135,452,000).

## Convertible bonds issued on 16 October 2018 (“CB 2018B”)

On 9 October 2018, the Company entered into another subscription agreement (the “Agreement B”) with 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 should 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.

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

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

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

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

## 17. SHARE CAPITAL

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

	<b>30 June 2020 HK\$'000 (Unaudited)</b>	31 December 2019 HK\$'000 (Audited)
Presented as	<b>27,231</b>	27,231

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

## 18. PLEDGE OF ASSETS

The following assets were pledged to banks as securities to secure the banking facilities granted to the Group at the end of the reporting period:

	<b>30 June 2020 HK\$'000 (Unaudited)</b>	31 December 2019 HK\$'000 (Audited)
Leasehold land and buildings – included in property, plant and equipment	<b>291,961</b>	294,980
Bank deposits	<b>3,404</b>	3,404
	<b>295,365</b>	298,384

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

## 19. EVENTS AFTER THE REPORTING PERIOD

On 7 August 2020, the Group entered into an agreement with two independent third parties to sell its 1.7513% of the equity interest in 重慶格洛博電子商務有限公司(“格洛博”) of financial assets at FVTPL, for an aggregate consideration of RMB2,213,000. On 20 August 2020, the Group entered into another agreement with an independent third party to sell its 1.1% of the equity interest in 格洛博 for a consideration of RMB1,390,000. The Group recorded a gain of disposals of financial assets at FVTPL of RMB326,000. Up to the date of this announcement, the Group received all the considerations.

## 20. COMPARATIVE FIGURES

Certain comparative figures have been adjusted to confirm to the disclosure requirement in respect of the discontinued operations. The Comparative figures in the condensed consolidated statements of profit or loss have been restated to achieve consistent presentation as the current period.

## FINANCIAL HIGHLIGHTS

	<b>Six months ended 30 June 2020 (Unaudited)</b>	Six months ended 30 June 2019 (Unaudited) (Restated)	<b>Changes</b>
<b>Profitability data (HK\$'000)</b>			
Revenue – from continuing operations	<b>171,849</b>	227,396	(24.4%)
Gross profit – from continuing operations	<b>88,694</b>	127,232	(30.3%)
Loss before tax – from continuing operations	<b>(42,099)</b>	(65,923)	(36.1%)
Loss after tax for the Period			
– from continuing operations	<b>(42,373)</b>	(66,645)	(36.4%)
– from discontinued operations	–	(878)	100%
Loss per share – from continuing operations			
– basic and diluted (HK cents)	<b>(12.03)</b>	(19.04)	(36.8%)
Gross profit margin – from continuing operations	<b>51.6%</b>	56.0%	(4.4 ppt)
Loss before tax margin – from continuing operations	<b>(24.5%)</b>	(29.0%)	4.5 ppt
	<b>As at</b>		
	<b>30 June 2020 (Unaudited)</b>	31 December 2019 (Audited)	<b>Changes</b>
<b>Assets and liabilities data (HK\$'000)</b>			
Bank balances and cash	<b>84,750</b>	73,340	15.6%
Bank and other borrowings	<b>201,196</b>	205,356	(2.0%)
Net current liabilities	<b>(270,599)</b>	(247,519)	9.3%
Total assets less current liabilities	<b>138,629</b>	187,904	(26.2%)
<b>Assets and working capital ratios/data</b>			
Current ratio (times)	<b>0.4</b>	0.5	(0.1)
Gearing ratio (%)	<b>60.8</b>	53.4	7.4
Inventories turnover days (days)	<b>69.7</b>	60.9	8.8
Trade receivables turnover days (days)	<b>71.7</b>	99.5	(27.8)
Trade payables turnover days (days)	<b>90.9</b>	95.0	(4.1)
<i>Notes for key ratio:</i>			
Gross profit	Revenue from continuing operations – Cost of sales from continuing operations		
Loss per share	Loss attributable to shareholders from continuing operations/Weighted average number of ordinary shares		
Current ratio	Current assets/Current liabilities		
Gearing ratio	Total borrowings/Total assets x 100%		
Inventories turnover days	Average of beginning and ending inventories balances/Cost of sales x number of days in the Period		
Trade receivables turnover days	Average of beginning and ending trade receivables balances/Revenue x number of days in the Period		
Trade payables turnover days	Average of beginning and ending trade payables balances/Cost of sales x number of days in the Period		

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

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

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

### SALES OF HEALTH AND WELLNESS PRODUCTS BUSINESS

During the Period, sales of massage chairs and other massage/fitness/diagnostics products were HK\$110.7 million and HK\$59.0 million, respectively, representing 65.2% and 34.8% of the Group’s segment revenue from the sales of health and wellness products business, respectively. The Group launched a total of 9 new products, generating revenue of HK\$11.4 million, representing 6.7% of the Group’s segment revenue from the sales of health and wellness products business.

#### Sales Channels

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

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

	Six months ended 30 June 2020		Six months ended 30 June 2019		Changes	
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	%
Retail outlets	91,316	53.8	132,243	58.3	(40,927)	(30.9)
Roadshow counters	10,458	6.2	23,260	10.3	(12,802)	(55.0)
Corporate sales	44,207	26.0	54,672	24.1	(10,465)	(19.1)
International sales	6,137	3.6	6,167	2.7	(30)	(0.5)
Internet sales	17,601	10.4	10,523	4.6	7,078	67.3
Total	<u>169,719</u>	<u>100.0</u>	<u>226,865</u>	<u>100.0</u>	<u>(57,146)</u>	<u>(25.2)</u>

*(i) Traditional sales channels*

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

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

*Retail business in the Mainland China*

As at 30 June 2020, the Group operated 116 retail outlets in the Mainland China, mainly located in the Yangtze River Delta, the Pearl River Delta, Beijing-Tianjin-Hebei regions and Chengdu. During the Period, the revenue contributed by retail business in the Mainland China was HK\$38.3 million, representing a decrease of 33.7% as compared to HK\$57.8 million for the six months ended 30 June 2019. The decrease was due to the impact of the COVID-19 outbreak mentioned above in the region during the Period.



### *Retail business in Hong Kong and Macau*

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

### *Retail business in Singapore and Malaysia*

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

## **(ii) Proactive sales channels**

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

Roadshow counters of the Group are promotional and non-permanent counters which the Group operated in different department stores and shopping malls from time to time. The decrease of 55.0% in revenue from roadshow counters was mainly due to the impact of COVID-19 outbreak mentioned above during the Period.

The Group's corporate sales represent the sale of selected health and wellness products to corporate customers such as financial institutions, retail chain stores and professional bodies. The decrease of 19.1% in revenue from corporate sales was mainly due to less sizable corporate projects during the Period.

International sales of the Group are generated by the export of the Group's health and wellness products to its international distributors or wholesalers for their distributions in overseas markets such as Eastern Europe and the Middle East. The revenue generated from international sales remained stable during the Period.

The Group's internet sales represent the sales through an online group-buying platform and the sales through its online stores at major business-to-customer shopping platforms such as the Tmall (天貓). The increase of 67.3% in revenue from internet sales was mainly attributable to the rapid development of general e-commerce environment in the Mainland China.

## TRADING BUSINESS

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

## RESULTS OF OPERATION

### Revenue

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

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

	Continuing operations				Changes	
	Six months ended 30 June 2020		Six months ended 30 June 2019			
	<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	<b>169,719</b>	<b>98.8</b>	226,865	99.8	(57,146)	(25.2)
Trading	<b>2,130</b>	<b>1.2</b>	531	0.2	1,599	301.1
Total	<b><u>171,849</u></b>	<b><u>100.0</u></b>	<b><u>227,396</u></b>	<b><u>100.0</u></b>	<b><u>(55,547)</u></b>	<b><u>(24.4)</u></b>

### Cost of sales

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

## Gross profit

The gross profits for the continuing operations for the Period and for the six months ended 30 June 2019 were HK\$88.7 million and HK\$127.2 million, respectively. The gross profit margins for the Period and for the six months ended 30 June 2019 were 51.6% and 56.0%, respectively, representing a decrease of 4.4 ppt. The table below sets out the gross profit margins by business segment. The gross profit margins remained stable during the Period.

## Gross profit margin by segment

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

## Other income

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

## Other gains and losses, net

The Group's continuing operations recorded other losses of HK\$6.8 million, mainly comprising a loss on fair value change on financial assets at fair value through profit or loss of HK\$8.1 million which were partially offset by a gain on net exchange gain of HK\$1.2 million. The Group's continuing operations recorded other losses of HK\$7.5 million for the six months ended 30 June 2019, mainly comprising a loss on disposal group classified as held for sale of HK\$13.4 million and a loss on fair value change of investment properties of HK\$5.0 million which were partially offset by a gain on fair value change of derivatives embedded in convertible bonds of HK\$6.9 million.

## Impairment losses on financial assets

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

## **Share of results of associates**

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

## **Selling and distribution expenses**

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

## **Administrative expenses**

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

## **Finance costs**

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

## **Loss before tax**

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

## **Income tax expense**

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

## **Loss for the Period**

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

## **Discontinued operations**

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

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

## **FINANCIAL POSITION**

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

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

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

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2020, the Group had bank balances and cash of HK\$84.8 million (as at 31 December 2019: HK\$73.3 million). The Group's bank balances and cash primarily consisted of cash on hand and bank balances which were mainly held at the banks in Hong Kong and the Mainland China. The Group's approach in managing liquidity is to ensure, as far as possible, that the Group always maintains sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

### **Operating activities**

Net cash generated from operating activities was HK\$50.1 million for the Period (for the six months ended 30 June 2019: HK\$31.3 million), primarily reflecting the operating cash inflows before movements in working capital of HK\$3.9 million, as adjusted by a decrease of HK\$3.2 million in inventories, a decrease of HK\$63.0 million in trade, bills and other receivables and a decrease of HK\$20.7 million in trade and other payables.

### **Investing activities**

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

### **Financing activities**

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

## **BORROWINGS AND GEARING RATIO**

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

## **WORKING CAPITAL**

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

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

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

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

## **CAPITAL EXPENDITURE**

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

## **CHARGE ON ASSETS**

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

## **SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS**

On 22 January 2020, Zhuhai Tempus Jinyue Investment Limited\* (珠海騰邦金躍投資有限公司) (“**Vendor**”), a wholly owned subsidiary of the Company, Mr. Wang Xiaowei (王嘯巍), Mr. Peng Biao (彭彪) and Tianjin Yuncheng Corporate Management LLP\* (天津市雲橙企業管理合夥企業(有限合夥)) (collectively, the “**Purchasers**”) and Ms. Zheng Meiling (鄭美玲) (the “**Transferee**”) entered into receivables transfer agreement in respect of the assignment of the outstanding consideration amounted to RMB19,810,000 from Vendor to the Transferee for a total consideration of RMB15,850,000. Up to the date of this announcement, the Group has received all of the consideration.

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

## **IMPORTANT EVENTS AFTER THE END OF THE PERIOD**

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

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

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

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

## **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend for the Period (for the six months ended 30 June 2019: Nil).

## **CONTINGENT LIABILITIES**

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



## **FOREIGN EXCHANGE RISK MANAGEMENT**

As at 30 June 2020, the Group was exposed to certain foreign exchange risk as the Group had bank balances in Renminbi of approximately RMB27,149,000 (equivalent to approximately HK\$29,713,000), and in United States dollar of approximately US\$395,490 (equivalent to approximately HK\$3,069,000). The Group does not use any derivative financial instruments to hedge the foreign exchange risk. Instead, the Group manages the foreign exchange risk by closely monitoring the movement of the foreign currency rates and may, depending on the circumstances and trend of foreign currency, consider adopting significant foreign currency hedging policy in the future.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR ACQUISITION OF CAPITAL ASSETS**

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

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2020, the Group had a total number of 681 (as at 31 December 2019: 780) full-time employees. The key components of the Group's remuneration package include basic salary, and where appropriate, other allowances, incentive bonus, mandatory provident funds, state-managed retirement benefits scheme and share options under the share option scheme of the Company. The Group determined the remuneration packages of all employees based on factors including individual qualifications, contributions to the Group, performance and years of experience of the respective staff. The remuneration committee will review and determine the remuneration and compensation packages of the Directors and senior management of the Company with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

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

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

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 26 January 2017 and 16 April 2018, the Group granted 23,420,000 share options (Lot 1) and 34,986,000 share options (Lot 2) under the Share Option Scheme at the exercise prices of HK\$1.84 per share and HK\$2.13 per share to certain Directors, senior management and selected employees of the Group. During the Period, no share options have been granted under the Share Option Scheme. Movements of the outstanding share options granted under the Share Option Scheme during the Period are as follows:

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

## STRATEGIES AND PROSPECTS

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

## COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with all applicable code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) throughout the Period.

## **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS**

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

## **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 of all independent non-executive Directors, namely, Mr. Wong Kai Hing (chairman of the Audit Committee), Mr. Han Biao and Mr. Li Qi.

The Group’s interim results for the Period 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.

## **REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE**

The Audit Committee has reviewed together with the Board and Moore Stephens CPA Limited, the Company’s auditor, the unaudited condensed consolidated financial statements of the Group for the Period. The Audit Committee is satisfied that the unaudited condensed consolidated financial statements of the Group for the Period were prepared in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Period.

**EXTRACT OF THE DRAFT REVIEW REPORT BY MOORE STEPHENS CPA LIMITED  
ON THE GROUP'S INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS  
ENDED 30 JUNE 2020**

**CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**EMPHASIS OF MATTER**

We draw your attention to Note 1 to the condensed consolidated financial statements, which states that the Group incurred a net loss of approximately HK\$42 million for the six months ended 30 June 2020. As at 30 June 2020, the Group's current liabilities exceeded its current assets by approximately HK\$271 million. As at 30 June 2020, the Group has total bank and other borrowings of approximately HK\$201 million, of which approximately HK\$133 million are repayable within twelve months from 30 June 2020 and approximately HK\$68 million contain a repayment on demand clause. In addition, the Group's convertible bonds together with interest payable amounted to approximately HK\$180 million as at 30 June 2020 are repayable on demand since the Group and its guarantor failed to settle the principal and interest on the maturity date (which was 30 May 2019), as disclosed in Note 16. These conditions, together with other matters disclosed in Note 1 to the condensed consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

**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](http://www.hkexnews.hk) and the website of the Company at [www.tempushold.com](http://www.tempushold.com), respectively. The interim report of the Company for the Period 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, 28 August 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.*