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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 2020

HIGHLIGHTS

- Revenue from continuing operations for the year ended 31 December 2020 was approximately HK\$403.4 million, representing a decrease of approximately 10.5% as compared with revenue of approximately HK\$450.8 million for the year ended 31 December 2019.
- Gross profit for continuing operations for the year ended 31 December 2020 was approximately HK\$202.7 million, representing a decrease of approximately 14.4% as compared with gross profit of approximately HK\$236.8 million for the year ended 31 December 2019.
- Loss for the year from continuing operations and discontinued operations for the year ended 31 December 2020 was approximately HK\$81.4 million, while that for the year ended 31 December 2019 was approximately HK\$282.4 million.
- The Board does not recommend the payment of final dividend for the year ended 31 December 2020.

The board (the “**Board**”) of directors (the “**Directors**”) of Tempus Holdings Limited (the “**Company**”) hereby announces the audited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020 together with the comparative audited figures for the year ended 31 December 2019.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
For the year ended 31 December 2020

	<i>Notes</i>	2020 HK\$'000	2019 HK\$'000
Continuing operations			
Revenue	3	403,407	450,777
Cost of sales		(200,698)	(213,984)
		<hr/>	<hr/>
Gross profit		202,709	236,793
Other income	4	15,977	10,494
Other gains and losses, net	5	(30,366)	(30,926)
Reversal of impairment losses on financial assets		21,724	—
Impairment losses on financial assets		(1,554)	(50,207)
Share of results of associates		(5,174)	(32,633)
Selling and distribution expenses		(168,185)	(209,234)
Administrative expenses		(76,174)	(101,865)
Finance costs	6	(38,906)	(49,394)
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Loss before tax	7	(79,949)	(226,972)
Income tax expense	8	(1,439)	(1,082)
		<hr/>	<hr/>
Loss for the year from continuing operations		(81,388)	(228,054)
Discontinued operations			
Loss for the year from discontinued operations	9	—	(54,296)
		<hr/>	<hr/>
Loss for the year		(81,388)	(282,350)
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Other comprehensive income/(loss) for the year			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		12,023	(8,926)
Reclassification of cumulative translation reserve upon disposal of a foreign operation		—	4,905
		<hr/>	<hr/>
		12,023	(4,021)
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total comprehensive loss for the year		(69,365)	(286,371)
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	2020	2019
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit for the year attributable to:		
Owners of the Company		
— for continuing operations	(82,192)	(225,976)
— for discontinued operations	<u>—</u>	<u>(36,493)</u>
	(82,192)	(262,469)
Non-controlling interests		
— for continuing operations	804	(2,078)
— for discontinued operations	<u>—</u>	<u>(17,803)</u>
	804	(19,881)
	(81,388)	(282,350)
Total comprehensive (loss)/income for the year attributable to:		
Owners of the Company		
	(71,854)	(266,713)
Non-controlling interests	<u>2,489</u>	<u>(19,658)</u>
	(69,365)	(286,371)
Total comprehensive loss attributable to owners of the Company:		
– from continuing operations	(71,854)	(231,935)
– from discontinued operations	<u>—</u>	<u>(34,778)</u>
	(71,854)	(266,713)
Loss per share		
	11	
— from continuing operations	(0.24)	(0.65)
— from discontinued operations	<u>—</u>	<u>(0.10)</u>
Basic and diluted (HK\$)	(0.24)	(0.75)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	12	298,450	324,463
Right-of-use assets	12	55,080	63,828
Investments in associates		10,284	14,455
Financial assets at fair value through profit or loss		5,701	22,972
Deferred tax assets		—	1,253
Utility and other deposits paid		4,976	8,452
		<hr/>	<hr/>
		374,491	435,423
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets			
Inventories		35,606	33,429
Trade, bills and other receivables	13	89,428	144,478
Utility and other deposits paid		13,749	12,630
Tax recoverable		37	1,488
Financial assets at fair value through profit or loss		1,720	—
Pledged bank deposits		1,418	3,404
Bank balances and cash		118,526	73,340
		<hr/>	<hr/>
		260,484	268,769
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current liabilities			
Trade and other payables	14	83,232	86,734
Contract liabilities		16,105	11,628
Amount due to ultimate holding company		51	—
Amount due to an intermediate holding company		131	—
Amount due to immediate holding company		600	600
Lease liabilities		33,241	38,829
Tax payable		992	2,637
Bank and other borrowings — due within one year	15	196,654	205,356
Convertible bonds	16	189,469	170,504
		<u>520,475</u>	<u>516,288</u>
Net current liabilities		<u>(259,991)</u>	<u>(247,519)</u>
Total assets less current liabilities		<u>114,500</u>	<u>187,904</u>
Non-current liabilities			
Lease liabilities		<u>23,451</u>	<u>27,490</u>
NET ASSETS		<u>91,049</u>	<u>160,414</u>
Capital and reserves			
Share capital	17	27,231	27,231
Reserves		<u>36,676</u>	<u>108,530</u>
Equity attributable to owners of the Company		63,907	135,761
Non-controlling interests		<u>27,142</u>	<u>24,653</u>
TOTAL EQUITY		<u>91,049</u>	<u>160,414</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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 2020, the Group reported a net loss of approximately HK\$81 million. As at 31 December 2020, the Group’s current liabilities exceeded its current assets by approximately HK\$260 million. As at 31 December 2020, the Group has total bank and other borrowings of approximately HK\$197 million, of which approximately HK\$132 million is repayable within twelve months from 31 December 2020 and approximately HK\$65 million contain a repayment on demand clause. In addition, the Group’s convertible bonds together with interest payable amounting to approximately HK\$189 million as at 31 December 2020 are repayable on demand since the Group and its guarantor failed to settle the principal and interest on the maturity date (which was 30 May 2019). The bank balances and cash of the Group amounted to approximately HK\$119 million as at 31 December 2020.

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

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

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

- (i) The Group has been negotiating with the CBs holder of outstanding principals of HK\$141,000,000 together with accrued interests thereon for a debt restructuring plan. After receiving the demand letter, the negotiation continues and the Group has submitted a debt restructuring proposal to the CBs holder;
- (ii) The Group plans to realise part of its assets to reduce its overall business risk and to obtain additional working capital; and
- (iii) The Group has implemented 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 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 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 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 amendments to HKFRSs

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

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

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

In addition, the Group has early applied the Amendment to HKFRS 16 *Covid-19-Related Rent Concessions*.

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

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

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

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

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

The application of the amendment had no impact to the opening accumulated losses at 1 January 2020. The Group recognised changes in lease payments that resulted from rent concessions of HK\$7,252,000 in the profit or loss for the current year.

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

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

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

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

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

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

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

3. REVENUE AND SEGMENT INFORMATION

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

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

The following is an analysis of the Group's revenue and results by reportable and operating segments based on information reported to the chief operating decision maker for the purposes of performance assessment and resource allocation.

The Group's reportable and operating segments under HKFRS 8 *Operating Segments* are as follows:

Sales of health and wellness products business — Sales and research and development of health and wellness related products

Trading business — Trading and distribution of consumer products

As disclosed in Note 9, the Group ceased its 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 logistics operations that include “Hong Kong Logistic Business” (see Note 9) and “Value Chain Logistic Business” (see Note 9) were classified as discontinued operations.

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

For the year ended 31 December 2020

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

For the year ended 31 December 2019

	Continuing operations		
	Sales of health and wellness products business <i>HK\$'000</i>	Trading business <i>HK\$'000</i>	Total <i>HK\$'000</i>
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, net			(30,926)
Bank interest income			549
Interest income on a loan 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>

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

Information about major customer

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Customer A	<u>51,369</u>	<u>—</u>

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

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

4. OTHER INCOME

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

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

5. OTHER GAINS AND LOSSES, NET

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

6. FINANCE COSTS

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

7. LOSS BEFORE TAX

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

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

8. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Continuing operations		
Current tax expense:		
Hong Kong Profits Tax	—	216
Macau Complimentary Income Tax	699	1,000
Malaysian Corporate Income Tax	15	—
	<u>714</u>	<u>1,216</u>
(Over)/under-provision of taxation in prior years:		
Hong Kong Profits Tax	(270)	—
Macau Complimentary Income Tax	(361)	(58)
Malaysian Corporate Income Tax	—	(23)
People's Republic of China ("PRC") Enterprise Income Tax ("EIT")	103	(498)
	<u>(528)</u>	<u>(579)</u>
Deferred tax charged	1,253	—
Withholding tax on earnings distributed by a subsidiary	—	445
	<u>1,439</u>	<u>1,082</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.* (深圳市騰邦價值鏈股份有限公司) (“SZ Tempus Value Chain”) (“Vendor B”), a non-wholly owned subsidiary directly held by the Company, and Shenzhen Youxingxin Logistics Co., Ltd.* (深圳市友興昕物流有限公司) (the “Purchaser B”), an independent third party, entered into a sale and purchase agreement, pursuant to which Vendor B has agreed to sell and Purchaser B has agreed to acquire the entire equity interest of Qianhai Value Chain, for a consideration of approximately RMB47,675,000 (equivalent to approximately HK\$53,072,000). 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 year ended 31 December 2019 from the discontinued operations is set out below.

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

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

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

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

	2019 <i>HK\$'000</i>
Operating activities	6,220
Investing activities	(853)
Financing activities	<u>(9,224)</u>
Net cash outflow	<u><u>(3,857)</u></u>

10. DIVIDENDS

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

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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss		
Loss for the year for continuing operations attributable to owners of the Company	<u>(82,192)</u>	<u>(225,976)</u>
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>349,261</u>	<u>349,311</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:

	2020 <i>HK\$'000</i>	2019 <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>(82,192)</u>	<u>(262,469)</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 per share for discontinued operations attributable to owners of the Company is based on the following data:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss		
Loss for the year for discontinued operations attributable to owners of the Company	<u>—</u>	<u>(36,493)</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 the year ended 31 December 2020 does not assume the exercise of the Company's share option because the exercise price of those share option was higher than the average market price of the Company's shares.

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

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

During the current year, the Group acquired property, plant and equipment of HK\$6,306,000 (2019: HK\$12,088,000).

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. TRADE, BILLS AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	56,014	87,583
Bills receivable	2,186	3,301
Prepayments	9,200	17,140
Other receivables, net of expected credit losses	22,028	36,454
	<u>89,428</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 to 90 days to the corporate customers.

For trading business:

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

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

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

14. TRADE AND OTHER PAYABLES

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

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

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

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

15. BANK AND OTHER BORROWINGS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Secured bank loans	180,128	183,656
Other borrowings	16,526	21,700
	<u>196,654</u>	<u>205,356</u>
Carrying amount of the above borrowings that are repayable:		
On demand and within one year	<u>128,026</u>	<u>133,200</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	3,881	2,990
In more than one year but not more than two years	3,934	3,112
In more than two years but not more than five years	12,129	10,119
More than five years	48,684	55,935
	<u>68,628</u>	<u>72,156</u>
	196,654	205,356
Less: Amounts due within one year shown under current liabilities	<u>(196,654)</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\$189,469,000 as at 31 December 2020 (2019: HK\$170,504,000) are repayable on demand since the Group and its guarantor failed to settle the principal and interest on the maturity date (which was 30 May 2019), as disclosed in Note 16, this event constituted events of default under certain bank borrowings. As a consequence, bank borrowings with carrying amount of approximately HK\$68,628,000 as at 31 December 2020 (2019: HK\$72,156,000), of which the bank may on and at any time after the occurrence of the event of default continuing by notice in writing to the Group declare that the borrowings has become immediately due and payable, were classified as current liabilities. No action has been taken by the bank and no remedies in respect of the cross-defaults have been agreed with the bank up to the date 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 the CBs holder, an independent third party. Pursuant to the Agreement A, the CBs holder agreed to subscribe the convertible bonds with principal amount of HK\$160,000,000 at an interest rate of 7% per annum and guaranteed by the non-executive Director, Mr. Zhong Baisheng. The CB 2018A was issued to the CBs holder on 1 June 2018 and would be due on 30 May 2019.

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

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

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

Further, the Group and its guarantor failed to fully settle the principal amount outstanding of HK\$162,752,000 together with accrued interest of HK\$5,600,000 of CB 2018A on 30 May 2019. During the year ended 31 December 2020, the interest accrued by the Group recognised in profit or loss after default amounting to HK\$23,656,000 (2019: HK\$14,992,000). The Group partially settled HK\$58,892,000 after the maturity date of CB 2018A of which HK\$11,000,000 was settled during the year ended 31 December 2020 (2019: HK\$47,892,000). As at 31 December 2020, the principal amount outstanding together with accrued interest of CB 2018A amounted to HK\$148,108,000 (2019: HK\$135,452,000).

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

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

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

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

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

Further, the Group and its guarantor failed to fully settle the principal amount outstanding of HK\$30,516,000 together with accrued interest of HK\$1,312,000 of CB 2018B on 30 May 2019. No repayment has been made by the Group after maturity date up to 31 December 2020. During the year ended 31 December 2020, the interest accrued by the Group recognised in profit or loss after default amounting to HK\$6,309,000 (2019: HK\$3,224,000). As at 31 December 2020, the principal amount outstanding together with accrued interest of CB 2018B amounted to HK\$41,361,000 (2019: HK\$35,052,000).

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

Up to the date of this announcement, the Company has been continuing its discussions with the CBs holder as to the restructuring plan of CB 2018A and CB 2018B and the parties have not reached agreement yet.

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

	Debt component <i>HK\$'000</i>
As at 1 January 2020	170,504
Interest charged	29,965
Redemption of convertible bonds	<u>(11,000)</u>
As at 31 December 2020	<u><u>189,469</u></u>

17. SHARE CAPITAL

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

During the year ended 31 December 2019, the Company repurchased a total of 616,000 ordinary shares of the Company at an aggregate purchase price of approximately HK\$680,000 on the Stock Exchange 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.

18. PLEDGE OF ASSETS

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

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Leasehold land and buildings		
— included in property, plant and equipment	272,500	294,980
Financial assets at fair value through profit or loss		
— listed equity investments	394	—
Pledged bank deposits	<u>1,418</u>	<u>3,404</u>
	<u>274,312</u>	<u>298,384</u>

In addition, certain of the Group's lease liabilities are secured by the lessor's charge over the leased assets with carrying values of HK\$36,000 as at 31 December 2020 (2019: HK\$267,000).

19. EVENTS AFTER THE REPORTING PERIOD

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

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

FINANCIAL HIGHLIGHTS

	2020	2019	Changes
Profitability data (HK\$'000)			
Revenue — from continuing operations	403,407	450,777	(10.5%)
Gross profit — from continuing operations	202,709	236,793	(14.4%)
Loss before tax — from continuing operations	(79,949)	(226,972)	(64.8%)
Loss after tax for the year			
— from continuing operations	(81,388)	(228,054)	(64.3%)
— from discontinued operations	—	(54,296)	(100%)
Loss per share — from continuing operations			
— basic and diluted (HK\$)	(0.24)	(0.65)	(63.1%)
Gross profit margin — from continuing operations	50.2%	52.5%	(2.3 ppt)
Loss before tax margin — from continuing operations	(19.8%)	(50.4%)	30.6 ppt
Dividend per share (HK cents)			
— final dividend	—	—	N/A

As at 31 December

	2020	2019	Changes
Assets and liabilities data (HK\$'000)			
Bank balances and cash	118,526	73,340	61.6%
Bank and other borrowings	196,654	205,356	(4.2%)
Net current liabilities	(259,991)	(247,519)	5.0%
Total assets less current liabilities	114,500	187,904	(39.1%)

Assets and working capital ratios/data

Current ratio (<i>times</i>)	0.5	0.5	0
Gearing ratio (%)	60.8	53.4	7.4
Inventories turnover days (<i>days</i>)	62.8	60.9	1.9
Trade receivables turnover days (<i>days</i>)	65.0	99.5	(34.5)
Trade payables turnover days (<i>days</i>)	89.6	95.0	(5.4)

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

For the year ended 31 December 2019, upon completion of the disposal of Shenzhen Qianhai Tempus Value Chain Co. Ltd* (深圳前海騰邦價值鏈有限公司) (“**Qianhai Value Chain**”) and the partial disposal of shareholding in Tempus Sky Enterprises Limited (“**Tempus Sky**”, together with Qianhai Value Chain, the “**Disposed OpCo**”), the Group ceased to carry on the original logistics business. Accordingly, the operations of the Disposed OpCo were classified as discontinued operations in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations (the “**HKFRS 5**”). In 2019, the Group’s revenue generated from discontinued operations, i.e. the logistics business conducted through the Disposed OpCo, was approximately HK\$279.2 million, and recorded a loss from discontinued operations of HK\$54.3 million. Looking forward, without changing the Company’s principal business, the Company will continue to stay tuned to market trends and explore new business opportunities.

In 2020, the Group’s revenue generated from the continuing operations was HK\$403.4 million, decreased by 10.5% as compared with that of HK\$450.8 million for the year ended 31 December 2019. The decrease in revenue generated from the continuing operations was mainly due to the long-lasting outbreak of the novel coronavirus (COVID-19) pandemic (the “**Pandemic**”) in 2020, and the Group therefore had faced a challenging business environment. Anti-epidemic measures were implemented against the novel coronavirus, and had continued to be in force. Various restrictions were imposed by authorities in Mainland China, Hong Kong, Singapore, Malaysia as well as Macau (the “**Respective Regions**”) during the year 2020 in view of public health concerns. The lockdown which caused a temporary closure of retail outlets in the Respective Regions, had resulted in little appetite for consumer purchase. The Group’s sales activities were adversely affected, especially in the first half of 2020. Consequently, the Group’s revenue generated from the continuing operations declined by approximately 24.4% in the first half of 2020 as compared to that in the first half of 2019. Fortunately, the market had gradually improved in the second half of 2020. The Group’s revenue generated from the continuing operations declined by approximately 10.5% for the year ended 31 December 2020 as compared to that in the year ended 31 December 2019. The decrease in the revenue was however partially compensated by the reversal of impairment losses on financial assets of HK\$21.7 million which was recognised during the year, by the decrease in impairment losses on financial assets of approximately HK\$48.7 million for the year ended 31 December 2020 as compared to that in the year ended 31 December 2019, and by the decrease in administrative expenses of approximately HK\$25.7 million for the year ended 31 December 2020 as compared to that in the year ended 31 December 2019, and as well as by the decrease in selling and distribution expenses of approximately HK\$41.0 million for the year ended 31 December 2020 as compared to that in the year ended 31 December 2019. The Group therefore recorded a loss for the year from continuing operations of HK\$81.4 million, as compared with that of HK\$228.1 million in 2019.

SALES OF HEALTH AND WELLNESS PRODUCTS BUSINESS

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

Sales Channels

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

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

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

(i) Traditional sales channels

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

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

Retail business in Mainland China

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

Retail business in Hong Kong and Macau

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

Retail business in Singapore and Malaysia

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

(ii) Proactive sales channels

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

Roadshow counters of the Group are promotional and non-permanent counters which the Group operated in different department stores and shopping malls from time to time. The decrease of 50.3% in revenue from roadshow counters was mainly due to the impact of Pandemic mentioned above during the year.

The Group's corporate sales represent the sale of selected health and wellness products to corporate customers such as financial institutions, retail chain stores and professional bodies. The decrease of 11.9% in revenue from corporate sales was mainly due to a decrease in corporate projects during the year.

International sales of the Group are generated by the export of the Group's health and wellness products to its international distributors or wholesalers for their distributions in overseas markets such as Eastern Europe and the Middle East. The increase of 73.4% in revenue generated from international sales was due to the increase in demand of the market in the Middle East during the year.

The Group's internet sales represent the sales through an online group-buying platform and the sales through its online stores at major business-to-customer shopping platforms such as the Tmall (天貓). The increase of 33.8% in revenue from internet sales was mainly attributable to rapid growth in the demand for online shopping in Mainland China, and more consumers buying online as a result in view of prevalence of the Pandemic.

TRADING BUSINESS

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

RESULTS OF OPERATION

The Group's operating results from continuing operations in 2020 were primarily contributed by businesses engaging in the sales of health and wellness products as well as trading. In light of adopting HKFRS 5, the results of the logistics business in 2019 were included under the discontinued operations.

Revenue

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

	2020		2019		Changes	
	<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	399,864	99.1	448,627	99.5	(48,763)	(10.9)
Trading	3,543	0.9	2,150	0.5	1,393	64.8
Total	403,407	100.0	450,777	100.0	(47,370)	(10.5)

Cost of sales

Cost of sales for the continuing operations represents product cost and direct expenses in relation to purchases of products. The Group's cost of sales for the continuing operations for 2020 was HK\$200.7 million, representing a decrease of 6.2% from HK\$214.0 million for 2019. The decrease was mainly due to the decrease in cost of sales of health and wellness products in line with the deterioration of the business of the same segment.

Gross profit

The gross profits for the continuing operations for 2020 and 2019 were HK\$202.7 million and HK\$236.8 million, respectively. The gross profit margins for 2020 and 2019 were 50.2% and 52.5%, respectively, representing a decrease of 2.3ppt. The gross profit margins remained stable during the year.

Other income

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

Other gains and losses, net

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

Impairment losses on financial assets

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

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

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

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

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

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

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

Share of results of associates

Share of results of associates for continuing operations for 2020 was a loss of HK\$5.2 million (2019: HK\$32.6 million), mainly representing the Group's share of loss from associates, Yantai Leteng Equity Investment Management Centre (Limited Partnership)* (煙台樂騰股權投資管理中心(有限合夥)) and Guangdong Shucheng Technology Co., Ltd.* (廣東數程科技有限公司).

Selling and distribution expenses

Selling and distribution expenses for the continuing operations, mainly comprising of advertising and marketing expenses as well as staff costs, decreased from HK\$209.2 million for 2019 to HK\$168.2 million for 2020. The decrease was mainly attributed to the decrease in advertising and marketing expenses of HK\$10.4 million, distribution expenses of HK\$4.3 million, rental expense of HK\$4.8 million and staff costs of HK\$6.6 million.

Administrative expenses

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

Finance costs

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

Loss before tax

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

Income tax expense

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

Loss for the year

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

Discontinued Operations

Upon completion of the disposal of Qianhai Value Chain and the partial disposal of shareholding in Tempus Sky during the year ended 31 December 2019, the Group ceased to carry out the original logistics business. Accordingly, the operations of the Disposed OpCo were classified as discontinued operations in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

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

FINANCIAL POSITION

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2020, the Group had bank balances and cash of HK\$118.5 million (as at 31 December 2019: HK\$73.3 million). The Group's bank balances and cash primarily consisted of cash on hand and bank balances which were mainly held at the banks in Hong Kong and Mainland China. The Group's approach in managing liquidity is to ensure, as far as possible, that the Group always maintains sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

Operating activities

Net cash generated from operating activities was HK\$76.9 million for 2020 (2019: HK\$26.3 million), primarily reflecting the operating cash inflows before movements in working capital of HK\$33.7 million, as adjusted by an increase of HK\$2.8 million in inventories, a decrease of HK\$44.1 million in trade, bills and other receivables and a decrease of HK\$3.8 million in trade and other payables.

Investing activities

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

Financing activities

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

BORROWINGS AND GEARING RATIO

Total borrowings of the Group as at 31 December 2020 was HK\$386.1 million with effective interest rates ranging from 2.28% to 18% per annum. The Group's gearing ratio increased by 7.4 ppt from 53.4% as at 31 December 2019 to 60.8% as at 31 December 2020, which was primarily due to decreases in investment in financial assets at fair value through profit or loss of HK\$15.6 million and trade, bills and other receivables of HK\$55.1 million at the year end.

WORKING CAPITAL

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

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

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

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

CAPITAL EXPENDITURE

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

CHARGE ON ASSETS

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

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

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

IMPORTANT EVENTS AFTER THE END OF THE YEAR

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

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

CONTINGENT LIABILITIES

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

FOREIGN EXCHANGE RISK MANAGEMENT

As at 31 December 2020, the Group was exposed to certain foreign exchange risk as the Group had bank balances in Renminbi of approximately RMB36.5 million (equivalent to approximately HK\$43.3 million), in Singapore dollar of approximately SGD2.5 million (equivalent to approximately HK\$14.4 million, and in United States dollar of approximately US\$0.5 million (equivalent to approximately HK\$4.3 million). The Group does not use any derivative financial instruments to hedge the foreign exchange risk. Instead, the Group manages the foreign exchange risk by closely monitoring the movement of the foreign currency rates and may, depending on the circumstances and trend of foreign currency, consider adopting significant foreign currency hedging policy in the future.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR ACQUISITION OF CAPITAL ASSETS

The Group does not have any solid plans for material investments or acquisition of capital assets as at the date of this 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 2020, the Group had a total number of 604 (2019: 780) full-time employees. The key components of the Group's remuneration package include basic salary, and where appropriate, other allowances, incentive bonus, mandatory provident funds, state-managed retirement benefits scheme and share options under the share option scheme of the Company. The Group determined the remuneration packages of all employees based on factors including individual qualifications, contributions to the Group, performance and years of experience of the respective staff. The remuneration committee of the Company (the "**Remuneration Committee**") will review and determine the remuneration and compensation packages of the Directors and senior management of the Company with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

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

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

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

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 2020, 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 2020 are as follows:

	Balance as at 1 January 2020	Share options granted	Share options exercised	Share options expired	Share options lapsed	Balance as at 31 December 2020
Lot 1	—	—	—	—	—	—
Lot 2	12,400,000	—	—	—	(3,700,000)	8,700,000
Lot 3	16,998,600	—	—	—	(6,098,600)	10,900,000
Total	29,398,600	—	—	—	(9,798,600)	19,600,000

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

STRATEGIES AND PROSPECTS

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

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

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

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 2020 except the Code Provision A.5.1 of the CG Code. Pursuant to code provision A.5.1 of the CG Code, the Nomination Committee is required to be chaired by the chairman of the board or an independent non-executive director (“**INED**”) and comprises a majority of INEDs.

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

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

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 2020.

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. Cheng Tsz Lok and Mr. Wong Kai Hing.

The Group’s audited results for the year ended 31 December 2020 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

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

ANNUAL GENERAL MEETING

The Board resolved to propose to the shareholders of the Company (the “**Shareholders**”) that the forthcoming annual general meeting of the Company will be held on Friday, 28 May 2021 (the “**AGM**”).

FINAL DIVIDEND

The Board has resolved not to declare a final dividend for the year ended 31 December 2020 (2019: nil).

CLOSURE OF THE REGISTER OF MEMBERS

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

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, consolidate statement of financial position, and the related notes thereto for the year ended 31 December 2020 as set out in this 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 2020 as approved by the Board on 31 March 2021. 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 2020 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 2020.

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw your attention to note 1(b) to the consolidated financial statements, which states that the Group incurred net loss of approximately HK\$81 million for the year ended 31 December 2020. As at 31 December 2020, the Group's current liabilities exceeded its current assets by approximately HK\$260 million. As at 31 December 2020, the Group has total bank and other borrowings of approximately HK\$197 million, of which approximately HK\$132 million are repayable within twelve months from 31 December 2020 and approximately HK\$65 million contain a repayment on demand clause, as disclosed in Note 33. In addition, the Group's convertible bonds together with interest payable amounted to approximately HK\$189 million as at 31 December 2020 are repayable on demand since the Group and its guarantor failed to settle the principal and interest on the maturity date (which was 30 May 2019), as disclosed in Note 34. On 23 March 2021, the Company received a letter from the subscriber of the convertible bonds (the "CBs holder") demanding repayment of the outstanding amount of the convertible bonds amounting to approximately HK\$194,661,000. According to the demand letter, the Company has 3 weeks after serving of this demand letter to repay the debt. After the expiry of the 3 weeks' period, the CBs holder may present a winding-up petition against the Company. These conditions, together with other matters disclosed in Note 1(b) to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT 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 2020 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, 31 March 2021

* *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. Cheng Tsz Lok, Mr. Li Qi and Mr. Wong Kai Hing.