TEMPUS
騰邦控股

TEMPUS HOLDINGS LIMITED
騰邦控股有限公司
(IN LIQUIDATION)

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 06880)

ANNOUNCEMENT OF CONSOLIDATED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023 AND CONTINUED SUSPENSION OF TRADING

Reference is made to the announcements of the Company dated 14 October 2022, 30 March 2023, 3 April 2023, 28 April 2023, 18 May 2023, 11 July 2023, 18 July 2023, 31 August 2023, 28 September 2023, 10 October 2023, 16 January 2024, 19 April 2024, 13 May 2024, 20 May 2024, 5 September 2024, and 28 October 2024 (the "**Announcements**"). Unless otherwise defined in this announcement, capitalised terms herein shall have the same meanings as ascribed to them in the Announcements.

The Joint and Several Liquidators of Tempus Holdings Limited (In Liquidation) (the "**Company**", together with its subsidiaries, the "**Group**") present the audited results of the Group for the year ended 31 December 2023. This announcement, containing the full text of the 2023 Annual Report of the Company, complies with the relevant content requirements of the Listing Rules in relation to preliminary announcements of final results.

CONTINUED SUSPENSION OF TRADING

Trading on the Stock Exchange in the shares of the Company which was suspended with effect from 9:00 a.m. on 3 April 2023 remains suspended and will continue to be so until further notice.

The Company will keep the public informed by making further announcements as appropriate.

If the shareholders of the Company have any query about the implications of the appointment of the Liquidators and the continued suspension of trading referred to above, they are advised to obtain appropriate professional advice.

For and on behalf of
Tempus Holdings Limited (In Liquidation)
Wing Sze Tiffany Wong
Edward Simon Middleton
Joint and Several Liquidators
acting as agents without personal liabilities

Hong Kong, 19 November 2024

As at the date of this announcement, the Board comprises two Executive Directors, namely Mr. Zhong Yiming and Mr. Wang Xingyi; one Non-executive Director, namely Mr. Zhong Baisheng; and two Independent Non-executive Directors, namely Mr. Li Qi and Mr. Peng Chaolin.

The affairs, business and property of the Company are being managed by the Liquidators who act as the agents of the Company only and without personal liabilities.

The announcement will remain on the "Latest Listed Company Information" page of the Stock Exchange's website at www.hkexnews.hk for at least seven days after the date of publication.

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CORPORATE INFORMATION

JOINT AND SEVERAL LIQUIDATORS (THE "LIQUIDATORS")

Ms. Wing Sze Tiffany Wong
Mr. Edward Simon Middleton

BOARD OF DIRECTORS

Executive Directors

Mr. Zhong Yiming *(Chief Executive Officer)*
Mr. Yip Chee Lai, Charlie *(Resigned with effect on 26 June 2023)*
Mr. Wang Xingyi
Mr. Sun Yifei *(Removed on 1 August 2023)*

Non-executive Director

Mr. Zhong Baisheng *(Chairman)*

Independent Non-Executive Directors

Mr. Li Qi
Mr. Peng Chaolin *(Appointed on 3 August 2023)*
Mr. Wong Kai Hing *(Resigned on 11 July 2023)*
Mr. Cheng Tsz Lok *(Resigned on 13 July 2023)*
Ms. Lo Wing Yan Emmy *(Appointed on 23 August 2023 and Resigned with effect on 8 May 2024)*

COMPANY SECRETARY

Ms. Lam Yin Ling *(Appointed on 13 March 2023)*
Ms. Cheung Man Yin *(Resigned on 1 March 2023)*

EXECUTIVE COMMITTEE

Mr. Zhong Yiming *(Chairman)*
Mr. Wang Xingyi

AUDIT COMMITTEE

Mr. Li Qi
Mr. Peng Chaolin

REMUNERATION COMMITTEE

Mr. Peng Chaolin *(Chairman)*
Mr. Li Qi
Mr. Wang Xingyi
Mr. Zhong Yiming

NOMINATION COMMITTEE

Mr. Peng Chaolin *(Chairman)*
Mr. Li Qi

AUTHORISED REPRESENTATIVES

Ms. Lam Yin Ling *(Appointed on 30 March 2023)*
Mr. Sun Yifei *(Removed on 30 March 2023)*

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

OFFICE OF THE LIQUIDATORS

14/F, St. George's Building
2 Ice House Street
Central, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3602, 36/F
Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21/F
148 Electric Road
North Point, Hong Kong

AUDITOR

Moore CPA Limited
Certified Public Accountants and Registered Public Interest Entity Auditor
801–806 Silvercord, Tower 1
30 Canton Road, Tsimshatsui
Kowloon, Hong Kong

BIOGRAPHIES OF DIRECTORS

1. EXECUTIVE DIRECTORS

a. *Mr. Zhong Yiming (Chief Executive Officer)*

Mr. Zhong Yiming ("**Mr. Zhong YM**"), aged 34, joined the Company in August 2019 as an executive Director, the chief executive officer, the chairman of Executive Committee and a member of Remuneration Committee. Mr. Zhong YM is also a member of the senior management of Tempus Group Co., Ltd ("**Tempus Group**") and its subsidiaries. He obtained a Bachelor's degree in business management from Coventry University in the United Kingdom in 2012. After that, he has been profoundly working in the investment field with the focus of Hong Kong and international capital markets and has accumulated extensive market and management experience. Mr. Zhong YM is the founder of Enter Venture Partners Limited, a Hong Kong company primarily invests in the international medical and innovative technology business opportunities. He has also formed a strategic alliance with the famous investment management company in Israel in pursuing business opportunities in the People's Republic of China ("**PRC**"). Mr. Zhong YM had been appointed as the chairman of ATTA Group, which is holding company of Atta Capital Limited ("**ATTA Capital**") and Atta Securities Limited ("**ATTA Securities**"). ATTA Capital is a licensed corporation for type 4 (advising on securities) and type 9 (asset management) regulated activities as defined in the SFO, which provides consultancy services on private equity investment, asset management, securities, discretionary investment portfolio management and investment portfolio management. ATTA Securities is a licensed corporation for type 1 (dealing in securities) and type 2 (dealing in futures contracts) regulated activities as defined in the Securities and Futures Ordinance, (the "**SFO**"). During Mr. Zhong YM's tenure of services as a chairman of ATTA Group, he successfully introduced a leading enterprise in financial holding in Guangdong Province, as a strategic shareholder of ATTA Group, aiming at developing ATTA Group as an influential financial platform in the Guangdong-Hong Kong-Macao Greater Bay Area. Mr. Zhong YM is the director of Shenzhen Tempus Value Chain Co., Ltd* (深圳市騰邦價值鏈股份有限公司) which is directly held by the Company for its 78.75% equity interest. Mr. Zhong YM is the son of Mr. Zhong Baisheng, a non-executive Director and the chairman of the Board, and the brother-in-law of Mr. Wang Xingyi, an executive Director.

b. *Mr. Wang Xingyi*

Mr. Wang Xingyi ("**Mr. Wang**"), aged 35, joined the Company in September 2016 and was appointed as an executive Director and a member of the Executive Committee in November 2019. He obtained a Bachelor of Arts degree in Business Administration from Lincoln University in May 2011 and a Master of Arts degree in Financial Economics from the University of Detroit Mercy in December 2012. Prior to joining the Company, Mr. Wang worked for MTR Property Development (Shenzhen) Company Limited from March 2013 to March 2014 and MTR Corporation Limited from March 2014 to September 2016, respectively, acting as a real estate development officer and a real estate support officer. He has served as an assistant to the chairman of the Board of the Company since September 2016, assisting in handling work including corporate strategies, governance and financial policies. Mr. Wang is the director of Tempus Cross-border Commercial Service Limited, Tempus OTO Limited, Tempus Star (HK) Investment Limited, OTO (BVI) Investment Limited and Tempus (BVI) Properties Investment Limited which are wholly-owned subsidiaries of the Company. Mr. Wang is the legal representative and executive director of Tempus OTO (Shenzhen) Health Industry Limited* (騰邦豪特(深圳) 大健康產業有限公司) and Shenzhen Tempus OTO Commerce Limited* (深圳騰邦豪特商貿有限公司) which are indirect wholly-owned subsidiaries of the Company, and he is also the director of Tempus Sky Enterprises Limited ("**Tempus Sky**") which is indirectly held by the Company for its 36.56% of the entire issued share capital. Mr. Wang is the son-in-law of Mr. Zhong Baisheng, a non-executive Director and the chairman of the Board, and the brother-in-law of Mr. Zhong YM, an executive Director and the chief executive officer.

2. NON-EXECUTIVE DIRECTOR

a. *Mr. Zhong Baisheng (Chairman)*

Mr. Zhong Baisheng ("**Mr. Zhong**"), aged 59, has been re-designated as a non-executive Director with effect from 15 August 2019. He was a non-executive Director from January 2015 to February 2019, and was an executive Director from March 2019 to August 2019. Mr. Zhong is the chairman of the Board and is responsible for leadership of the Board and strategic planning of the Group. He is the founder and chairman of Tempus Group and the chairman of Tempus Global Business Service Group Holding Ltd.*(騰邦國際商業服務集團股份有限公司) ("**Tempus Global**"). Mr. Zhong is a member of the 12th committee of the Chinese People's Political Consultative Conference of Guangdong Province* (中國人民政治協商會議廣東省第十二屆委員會委員), a member of the 4th, 5th and 6th standing committee of the Chinese People's Political Consultative Committee of Shenzhen City of Guangdong Province* (中國人民政治協商會議廣東省深圳市第四屆、第五屆、第六屆常務委員會委員), a member of the 11th Fiscal and Financial Committee of the Central Committee of the China Democratic National Construction Association* (中國民主建國會第十一屆中央委員會財政金融委員會委員) and a director of the Finance Committee of the 9th Guangdong Provincial Committee of the China Democratic National Construction Association* (民建廣東省第九屆委員會金融委員會主任). Mr. Zhong was awarded as the "Labour Model of the Logistics Industry in China* (全國物流行業勞動模範)" by the Ministry of Human Resources and Social Security of the PRC (中國人力資源和社會保障部) and China Federation of Logistics & Purchasing* (中國物流與採購聯合會) in 2011, the "Outstanding Staff Care Private Ownership Entrepreneur* (全國關愛員工優秀民營企業家)" by All-China Federation of Industry and Commerce (中華全國工商業聯合會) and All-China Federation of Trade Unions (中華全國總工會) in 2013, the "Democratic National Social Service Advanced Individual* (民建全國社會服務先進個人)" by the Central Committee of the China Democratic National Construction Association* (中國民主建國會中央委員會) in 2016 and the title of "Excellent Business Contributor of Socialism with Chinese Characteristics of Guangdong Province in the 4th Session* (第四屆廣東省優秀中國特色社會主義事業建設者)" jointly presented by five organizations including the Guangdong Provincial United Front Work Department of the Communist Party of China* (中共廣東省委統戰部) in 2016. Mr. Zhong is the father of Mr. Zhong YM, an executive Director and the chief executive officer, and the father-in-law of Mr. Wang, an executive Director. During the year ended 31 December 2021, judgments and court orders were laid down against, among others, Mr. Zhong, the non-executive Director, in relation to court cases involving the failure of the borrowers to repay the various loans granted by the lenders where Mr. Zhong acted as one of the guarantors and assumed joint and several liabilities with the borrowers and other guarantors in respect of the repayment of the loans. According to the judgments and court orders, the borrowers and Mr. Zhong, together with other guarantors (where applicable), were ordered to pay an aggregated sum (including the principals, interests accrued thereon, penalties and relevant costs) of approximately RMB6,878,008,000 by the courts. Mr. Zhong shall have the right to claim and recover from the borrowers such sum that he paid to the lenders should he settled the judgment sum pursuant to the judgments and court orders. Besides, during the year ended 31 December 2021, judgments were also laid down against, among others, Mr. Zhong in relation to court cases involving (i) the failure of the service recipient to pay the consultancy fees where Mr. Zhong acted as one of the guarantors and assumed joint and several liabilities with the service recipient and other guarantors in respect of the payment of consultancy fees incurred under the relevant agreement; and (ii) the failure of the transferee to pay share transfer considerations where Mr. Zhong acted as one of the guarantors and assumed joint and several liabilities in respect of the payment of share transfer consideration under the relevant agreement. According to the judgments, the defendants, including Mr. Zhong were ordered to pay an aggregated sum (including the outstanding consultancy fees, compensation and relevant costs) of approximately RMB98,752,000 and an aggregate sum (including the share transfer consideration, share premium, compensation and relevant costs) of approximately RMB739,914,000 in respect of the aforesaid two court cases, respectively. Mr. Zhong shall have the right to claim and recover from the service recipient and/or the transferee such sums he paid to the plaintiff should he settled the judgment sum pursuant to the judgments. During the year ended 31 December 2021, an arbitral award was laid down against Mr. Zhong in relation to a case involving Mr. Zhong's failure to return of the investment principal and pay the repurchase premium (i.e. interest) and compensation to the plaintiff pursuant to an agreement (the stock proceeds transfer and repurchase agreement (《股票收益轉讓及回購合同》) signed, amongst others, Mr. Zhong and the plaintiff. According to the arbitral award, Mr. Zhong was ordered to pay an aggregate sum (including investment amount, repurchase premium (i.e., interest), compensation and relevant costs) of approximately RMB219,856,000 to the plaintiff and the plaintiff shall enforce the share pledge on Tempus Global, the proceeds of which can be used by the plaintiff to settle the aforementioned sum as ordered by arbitration tribunal. The Directors are of the view that the abovementioned litigations involving Mr. Zhong do not have any impact on the suitability of Mr. Zhong's acting as the non-executive Director under Rules 3.08 and 3.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

3. INDEPENDENT NON-EXECUTIVE DIRECTORS

a. *Mr. Li Qi*

Mr. Li Qi ("**Mr. Li**"), aged 69, joined the Company in January 2015 as an independent non-executive Director and a member of the Audit Committee, the Nomination Committee and the Remuneration Committee. Mr. Li is a doctor of economics, a professor in E-commerce of Xi'an Jiaotong University and a doctoral tutor. Mr. Li was the vice chairman of the Steering Committee of Professional E-commerce Education of Colleges and Universities under the Ministry of Education* (國家教育部高等學校電子商務類專業教學指導委員會) from 2006 to 2010 and from 2013 to 2022. Mr. Li was the deputy dean of School of Economics and Finance of Xi'an Jiaotong University and he was the director of the E-Commerce Institute of Xi'an Jiaotong University* (西安交通大學電子商務研究所). Mr. Li was a member of the Discipline Development and Major Setting Experts Committee under the Ministry of Education* (國家教育部學科發展與專業設置專家委員會) from 2006 to 2010. He was also a member of the E-commerce Experts Consultative Committee under the Ministry of Commerce* (國家商務部電子商務專家諮詢委員會) from 2012 to 2015 and a member of the Shanxi Decision marking and Advisory Committee* (陝西省決策諮詢委員會) since 2014. Mr. Li is the director of the Shanxi Key Laboratory of E-Commerce and E-Government* (陝西省電子商務與電子政務重點實驗室) and the director of the National Joint Laboratory for all colleges and universities*(全國高校電子商務與電子政務聯合實驗室). Mr. Li was conferred the honorary title "Top Teacher* (教學名師)" by the Xi'an Jiaotong University in 2007. He was awarded the Honorary Memorial Award for Top One Hundred Figures of a decade in China E-commerce* (中國電子商務十年百人榮譽紀念獎) by the Internet Society of China in 2008 and the Outstanding Contribution Award in 10 Years' Development of China E-commerce* (中國電子商務十年發展突出貢獻獎) by China Electronic Commerce Association in 2009 and won the Second prize of National Teaching Achievement Prize* (國家級教學成果二等獎) in 2009. The Research of Enterprise E-commerce Development in Zhengzhou* (鄭州市企業電子商務發展研究) under the charge of Mr. Li was awarded "Outstanding Decision-making Research Achievement* (決策研究優秀成果)" by the People's Government of Zhengzhou in 2010. He was also awarded "Outstanding Science Researcher in Humanities and Social Sciences* (人文社會科學優秀科研工作者)" by Xi'an Jiaotong University in 2010.

b. *Mr. Peng Chaolin*

Mr. Peng Chaolin ("**Mr. Peng**"), aged 54, possesses 30 years of experience in the health and wellness industry, including but not limited to serving as Vice President (副會長) and Secretary General (秘書長) of Shenzhen Luohu Integrative Medical Care Development Council* (深圳市羅湖區醫養融合發展促進會), Vice Manager (副主任) of the Elderly Care Committee* (養老委員會) of Shenzhen Health Industry Association* (深圳市健康產業協會), Vice Manager of Elderly Care Industry (養老產業副主任) of Shenzhen Health Industry Research Institute* (深圳大健康產業研究院), editorial committee member of the publisher of the Elderly Health* (《老齡健康》) magazine, as well as professional expert at the Shenzhen United Elderly Industry Association* (深圳市老齡事業產業聯合會) and the Shenzhen Elderly Home Care Council* (深圳居家養老促進會). Since 2019, Mr. Peng has been serving as Chairman of the Health Industry Research Centre* (大健康產業研究所) within the Economic and Social Development Research Institute* (經濟與社會發展研究院) of Shenzhen Polytechnic (深圳職業技術學院). Between 2001 and 2009, Mr. Peng also served as part-time Master of Business Administration (MBA) lecturer at the University of Ballarat in Australia (location in Shenzhen) and of Warnborough College in the United Kingdom (location in Hong Kong). Mr. Peng graduated from Jiangxi Normal University (江西師範大學) with a bachelor's degree in English language and literature in 1992 and obtained a master's degree in sales management in 2000. In June 2021, Mr. Peng also obtained a Certificate of Accounting Professional* (《會計從業資格能力證書》) issued by the Shenzhen Certified Public Accountant Association (深圳市註冊會計師協會). In August 2021, Mr. Peng was also awarded a Chartered Global FinTech Advanced Certificate* (《金融科技師》高級證書) issued by the Strategic Research Institute, Chinese Academy of Personnel Management (中國管理科學研究院人才戰略研究所).

* *for identification purposes only*

INDEPENDENT AUDITOR'S REPORT

MOORE

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大華馬施雲
會計師事務所有限公司

TO THE SHAREHOLDERS OF TEMPUS HOLDINGS LIMITED (IN LIQUIDATION)
(incorporated in the cayman islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Tempus Holdings Limited (In Liquidation) (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 14 to 95, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Limitation of scope — deconsolidation of subsidiaries and derecognition of interests in associates and incomplete books and records

As detailed in our auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2022, and dated 18 November 2024, we had disclaimed our opinion on the consolidated financial statements for the year ended 31 December 2022 concerning the subject matters described in the Basis for Disclaimer of Opinion section of that auditor's report, which also have possible effects on the current year's consolidated financial statements. As disclosed in note 1(b) and note 39 to the consolidated financial statements, the Company's Liquidators have been unable to have access to the books and records and accounting, management and other personnel of certain subsidiaries of the Company (the "**Deconsolidated Subsidiaries**") and certain indirectly held associates (the "**Derecognised Associates**"). According to the Company's Liquidators, Mr. Zhong, the ultimate controlling party of the Group during the years ended 31 December 2023 and 2022 who was also the non-executive director of the Company has not provided the accounting books and records of the Company, the Deconsolidated Subsidiaries and Derecognised Associates despite repeated requests made by the Company's Liquidators since their appointment as the Company's Liquidators on 27 December 2023.

BASIS FOR DISCLAIMER OF OPINION (continued)

Limitation of scope — deconsolidation of subsidiaries and derecognition of interests in associates and incomplete books and records (continued)

It appears to the Company's Liquidators that the Deconsolidated Subsidiaries and the Derecognised Associates are not material to the operations of the Group as a whole. Under these circumstances, the Company's Liquidators have determined to deconsolidate the Deconsolidated Subsidiaries from the consolidated financial statements of the Group and derecognise the Group's interests in the Derecognised Associates with effect from 1 January 2022. Therefore, the financial performance and cash flows of the Deconsolidated Subsidiaries for the years ended 31 December 2023 and 2022 were not included in the consolidated profit or loss, consolidated other comprehensive income or loss and consolidated cash flows of the Group for the years ended 31 December 2023 and 2022 on a line by line consolidation basis and the financial performance of the Derecognised Associates for the years ended 31 December 2023 and 2022 were not included in the consolidated profit or loss and consolidated other comprehensive income or loss of the Group on an equity accounting basis, and the assets and liabilities of the Deconsolidated Subsidiaries and Derecognised Associates as at 31 December 2023 and 2022 were not been included in the consolidated financial position of the Group as at 31 December 2023 and 2022 on a line by line consolidation basis or equity accounting basis, respectively.

The deconsolidation of the Deconsolidated Subsidiaries and derecognition of the Group's interests in the Derecognised Associates with effect from 1 January 2022 resulted in the recognition of a net gain on deconsolidation of the Deconsolidated Subsidiaries and derecognition of the Derecognised Associates in consolidated profit or loss of the Group for the year ended 31 December 2022 of approximately HK$67,888,000. In addition, impairment loss of approximately HK$5,362,000 and HK$247,737,000 was recognised in consolidated profit or loss of the Group for the years ended 31 December 2023 and 2022, respectively, as a result of the full impairment of the amounts due from the Deconsolidated Subsidiaries as at 31 December 2023 and 2022.

The deconsolidation of the Deconsolidated Subsidiaries with effect from 1 January 2022 resulted in the exclusion of the assets, liabilities, revenue, income, expenses, and cash flows of the Deconsolidated Subsidiaries from the consolidated financial statements of the Group for the years ended 31 December 2023 and 2022. This accounting outcome is a departure from the requirements of HKFRS 10 "Consolidated Financial Statements" ("**HKFRS 10**") which requires all subsidiaries controlled by the Company and its subsidiaries to be included in the consolidated financial statements. The facts and circumstances described above do not show that the Group had lost control over the Deconsolidated Subsidiaries with effect from 1 January 2022. Under HKFRS 10, the Company should have consolidated these subsidiaries in its consolidated financial statements for the years ended 31 December 2023 and 2022 up until the date control over these subsidiaries was lost. Had the Deconsolidated Subsidiaries been consolidated up until the date control over these subsidiaries was lost, many elements in the consolidated financial statements for the years ended 31 December 2023 and 2022 might have been materially affected.

The derecognition of the Derecognised Associates with effect from 1 January 2022 resulted in the exclusion of the Group's share of the net assets or liabilities and net profit or loss of the Derecognised Associates from the consolidated financial statements of the Group for the years ended 31 December 2023 and 2022. This accounting outcome is a departure from the requirements of HKAS 28 "Investments in Associates and Joint Ventures" ("**HKAS 28**") which requires all associates over which the Group has significant influence to be included in the consolidated financial statements on an equity method of accounting basis. The facts and circumstances described above do not show that the Group had lost significant influence over the Derecognised Associates with effect from 1 January 2022. Under HKAS 28, the Group should have continued to apply the equity method of accounting on its interests in the Derecognised Associates in its consolidated financial statements for the years ended 31 December 2023 and 2022 up until the date significant influence over these associates was lost. Had the Derecognised Associates been accounted for using the equity method of accounting up until the date significant influence over these associates was lost, the Group's share of results of associates and interests in associates for the years ended and as at 31 December 2023 and 2022 might have been materially affected.

BASIS FOR DISCLAIMER OF OPINION (continued)

Limitation of scope — deconsolidation of subsidiaries and derecognition of interests in associates and incomplete books and records (continued)

Due to the lack of access to the books and records and accounting, management and other personnel of the Deconsolidated Subsidiaries and Derecognised Associates, we are unable to satisfy ourselves as to whether, and when, the Group had lost control and significant influence over the Deconsolidated Subsidiaries and Derecognised Associates, respectively. Consequently, we have also been unable to satisfy ourselves concerning the recognition in consolidated profit or loss for the year ended 31 December 2022 of the gain on the deconsolidation and derecognition of the Deconsolidated Subsidiaries and Derecognised Associates amounting to HK$67,888,000.

As at 31 December 2023, the gross carrying amounts of balances due from the Deconsolidated Subsidiaries and due to the Deconsolidated Subsidiaries were HK$253,099,000 and HK$103,204,000, respectively.

As at 31 December 2022, the gross carrying amounts of balances due from the Deconsolidated Subsidiaries and due to the Deconsolidated Subsidiaries were HK$247,737,000 and HK$103,204,000, respectively. For the same reasons as described above, we were unable to satisfy ourselves as to whether the gross carrying amounts of these balances, and the impairment loss recognised in consolidated profit or loss for the years ended 31 December 2023 and 2022 of HK$5,362,000 and HK$247,737,000, respectively, were free from material misstatements.

As described in note 1(c), the Company has engaged forensic investigation experts in the year ended 31 December 2022 to conduct forensic investigation work in relation to suspected misappropriation of funds of RMB5 million (the "**Questionable Fund**") by former employees of the Deconsolidated Subsidiaries and former directors of the Company. The investigation experts had stated in their investigation report that certain fund transactions were found to have been conducted via the individual bank accounts of a former employee and a director of the Company and the bank accounts of the Deconsolidated Subsidiaries, although they did not identify any positive evidence that shows the source of the Questionable Fund was provided by the Group. Due to lack of access to the books and records of the Deconsolidated Subsidiaries and loss of contact with former employees and directors of these entities, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves that the transactions identified in the reports of the forensic investigation experts were conducted for business purpose of the Group and unable to determine the effects of such transactions on the consolidated financial statements for the years ended 31 December 2023 and 2022.

Furthermore, as disclosed in note 37 to the consolidated financial statements, the Company-level statement of financial position as at 31 December 2023 and 2022 included the Company's interests in subsidiaries of HK$53,256,000 and HK$53,256,000, amounts due from subsidiaries of HK$11,421,000 and HK$11,421,000 and amounts due to subsidiaries of HK$125,096,000 and HK$125,096,000, respectively. According to the Company's Liquidators, the accounting books and records of the Company made available to them are incomplete. We were therefore unable to carry out satisfactory audit procedures to satisfy ourselves as to whether the amounts presented as interests in subsidiaries and amounts due from/to subsidiaries in the Company-level statement of financial position were free from material misstatements. Any adjustments found necessary would have a consequential effect on the net liabilities of the Company as at 31 December 2023 and 2022 and of its net loss for the years then ended and the related disclosures in the Company-level statements of financial position and reserves.

Furthermore, due to the lack of access to the books and records of the Company, we were unable to carry out satisfactory audit procedures to satisfy ourselves as to the completeness of the liabilities, contingent liabilities and commitments of the Company and hence of the Group for the years ended 31 December 2023 and 2022 as of the date when the consolidated financial statements were authorized for issue.

BASIS FOR DISCLAIMER OF OPINION (continued)

Limitation of scope — deconsolidation of subsidiaries and derecognition of interests in associates and incomplete books and records (continued)

Since Mr. Zhong was the ultimate controlling party of the Group during the years ended 31 December 2023 and 2022 and a non-executive director of the Company during this period, the alleged occurrences of the above mentioned incidents involving Mr. Zhong not providing the Liquidators with the accounting books and records of the Company and the Deconsolidated Subsidiaries and Derecognised Associates, in spite of repeated requests made, indicate that the risks of possible material misstatements on or before 1 January 2022 were higher than previously assessed. However, due to the lack of access to the books and records and accounting, management and other personnel of the Deconsolidated Subsidiaries and Derecognised Associates, we were unable to perform the additional audit procedures as were necessary in the circumstances to obtain sufficient appropriate audit evidence to determine whether a material misstatement existed in respect of the account balances as at 1 January 2022. Since opening balances as at 1 January 2022 entered into the determination of the financial performance and cash flows of the Group for the year ended 31 December 2022, any adjustments found to be necessary in respect of these matters may have significant effects on the results and cash flows of the Group for the year ended 31 December 2022 and the related disclosures in the consolidated financial statements of the Group. Consequently, we were also unable to satisfy ourselves as to whether the carrying amounts of the assets and liabilities of the Deconsolidated Subsidiaries and the Derecognised Associates as at the date of deconsolidation and derecognition as disclosed in note 39 to the consolidated financial statements were materially misstated.

Any adjustments found to be necessary in respect thereof had we obtained sufficient appropriate audit evidence would have had a consequential effect on the net liabilities of the Group as at 31 December 2023 and 2022, and on its loss, changes in equity and cash flows for the years ended 31 December 2023 and 2022, and the elements making up these balances and the related disclosures thereof in the consolidated financial statements.

Limitation of scope — appropriateness of the going concern basis of preparing the Consolidated Financial Statements

As set out in note 1(b) to the consolidated financial statements, during the year ended 31 December 2023, the Group incurred a net loss of HK$143,909,000 and as of that date, the Group's current liabilities and total liabilities exceeded the current assets and total assets by the amounts of HK$357,134,000 and HK$355,565,000 respectively. As set out in note 29, the Group failed to settle convertible bonds of principal amount of HK$35,294,000 on or before 3 February 2023 and HK$35,294,000 on or before 3 February 2024, which constituted events of default. The convertible bonds holder (the "**CBs Holder**") has the right to request immediate repayment of the original aggregate outstanding principal amount of approximately HK$197,450,000 with interest and penalty interest less amounts already settled.

On 16 June 2023, Wan Tai Investments Limited (the "**Petitioner**") filed the Petition against the Company with High Court of Hong Kong ("**High Court**"), on the basis of the Company's non-payment of the amount stated by the Petitioner in its statutory demand issued against the Company.

On 25 September 2023, the Company was ordered to be wound up by the High Court and Mckenna Phyllis (the "**Official Receiver**") was appointed as the Provisional Liquidator of the Company.

On 27 December 2023, Ms. Wing Sze Tiffany Wong and Mr. Edward Simon Middleton were appointed as the Liquidators of the Company pursuant to an Order of the High Court dated 27 December 2023.

Notwithstanding the abovementioned, the consolidated financial statements have been prepared on a going concern basis on the assumption that the proposed restructuring of the Group (the "**Proposed Restructuring**") will be successfully completed as disclosed in note 1(b), and that the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future.

BASIS FOR DISCLAIMER OF OPINION (continued)

Limitation of scope — appropriateness of the going concern basis of preparing the Consolidated Financial Statements (continued)

We have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements because of the lack of sufficient appropriate audit evidence in relation to the Proposed Restructuring and the measures for future actions planned by management in its going concern assessment which take into account the uncertainty of outcome of these plans and measures and how variability in outcome would affect the future cash flows of the Group. Because of the significance of the matters above, we are unable to form an opinion as to whether the use of going concern assumption in the preparation of the consolidated financial statements is appropriate.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the carrying values of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements and we were unable to determine whether such adjustments might have been found necessary.

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

The directors and Liquidators (acting as agents of the Company) are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors and Liquidators determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors and Liquidators are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting given that certain subsidiaries of the Group are still operating which the Company is currently in liquidation in Hong Kong.

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

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report in accordance with our agreed terms of engagement, and for no other purpose. We report solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

OTHER MATTERS

The Liquidators were appointed by the High Court on 27 December 2023. The Liquidators only have limited access to the books and records of the Group. Therefore, the Liquidators presented the consolidated financial statements based on the information available to them in their capacity to fulfill the Company's responsibilities for the preparation of the consolidated financial statements in accordance with HKFRSs.

Moore CPA Limited
Certified Public Accountants

Chan King Keung
Practising Certificate Number: P06057

Hong Kong, 19 November 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	notes	**2023 HK$'000**	2022 HK$'000
Revenue	5	**149,175**	179,902
Cost of sales		**(58,137)**	(66,888)
Gross profit		**91,038**	113,014
Other income	6	**2,619**	4,529
Other gains and losses, net	7	**(13,099)**	(23,697)
Reversal of impairment losses on financial assets		**224**	811
Impairment losses on amounts due from the Deconsolidated Subsidiaries	39(c)	**(5,362)**	(247,737)
Gain on deconsolidation of subsidiaries	39(b)	**—**	67,888
Selling and distribution expenses		**(79,419)**	(105,839)
Administrative expenses		**(23,693)**	(38,277)
Finance costs	8	**(116,071)**	(3,119)
Loss before tax	9	**(143,763)**	(232,427)
Income tax expense	10	**(146)**	(601)
Loss for the year		**(143,909)**	(233,028)
Other comprehensive income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**572**	520
Release of cumulative translation reserves upon deconsolidation of subsidiaries		**—**	2,476
		572	2,996
Total comprehensive loss for the year		**(143,337)**	(230,032)
Loss per share	14		
Basic and diluted (HK$)		**(0.33)**	(0.54)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment	15	**355**	605
Right-of-use assets	16	**15,160**	16,784
Deferred tax assets	19	**84**	151
Utility and other deposits paid	20	**3,408**	4,739
		19,007	22,279
Current assets			
Inventories	21	**9,426**	13,873
Trade and other receivables	22	**17,134**	14,768
Utility and other deposits paid	20	**6,532**	6,572
Amounts due from the Deconsolidated Subsidiaries	39(c)	**—**	—
Tax recoverable		**—**	16
Pledged bank deposits	20	**—**	1,419
Bank balances and cash	20	**27,143**	56,679
		60,235	93,327
Current liabilities			
Trade and other payables	25	**33,881**	35,563
Contract liabilities	26	**7,747**	9,066
Amount due to immediate holding company	24	**546**	546
Amounts due to the Deconsolidated Subsidiaries	39(d)	**103,204**	103,204
Lease liabilities	27	**21,138**	21,875
Tax payable		**72**	649
Other borrowings — due within one year	28	**15,305**	15,305
Convertible bonds	29	**235,476**	35,294
		417,369	221,502
Net current liabilities		**(357,134)**	(128,175)
Total assets less current liabilities		**(338,127)**	(105,896)

	notes	2023 HK$'000	2022 HK$'000
Non-current liabilities			
Lease liabilities	27	**17,438**	20,486
Convertible bonds	29	**—**	85,671
		17,438	106,157
Net liabilities		**(355,565)**	(212,053)
Capital and reserves			
Share capital	30	**34,007**	34,007
Deficit		**(389,572)**	(246,060)
Total deficit		**(355,565)**	(212,053)

The consolidated financial statements on pages 14 to 95 were approved and authorised for issue by the Joint and Several Liquidators on 19 November 2024 and are signed by:

Wing Sze Tiffany Wong
Joint and Several Liquidator
acting as agent without personal liability

Edward Simon Middleton
Joint and Several Liquidator
acting as agent without personal liability

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Share options reserve HK$'000	Translation reserve HK$'000	Capital reserve HK$'000 (note (a))	Other reserve HK$'000 (note (c))	Statutory reserve HK$'000 (note (b))	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2022	27,231	359,575	32	1,439	(3,150)	(124,750)	(20,677)	13,951	(257,664)	(4,013)	27,825	23,812
Loss for the year	—	—	—	—	—	—	—	—	(233,028)	(233,028)	—	(233,028)
Other comprehensive (loss)/income for the year												
— exchange difference arising on translation	—	—	—	—	520	—	—	—	—	520	—	520
— release of translation reserves upon deconsolidation of subsidiaries	—	—	—	—	2,476	—	—	—	—	2,476	—	2,476
Total comprehensive (loss)/income for the year	—	—	—	—	2,996	—	—	—	(233,028)	(230,032)	—	(230,032)
Recognition of equity-settled share-based payments	—	—	—	1,508	—	—	—	—	—	1,508	—	1,508
Transfer upon forfeiture of share options	—	—	—	(400)	—	—	—	—	400	—	—	—
Issue of shares (note 30)	6,776	13,708	—	—	—	—	—	—	—	20,484	—	20,484
Release of reserves upon deconsolidation of subsidiaries	—	—	—	—	—	—	20,677	(13,936)	(6,741)	—	(27,825)	(27,825)
At 31 December 2022 and 1 January 2023	34,007	373,283	32	2,547	(154)	(124,750)	—	15	(497,033)	(212,053)	—	(212,053)
Loss for the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(143,909)**	**(143,909)**	**—**	**(143,909)**
Other comprehensive income for the year												
— exchange difference arising on translation	**—**	**—**	**—**	**—**	**572**	**—**	**—**	**—**	**—**	**572**	**—**	**572**
Total comprehensive (loss)/income for the year	**—**	**—**	**—**	**—**	**572**	**—**	**—**	**—**	**(143,909)**	**(143,337)**	**—**	**(143,337)**
Recognition of equity-settled share-based payments	**—**	**—**	**—**	**(175)**	**—**	**—**	**—**	**—**	**—**	**(175)**	**—**	**(175)**
Transfer upon forfeiture of share options	**—**	**—**	**—**	**(246)**	**—**	**—**	**—**	**—**	**246**	**—**	**—**	**—**
At 31 December 2023	**34,007**	**373,283**	**32**	**2,126**	**418**	**(124,750)**	**—**	**15**	**(640,696)**	**(355,565)**	**—**	**(355,565)**

notes:

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

(b) Pursuant to the relevant PRC regulations and the Articles of Association of the PRC subsidiaries of the Company, the PRC subsidiaries are required to transfer not less than 10% of their post-tax profit to statutory reserves as reserve funds until the aggregated amounts have reached 50% of their registered capitals.

These reserves should only be used for making up losses, capitalisation into capital, and expansion of production and operation.

(c) Other reserve arose from acquisition of the Deconsolidated Subsidiaries under common control.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	notes	2023 HK$'000	2022 HK$'000
OPERATING ACTIVITIES			
Loss before tax		**(143,763)**	(232,427)
Adjustments for:			
Depreciation of property, plant and equipment	15	**716**	2,542
Depreciation of right-of-use assets	16	**12,633**	26,168
Finance costs	8	**116,071**	3,119
Gain on deconsolidation of subsidiaries	39(b)	**—**	(67,888)
Loss on disposal/write-off of property, plant and equipment	7	**—**	32
Reversal of impairment losses on financial assets		**(224)**	(811)
Impairment losses on amounts due from the Deconsolidated Subsidiaries	39(c)	**5,362**	247,737
(Reversal of impairment losses)/impairment losses on inventories	9	**(670)**	1,910
Impairment losses on property, plant and equipment	7	**1,757**	4,645
Impairment losses on right-of-use assets	7	**10,868**	24,423
Share-based payment expense	36	**(175)**	1,508
Bank interest income	6	**(477)**	(250)
		2,098	10,708
Decrease in inventories		**5,222**	2,443
(Increase)/decrease in trade and other receivables		**(2,268)**	5,649
Decrease in utility and other deposits paid		**664**	94
(Decrease)/increase in trade and other payables		**(1,614)**	1,646
Decrease in contract liabilities		**(1,354)**	(4,816)
Cash generated from operations		**2,748**	15,724
Income taxes paid		**(640)**	(1,247)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**2,108**	14,477

FOR THE YEAR ENDED 31 DECEMBER 2023

	notes	2023 HK$'000	2022 HK$'000
INVESTING ACTIVITIES			
Placement of bank deposits with original maturity over three months		**(23,663)**	(8,745)
Withdrawal of bank deposits with original maturity over three months		**20,434**	3,040
Decrease in pledged bank deposits		**1,419**	—
Net cash outflow arising from deconsolidation of subsidiaries	39(b)	**—**	(30,583)
Net cash outflow arising from transactions with the Deconsolidated Subsidiaries		**(5,362)**	(7,934)
Bank interest received		**477**	250
Additions of property, plant and equipment	15	**(2,215)**	(1,425)
NET CASH USED IN INVESTING ACTIVITIES		**(8,910)**	(45,397)
FINANCING ACTIVITIES			
Repayment to immediate holding company	40	**—**	(3)
Repayments of other borrowings		**—**	(1,221)
Repayments of lease liabilities	40	**(26,622)**	(27,835)
NET CASH USED IN FINANCING ACTIVITIES		**(26,622)**	(29,059)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(33,424)**	(59,979)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**47,934**	107,499
Effect of foreign exchange rate changes		**481**	414
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**14,991**	47,934
ANALYSIS OF THE BALANCES OF BANK BALANCES AND CASH			
Bank deposits with original maturity within three months and cash		**14,991**	47,934
Bank deposits with original maturity over three months		**12,152**	8,745
		27,143	56,679

1. GENERAL AND BASIS OF PREPARATION

(a) General information

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")_. Trading in the shares of the Company on the Stock Exchange has been suspended since 3 April 2023.

The immediate holding company of the Company is Tempus Holdings (Hong Kong) Limited ("**Tempus Hong Kong**"), a company incorporated in Hong Kong with limited liability, and the ultimate holding company of the Company is Shenzhen Pingfeng Jewellery Ltd. ("**Pingfeng Jewellery**"), a company established in the PRC, which holds 98% equity interests of Tempus Group since 2017. The ultimate controlling party is Mr. Zhong, the chairman and non-executive director of the Company. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of the Liquidators' office is at 14/F, St. George's Building, 2 Ice House Street, Central, Hong Kong.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 39. The Company and its subsidiaries are collectively referred to as the "**Group**".

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

(b) Basis of preparation

Statement of compliance

Except for the matters described in section "Deconsolidation" and "Going concern" below, the consolidated financial statements have been prepared in accordance with HKFRSs, which includes all HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by HKICPA and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

1. GENERAL AND BASIS OF PREPARATION (continued)

(b) Basis of preparation (continued)

Winding-up Petition and appointment of the Liquidators

On 16 June 2023, the Petitioner filed the Petition against the Company with High Court, on the basis of the Company's non-payment of the amount stated by the Petitioner in its statutory demand issued against the Company.

On 25 September 2023, the Company was ordered to be wound up by the High Court and the Official Receiver was appointed as the Provisional Liquidator of the Company.

On 27 December 2023, Ms. Wing Sze Tiffany Wong and Mr. Edward Simon Middleton, were appointed as the Liquidators of the Company pursuant to an Order of the High Court.

Deconsolidation

The Liquidators have been unable to access to the books and records of the Deconsolidated Subsidiaries and the Derecognised Associates. According to the Liquidators, Mr. Zhong, the ultimate controlling party of the Group during the year ended 31 December 2022 who is also the non-executive director of the Company has not delivered up the accounting books and records of the Company, the Deconsolidated Subsidiaries and Derecognised Associates despite repeated requests made by the Liquidators since their appointment as liquidators on 27 December 2023.

As such, the Liquidators have no access to the accounting books and records of the Company, its subsidiaries and an associate, except for four wholly owned subsidiaries namely "OTO Bodycare (H.K.) Limited", "OTO International (Macau) Company Limited", "OTO Wellness Sdn. Bhd." and "OTO Wellness Pte. Ltd." (the "**Four Subsidiaries**"). Accordingly, the Liquidators determined to deconsolidate the Deconsolidated Subsidiaries and derecognize the investment in the associates from the consolidated financial statements with effect from 1 January 2022. As such, the result of the Deconsolidated Subsidiaries and Derecognised Associates for the year ended 31 December 2022 and the assets and liabilities of the Deconsolidated Subsidiaries and the carrying amount of Derecognised Associates as at 31 December 2022 have not been included into the consolidated financial statements of the Group. In the preparation of the consolidated financial statements of the Group for the year ended 31 December 2022, the Liquidators include the results, cash flow and financial position of the Company, a wholly owned subsidiary, OTO BVI, which is the immediate holding company of the Four Subsidiaries and the Four Subsidiaries. In the opinion of the Liquidators, the consolidated financial statements of the Group for the year ended 31 December 2022 are prepared on the aforementioned basis present more fairly the results and the state of the affairs of the Group as a whole in light of the aforesaid incomplete books and records of the Deconsolidated Subsidiaries and Derecognised Associates.

Further details of the Deconsolidated Subsidiaries are set out in note 39 to the consolidated financial statements.

1. GENERAL AND BASIS OF PREPARATION (continued)

(b) Basis of preparation (continued)

Going concern

During the year ended 31 December 2023, the Group incurred a net loss of HK$143,909,000 (2022: HK$233,028,000) and as of that date, the Group's current liabilities and total liabilities exceeded the current assets and total assets amounted to HK$357,134,000 and HK$355,565,000 respectively. As set out in note 29, the Group should settle convertible bonds of HK$35,294,000 on or before 3 February 2023 and HK$35,294,000 on or before 3 February 2024. Since the Company failed to fully comply with the Deed (as defined in note 29), the CBs Holder has the right to request immediate repayment of the original aggregated outstanding amount of approximately HK$197,450,000 with interest and penalty interest less amounts already settled and reserves all of its right and any remedies available under the relevant bonds documents. On 3 February 2023, the Group failed to settle the convertible bonds of HK$35,294,000, which constituted an event of default. Due to the occurrence of the event of default, the convertible bonds immediately become due and repayable and additional interest will accrue on the original aggregated outstanding amount from the date of the Deed at an internal rate of return of 18%. The convertible bonds amounted to HK$202,603,000 (including additional finance charges of HK$81,638,000) as at date of event of default.

The Company was wound up by the High Court on 25 September 2023 and the Liquidators was appointed on 27 December 2023.

On 9 August 2024, the Company and the Liquidators (acting as agents) entered into an exclusivity agreement ("**the Exclusivity Agreement**") with an investor (the "**Investor**") in relation to the Proposed Restructuring of the Group. Subject to further negotiation and the entering into of the restructuring agreement, the Proposed Restructuring is expected to involve, among others, (i) capital reorganisation of the Company; (ii) the subscription ("**Subscription**") of new shares of the Company (the "**Share(s)**"); and (iii) a creditors' scheme of arrangement. Pursuant to the Exclusivity Agreement, the Investor has paid a non-refundable earnest money (the "**Earnest Money**") in the amount of HK$6.5 million and the Investor has been granted exclusivity in relation to the Proposed Restructuring from the date of Exclusivity Agreement until 24 October 2024 (the "**Exclusivity Period**").

On 24 October 2024, an supplemental agreement of the Exclusivity Agreement was entered to extend the Exclusivity Period until 24 December 2024.

1. GENERAL AND BASIS OF PREPARATION (continued)

(b) Basis of preparation (continued)

Going concern (continued)

As at the date of the issuance of these consolidated financial statements, the Company received the following resumption guidance imposed by the Stock Exchange:

1) to conduct an appropriate independent forensic investigation into the suspected misappropriation of funds and the Issues, announce the findings of the investigation and take appropriate remedial actions;

2) to publish all outstanding financial results required under the Listing Rules and address any audit modifications;

3) to conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet the obligations under the Listing Rules;

4) to demonstrate the Company's compliance with Rule 13.24 of the Listing Rules;

5) to inform the market of all material information for the Company's shareholders and other investors to appraise the Company's position;

6) to demonstrate the Company's compliance with Rules 3.10(1), 3.10(2), 3.10A, 3.21, 3.25 and 3.27A of the Listing Rules;

7) have the winding-up order against the Company withdrawn or dismissed and the appointment of liquidators (be it provisional or official) discharged; and

8) re-comply with Listing Rule 13.92.

The Company shall also comply with the Listing Rules and all applicable laws and regulations in Hong Kong and the Company's place of incorporation. The Stock Exchange may modify the resumption conditions if the Company's situation changes.

The consolidated financial statements have been prepared on a going concern basis on the assumption that the Proposed Restructuring will be successfully completed, and that, the Group will be able to meet in full its financial obligations as they fall due in the foreseeable future.

The consolidated financial statements do not include any adjustments for possible failure of the continuance of the Group as a going concern. Should the Group be unable to operate as a going concern, in which case 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.

1. GENERAL AND BASIS OF PREPARATION (continued)

(c) Forensic Investigation

As disclosed in the Company's announcement dated 1 August 2022, on 25 June 2022, the Company was advised by Shenzhen Public Securities Bureau that Mr. Sun Yifei ("**Mr. Sun**"), being an executive Director, has been requested to provide assistance in a criminal investigation by Shenzhen Public Securities Bureau involving two of the Group's former employees, being Mr. Li Dongming (李東明) ("**Mr. Li DM**"), the former executive director of the Company and chief executive officer, and Mr. Jiang Bian (蔣卞) ("**Mr. Jiang**"), the former chief finance officer of the Company (the "**Criminal Investigation**").

On 22 July 2022, the Criminal Investigation was dismissed by Shenzhen Public Securities Bureau due to the absence of criminal acts.

As disclosed in the Company's announcement dated 30 September 2022, the Company further announced that the Criminal Investigation involved a suspected misappropriation of the Questionable fund by the two former employees of the Group (the "**Suspected Misappropriation of Funds**") as reported to the Shenzhen Public Securities Bureau by another former employee of the Group. After making preliminary investigation including written enquiries with Mr. Sun, it was uncovered that Mr. Sun may have involved in this incident. The Company understands that, the relevant sum involved in the Suspected Misappropriation of Funds is required to be proved as an asset of the Group before Shenzhen Public Securities Bureau would undertake further investigation.

As disclosed in the Company's announcement dated 14 October 2022, the Company engaged Withers, a firm of Hong Kong solicitors, as its counsel to advise and represent the internal investigation committee in its independent review and/or investigation in relation to the Suspected Misappropriation of Funds. Withers engaged Deloitte Advisory (Hong Kong) Limited ("**DAHK**"), a forensic consultant, to undertake a forensic investigation (the "**Forensic Investigation**") in relation to the Suspected Misappropriation of Funds to assist it in the independent review and/or investigation.

As disclosed in the Company's announcement dated 28 April 2023, the Company decided to terminate the engagement of DAHK and to engage Pengsheng Certified Public Accountant (Special General Partnership) ("**Pengsheng**") in place of DAHK to continue the Forensic Investigation.

As disclosed in the Company's announcement dated 6 June 2023 (the "**6 June Announcement**"), on 5 June 2023, the Company received the finalised forensic report dated 2 June 2023 (the "**Final Forensic Report**") which was issued by Pengsheng.

1. GENERAL AND BASIS OF PREPARATION (continued)

(c) Forensic Investigation (continued)

As disclosed in the Company's announcement dated 19 June 2023, on 22 March 2023, the Company commenced civil litigation proceedings (the "**5M Proceedings**") by filing a civil complaint* (民事起訴狀) (the "**Civil Complaint**") at the Shenzhen Qianhai Cooperation Zone People's Court (the "**Court**") against Mr. Sun, Mr. Li DM, Mr. Jiang and four other defendants in connection to the Suspected Misappropriation of Funds.

As disclosed in the Company's announcement dated 11 July 2023, the Company has received a letter from the Stock Exchange dated 27 June 2023 (the "**27 June Letter**") setting out the Stock Exchange's enquiries concerning, amongst other things, the investigation methods and contents of the Forensic Investigation undertaken by Pengsheng. On 7 July 2023, the Company received a further letter from the Stock Exchange (the "**7 July Letter**") informing the Company that the Stock Exchange had received a complaint against the Company in relation to the 6 June Announcement, in which the complainant made various allegations regarding the results of the Forensic Investigation and certain related statements in the 6 June Announcement.

The judgment for the first trial of the 5M Proceedings was handed down on 31 October 2023 by the Shenzhen Qianhai Corporation Zone People's Court, rejecting the claim due to insufficient evidence provided (the "**Original Judgment**"). Appeal was lodged by the former directors of the Company purportedly on behalf of the Company to the Intermediate People's Court of Shenzhen City (the "**Shenzhen Court**") on 2 February 2024. On 24 May 2024, the Shenzhen Court issued a notice stating that the appeal was treated as being withdrawn and hence the Original Judgment was upheld and served as final judgment for the 5M Proceedings.

In 14 August 2024, considering the fact and circumstances, the Liquidators instructed DAHK to issue the forensic investigation report.

Based on the result of the Forensic Investigation, DAHK concluded they did not identify any evidence that shows the source of the Questionable Fund was originated from the Group.

Based on the above findings, as (1) the conclusion drawn in the forensic investigation report issued by DAHK is aligned with the Original Judgment by the Shenzhen Court; (2) the Public Security Bureau has also issued a notice rejecting the filing of criminal investigation against the Questionable Fund reported; (3) the limitations of DAHK in preparation of the forensic investigation report; and (4) the limited information made available to the Liquidators to-date, all of which made it impossible for the Liquidators to undertake further work to verify the findings of DAHK, the Liquidators have not come across information which cause us concerned about the outcome, information and results to overrule the findings from DAHK.

* *for identification purposes only*

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

New and amendments to HKFRSs that are mandatorily effective for the year

In the current year, the Group has applied the following new and 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 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising From a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except for described below, the application of the amendments to HKFRSs in the current year has 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 on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

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

New and amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sales and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments HKAS 21	Lack of Exchangeability[3]
HKFRS 18	Presentation and Disclosures in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.
4 Effective for annual periods beginning on or after 1 January 2027.

The senior management of the operating subsidiaries anticipate that the application of the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which have been measured at fair value.

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

The material accounting policy information are set out below.

Other than changes in accounting policies resulting from application of amendments to HKFRSs, the accounting policies and methods of computation used in the consolidated financial statements for the year ended 31 December 2023 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

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

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

Revenue recognition

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

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

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

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

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

Sales of health and wellness products

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

Property, plant and equipment

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Leases

Definition of a lease

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

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate.

Such contract will not be reassessed unless the terms and conditions of the contact are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Short-term leases and leases of low-value assets

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets

The cost of right-of-use asset includes:

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

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

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

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

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value.

Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of use assets.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities

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

The lease payments include:

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as a lessee (continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform, the Group applies the practical expedient to remeasure the lease liabilities by discounting the revised lease payments using the unchanged discount rate and makes a corresponding adjustment to the related right-of-use assets. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:

- the modification is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the lease payments is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification).

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as a lessee (continued)

COVID-19-related rent concessions

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

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

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

The Group as a lessor

Classification and measurement of leases

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

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

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

Refundable rental deposits

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at fair value through other comprehensive income ("**FVTOCI**"). For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit losses ("**ECL**") model on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, loan receivable, utility and other deposits paid, amount due from an associate, amounts due from the Deconsolidated Subsidiaries, pledged bank deposits and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

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

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

(i) Significant increase in credit risk

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk (continued)

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

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

(ii) Definition of default

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

(iii) Credit-impaired financial assets

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

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

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

- Nature, size and industry of debtors; and
- Internal credit ratings.

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities at FVTPL

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

A financial liability is held for trading if:

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

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

Financial liabilities at amortised cost

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

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "Other gains and losses, net" line item in profit or loss (note 7) as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses is recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial labilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses is recognised in profit or loss for financial liabilities that are part of a designated hedging relationship.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Derecognition/modification of financial liabilities

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

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Convertible bonds that contain debt and derivative components

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

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

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

Derivative financial instruments

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Derecognition/modification of financial liabilities (continued)

Embedded derivatives

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

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

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

Provision

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Taxation

Income tax expense represents the sum of current and deferred income tax expenses.

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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

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

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax assets related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Taxation (continued)

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

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

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

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

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

Retirement benefit costs

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees

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

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

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

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Borrowing costs

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

Related parties

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

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

Government grants

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Estimation uncertainty

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

Provision of ECL for trade receivables and other receivables

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

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

The provision of ECL is sensitive to changes in estimates. The information about the ECL of the Group's trade receivables and other receivables are disclosed in note 33(b)(iii).

Estimated allowances for inventories

The Group makes allowances for inventories based on an assessment of the net realisable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The identification of obsolete inventories requires the use of judgement and estimates on the conditions and usefulness of the inventories. If conditions which have an impact on the net realisable value of inventories deteriorate/improve; additional allowances/reversal of allowances may be required. The carrying amount of inventories as at 31 December 2023 is HK$9,426,000 (2022: HK$13,873,000) after taking into account the reversal of impairment losses of HK$670,000 (2022: provision for impairment losses of HK$2,235,000).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Estimation uncertainty (continued)

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

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

As at 31 December 2023, the carrying amounts of property, plant and equipment and right-of-use assets are HK$355,000 and HK$15,160,000 (2022: HK$605,000 and HK$16,784,000) respectively, after taking into account the impairment loss. Details of the impairment of property, plant and equipment and right-of-use assets are disclosed in note 15.

5. REVENUE AND SEGMENT INFORMATION

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

During the year ended 31 December 2023 and 2022, the Group principally operates in one business segment which is sales of health and wellness products.

(a) Revenue from major products and services

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

	2023 **HK$'000**	2022 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of relaxation products	**136,805**	165,696
Sales of fitness products and other products	**12,370**	14,206
	149,175	179,902

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

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

5. REVENUE AND SEGMENT INFORMATION (continued)

(b) Information about major customer

No single customer accounted for 10% or more of the total revenue for the years ended 31 December 2023 and 2022.

(c) Geographical information

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

	Revenue from external customers	
	2023	2022
	HK$'000	HK$'000
Hong Kong	**78,100**	98,246
Macau	**9,601**	14,039
Singapore	**61,474**	67,617
	149,175	179,902

The following table sets out information about the Group's geographical analysis of the Group's non-current assets other than financial assets at FVTPL and deferred tax assets.

	Non-current assets	
	2023	2022
	HK$'000	HK$'000
Hong Kong	**3,408**	4,739
Singapore	**15,514**	17,389
	18,922	22,128

(d) Segment assets and liabilities

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

6. OTHER INCOME

	2023 HK$'000	2022 HK$'000
Repair income	**1,665**	1,288
Delivery income	**245**	215
Bank interest income	**477**	250
Warranty income	**62**	75
Government grant (note)	**157**	2,610
Sundry income	**13**	91
	2,619	4,529

note: The amounts recognised represented subsidies from government and there was no unfulfilled condition or contingency in respect of the government grants for the year ended 31 December 2023 and 2022.

7. OTHER GAINS AND LOSSES, NET

	2023 HK$'000	2022 HK$'000
Loss on disposal/write-off of property, plant and equipment	**—**	(32)
Impairment loss on property, plant and equipment (note 15)	**(1,757)**	(4,645)
Impairment loss on right-of-use assets (note 16)	**(10,868)**	(24,423)
COVID-19 related rent concessions (note 16)	**—**	926
Net exchange (losses)/gains	**(562)**	3,990
Others	**88**	487
	(13,099)	(23,697)

8. FINANCE COSTS

	2023 HK$'000	2022 HK$'000
Interest and charges on:		
Other borrowings	**—**	1,757
Convertible bonds (note 29)	**114,511**	—
Leases	**1,560**	1,362
	116,071	3,119

9. LOSS BEFORE TAX

	2023 HK$'000	2022 HK$'000
Loss before tax has been arrived at after charging:		
Auditor's remuneration		
— Audit service	**1,250**	2,770
— Other service	**—**	300
	1,250	3,070
Cost of inventories recognised as an expense	**56,728**	60,977
(Reversal of impairment losses)/impairment loss on inventories	**(670)**	1,910
Depreciation of property, plant and equipment (note 15)	**716**	2,542
Depreciation of right-of-use assets (note 16)	**12,633**	26,168
Short-term leases expenses (note 16)	**2,979**	2,400
Variable lease payments not included in the measurement of lease liabilities (based on turnover generated from the leased retail shops) (note 16)	**400**	431
License fee	**15,354**	19,101
Staff costs:		
Fee, salaries and other benefits (including directors' remuneration)	**41,236**	51,620
Staff retirement benefit costs (including directors' retirement benefit scheme contributions)	**2,151**	2,469
Share-based payment expenses (note 36)	**(175)**	1,199
	43,212	55,288

10. INCOME TAX EXPENSE

	2023 HK$'000	2022 HK$'000
Current tax expense:		
Singapore Corporate Income Tax	**73**	632
Under/(over)-provision of taxation in prior years:		
Macau Complimentary Income Tax	**—**	(92)
Singapore Corporate Income Tax	**6**	4
	6	(88)
Deferred tax charged/(credited) (note 19)	**67**	57
	146	601

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

The Macau Complimentary Income Tax is calculated at 12% of the estimated assessable profit for both years exceeding Macanese Pataca ("**MOP**") 600,000.

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

Taxable income of the subsidiary in Singapore is subject to corporate income tax at the rate of 17% of taxable income for both years.

10. INCOME TAX EXPENSE (continued)

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

	2023 HK$'000	2022 HK$'000
Loss before tax	**(143,763)**	(232,427)
Tax at the domestic income tax rate	**(23,130)**	(38,336)
Tax effect of income not taxable for tax purposes	**(213)**	(1,545)
Tax effect of expenses not deductible for tax purposes	**256**	32,800
Tax effect of tax losses and other deductible temporary difference not recognised	**23,227**	7,770
Under/(over-provision) of taxation in prior years	**6**	(88)
Income tax expense for the year	**146**	601

11. DIRECTORS' EMOLUMENTS

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

	For the year ended 31 December 2023					
	Fee HK$'000	Salary and other benefits HK$'000	Performance related incentive payments HK$'000	Retirement benefits scheme contributions HK$'000	Share-based payments HK$'000	Total emoluments HK$'000
Executive directors						
Mr. Yip Chee Lai, Charlie (note (i))	—	1,430	—	9	—	1,439
Mr. Zhong YM	—	—	—	—	—	—
Mr. Wang	—	—	—	—	—	—
Mr. Sun (note (ii))	—	—	—	—	—	—
Independent non-executive directors						
Mr. Li	—	—	—	—	—	—
Mr. Wong Kai Hing (note (iii))	—	—	—	—	—	—
Mr. Cheng Tsz Lok (note (iv))	—	—	—	—	—	—
Mr. Peng (note (v))	—	—	—	—	—	—
Ms. Lo Wing Yan, Emmy (note (vi))	—	—	—	—	—	—
Non-executive director						
Mr. Zhong	—	—	—	—	—	—
	—	1,430	—	9	—	1,439

11. DIRECTORS' EMOLUMENTS (continued)

	For the year ended 31 December 2022					
	Fee HK$'000	Salary and other benefits HK$'000	Performance related incentive payments HK$'000	Retirement benefits scheme contributions HK$'000	Share-based payments HK$'000	Total emoluments HK$'000
Executive directors						
Mr. Yip Chee Lai, Charlie (note (i))	—	3,095	—	18	221	3,334
Mr. Zhong YM	—	1,482	—	18	221	1,721
Mr. Wang	—	1,158	—	18	221	1,397
Mr. Sun (note (ii))	—	455	—	11	221	687
Independent non-executive directors						
Mr. Li	—	200	—	—	12	212
Mr. Wong Kai Hing (note (iii))	—	200	—	—	12	212
Mr. Cheng Tsz Lok (note (iv))	—	200	—	—	12	212
Mr. Peng (note (v))	—	—	—	—	—	—
Ms. Lo Wing Yan, Emmy (note (vi))	—	—	—	—	—	—
Non-executive director						
Mr. Zhong	—	144	—	7	—	151
	—	6,934	—	72	920	7,926

notes:

(i) As disclosed in the Company's announcement dated 26 June 2024, Mr. Yip Chee Lai, Charlie resigned as an executive director of the board of directors of the Company with effect from 26 June 2023.

(ii) Mr. Sun was suspended all administrative and executives duties and powers as the executive director with effect from 2 June 2022 due to the Company had been advised by Shenzhen Public Securities Bureau that Mr. Sun has been requested to provide assistance in a criminal investigation. Details please refer to Company's announcement dated 1 August 2022, 30 September 2022 and 14 October 2022. Mr. Sun was removed as executive director of the board of directors of the Company with effect from 1 August 2023.

(iii) Mr. Wong Kai Hing resigned as an independent non-executive director of the board of directors of the Company with effect from 11 July 2023.

(iv) Mr. Cheng Tsz Lok resigned as an independent non-executive director of the board of directors of the Company with effect from 13 July 2023.

(v) Mr. Peng was appointed as independent non-executive director of the board of directors of the Company with effect from 3 August 2023.

(vi) Ms. Lo Wing Yan, Emmy was appointed as independent non-executive director of the board of directors of the Company with effect from 23 August 2023 and resigned as independent non-executive director of the board of directors of the Company with effect from 8 May 2024.

11. DIRECTORS' EMOLUMENTS (continued)

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

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

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2022: three) is the director of the Group during the year, whose emolument is included in note 11 above. The emoluments of remaining four (2022: two) individuals and an individual who ceased to be an executive director from 26 June 2023 during the year are as follows:

	2023 **HK$'000**	2022 HK$'000
Salary and other benefits	**5,236**	1,939
Performance related incentive payments	**553**	—
Retirement benefits scheme contributions	**281**	36
Total emoluments	**6,070**	1,975

The emoluments were within the following bands:

	2023	2022
Nil to HK$1,000,000	**2**	1
HK1,000,001 to HK1,500,000	**1**	1
HK1,500,001 to HK2,000,000	**2**	—

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

13. DIVIDENDS

The Liquidators do not recommend the payment of any dividend in respect of the year ended 31 December 2023 (2022: nil).

14. LOSS PER SHARE

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

	2023	2022
	HK$'000	HK$'000
Loss		
Loss for the year attributable to owners of the Company	**(143,909)**	(233,028)

	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**436,576**	428,443

note: The computation of diluted loss per share for the years ended 31 December 2023 and 2022 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.

15. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Computer equipment HK$'000	Total HK$'000
COST					
At 1 January 2022	16,943	3,981	54,281	17,580	92,785
Additions	394	—	1,031	—	1,425
Deconsolidation of subsidiaries (note 39(b))	(8,845)	(2,414)	(28,370)	(15,951)	(55,580)
Write-off	(287)	—	(3,258)	—	(3,545)
Exchange adjustments	18	9	26	—	53
At 31 December 2022 and 1 January 2023	8,223	1,576	23,710	1,629	35,138
Additions	**80**	**—**	**2,135**	**—**	**2,215**
Write-off	**(3)**	**—**	**(1,368)**	**—**	**(1,371)**
Exchange adjustments	**19**	**14**	**42**	**—**	**75**
At 31 December 2023	**8,319**	**1,590**	**24,519**	**1,629**	**36,057**
DEPRECIATION AND IMPAIRMENT					
At 1 January 2022	13,907	2,720	43,081	7,238	66,946
Provided for the year	267	—	1,964	311	2,542
Deconsolidation of subsidiaries (note 39(b))	(6,139)	(1,151)	(21,106)	(7,737)	(36,133)
Eliminated on write-off	(286)	—	(3,227)	—	(3,513)
Impairment loss (note 7)	74	—	2,754	1,817	4,645
Exchange adjustments	13	7	26	—	46
At 31 December 2022 and 1 January 2023	7,836	1,576	23,492	1,629	34,533
Provided for the year	**164**	**—**	**552**	**—**	**716**
Eliminated on write-off	**(3)**	**—**	**(1,368)**	**—**	**(1,371)**
Impairment loss (note 7)	**8**	**—**	**1,749**	**—**	**1,757**
Exchange adjustments	**14**	**14**	**39**	**—**	**67**
At 31 December 2023	**8,019**	**1,590**	**24,464**	**1,629**	**35,702**
CARRYING VALUES					
At 31 December 2023	**300**	**—**	**55**	**—**	**355**
At 31 December 2022	387	—	218	—	605

15. PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

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

For the year ended 31 December 2023 and 2022, the management performed impairment assessments on property, plant and equipment and right-of-use assets of a subsidiary located in Hong Kong which suffered from continuous losses. The management, with assistance from an independent professional qualified valuer, namely Valor Appraisal & Advisory Limited, assessed the recoverable amounts of these assets by assessing the recoverable amounts of the cash-generating units ("**CGUs**") representing the respective subsidiaries with reference to the value in use calculations of the CGUs. The value in use calculations use cash flow projections based on the financial budgets approved by the management covering a five-year period, and discount rates of 16.67% (2022:12.94%). Cash flows beyond the five-year period have been extrapolated using an estimated 2% (2022: 2%) growth rate.

Accordingly, impairment loss of approximately HK$1,757,000 and HK$10,868,000 (2022: HK$4,645,000 and HK$24,423,000) has been recognised in respect of these property, plant and equipment and right-of-use assets respectively for the year ended 31 December 2023.

16. RIGHT-OF-USE ASSETS

	Leased properties HK$'000	Motor vehicles HK$'000	Total HK$'000
Carrying value			
At 1 January 2022	51,618	751	52,369
Additions	28,665	—	28,665
Depreciation expense	(25,893)	(275)	(26,168)
Deconsolidation of subsidiaries (note 39(b))	(13,837)	—	(13,837)
Impairment loss (note 15)	(23,990)	(433)	(24,423)
Exchange adjustments	178	—	178
At 31 December 2022 and 1 January 2023	16,741	43	16,784
Additions	**19,472**	**559**	**20,031**
Lease modification	**1,618**	**—**	**1,618**
Depreciation expense	**(12,571)**	**(62)**	**(12,633)**
Impairment loss (note 15)	**(10,868)**	**—**	**(10,868)**
Exchange adjustments	**221**	**7**	**228**
At 31 December 2023	**14,613**	**547**	**15,160**
For the year ended 31 December 2023			
Expense relating to short-term leases	**2,979**	**—**	**2,979**
Variable lease payments not included in the measurement of lease liabilities (based on turnover generated from leased retail shops)	**400**	**—**	**400**
Total cash outflow for leases	**29,702**	**299**	**30,001**
For the year ended 31 December 2022			
Expense relating to short-term leases	2,400	—	2,400
Variable lease payments not included in the measurement of lease liabilities (based on turnover generated from leased retail shops)	431	—	431
Total cash outflow for leases	30,378	288	30,666

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

As at 31 December 2023, the carrying value of motor vehicles includes an amount of HK$547,000 (2022: HK$43,000) in respect of assets held under hire-purchase.

16. RIGHT-OF-USE ASSETS (continued)

The Group regularly entered into short-term leases for retail shops. As at 31 December 2023 and 2022, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Leases of retail stores are either with only fixed lease payments or contain variable lease payment that are based on 12% to 18% (2022: 12% to 18%) of sales and minimum annual lease payment that are fixed over the lease term. The payment terms are common in retail stores in Hong Kong, PRC and Singapore where the Group operates. The amount of fixed and variable lease payments paid/payable to relevant lessors:

For the year ended 31 December 2023

	Number of stores	Fixed payments HK$'000	Variable payments HK$'000	Total payments HK$'000
Retail stores with variable lease payments	**18**	**22,040**	**400**	**22,440**

For the year ended 31 December 2022

	Number of stores	Fixed payments HK$'000	Variable payments HK$'000	Total payments HK$'000
Retail stores with variable lease payments	19	24,209	431	24,640

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

Restrictions or covenants on leases

In addition, lease liabilities of HK$38,576,000 are recognised with related right-of use assets of HK$15,160,000 as at 31 December 2023 (2022: lease liabilities of HK$42,361,000 and related right-of-use assets of HK$16,784,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

16. RIGHT-OF-USE ASSETS (continued)

Rent concessions

During the year ended 31 December 2022, lessors of retail stores provided rent concessions that occurred as a direct consequence of COVID-19 pandemic to the Group through rent reductions ranging from 30% to 50% over 1 to 3 months.

These rent concessions occurred as a direct consequence of COVID-19 pandemic and met of all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of HK$926,000 were recognised as other gains.

17. INVESTMENTS IN ASSOCIATES

	2023 **HK$'000**	2022 HK$'000
Cost of investments, unlisted	—	57,470
Share of post-acquisition losses	—	(41,153)
Exchange adjustments	—	(1,919)
Derecognition of associates	—	(14,398)
	—	—
Less: Provision for impairment	—	—
	—	—

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 1 January 2022, the financial assets at fair value through profit or loss was derecognised as a result of deconsolidation of subsidiaries.

19. DEFERRED TAX

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

	Accelerated tax depreciation HK$'000
At 1 January 2022	208
Deferred tax credited to profit or loss (note 10)	(57)
At 31 December 2022	151
Deferred tax charged to profit or loss (note 10)	(67)
At 31 December 2023	**84**

As at 31 December 2023, the Group has unused tax losses of HK$115,380,000 (2022: HK$97,927,000) available for offset against future assessable profits. No deferred tax asset has been recognised in respect of such losses due to unpredictability of future assessable profit streams. The tax losses amounting to HK$115,380,000 (2022: HK$97,927,000) as at 31 December 2023 may be carried forward indefinitely.

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

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

As at 31 December 2022, pledged bank time deposits with maturity date within 12 months from the end of the reporting period carry interest at rates ranging from 0.1% to 1.3% per annum. Pledged bank deposits amounting to HK$1,419,000 have been pledged to secure financial guarantee for rental deposits and therefore classified as current assets.

As at 31 December 2023, bank balance with original maturity over three months carry fixed interest rate range from 2.2% to 3.1% (2022: 2.6%) per annum.

21. INVENTORIES

All inventories represent finished goods held for resale.

During the year ended 31 December 2023, a reversal of write down of inventories of HK$670,000 (2022: write down HK$1,910,000) was recognised as an (income)/expense.

22. TRADE AND OTHER RECEIVABLES

	2023	2022
	HK$'000	HK$'000
Trade receivables	**15,501**	12,350
Prepayments	**1,439**	2,369
Other receivables	**194**	49
	17,134	14,768

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.

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

	2023	2022
	HK$'000	HK$'000
0–30 days	**6,486**	5,464
31–60 days	**3,851**	3,309
61–90 days	**1,204**	1,376
Over 90 days	**3,960**	2,201
	15,501	12,350

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

As at 31 December 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$9,221,000 (2022: HK$5,215,000) which are past due as at the reporting date for which the Group has not provided for impairment loss. There has not been a significant change in credit quality and the amounts are still considered recoverable based on historical experience and substantial settlement after the end of the reporting period.

22. TRADE AND OTHER RECEIVABLES (continued)

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

	2023 HK$'000	2022 HK$'000
1–30 days	**3,533**	2,333
31–60 days	**2,100**	705
61–90 days	**319**	295
Over 90 days	**3,269**	1,882
	9,221	5,215

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

23. LOAN RECEIVABLE

Pursuant to an agreement dated 29 June 2017 entered into by the Group and an independent third party, the Group has provided to the independent third party a loan of HK$30,000,000 which carries interest at 10% per annum, guaranteed by the shareholder and a related party of the borrower, and with an original maturity of three months, which can be extended at a maximum of three times with three months each upon maturity at the discretion of the borrower. On 19 June 2018, the Group extended the loan agreement with the borrower for a year with maturity date on 18 June 2019 and carried interest at 12% per annum.

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

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

As at 31 December 2021, the borrower or guarantor failed to repay the principal of HK$29,100,000 and outstanding interest and no reversal of impairment is considered necessary.

As at 1 January 2022, the loan receivable was derecognised as a result of the deconsolidation of subsidiaries.

24. AMOUNTS DUE FROM/TO AN ASSOCIATE/IMMEDIATE HOLDING COMPANY

	2023 HK$'000	2022 HK$'000
Amount due from an associate:		
Tempus Sky	**3,125**	3,349
Less: Provision for ECL	**(3,125)**	(3,349)
	—	—
Amount due to:		
Immediate holding company	**546**	546

Details of impairment assessment of amount due from an associate as at 31 December 2023 and 2022 are set out in note 33(b)(iii).

As at 31 December 2023 and 2022, the amounts due from/to immediate holding company and an associate are unsecured, interest-free and repayable on demand.

25. TRADE AND OTHER PAYABLES

	2023 HK$'000	2022 HK$'000
Trade payables	**9,773**	10,483
Accruals	**16,248**	16,181
Others	**7,860**	8,899
	33,881	35,563

25. TRADE AND OTHER PAYABLES (continued)

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

	2023 **HK$'000**	2022 HK$'000
0–30 days	**4,315**	8,049
31–60 days	**2,551**	2,300
61–90 days	**1,890**	42
Over 90 days	**1,017**	92
	9,773	10,483

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

26. CONTRACT LIABILITIES

	2023 **HK$'000**	2022 HK$'000
Sales of health and wellness products	**7,747**	9,066

Movement of contract liabilities

	2023 **HK$'000**	2022 HK$'000
At 1 January	**9,066**	17,321
Currency realignment	**47**	64
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(8,944)**	(11,835)
Increase in contract liabilities as a result of receiving deposit for trading of goods	**7,578**	6,961
Deconsolidation of subsidiaries (note 39(b))	**—**	(3,445)
At 31 December	**7,747**	9,066

27. LEASE LIABILITIES

	2023 HK$'000	2022 HK$'000
Lease liabilities payable:		
Within one year	**21,138**	21,875
Within a period of more than one year but not more than two years	**12,698**	13,621
Within a period of more than two years but not more than five years	**4,740**	6,865
	38,576	42,361
Less: Amounts due for settlement within 12 months shown under current liabilities	**(21,138)**	(21,875)
Amounts due for settlement after 12 months shown under non-current liabilities	**17,438**	20,486

The weighted average incremental borrowing rates applied to lease liabilities range from 3.1% to 5.4% for the year ended 31 December 2023 (2022: 3.4% to 5.2%).

28. OTHER BORROWINGS

	2023 HK$'000	2022 HK$'000
Other borrowings repayable within one year	**15,305**	15,305

The details of the Group's borrowings at the end of the reporting period are as follows:

	2023 HK$'000	2022 HK$'000
Fixed rate:		
-11%	**15,305**	15,305

According to the terms and conditions of the other borrowings, if the Company was ordered to be wound up and liquidators or provisional liquidators were appointed, it would trigger the event of default. On 25 September 2023, the Company was ordered to be wound up by the High Court and the Official Receiver was appointed as the provisional liquidator of the Company, which triggered the event of default. The Group did not recognise any interest expense on the other borrowings for the year ended 31 December 2023 as the Liquidators are in the process of adjudicating the claims of the lender.

29. 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. 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 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 ("**IRR**") of 18% per annum. Due to Tempus Group's default on the convertible bonds on 25 May 2019, the Company considered that it had technically triggered an EOD under the Conditions.

Further, the Group and its guarantor failed to fully settle the outstanding principal amount 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. 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. As at 31 December 2020, the outstanding principal amount together with accrued interest of CB 2018A amounted to HK$148,108,000.

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. 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.

29. CONVERTIBLE BONDS (continued)

Convertible bonds issued on 16 October 2018 ("CB 2018B") (continued)

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 outstanding principal amount of HK$30,516,000 together with accrued interest of HK$1,312,000 of CB 2018B on 30 May 2019. No repayment has been made by the Group after the maturity date up to 31 December 2020. During the year ended 31 December 2020, the interest accrued by the Group recognised in profit or loss after default amounting to HK$6,309,000. As at 31 December 2020, the outstanding principal amount together with accrued interest of CB 2018B amounted to HK$41,361,000.

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 had 3 weeks after serving of the 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.

On 27 August 2021, the Company entered into the bonds restructuring deed (the "**Deed**") with the CBs Holder, pursuant to which, the CBs Holder and the Company agreed that provided that there is no breach of any provisions of the Deed by the Company, no other interest and default interest (as applicable) shall accrue on any indebtedness under or arising from any of the bonds related documents other than those already included in the settlement amount of HK$144,000,000 (the "**Settlement Amount**"). Pursuant to the Deed, the aggregated outstanding amount of CB 2018A and CB 2018B was HK$197,450,000. If the Company fails to fully comply with the Deed and duly and punctually fulfil any of its obligation under the Deed or breaches any undertakings under the Deed, the CBs Holder have the rights to receive the aggregated outstanding amount of CB 2018A and CB 2018B, the interests of 7% per annum, the default interests of 9% per annum and any additional amount so that the CBs Holder will achieve 18% per annum on the aggregated outstanding amount of CB 2018A and CB 2018B.

29. CONVERTIBLE BONDS (continued)

Pursuant to the settlement schedule of the Deed, the Company shall repay and settle the Settlement Amount in the following manner:

(i) The Company shall repay a portion of the Settlement Amount in the sum of HK$56,000,000 ("**Part I Cash Settlement Amount**") to the CBs Holder in four instalments during the year ended 31 December 2021.

(ii) Subject to (a) the Company's full payment of the Part I Cash Settlement Amount in accordance with the Deed, and (b) having obtained all necessary internal and regulatory approvals, the Company shall allot and issue shares (the "**Settlement Shares**") to the CBs Holder on or before 31 January 2022.The price of per Settlement Shares shall be 85% of the average of the closing prices per share for the 15 consecutive trading days immediately prior to the date on which the Company has made full payment of the Part I Cash Settlement Amount (the "**Share Settlement Price**"). The number of Settlement Shares to be allotted by the Company and issued to the CBs Holder shall be the nearest integral number determined by dividing HK$44,000,000 by the Share Settlement Price, provided that (i) the total number of Settlement Shares shall represent no more than 20% of the total issued share capital of the Company as enlarged by the allotment and issue of the Settlement Shares, and (ii) the total number of Settlement Shares to be held by the CBs Holder, together with any other shares held by it or parties acting in concert with it, as enlarged by the allotment and issue of the Settlement Shares shall not trigger a mandatory general offer under the Codes on Takeover and Mergers. In the event that either of the aforementioned events may be triggered, the number of the Settlement Shares shall be such highest possible integral number without triggering either of the aforementioned events. The amount of indebtedness deemed to have been repaid by the Company under the Agreement A and Agreement B shall be determined by multiplying the number of Settlement Shares by the Share Settlement Price (the "**Shares Settlement Amount**").

(iii) The Company shall repay the remaining Settlement Amount (the "**Part II Cash Settlement Amount**", being the Settlement Amount less (i) the Part I Cash Settlement Amount, and less (ii) the Shares Settlement Amount) in two instalments. The first instalment is 50% of the Part II Cash Settlement Amount on or before the 1st anniversary of the shares settlement date which is no later than three (3) business days after 31 January 2022 or any other date as agreed between the CBs Holder and the Company (the "**Shares Settlement Date**") and the second instalment is the remaining 50% of the Part II Cash Settlement Amount on or before the 2nd anniversary of the Shares Settlement Date.

In addition, in the event that the total sum of the Part I Cash Settlement Amount, the Part II Cash Settlement Amount, and the net sales proceeds to be received by the CBs Holder provided that the CBs Holder subsequently disposes the Settlement Shares (collectively, the "**Relevant Amount**"), exceed the Settlement Amount, the CBs Holder shall pay 80% of the difference between the Relevant Amount and the Settlement Amount to the Company within five (5) Business Days upon such receipt.

29. CONVERTIBLE BONDS (continued)

During the year ended 31 December 2021, the Group repaid HK$56,000,000 to the CBs Holder according to the settlement schedule of the Deed.

On 28 December 2021, the Company entered into the subscription agreement with the CBs Holder (the "**Subscription Agreement**"), pursuant to which the CBs Holder has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue, on or before 31 January 2022 (the "**Long Stop Date**"), 87,315,200 ordinary shares of the Company ("**Subscription Share**") at the subscription price of HK$0.19941 per Subscription Share. On 13 January 2022, the Company obtained consent from the CBs Holder to extend the Long Stop Date to 28 February 2022. Upon the completion of the subscription, the carrying amount of convertible bonds shall reduce by HK$20,484,000. The subscription was completed on 4 February 2022.

Pursuant to the settlement schedule of the Deed, the first instalment of the Part II Cash Settlement Amount of HK$35,294,000 is repayable on or before 3 February 2023 and the second instalment of the Part II Cash Settlement Amount of HK$35,294,000 is repayable on or before 3 February 2024. Subject to the Company's due and punctual fulfilment of its obligation and undertakings under the Deed including repayment of the Settlement Amount, the remaining balance of the convertible bonds will be waived by the CBs Holder and accounted for as extinguishment.

On 3 February 2023, the Company failed to fully comply with the Deed and duly and punctually fulfilled its obligation or undertakings under the Deed. On 6 February 2023, the Company received notices of repayment from the CBs Holder. According to the notices, the CBs Holder required the Company to repay the event of default redemption amount of HK$202,603,000 (which was calculated up to the date of the notices by adding up (i) the principal amount of the outstanding convertible bonds to be redeemed of HK$70,588,000; (ii) interest (including default interest) accrued and unpaid of HK$64,079,945; and (iii) an additional amount of HK$67,934,416 so that the CBs Holder will achieve IRR of 18% per annum on the principal amount outstanding under the convertible bonds) as of 6 February 2023 in accordance with the terms and conditions of the convertible bonds.

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

	Derivative Component HK$'000	**Debt Component HK$'000**	**Total HK$'000**
At 1 January 2022	20,484	120,965	141,449
Repayment by issue of shares	(20,484)	—	(20,484)
At 31 December 2022 and 1 January 2023	—	120,965	120,965
Interest expenses and other charges	**—**	**114,511**	**114,511**
At 31 December 2023	**—**	**235,476**	**235,476**

29. CONVERTIBLE BONDS (continued)

The details of the Group's convertible bonds at the end of the reporting period are as follows:

	2023 HK$'000	2022 HK$'000
Amount due within one year shown under current liabilities	**235,476**	35,294
Amount due after one year shown under non-current liabilities	**—**	85,671
	235,476	120,965

30. SHARE CAPITAL

	Number of shares	Share capital US$
Ordinary shares of US$0.01 each		
Authorised:		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	10,000,000,000	100,000,000
Issued and fully paid or credited as fully paid		
At 1 January 2022	349,260,800	3,492,608
Issue of shares (note)	87,315,200	873,152
At 31 December 2022, 1 January 2023 and 31 December 2023	**436,576,000**	**4,365,760**

	2023 HK$'000	2022 HK$'000
Presented as	**34,007**	34,007

note:

On 4 February 2022, the Company allotted and issued 87,315,200 ordinary shares to CBs Holder at the subscription price of HK$0.19941 per Subscription Share. For details please refer to note 29 to the consolidated financial statements.

31. 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:

	2023 HK$'000	2022 HK$'000
Pledged bank deposits	**—**	1,419

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$547,000 as at 31 December 2023 (2022: HK$43,000).

32. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The Group's overall strategy remained unchanged from prior year.

The capital structure of the Group consists of debts, which includes other borrowings and equity attributable to owners of the Company, comprising issued share capital and reserves.

The management of the Group reviews the capital structure regularly. The management considers the cost of capital and the risks associated with each class of capital and will balance its overall capital structure through payments of dividends, new share issues as well as issue of new debts or repayment of existing debts, if necessary.

33. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2023 HK$'000	2022 HK$'000
Financial assets		
At amortised cost	**52,777**	81,808
FVTPL	**—**	—
Financial liabilities		
At amortised cost	**426,988**	317,944

33. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies, which expose the Group to foreign currency risk. The Group currently does not use any derivative financial instrument to hedge the foreign exchange risk. The Group manages the foreign currency risk by closely monitoring the movement of the foreign currency rate.

The Group's foreign currency monetary assets are mainly trade and other receivables and bank balances and cash, and the Group's foreign currency monetary liabilities are mainly trade payables.

The carrying amounts of the group entities' foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States dollar ("**US$**")	**774**	2,454	**5,256**	5,193
HK$*	**1,188**	14,226	**—**	—
Renminbi ("**RMB**")	**29**	3,130	**70,420**	70,420

* Included in this balance were foreign currency denominated monetary assets amounting to HK$1,188,000 (2022: HK$14,226,000) of a group entity with MOP as functional currency.

Sensitivity analysis

As US$ and MOP (functional currency of a group entity) are pegged to HK$, the sensitivity analysis does not include US$ denominated assets and liabilities held by entity with HK$ as its functional currency and HK$ denominated assets held by entity with MOP as its functional currency, as it is expected that there would be no material currency risk exposure.

The Group is mainly exposed to the currency risk of RMB against HK$.

33. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

(i) Foreign currency risk (continued)

Sensitivity analysis (continued)

The following table details the Group's sensitivity to a 10% (2022: 10%) increase or decrease in HK$ against RMB. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% (2022: 10%) change in foreign currency rates. The following table indicates the impact to the loss after tax where HK$ strengthens 10% (2022: 10%) against the respective foreign currencies. For a 10% (2022: 10%) weakening of HK$ against the foreign currency, there would be an equal and opposite impact on the loss after tax.

	Increase/ (decrease) in RMB rate %	(Increase)/ decrease in loss for the year HK$'000
2023		
If HK$ weakens against RMB	**10**	**(5,279)**
If HK$ strengthens against RMB	**(10)**	**5,279**
2022		
If HK$ weakens against RMB	10	(5,047)
If HK$ strengthens against RMB	(10)	5,047

33. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

(ii) Interest rate risk

The Group is mainly exposed to fair value interest rate risk in relation to fixed-rate bank deposits (note 20), fixed-rate lease liabilities (note 27), fixed rate other borrowings (note 28) and convertible bonds (note 29). The management will take appropriate measures to manage interest rate exposure if interest rate fluctuates significantly. The management considers the fair value interest rate risk to the Group is insignificant. The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances (note 20). The Group currently does not have an interest rate hedging policy. However, the management monitors closely the interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

In the opinion of the senior management of the operating subsidiaries, no sensitivity analysis is prepared for the interest rate risk for variable-rate bank balances since the impact on the Group's results for the year is not significant as the interest rates are low and did not fluctuate significantly during the year.

(iii) Credit risk

As at 31 December 2023, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade and other receivables, loan receivable, amounts due from Deconsolidated Subsidiaries, amount due from an associate, pledged bank deposits, and bank balances.

The Group has concentration of credit risk as 59% (2022: 56%) of the total trade receivables representing amounts due from the Group's largest five trade debtors including department stores and wholesale customers. The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. The Group has performed historical analysis and identified the key economic variables impacting credit risk and ECL. It considers available reasonable and supportive forwarding-looking information.

The senior management of the operating subsidiaries are of the opinion that the credit risk of trade receivables from sales of health and wellness products business is low based on the sound collection history of the receivables due from them and the economic environment the debtors operate. Therefore the ECL rate of the trade receivables from sales of health and wellness products business is assessed to be closed to zero and no provision was made as at 31 December 2023 and 2022.

33. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

(iii) Credit risk (continued)

As at 31 December 2023 and 2022, the senior management of the operating subsidiaries are of the opinion that the Group was not exposed to concentration risk on other receivables. No allowance for impairment was recognised for other receivables based on the counterparties' financial background and creditability during the years ended 31 December 2023 and 2022.

Movement in the allowance for impairment in respect of other receivables during the year is as follows:

	Credit impaired HK$'000
At 1 January 2022	5,065
Deconsolidation of subsidiaries	(5,065)
At 31 December 2022, 1 January 2023 and 31 December 2023	—

Movement in the allowance for impairment in respect of loan receivable during the year is as follows:

	Credit impaired HK$'000
At 1 January 2022	29,100
Deconsolidation of subsidiaries	(29,100)
At 31 December 2022, 1 January 2023 and 31 December 2023	—

During the year ended 31 December 2023, impairment losses amounting to HK$5,362,000 (2022: HK$247,737,000) was recognised for the amounts due from the Deconsolidated Subsidiaries.

During the year ended 31 December 2023, reversal of impairment losses amounting to HK$224,000 (2022: HK$811,000) was recognised for the amount due from an associate upon the receipt of settlement.

The credit risk on bank balances is limited because the majority of the counterparties are banks with good reputation.

33. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

(iv) Liquidity risk

During the year ended 31 December 2023, the Group incurred a net loss of HK$143,909,000 (2022: HK$233,028,000) and as of that date, the Group's current liabilities and total liabilities exceeded the current assets and total assets amounted to HK$357,134,000 and HK$355,565,000 respectively. The maintenance of the Company and the Group as going concerns depends upon the Company being able to achieve a successful restructuring and continue its business. Details are explained in note 1(b) to the financial statements above.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

The maturity analysis for other non-derivative financial liabilities and lease liabilities is prepared based on the scheduled repayment dates:

	Weighted average effective interest rate %	Repayable on demand or less than 3 months HK$'000	3 months to 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 December 2023						
Financial liabilities at amortised cost						
Trade and other payables	—	33,881	—	—	33,881	33,881
Amount due to immediate holding company	—	546	—	—	546	546
Amounts due to the Deconsolidated Subsidiaries	—	103,204	—	—	103,204	103,204
Other borrowings (note 28)	11.0%	15,305	—	—	15,305	15,305
Convertible bonds (note)	—	235,476	—	—	235,476	235,476
Lease liabilities	4.2%	6,116	16,271	18,096	40,483	38,576
		394,528	16,271	18,096	428,895	426,988

33. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

(iv) Liquidity risk (continued)

	Weighted average effective interest rate %	Repayable on demand or less than 3 months HK$'000	3 months to 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 December 2022						
Financial liabilities at amortised cost						
Trade and other payables	—	35,563	—	—	35,563	35,563
Amount due to immediate holding company	—	546	—	—	546	546
Amounts due to the Deconsolidated Subsidiaries	—	103,204	—	—	103,204	103,204
Other borrowings	11.0%	—	16,283	—	16,283	15,305
Convertible bonds (note)	—	35,294	—	85,671	120,965	120,965
Lease liabilities	4.3%	5,828	17,187	21,130	44,145	42,361
		180,435	33,470	106,801	320,706	317,944

note: After default of the convertible bonds, additional interest will accrue on the outstanding principal amount of the convertible bonds from the date of the occurrence of an EOD to the date of actual payment at an IRR of 18% per annum.

34. RELATED PARTY DISCLOSURES

Other than those balances and transactions disclosed in notes 11 and 24, during the year the Group had entered into transactions with related parties.

Related parties	Nature of transaction	2023 HK'000	2022 HK'000
An associate	Logistic service expenses	**747**	2,704

The balances of amounts due from/to an associate/ultimate holding company/an intermediate holding company/immediate holding company are disclosed in the consolidated statement of financial position and in note 24.

The compensation to key management personnel comprises only the directors' emoluments, details of which are disclosed in note 11.

35. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong.

The assets of the schemes are held separately from those of the Group, in funds under the control of trustees.

The employees in Macau are members of the defined contribution retirement benefit plan. The subsidiary established in Macau is required to contribute MOP60 per month for each employee to the retirement benefit plan to fund the benefits.

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

The employees in Singapore are members of the state-managed retirement benefit plan, the Central Provident Fund Board, operated by the Government of Singapore. The subsidiary established in Singapore is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

As at 31 December 2023 and 2022, the Group had no other significant obligation apart from the contribution as stated above.

During the year ended 31 December 2023 and 2022, no contribution was forfeited (by the Group on behalf of its employees who leave the scheme prior to vesting fully in such contributions) under the retirement benefit schemes which may be used by the Group to reduce the contribution payable in the future years. Accordingly, no forfeited contribution was utilised during the year, and as at 31 December 2023, there was no forfeited contribution available to reduce the Group's existing level of contributions to the retirement benefit schemes (2022: Nil).

36. SHARE-BASED PAYMENTS

The Company's share option scheme (the "**2011 Share Option Scheme**") was adopted pursuant to a resolution in writing passed by all the shareholders of the Company on 25 November 2011 for the primary purpose of recognising and acknowledging the contribution of the eligible participants had or may have made to the Group. Under the 2011 Share Option Scheme, the board of directors of the Company may grant options to eligible participants, including employees, directors of the Company and its subsidiaries and consultants, to subscribe for shares of the Company. The 2011 Share Option Scheme was expired on 25 November 2021.

On 26 January 2017, the Company granted 23,420,000 share options, comprised (i) 8,800,000 share options to the directors of the Company and (ii) 14,620,000 share options to certain eligible participants including members of the senior management and employees of the Company, to subscribe for the ordinary shares of the Company at HK$1.84 per share.

On 16 April 2018, the Company granted 34,986,000 share options, comprised approximately (i) 9,797,000 share options to the directors of the Company and (ii) 25,189,000 share options to certain eligible participants including members of the senior management and employees of the Company to subscribe for shares in the Company at HK$2.13 per share. On 23 November 2021, the Company granted 29,688,000 share options, comprised approximately (i) 14,568,000 share options to the directors of the Company and (ii) 15,120,000 share options to the certain eligible participants including members of the senior management, employees and consultants of the Company to subscribe for shares in the Company at HK$0.238 per share.

Vesting of the share options is conditional upon the fulfilment of certain performance targets as set out in the respective offer letters to the grantees including financial targets of the Group and individual performance targets for certain periods.

As at 31 December 2023, the number of shares in respect of which options had been granted and remained outstanding under the 2011 Share Option Scheme was 22,898,000 (2022: 26,790,000), representing approximately 5.24% (2022: 6.14%) of the shares of the Company in issue at that date.

The maximum number of shares in respect of which options may be granted under the 2011 Share Option Scheme must not in aggregate exceed 10% of the total number of shares in issue on the date on which trading of the shares commenced on the Main Board of the Stock Exchange. At the annual general meeting of the Company held on 24 May 2019 (the "**2019 AGM**") the shareholders of the Company passed an ordinary resolution to refresh the scheme mandate limit of the 2011 Share Option Scheme to 10% of the shares in issue as at the date of the 2019 AGM. Therefore, the maximum number of shares which may be issued upon exercise of all share options that may be granted under the refreshed scheme mandate limit is 34,926,080 shares. Share options previously granted under the 2011 Share Option Scheme will not be counted for the purpose of calculating the scheme mandate limit. For details, please refer to the Company's circular dated 24 April 2019 and the Company's announcement dated 24 May 2019.

36. SHARE-BASED PAYMENTS (continued)

The Company has adopted a new share option scheme (the "**New 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. Under the New Share Option Scheme, the board of directors of the Company may grant options to eligible participants, including employees, directors of the Company and its subsidiaries and consultants, to subscribe for shares of the Company. Unless otherwise approved by the shareholders in general meeting, the number of shares that may be granted to an eligible participant under the New Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) shall not exceed 1% of the shares in issue within any 12-month period. Any grant of options to a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive directors. Unless otherwise approved by the shareholders in general meeting and/or such other requirements prescribed under the Listing Rules, any grant of options to a substantial shareholder or independent non-executive director or their respective associates under the New Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) shall not represent in aggregate over 0.1% of the shares in issue within any 12-month period. For details, please refer to the Company's circular dated 13 January 2022.

Pursuant to the terms of the 2011 Share Option Scheme and in accordance with the relevant provisions of Chapter 17 of the Listing Rules, the limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2011 Share Option Scheme and any other share option schemes of the Company at any time must not exceed 30% of the shares in issue from time to time.

Options granted must be taken up within 21 days of the date of grant, upon payment of HK$1 per eligible participant. Options may be exercised at any time during the exercise period as disclosed below. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Details of the share options are as follows:

Date of Grant	Number of share options granted	Exercisable period	Exercise Price
16 April 2018	3,498,600 (note a)	16.4.2018 to 15.4.2022	HK$2.13 per share
	10,495,800 (note b)	16.4.2019 to 15.4.2022	
	10,495,800 (note b)	16.4.2020 to 15.4.2022	
	10,495,800 (note b)	16.4.2021 to 15.4.2022	
	34,986,000		
23 November 2021	7,422,000 (note a)	23.11.2021 to 22.11.2026	HK$0.238 per share
	7,422,000 (note c)	1.4.2022 to 22.11.2026	
	7,422,000 (note c)	1.4.2023 to 22.11.2026	
	7,422,000 (note c)	1.4.2024 to 22.11.2026	
	29,688,000		

36. SHARE-BASED PAYMENTS (continued)

notes:

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

(b) The options were vested upon the fulfilment of certain performance targets to the grantees including financial targets of the Group and individual performance targets for certain periods.

(c) The options were vested upon the fulfilment of individual performance targets for certain periods.

The following table discloses movement of the Company's share options held by directors and eligible employees during current and prior year:

Date of grant	Exercise price	Outstanding at 1 January 2022	Lapsed during the year	Expired during the year	Outstanding at 31 December 2022 and 1 January 2023	Lapsed during the year	Expired during the year	Outstanding at 31 December 2023
16 April 2018	HK$2.13	9,900,000	—	(9,900,000)	—	**—**	**—**	**—**
23 November 2021	HK$0.238	29,688,000	(2,898,000)	—	26,790,000	**(3,892,000)**	**—**	**22,898,000**
		39,588,000	(2,898,000)	(9,900,000)	26,790,000	**(3,892,000)**	**—**	**22,898,000**
Exercisable at the end of the year		8,412,000	(1,361,500)	(990,000)	13,395,000	**(1,946,000)**	**—**	**11,449,000**
Weighted average exercise price		HK$0.71	HK$0.238	HK$2.13	HK$0.238	**HK$0.238**	**—**	**HK$0.238**

The Group had recognised a reversal of charge of HK$175,000 and nil (2022: a charge of HK$1,199,000 and HK$309,000) in the staff costs for directors and employees and administrative expenses for consultants, respectively, for the year ended 31 December 2023 in relation to share options granted by the Company.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2023 HK$'000	2022 HK$'000
Non-current assets		
Interests in subsidiaries (note a)	53,256	53,256
	53,256	53,256
Current assets		
Amounts due from subsidiaries (note b)	11,421	11,421
Bank balances and cash	160	160
	11,581	11,581
Current liabilities		
Other payables and accrued expenses	12,345	11,095
Amount due to immediate holding company	546	546
Amounts due to subsidiaries (note c)	125,096	125,096
Other borrowings	15,305	15,305
Convertible bonds	235,476	35,294
	388,768	187,336
Net current liabilities	(377,187)	(175,755)
Total assets less current liabilities	(323,931)	(122,499)
Non-current liability		
Convertible bonds	—	85,671
Net liabilities	(323,931)	(208,170)
Capital and reserves		
Share capital	34,007	34,007
Deficit	(357,938)	(242,177)
Total (deficit)/equity	(323,931)	(208,170)

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

notes:

(a) The interests in subsidiaries included interests in the Deconsolidated Subsidiaries amounting to HK$75,096,000 which were fully impaired during the year ended 31 December 2022.

(b) The amounts due from subsidiaries included amounts due from the Deconsolidated Subsidiaries amounting to HK$75,396,000 which were fully impaired during the year ended 31 December 2022.

(c) The amounts due to subsidiaries included amounts due to the Deconsolidated Subsidiaries amounting to HK$98,392,000 as at 31 December 2023 and 2022.

Movement of reserves

	Share premium HK$'000	Capital redemption reserve HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2022	359,575	32	1,439	(370,060)	(9,014)
Loss for the year	—	—	—	(248,379)	(248,379)
Recognition of equity-settled share-based payments	—	—	1,508	—	1,508
Transfer upon forfeiture of share options	—	—	(400)	400	—
Issue of shares	13,708	—	—	—	13,708
At 31 December 2022 and 1 January 2023	373,283	32	2,547	(618,039)	(242,177)
Loss for the year	**—**	**—**	**—**	**(115,586)**	**(115,586)**
Recognition of equity-settled share-based payments	**—**	**—**	**(175)**	**—**	**(175)**
Transfer upon forfeiture of share options	**—**	**—**	**(246)**	**246**	**—**
At 31 December 2023	**373,283**	**32**	**2,126**	**(733,379)**	**(357,938)**

38. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2023 and 2022 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid-up share capital/registered capital	Attributable equity interest held by the Company				Principal activities
			Directly		Indirectly		
			2023	2022	**2023**	2022	
OTO (BVI)	British Virgin Islands 7 January 2011	US$16,252	**100%**	100%	**—**	—	Investment holding
OTO Bodycare (H.K.) Limited	Hong Kong 14 November 1986	HK$1,000,000	**—**	—	**100%**	100%	Sales of health and wellness products in Hong Kong
OTO International (Macau) Company Limited	Macau 13 September 2005	MOP30,000	**—**	—	**100%**	100%	Sales of health and wellness products in Macau
OTO Wellness Sdn. Bhd.	Malaysia 17 July 2013	MYR1,000,000	**—**	—	**100%**	100%	Sales of health and wellness products in Malaysia
OTO Wellness Pte. Ltd.	Singapore 1 October 2013	SGD1,700,000	**—**	—	**100%**	100%	Sale of health and wellness products in Singapore

39. DECONSOLIDATION OF SUBSIDIARIES

As discussed in note 1, the Liquidators of the Company have been unable to access to complete accounting books and records of the Deconsolidated Subsidiaries. Due to the lack of complete books and records of the Deconsolidated Subsidiaries and the operations of the Deconsolidated Subsidiaries were not material to the operation of the Group. Therefore, it is not in the best interests of the stakeholders to consolidate the financial statements of the Deconsolidated Subsidiaries into the Group's consolidated financial statements for the year ended 31 December 2023 and 2022.

As disclosed in note 1 on the basis that the relevant books and records are incomplete, no representation is made by the Liquidators as to the accuracy, completeness, occurrence, cut-off and classification the financial statements line items disclosed in note 39(b) and 39(c), liabilities, contingent liabilities and commitment of the Company and Group as of the date when these consolidated financial statements are issued.

39. DECONSOLIDATION OF SUBSIDIARIES (continued)

The Group deconsolidated the Deconsolidated Subsidiaries from its consolidated financial statements with effective on 1 January 2022.

(a) The following is a list of the subsidiaries which have been deconsolidated from 1 January 2022:

Name of subsidiaries	Place of registration	Issued and fully paid-up share capital/registered capital	Attributable equity interest held by the Company				Principal activities
			Directly		Indirectly		
			1 January 2022	31 December 2021	**1 January 2022**	31 December 2021	
OTO (HK) Investment Limited	Hong Kong 17 February 2011	HK$1	**–**	–	**100%**	100%	Investment holding
Dainty Shanghai Co., Ltd.	PRC (note (1)) 25 March 2010	Registered and paid up capital US$5,150,000	**–**	–	**100%**	100%	Sales of health and wellness products in PRC
Tempus OTO Limited	Hong Kong 29 January 2015	HK$10,000	**–**	–	**100%**	100%	Inactive
騰邦豪特（深圳）大健康產業有限公司	PRC (note (1)) 10 April 2015	Registered and paid-up capital RMB5,500,000	**–**	–	**100%**	100%	Sales of health and wellness products in PRC
Tempus Cross-border Commercial Service Limited	Hong Kong 12 August 2015	HK$10,000	**100%**	100%	**–**	–	Inactive
Tempus (BVI) Properties Investment Limited	British Virgin Islands 6 October 2016	US$50,000	**100%**	100%	**–**	–	Investment holding
Tempus Star (HK) Investment Limited	Hong Kong 9 June 2017	HK$1	**–**	–	**100%**	100%	Investment holding
深圳騰邦科技產業發展有限公司	PRC (note (2)) 24 November 2016	Registered and paid-up capital RMB120,000,000	**–**	–	**100%**	100%	Investment holding

39. DECONSOLIDATION OF SUBSIDIARIES (continued)

(a) The following is a list of the subsidiaries which have been deconsolidated from 1 January 2022: (continued)

Name of subsidiaries	Place of registration	Issued and fully paid-up share capital/registered capital	Attributable equity interest held by the Company				Principal activities
			Directly		Indirectly		
			1 January 2022	31 December 2021	**1 January 2022**	31 December 2021	
深圳騰邦豪特商貿有限公司	PRC (note (2)) 24 November 2016	Registered capital RMB50,000,000	**–**	–	**100%**	100%	Trading and distribution of consumer products
珠海騰邦金躍投資有限公司	PRC (note (1)) 17 November 2017	Registered capital US$30,000,000 and Paid-up capital US$17,500,000	**–**	–	**100%**	100%	Investment holding
Shenzhen Tempus Value Chain Co., Ltd*（深圳市騰邦價值鏈股份有限公司）	PRC (note (1)) 11 July 2005	Registered and paid-up capital RMB52,631,579	**78.75%**	78.75%	**–**	–	Trading and distribution of consumer products and investment holding
天津騰邦易貿通外貿服務有限公司	PRC (note (2)) 13 March 2018	Registered and paid-up capital RMB5,000,000	**–**	–	**80%**	80%	International trading agent

notes:

(1) These subsidiaries are wholly foreign-owned enterprises registered in the PRC.

(2) These subsidiaries are limited companies in the PRC.

* *For identification purposes only*

39. DECONSOLIDATION OF SUBSIDIARIES (continued)

(b) The net assets of the Deconsolidated Subsidiaries as of 1 January 2022, which is based on the management accounts retrieved by the Liquidators and the amount due from/(to) Deconsolidated Subsidiaries were set out below:

Net assets deconsolidated of:	Total HK$'000
Property, plant and equipment	19,447
Right-of-use assets	13,837
Investments in associates	7,048
Inventories	18,369
Trade and other receivables	56,895
Utilities and deposits	9,406
Bank balance and cash	30,583
Amounts due from the existing Group	106,702
Trade and other payables	(42,852)
Amount due to intermediate holding company	(73)
Amount due to ultimate holding company	(39)
Lease liabilities	(14,401)
Tax payables	(715)
Contract liabilities	(3,445)
Amounts due to the existing Group	(243,301)
Release of translation reserve upon deconsolidation	2,476
Release of non-controlling interest upon deconsolidation	(27,825)
Gain on deconsolidation of subsidiaries	(67,888)
Net cash outflow arising from deconsolidation of subsidiaries	(30,583)

39. DECONSOLIDATION OF SUBSIDIARIES (continued)

(c) Impairment on amounts due from the Deconsolidated Subsidiaries

The Group had following amounts due from the Deconsolidated Subsidiaries:

	2023 **HK$'000**	2022 HK$'000
Amounts due from the Deconsolidated Subsidiaries	**253,099**	247,737
Less: Provision for ECL	**(253,099)**	(247,737)
	—	—

As at 31 December 2023 and 2022, the amounts due from the Deconsolidated Subsidiaries are unsecured, interest-free and repayable on demand.

(d) Amounts due to the Deconsolidated Subsidiaries

As at 31 December 2023 and 2022, the amounts due to the Deconsolidated Subsidiaries are unsecured, interest-free and repayable on demand.

40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash from financing activities.

	Lease liabilities HK$'000	Other borrowings HK$'000	Amount due to immediate holding company HK$'000	Total HK$'000
At 1 January 2022	54,551	16,526	549	71,626
Financing cash flows	(27,835)	(1,221)	(3)	(29,059)
Non-cash changes				
Finance cost recognised	1,362	1,757	—	3,119
Deconsolidation of subsidiaries	(14,401)	—	—	(14,401)
New leases entered	28,504	—	—	28,504
Interest payables included in other payables	—	(1,757)	—	(1,757)
Exchange adjustments	180	—	—	180
At 31 December 2022 and 1 January 2023	42,361	15,305	546	58,212
Financing cash flows	**(26,622)**	**—**	**—**	**(26,622)**
Non-cash changes				
Finance cost recognised	**1,560**	**—**	**—**	**1,560**
Lease modification	**1,593**	**—**	**—**	**1,593**
New leases entered	**19,277**	**—**	**—**	**19,277**
Exchange adjustments	**407**	**—**	**—**	**407**
At 31 December 2023	**38,576**	**15,305**	**546**	**54,427**

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements and restated as appropriate, is set out below:

	Year ended 31 December				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
(Loss)/profit for the year attributable to:					
Owners of the Company	**(143,909)**	(233,028)	(74,545)	(82,192)	(262,469)
Non-controlling interests	**—**	—	(90)	804	(19,881)
	(143,909)	(233,028)	(74,635)	(81,388)	(282,350)

ASSETS, LIABILITIES AND EQUITY

	At 31 December				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**79,242**	115,606	332,153	634,975	704,192
TOTAL LIABILITIES	**434,807**	327,659	308,341	543,926	543,778
TOTAL (DEFICIT)/EQUITY	**(355,565)**	(212,053)	23,812	91,049	160,414

JOINT AND SEVERAL LIQUIDATORS' REPORT

The Liquidators present their report together with the consolidated financial statements of the Group for the year ended 31 December 2023 based on the books and records available to them. It is the responsibility of the directors of the Company to prepare the financial statements of the Company. Since their appointment, the Liquidators have written to the directors to enquire about the affairs of the Company, however, no favourable response was received from them to date. Given the failure of the directors in discharging their responsibilities, the Liquidators took the necessary steps to facilitate the preparation of these financial statements.

Capitalised terms used in this report shall have the same meaning attributed to them as in the Annual Report to which this is attached.

SUSPENSION OF TRADING OF THE COMPANY'S SHARES, WINDING-UP PETITION, APPOINTMENT OF THE LIQUIDATORS AND GROUP RESTRUCTURING

Details of the Group's suspension of trading of the Company's shares, winding-up petition, appointment of the Liquidators and group restructuring are set out in note 1 to the consolidated financial statements.

PRINCIPAL ACTIVITIES

The Company is an investment holding company with certain subsidiaries principally engage in the sales of health and wellness products in Greater China including Hong Kong and Macau, and Singapore.

REVENUE AND SEGMENTED INFORMATION

Details of revenue and segmented information are set out in note 5 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 December 2023 and the state of the affairs of the Group at that date are set out in the consolidated financial statements on pages 14 to 95. No dividend was declared during the year ended 31 December 2023 (2022: Nil).

SUMMARY FINANCIAL INFORMATION

A summary of the published results and of the assets and liabilities of the Group for the last five financial years as extracted from the published audited consolidated financial statements is set out below:

	Year ended 31 December				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
(Loss)/profit for the year attributable to:					
Owners of the Company	**(143,909)**	(233,028)	(74,545)	(82,192)	(262,469)
Non-controlling interests	**—**	—	(90)	804	(19,881)
	(143,909)	(233,028)	(74,635)	(81,388)	(282,350)

ASSETS, LIABILITIES AND EQUITY

	At 31 December				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**79,242**	115,606	332,153	634,975	704,192
TOTAL LIABILITIES	**434,807**	327,659	308,341	543,926	543,778
TOTAL (DEFICIT)/EQUITY	**(355,565)**	(212,053)	23,812	91,049	160,414

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

RIGHT-OF-USE ASSETS

Details of movements in right-of-use assets of the Group are set out in note 16 to the consolidated financial statements.

SUBSIDIARIES AND ASSOCIATES

Particulars of the Company's principal subsidiaries and associates are set out in notes 17, 38 and 39 respectively to the consolidated financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in note 30 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2023, no reserves are available for distribution to shareholders of the Company.

PRE-EMPTIVE RIGHTS

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

BANK AND OTHER BORROWINGS AND FINANCE COSTS

Details of the Group's bank and other borrowings are set out in notes 8 and 28 to the consolidated financial statements of this annual report. Bank and other borrowings repayable within one year or on demand are classified as current liabilities in the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICY

The number of employees of the Group as at 31 December 2023 was approximately 134. 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

To the best knowledge and belief of the Liquidators, neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed securities during the year ended 31 December 2023.

MAJOR CUSTOMERS AND MAJOR SUPPLIERS

For the year ended 31 December 2023, the Group's sales to its five largest customers accounted for approximately 13% of the Group's total sales and the Group's sales to its largest customer accounted for approximately 5% of the Group's total sales. The Group's five largest suppliers accounted for approximately 51% of the Group's total purchases, while the largest supplier for the year accounted for approximately 16% of the Group's total purchases. None of the Directors or their respective associates or, to the knowledge of the Liquidators, any of the shareholders who owns more than 5% of the Company's issued share capital has any interest in any of the Group's five largest customers or suppliers during the year.

DIRECTORS' EMOLUMENTS

Details of the directors' emoluments are set out in note 11 to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Saved as disclosed in the note 35 to the consolidated financial statements in this annual report, no contracts of significance to which the Company, its holding company, or any of its subsidiaries was a party or contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries and in which a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As at 31 December 2023, the interests and short positions of the Directors and chief executive officer of the Company in the shares or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as adopted by the Company, were as follows:

(i) Long position in shares and underlying shares of the Company

Name of Director	Capacity/ Nature of interest	Number of shares held (a)	Number of underlying shares in respect of share options held (b)	Total number of shares and underlying shares held (a) + (b)	Approximate percentage of shareholding in the Company *(note 10)*
Mr. Zhong *(note 2)*	Interest in a controlled corporation	201,534,092(L)	–	201,534,092(L)	46.16%
Mr. Yip Chee Lai, Charlie *(note 3)*	Beneficial owner	6,046,000(L)	3,492,000(L)	9,538,000(L)	2.18%
	Interests of parties to an agreement to acquire interest of the Company	17,984,000(L)	–	17,984,000(L)	4.12%
	Total	24,030,000(L)	3,492,000(L)	27,522,000(L)	6.30%
Mr. Zhong YM *(note 4)*	Beneficial owner	–	3,492,000(L)	3,492,000(L)	0.79%
Mr. Sun *(note 5)*	Beneficial owner	–	3,492,000(L)	3,492,000(L)	0.79%
Mr. Wang *(note 6)*	Beneficial owner	–	3,492,000(L)	3,492,000(L)	0.79%
Mr. Li *(note 7)*	Beneficial owner	–	200,000(L)	200,000(L)	0.04%
Mr. Wong Kai Hing *(note 8)*	Beneficial owner	–	200,000(L)	200,000(L)	0.04%
Mr. Cheng Tsz Lok *(note 9)*	Beneficial owner	–	200,000(L)	200,000(L)	0.04%

notes:

(1) The letter "L" denotes the Director's long position in the shares or underlying shares.

(2) These shares are held directly by Tempus Hong Kong, which is wholly-owned by Tempus Value Chain Limited ("**Tempus Value Chain**"). Tempus Value Chain is wholly-owned by Tempus Logistics Group Holding Ltd. ("**Tempus Logistics**"), which is in turn owned as to 65% by Tempus Group and 35% by Pingfeng Jewellery, respectively. Pingfeng Jewellery is owned as to 67% by Mr. Zhong and 33% by Ms. Duan Naiqi, respectively. Tempus Group is owned as to 98% by Pingfeng Jewellery, 1.34% by Mr. Zhong and 0.66% by Ms. Duan Naiqi, respectively. As at 31 December 2021, Tempus Hong Kong held 201,534,092 shares, representing approximately 46.16% of the issued shares of the Company.

(3) Mr. Yip Chee Lai, Charlie, Mr. Yip Chee Seng, Mr. Yip Chee Way, David and Mr. Yep Gee Kuarn (the "**Minority Shareholders**") have been persons acting in concert since 1 April 2008 pursuant to a confirmatory agreement dated 1 February 2011 entered into by and among them. Accordingly, each of the Minority Shareholders is deemed to be interested in the shares in which the Minority Shareholders are interested pursuant to the SFO. Mr. Yip Chee Lai, Charlie's long position in the underlying shares comprises an aggregate of 5,492,000 options granted to him by the Company on 16 April 2018 and 23 November 2021 under the 2011 Share Option Scheme. Out of these options, 2,000,000 options are exercisable at the exercise price of HK$2.13 per share during the period from 16 April 2018 to 15 April 2022; and 3,492,000 options are exercisable at the exercise price of HK$0.238 per share during the period from 23 November 2021 to 22 November 2026, subject to the vesting schedule.

(4) Mr. Zhong YM's long position in the underlying shares comprises an aggregate of 3,492,000 options granted to him by the Company on 23 November 2021 under the 2011 Share Option Scheme. These options are exercisable at the exercise price of HK$0.238 per share during the period from 23 November 2021 to 22 November 2026, subject to the vesting schedule.

(5) Mr. Sun's long position in the underlying shares comprises an aggregate of 5,492,000 options granted to him by the Company on 16 April 2018 and 23 November 2021 under the 2011 Share Option Scheme. Out of these options, 2,000,000 options are exercisable at the exercise price of HK$2.13 per share during the period from 16 April 2018 to 15 April 2022; and 3,492,000 options are exercisable at the exercise price of HK$0.238 per share during the period from 23 November 2021 to 22 November 2026, subject to the vesting schedule.

(6) Mr. Wang's long position in the underlying shares comprises an aggregate of 3,492,000 options granted to him by the Company on 23 November 2021 under the 2011 Share Option Scheme. These options are exercisable at the exercise price of HK$0.238 per share during the period from 23 November 2021 to 22 November 2026, subject to the vesting schedule.

(7) Mr. Li's long position in the underlying shares comprises an aggregate of 400,000 options granted to him by the Company on 16 April 2018 and 23 November 2021 under the 2011 Share Option Scheme. Out of these options, 200,000 options are exercisable at the exercise price of HK$2.13 per share during the period from 16 April 2018 to 15 April 2022; and 200,000 options are exercisable at the exercise price of HK$0.238 per share during the period from 23 November 2021 to 22 November 2026, subject to the vesting schedule.

(8) Mr. Wong Kai Hing's long position in the underlying shares comprises an aggregate of 200,000 options granted to him by the Company on 23 November 2021 under the 2011 Share Option Scheme. These options are exercisable at the exercise price of HK$0.238 per share during the period from 23 November 2021 to 22 November 2026, subject to the vesting schedule.

(9) Mr. Cheng Tsz Lok's long position in the underlying shares comprises an aggregate of 200,000 options granted to him by the Company on 23 November 2021 under the 2011 Share Option Scheme. These options are exercisable at the exercise price of HK$0.238 per share during the period from 23 November 2021 to 22 November 2026, subject to the vesting schedule.

(10) The approximate percentage of shareholding is calculated based on a total of 436,576,000 issued shares of the Company as at 31 December 2023.

* *For identification purposes only*

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

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

notes:

(1) The letter "L" denotes the person's long position in the shares or underlying shares of the associated corporation.

(2) Tempus Hong Kong is wholly-owned by Tempus Value Chain, which is wholly-owned by Tempus Logistics. Tempus Logistics is owned as to 65% by Tempus Group and 35% by Pingfeng Jewellery, respectively. Pingfeng Jewellery is owned as to 67% by Mr. Zhong and 33% by Ms. Duan Naiqi, respectively. Tempus Group is owned as to 98% by Pingfeng Jewellery, 1.34% by Mr. Zhong and 0.66% by Ms. Duan Naiqi, respectively. By virtue of the SFO, Mr. Zhong is deemed to be interested in the 10,000 shares in Tempus Hong Kong.

Saved as disclosed above and disclosed under the paragraph headed "Share Option Scheme" in this annual report, as at 31 December 2023, to the best knowledge of the Liquidators, none of the Directors and chief executive officer of the Company had or was deemed to have interests or short positions in the shares or underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would be required to (i) notify the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, (ii) or which would be required, pursuant to Section 352 of the SFO, to enter in the register referred to therein, or (iii) which were required to notify the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2023, so far as is known to the Liquidators, the following persons (other than (a) Director(s) or chief executive officer of the Company) had interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Name of Shareholder	Capacity/ Nature of interest	Number of shares held (a)	Number of underlying shares in respect of equity derivatives held (b)	Total number of shares and underlying shares held (a) + (b)	Approximate percentage of shareholding in the Company *(note 6)*
Tempus Hong Kong *(note 2)*	Beneficial owner	201,534,092(L)	–	201,534,092(L)	46.16%
Tempus Value Chain *(note 2)*	Interest in a controlled corporation	201,534,092(L)	–	201,534,092(L)	46.16%
Tempus Logistics *(note 2)*	Interest in a controlled corporation	201,534,092(L)	–	201,534,092(L)	46.16%
Tempus Group *(note 2)*	Interest in a controlled corporation	201,534,092(L)	–	201,534,092(L)	46.16%
Pingfeng Jewellery *(note 2)*	Interest in a controlled corporation	201,534,092(L)	–	201,534,092(L)	46.16%
Ms. Duan Naiqi *(note 2)*	Interest in a controlled corporation	201,534,092(L)	–	201,534,092(L)	46.16%
Mr. Yip Chee Seng *(note 3)*	Beneficial owner	5,774,000(L)	–	5,774,000(L)	1.32%
	Interests of parties to an agreement to acquire interests of the Company	18,256,000(L)	3,492,000(L)	21,748,000(L)	4.98%
	Total	24,030,000(L)	3,492,000(L)	27,522,000(L)	6.30%
Mr. Yep Gee Kuarn *(note 3)*	Beneficial owner	6,114,000(L)	–	6,114,000(L)	1.40%
	Interests of parties to an agreement to acquire interests of the Company	17,916,000(L)	3,492,000(L)	21,408,000(L)	4.90%
	Total	24,030,000(L)	3,492,000(L)	27,522,000(L)	6.30%
Mr. Yip Chee Way, David *(note 3)*	Beneficial owner	6,096,000(L)	–	6,096,000(L)	1.40%
	Interests of parties to an agreement to acquire interests of the Company	17,934,000(L)	3,492,000(L)	21,426,000(L)	4.90%
	Total	24,030,000(L)	3,492,000(L)	27,522,000(L)	6.30%
China Construction Bank Corporation *(note 4)*	Interest in a controlled corporation	87,275,200(L)	–	–	19.99%
Central Huijin Investment Ltd. *(note 4)*	Interest in a controlled corporation	87,275,200(L)	–	–	19.99%

notes:

(1) The letter "L" denotes the person's long position in the shares or underlying shares.

(2) These shares are held directly by Tempus Hong Kong, which is wholly owned by Tempus Value Chain. Tempus Value Chain is wholly-owned by Tempus Logistics, which is in turn owned as to 65% by Tempus Group and 35% by Pingfeng Jewellery, respectively. Pingfeng Jewellery is owned as to 67% by Mr. Zhong and 33% by Ms. Duan Naiqi, respectively. Tempus Group is owned as to 98% by Pingfeng Jewellery, 1.34% by Mr. Zhong and 0.66% by Ms. Duan Naiqi, respectively. Therefore, pursuant to Part XV of the SFO, each of Mr. Zhong, Ms. Duan Naiqi, Pingfeng Jewellery, Tempus Group, Tempus Logistics and Tempus Value Chain is deemed to be interested in the shares held by Tempus Hong Kong.

(3) The Minority Shareholders have been the persons acting in concert since 1 April 2008 pursuant to a confirmatory agreement dated 1 February 2011 entered into by and among them. Accordingly, each of the Minority Shareholders is deemed to be interested in the shares in which the Minority Shareholders are interested pursuant to section 318 of the SFO.

(4) On 28 December 2021, the Company entered into the Subscription Agreement with the CBs Holder, pursuant to which the CBs Holder has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue, 87,315,200 Subscription Shares at the subscription price of HK$0.19941 per Subscription Share. Therefore, these shares are interested by the Petitioner, which is wholly-owned by CCBI Investment Limited ("**CCBI Investment**"). CCBI Investment is wholly-owned by CCB International (Holdings) Limited, which is in turn wholly-owned by CCB Financial Holdings Limited ("**CCB Financial**"). CCB Financial is wholly-owned by CCB International Group Holdings Limited ("**CCB International Group**"). CCB International Group is wholly-owned by China Construction Bank Corporation, which is in turn owned as to 57.11% by Central Huijin Investment Ltd. These shares are issued and allotted upon completion of subscription of shares on 4 February 2022.

(5) The approximate percentage of shareholding is calculated based on a total of 436,576,000 issued shares as at 31 December 2023.

Save as disclosed above, as at 31 December 2023, the Liquidators were not aware of any persons, other than a Director or a chief executive of the Company, who had or were deemed or taken to have interests or short positions in shares or underlying shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be entered in the registered kept by the Company under the SFO.

SHARE OPTION SCHEME

The Company has conditionally adopted the 2011 Share Option Scheme on 25 November 2011 which was expired on 25 November 2021. In light of the expiration of the 10 years term of the 2011 Share Option Scheme, on 31 January 2022, the Company has adopted the New Share Option Scheme for the purpose of enabling the Company to grant share options to selected participants as incentives or rewards for their contribution to the Group. For details, please refer to the Company's Circular dated 14 January 2022 and the Company's announcement dated 28 December 2021 and 31 January 2022.

On 29 January 2014, 31 August 2015, 26 January 2017, 16 April 2018 and 23 November 2021, the Group granted 3,180,000 share options (Lot 1), 5,400,000 share options (Lot 2), 23,420,000 share options (Lot 3), 34,986,000 share options (Lot 4) and 29,688,000 share options (Lot 5), respectively, under the 2011 Share Option Scheme at the exercise price of HK$0.62 per share, HK$3.38 per share, HK$1.84 per share, HK$2.13 per share and HK$0.238 per share, respectively, to certain Directors, senior management, selected employees and consultancies of the Group. At the 2019 AGM, the shareholders of the Company passed an ordinary resolution to refresh the scheme mandate limit of the share option scheme to 10% of the shares in issue as at the date of the 2019 AGM. Therefore, the maximum number of shares which may be issued upon exercise of all share options that may be granted under the refreshed scheme mandate limit is 34,926,080 shares. For details, please refer to the Company's circular dated 24 April 2019 and the Company's announcement dated 24 May 2019. The maximum number of shares which may be issued upon exercise of all share options that may be granted under the scheme mandate limit of the New Share Option Scheme is 34,926,080 shares which is equivalent to 10% of the issued shares of the Company. As at the date of this annual report, the total number of shares available for issue under the 2011 Share Option Scheme were 22,898,000, which represented approximately 5.24% of the issued shares of the Company.

NON-COMPLIANCE WITH APPENDIX 16 "DISCLOSURE OF FINANCIAL INFORMATION" OF THE LISTING RULES

Since the Liquidators were not appointed until 27 December 2023, they do not have the same knowledge of the financial affairs of the Group as the directors of the Company would have, particularly in relation to the transactions entered into by the Group prior to their appointment date. With limited books and records available to the Liquidators, the Liquidators do not have sufficient data to compile the annual report so as to comply with Appendix 16 "Disclosure of financial information" to the Listing Rules. The following information has been omitted from this annual report:

1. A statement in respect of connected transactions and continuing connected transactions with the connected person as defined in Chapter 14A (or Chapter 14 prior to the coming into force of Chapter 14A) of the Listing Rules.

2. Details of contracts of significance between the Company and its directors, substantial shareholders and subsidiaries.

3. A separate Corporate Governance Report containing the information as required under Appendix 23 to the Listing Rules.

4. Details of management contracts.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2023, the Group had total assets of HK$79 million (2022: HK$116 million) and total liabilities of HK$435 million (2022: HK$328 million). The net liabilities of the Group as at 31 December 2023 were HK$356 million (2022: HK$212 million). As at 31 December 2023, net current liabilities of the Group amounted to HK$357 million (2022: HK$128 million) with cash and bank balances of HK$27 million (2022: HK$57 million) and the current ratio (current assets/current liabilities) was 0.14 (2022: 0.42). The Group had convertible bonds of HK$235 million (2022: HK$121 million) and other borrowings of HK$15 million (2022: HK$15 million). Gearing ratio, calculated on the basis of the Group's borrowings divided by the equity attributable to the ordinary equity holders of the Company at 31 December 2023 was not available as the Group had deficit in its equities. The borrowings of the Group carried floating interest rates calculated by reference to the HK$ Prime Rate or lender's costs of funds were made in HK$ and US$. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to HK$ and US$. As HK$ is pegged to US$, the foreign exchange risk exposures are considered limited. The Group did not have any financial instruments used for hedging purpose.

As at 31 December 2023, the Group had net deficiencies in assets of HK$356 million (31 December 2022: deficit HK$212 million).

AUDIT COMMITTEE

Following the resignation of the Company's independent non-executive director during financial years 2023 and 2024, there has been no replacement of members at the audit committee. No audit committee is therefore maintained as required by Rule 3.21 of the Listing Rules. As a result, the consolidated financial statements of the Group for the current year ended 31 December 2023 have not been reviewed by the audit committee.

CORPORATE GOVERNANCE

As the Company has been under the control of the Liquidators and a full board of directors has not been constituted, the current directors of the Company are therefore unable to comply with the Code on Corporate Governance Practices (the "**CG Code**"). However, upon resumption of trading in the shares of the Company, the Company will ensure that the CG Code shall be complied with.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. Given that the Company is in liquidation and the trading of the Company's shares were suspended from trading since 3 April 2023, the Company is not aware of any non-compliance with the required standards as set out in the Model Code during the year ended 31 December 2023.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company, the Company has sufficient public float as required under the Listing Rules.

EVENTS AFTER REPORTING PERIOD

RESTRUCTURING OF THE COMPANY

References are made to the announcements of the Company dated 16 January 2024, 19 April 2024, 13 May 2024, 20 May 2024, 26 June 2024, 15 August 2024, 5 September 2024, 13 September 2024, 14 October 2024 and 28 October 2024.

Resumption Guidance

On 14 May 2024, the Company received the following additional resumption guidance from the Stock Exchange:

(i) re-comply with Listing Rule 13.92

Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expired on 2 October 2024 (the "**Deadline**"). The Stock Exchange advised that if the Company fails to remedy the issues causing its trading suspension, fulfil the resumption guidance and fully comply with the Listing Rules to the Stock Exchange's satisfaction, the Listing Division will recommend the Listing Committee of the Stock Exchange (the "**Listing Committee**") to proceed with the cancellation of the Company's listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate. The Company is taking appropriate steps with a view to fully comply with the Listing Rules to the Stock Exchange's satisfaction in order to have trading in the Company's shares resumed.

On 18 October 2024, the Company received a letter (the "**Letter**") from the Stock Exchange stating that the Listing Committee has decided to reject the Company's request for an extension of the resumption deadline (the "**Request**") and cancel the Company's listing under Rule 6.01A of the Listing Rules (the "**Decision**").

On 28 October 2024, the Company submitted a written request to the Stock Exchange in respect of the Decision and the rejection of the Request to be referred to the Listing Review Committee ("**LRC**") for review pursuant to Chapter 2B of the Listing Rules. After the submission of the application for the Decision to be referred to the LRC, the Company was informed by the LRC that the LRC Review hearing has been scheduled for 11 December 2024.

Proposed Restructuring of the Group

On 9 August 2024, the Company and the Liquidators (acting as agents) entered into the Exclusivity Agreement with the Investor in relation to the Proposed Restructuring. Subject to further negotiation and the entering into of the formal restructuring agreement, the Proposed Restructuring is expected to involve, among others, (i) capital reorganization of the Company, (ii) the Subscription of the Share(s); and (iii) a creditors' scheme of arrangement.

Pursuant to the Exclusivity Agreement, the Investor paid a non-refundable Earnest Money in the amount of HK$6.5 million, and the Investor has been granted the Exclusivity Period. On completion of the Subscription, the Company shall set off the amount of the Earnest Money against payment of the subscription money payable by the Investor. On 24 October 2024, a supplemental agreement of the Exclusivity Agreement was signed to extend the Exclusivity Period until 24 December 2024.

Upon the signing of the Exclusivity Agreement (as supplemented), each party shall in good faith using their reasonable endeavours to negotiate and execute the Restructuring Agreement before the expiration of the Exclusivity Period.

Although the Exclusivity Agreement (as supplemented) is legally binding, the terms of the Proposed Restructuring are subject to further negotiations and the execution of the Restructuring Agreement. The Exclusivity Agreement (as supplemented) does not constitute any binding obligation or commitment on the parties to the Exclusivity Agreement (as supplemented) to enter into any transaction or be bound by such terms and conditions in relation to the Proposed Restructuring.

JOINT AND SEVERAL LIQUIDATORS' REPORT (continued)

MATERIAL ACQUISITIONS/DISPOSALS

Saved as mentioned in this annual report, the Group did not have any significant investments nor did it made any material acquisitions or disposals of subsidiaries and associates throughout the year ended 31 December 2023.

CAPITAL COMMITMENTS

As at 31 December 2023, the Group has no capital commitments (2022: Nil).

CONTINGENT LIABILITIES

Saved as disclosed elsewhere in this annual report, the Group is not aware of other material contingent liabilities as at 31 December 2023.

For and on behalf of
Tempus Holdings Limited
(In Liquidation)

Wing Sze Tiffany Wong
Joint and Several Liquidator
(acting as agent without personal liabilities)

Hong Kong, 19 November 2024