GBA集團有限公司

Stock Code : 261

ANNUAL REPORT 2020

contents

chairman's statement

RESULTS

On behalf of the Board, I present the annual results of the Group for the year ended 31 December 2020.

In 2020, we faced unprecedent challenges as a result of the COVID-19 pandemic. Governments worldwide have imposed lockdowns and restrictions on movements from time to time in order to control the spread of the coronavirus, which have resulted in serious disruptions to economic and social activities. Coupled with the protracted trade tensions between the world's two largest economic superpowers, the US and China, the global economy was seriously damaged and experienced a steep contraction in the current year.

Despite the adverse operating environment, the Group's continuing operations recorded revenue of HK$394 million in 2020, representing a surge of 194.0% from HK$134 million in 2019, thanks to the increase in sales of our property business in China. Loss attributable to the owners of the parent was HK$123 million, representing a decrease of 26.8% from loss of HK$168 million in 2019.

As the Company was still in a loss position and the Company intends to conserve cash resources to finance its operations and future expansion, the Board does not recommend payment of a final dividend for the year ended 31 December 2020 (2019: nil).

BUSINESS REVIEW

Products Trading Business

In the year under review, the Products Trading Business was adversely affected by the combined effect of keen competition, the escalating trade tensions between the US and China, the global economic downturn and the coronavirus pandemic. Amid an adverse business environment, sales orders declined and revenue of this business segment plummeted by 88.7% to only HK$18 million in 2020. This segment recorded loss of HK$13 million in 2020. It is uncertain when the situation will improve and when the global consumer market will recover. Under such circumstances, the Company discontinued the Products Trading Business in the second half of 2020 after all its outstanding orders were completed. As the Products Trading Business is in a loss position, the discontinuation of this business will not have any significant adverse impact on the operating results or financial position of the Group.

Property Business

All our existing property development projects, namely Landmark City, Evian Villa and CCT Land-Jun Mansion are located in Anshan, Liaoning Province, the PRC. Development of the first two projects, Landmark City and Evian Villa have been completed, while the third project, CCT Land-Jun Mansion, is currently under development. Details of our property projects are set out below.

Landmark City

Situated in the Tiexi District of the Anshan City, Landmark City enjoys convenient transport access and well-developed comprehensive ancillary facilities, and the project provides comfortable design, relatively low plot ratio and relatively high ratio of greenery and common areas. The project comprises residential buildings, underground car parks and retail shops, with a total gross floor area of approximately 212,000 square meters, built on a site area of 69,117 square meters. Landmark City is divided into three phases, comprising 22 residential towers, offering 2,132 flats and shop units in aggregate, with wide range of sizes from one-bedroom to four-bedroom apartments. Development of the entire Landmark City project was completed in 2013. As at 31 December 2020, approximately 90% of the entire project has been sold accumulatively.

Evian Villa

Situated in the Hi-tech Development Zone of the Anshan City, Evian Villa is positioned as a luxurious residential community. Evian Villa is situated in one of the major educational and commercial areas in Anshan with newly developed large shopping arcades and comprehensive community facilities. Since first launch of the project, the development has received strong market response and have been well praised by the customers for its superior quality, top-notched design, low plot ratio, a greenery ratio of 42% and premium construction materials. In particular, the beautiful premier water system, an artificial lake in the center of the estate has received accolades from customers and buyers.

The project has a site area of 74,738 square meters and is divided into two phases, comprising 27 blocks of low-rise apartment buildings, under-ground car parking spaces and retail shops with total gross floor area of 126,000 square meters. Phase 1 comprises 14 blocks of gross floor area of 63,000 square meters and Phase 2 comprises 13 blocks of gross floor area of 63,000 square meters. Evian Villas provide flats and duplex apartments of 670 units in aggregate, comprising 291 units for Phase 1 and 379 units for Phase 2, with wide range of flat types. Development of the Phase 1 was completed in 2011. Approximately 77% of the residential units and 100% of the shops and car parks have been sold accumulatively up to 31 December 2020. Development of Phase 2 was completed in 2015. Approximately 86% of the residential units of Phase 2 has been sold accumulatively up to 31 December 2020. We will continue to sell the remaining units of Phase 1 and Phase 2 and the underground car parks of Phase 2.

CCT Land-Jun Mansion

CCT Land-Jun Mansion is located on the land lot site "DN1" of the Hi-tech Development Zone, adjacent to the Evian Villa project. This land site is unique and represents scarce land resource in the zone. Located in a prestigious residential location in Anshan, CCT Land-Jun Mansion enjoys well-developed community facilities. With a site area of approximately 83,000 square meters, this premier project will be developed into a luxury residential community comprising low-rise apartments with balanced range of flat types, retail shops and underground car parks, with a planned total gross floor area of approximately 165,000 square meters. We pursue excellence and superior quality in the development of CCT Land-Jun Mansion, aiming to offer luxury and comfortable living environment to home buyers.

CCT Land-Jun Mansion project will be broadly developed in six phases, consisting of Phases 1.1, 1.2, 1.3, 2.1, 2.2 and 3. Phase 1.2 was firstly developed and construction has been completed. Phase 1.2 comprises 12 blocks of 423 property units offering good range of flat types and size to meet market demand, together with shops and car parks with a total gross floor area of 65,048 square meters. Approximately 95% of the property units were sold and were handed over to home buyers for occupation in 2020, which contributed a large portion of the sales revenue for the Group in the current year. Other phases of this project are under construction in different stages of development. We will continue to develop this project and will presell and sell the property units and ancillary shops and car parks.

We have established ourselves as one of the highly reputable developers in Anshan as all our projects are of supreme quality and are successful. We have won numerous awards in respect of our projects in Anshan. Our property units have been sold very well and are well received by property buyers in the city.

The Company will continue to seek opportunities to expand its property business in other parts of China, including but not limited to the Greater Bay Area. The Company is interested in land and property development, city renewal and redevelopment projects. The Company considers that these projects in China have good potentials to grow.

Finance Business

Our finance business comprised the finance business in Mainland China and the money lender business in Hong Kong.

Due to increasingly tightened regulations for finance business in China and the coronavirus outbreak, we have discontinued our finance business in China. In 2020, we continued to carry on money lender business in Hong Kong. In the year under review, interest income decreased due to the discontinuation of the finance business in China and the settlement of the loan receivables of our money lender business during the year.

CHANGE OF NAME

The Company considered that the former name of the Company is a bit too lengthy and appeared to confine the place of the Company's operations and growth to the Greater Bay Area. As such, the Company proposed to change its company name from "Greater Bay Area Investments Group Holdings Limited" to "GBA Holdings Limited" and its secondary name from "大灣區投資控股集團有限公司" to "GBA集團有限公司" (the "Change of Name"). The Company considered that the new company name is more concise than its former name and the new company name does not suggest to limit the place of operations and growth of the Company to any particular areas. The Change of Name was approved by the Shareholders at the annual general meeting of the Company convened on 26 June 2020 and has become effective from 13 July 2020. The stock short name of the Company for trading in the Shares on the Stock Exchange has been changed from "GBA INV HLDGS" to "GBA HOLDINGS" in English and from "大灣區投資控股" to "GBA集團" in Chinese with effect from 9:00 a.m. on 18 August 2020. The stock code of the Company on the Stock Exchange remains as "00261".

OUTLOOK

The global economic outlook remains highly uncertain and will continue to be influenced by the path and economic impacts of the COVID-19 pandemic, and the economic and geopolitical challenges. As COVID-19 vaccines become more readily available and more people is vaccinated, it is hoped that the coronavirus will be contained and the global economy will recover.

With our resilient management, we consider that we can overcome the current unprecedent challenges and lay the groundwork for recovery to come. Despite the current challenging times, we will continue to strive to pursue our core strategy of achieving long-term sustainable growth for the Company and enhancing long-term value to our shareholders. While we face these unprecedent difficulties and challenges, we consider that there are plenty opportunities ahead for the Company. We will continue to position ourselves to capture these opportunities.

APPRECIATION

On behalf of the Board, I wish to express our gratitude to the directors, the management and all our employees for their dedication, loyalty, and hard work to meet the challenges during the year. Furthermore, I am most grateful to our customers, shareholders, investors, bankers, landlords and suppliers for their continued encouragement and strong support to the Company throughout these unprecedent times.

Mak Shiu Tong, Clement
Chairman

Hong Kong, 30 March 2021

profile of directors

EXECUTIVE DIRECTORS

Mr. MAK Shiu Tong, Clement, aged 67, has acted as the Chairman, the CEO and the Executive Director since August 2002. Mr. Mak is a member of the Remuneration Committee and the chairman and a member of the Nomination Committee. He is also a director of certain subsidiaries of the Company. He is responsible for the corporate planning and overall strategic direction of the Group and takes a leading role in managing the businesses of the Group. He has over 44 years of experience in the manufacture and distribution of telecom, electronic and high intelligence products. Mr. Mak also has extensive experience in diversified businesses, including capital investment and operations, investment in telecommunication network, property development and investment business in Hong Kong and the Mainland China, finance business and vehicle business. In his many years in the businesses, he has demonstrated a keen understanding in the diversified businesses in which the Group is engaged. Mr. Mak is also the chairman, the chief executive officer and an executive director of CCT Fortis, whose shares are listed on the Main Board of the Stock Exchange. Mr. Mak holds a Diploma in Electrical Engineering.

Ms. CHENG Yuk Ching, Flora, aged 67, has been the Executive Director since August 2002. Ms. Cheng is also the Deputy Chairman of the Company and a director of certain subsidiaries of the Company. Ms. Cheng assists the CEO in overseeing the day-to-day management of the principal businesses of the Group. Ms. Cheng has over 41 years of experience in the electronics industry and substantial experience in diversified businesses. She held senior positions in various well-known electronics companies before she joined the Company. Ms. Cheng is also an executive director of CCT Fortis. Ms. Cheng holds a Diploma in Business Administration.

Mr. TAM Ngai Hung, Terry, aged 67, has been the Executive Director and the Group Finance Director since August 2002. Mr. Tam is a member of each of the Remuneration Committee and the Nomination Committee. He is also a director and company secretary of certain subsidiaries of the Company. Mr. Tam is primarily responsible for the corporate finance, accounting and company secretarial functions of the Group. Mr. Tam has more than 43 years of experience in finance and accounting management, and management experience in diversified businesses. He also possesses substantial knowledge in corporate finance matters, mergers and acquisitions and company secretarial matters. He previously held a number of senior positions in several listed companies before he joined the Company. Mr. Tam is also an executive director and the deputy chairman of CCT Fortis. Mr. Tam is a fellow of the Association of Chartered Certified Accountants and an associate of both the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and The Chartered Governance Institute in the United Kingdom.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHOW Siu Ngor, aged 65, has been an INED since August 2002. Mr. Chow is the chairman and a member of the Remuneration Committee, and a member of each of the Audit Committee and the Nomination Committee. Mr. Chow is also an independent non-executive director of CCT Fortis and REXLot Holdings Limited (stock code: 00555 (in liquidation, as at the date of this annual report)), the shares of which are listed on the Main Board of the Stock Exchange. Mr. Chow is a practising solicitor in Hong Kong. He is currently a Partner with Messrs. King & Wood Mallesons. Mr. Chow graduated from The Chinese University of Hong Kong in 1981 with an Honours Degree in Social Science. He then obtained an Honours Degree in Laws from the University of Birmingham in 1987. Mr. Chow was admitted as a solicitor of the Supreme Court of Hong Kong in 1990 and has been in private practice since then.

Mr. LAU Ho Kit, Ivan, aged 62, has been an INED since August 2002. Mr. Lau is the chairman and a member of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee. Mr. Lau has extensive experience in accounting and financial management. He is also an independent non-executive director of Singamas Container Holdings Limited (stock code: 00716), the shares of which are listed on the Main Board of the Stock Exchange. Mr. Lau had been appointed as an independent non-executive director of Glory Mark Hi-Tech (Holdings) Limited (stock code: 08159) from 13 December 2001 to 1 March 2020 and Nimble Holdings Company Limited (formerly known as "The Grande Holdings Limited") (stock code: 00186) from 25 July 2016 to 22 December 2017. Mr. Lau is a practicing accountant in Hong Kong. Mr. Lau holds a Master's Degree in Professional Accounting and is a member of the HKICPA and The Institute of Chartered Accountants in England and Wales.

Mr. TAM King Ching, Kenny, aged 71, has been an INED since February 2016. Mr. Tam is a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. Tam also serves as an independent non-executive director of certain listed companies on the Main Board of the Stock Exchange, namely CCT Fortis, BeijingWest Industries International Limited (stock code: 02339), Hong Kong Shanghai Alliance Holdings Limited (stock code: 01001), Kingmaker Footwear Holdings Limited (stock code: 01170), Shougang Concord Grand (Group) Limited (stock code: 00730), Starlite Holdings Limited (stock code: 00403), West China Cement Limited (stock code: 02233) and Wisdom Education International Holdings Company Limited (stock code: 06068). Mr. Tam is a council member of The Society of Chinese Accountants and Auditors. Mr. Tam is also a practising Certified Public Accountant in Hong Kong. He holds a Bachelor's Degree in Commerce and is a fellow member of the HKICPA and a member of the Chartered Professional Accountants of Ontario, Canada.

financial review

OVERVIEW OF 2020 FINANCIAL RESULTS

HK$ million	2020	2019 (Restated)	% increase/ (decrease)
Continuing operations			
Revenue	**394**	134	194.0%
Other expenses, net	**(69)**	(78)	(11.5%)
Loss before tax from continuing operations	**(135)**	(174)	(22.4%)
Income tax credit	**25**	29	(13.8%)
Loss for the year from continuing operations	**(110)**	(145)	(24.1%)
Discontinued operation			
Loss for the year from a discontinued operation	**(13)**	(21)	(38.1%)
Loss for the year	**(123)**	(166)	(25.9%)
Attributable to:			
Owners of the parent	**(123)**	(168)	(26.8%)
Non-controlling interest	**–**	2	(100.0%)
	(123)	(166)	(25.9%)
Loss per share			
Basic and diluted			
For loss for the year	**(HK0.07 cents)**	(HK0.09 cents)	(22.2%)
For loss from continuing operations	**(HK0.06 cents)**	(HK0.08 cents)	(25.0%)

Financial Results

The Group's revenue of HK$394 million from continuing operations increased by 194.0%, as compared with 2019, primarily from increase in sales of our property business in China.

Other expenses of HK$69 million, decreased by HK$9 million or 11.5% lower, due mainly to the absence of other expenses attributable to the finance business in Mainland China in the current year, which was deregistered in 2020.

Loss from continuing operations amounted to HK$110 million, decreased by HK$35 million or 24.1%, due mainly to decrease of other expenses and gains on financial assets at fair value through profit or loss during the year. Loss attributable to the discontinued operations representing termination of the Products Trading Business was HK$13 million (2019: loss of HK$21 million).

Loss attributable to owners of the parent of HK$123 million, was HK$45 million or 26.8% lower. The decrease in loss was primarily attributable to reduction of other expenses and gains on financial assets, as elaborated above.

ANALYSIS BY BUSINESS SEGMENT

Continuing Operations — **Revenue**

HK$ million	2020 Amount	2020 Relative %	2019 Amount	2019 Relative %	% change
Property Business	**390**	**99.0%**	112	83.6%	248.2%
Finance Business	**4**	**1.0%**	22	16.4%	(81.8%)
Total	**394**	**100.0%**	134	100.0%	194.0%

Continuing Operations — **Operating profit/(loss)**

HK$ million	2020	2019	% change
Property Business	**(158)**	(77)	105.2%
Finance Business	**–#**	10	(100.0%)
Total	**(158)**	(67)	135.8%

Operating profit less than HK$1 million

For the year ended 31 December 2020, revenue of the Property Business of HK$390 million, was HK$278 million or 248.2% higher, due mainly to recognition of sales of the newly completed units of Phase 1.2 of CCT Land-Jun Mansion in 2020. This business segment recorded operating loss of HK$158 million, as compared with loss of HK$77 million in 2019, mainly as a result of increase in construction costs and negative impact driven by oversupply, destocking by other property developers and the Chinese government's policy of curbing property speculation. Due to the competitive property market condition in Anshan and the aforesaid circumstances, an impairment provision of approximately HK$70 million was made against the properties held for sale and the properties under development, based on revaluation of the property projects appraised by an independent professional valuer at year end.

The finance business recorded an operating profit of less than HK$1 million in current year as compared to an operating profit of HK$10 million in previous year. This change was mainly driven by significant decrease of revenue as a result of discontinuation of the mainland finance business and less interest income of the money lender business due to settlement of loan receivables during the current year.

ANALYSIS BY GEOGRAPHICAL SEGMENT

Continuing Operations	Revenue				
	2020		2019		
HK$ million	**Amount**	**Relative %**	Amount	Relative %	% change
Mainland China and Hong Kong	**394**	**100%**	134	100.0%	194.0%

In 2020, Mainland China and Hong Kong were the only market regions of the Group, contributed 100% of the Group's total revenue from its continuing operations. During the year under review, our continuing operations did not have any revenue from overseas market regions following the discontinuation of the Products Trading Business.

INVESTMENT IN AN INDUSTRIAL PROPERTY REDEVELOPMENT PROJECT IN HUIZHOU, CHINA

In line with our strategy of expansion in the Greater Bay Area, during the year under review, we acquired a 19.8% shareholding interest in High Step Developments Limited (the "**Target Company**"), which holds an industrial property redevelopment project (the "**Project**") in Huizhou City, Guangdong Province for a consideration of RMB220,000,000 (equivalent to approximately HK$243,000,000).

The Project represents a composite redevelopment of industrial properties in Huiyang District of Huizhou City, Guangdong Province, China into residential properties, retail shops, car parks and ancillary schools.

The fair value of our shareholding interest in the Target Company as at 31 December 2020 as appraised by an independent professional valuer was HK$259 million, which represented approximately 17.5% of the total assets of the Company as at the year-end date. A fair value gain of approximately HK$16 million was recognised due to changes of fair value between the date of acquisition of our interest in the Target Company and the year end date. No dividend was received from the Target Company during the year.

The Target Company plans to commence development of the Project after the COVID-19 is contained. However, project planning has already begun.

CAPITAL STRUCTURE AND GEARING RATIO

	2020		2019	
HK$ million	Amount	Relative %	Amount	Relative %
Total bank and other borrowings	–	0.0%	97	8.7%
Issued capital	1,839		1,839	
Reserves	(913)		(820)	
Equity attributable to owners of the parent	926	100.0%	1,019	91.3%
Total capital employed	926	100.0%	1,116	100.0%

Equity attributable to owners of the parent as at 31 December 2020 was HK$926 million, down 9.1%, primarily due to net loss for the reporting year.

The Group's bank and other borrowings reduced to zero in 2020, due to full repayment of all bank and other borrowings during the year. This reflects the Group's solid and healthy financial position.

In 2019, the maturity profile of the outstanding borrowings falling due within one year amounted to HK$97 million and the outstanding borrowings falling due in the second to the fifth year amounted to less than HK$1 million. There was no material effect of seasonality on the Group's borrowing requirements.

LIQUIDITY AND FINANCIAL RESOURCES

HK$ million	2020	2019
Current assets	1,221	1,950
Current liabilities	555	904
Current ratio	220.0%	215.7%

The Group's current ratio was 220.0% as at 31 December 2020 (2019: 215.7%). The Company continued to maintain a very high current ratio and this indicates the liquid position of the Group's assets. The cash and cash equivalents of the Group was HK$149 million (2019: HK$175 million). With a solid balance sheet, the Group is in good shape and is able to overcome the current unprecedent challenges.

The Group derives its working capital mainly from cash on hand and net cash generated from operating activities. The Board expects that the Group will rely on net cash from operating activities, and bank borrowings, if required, to meet future demand of working capital and capital expenditure, if any.

CAPITAL COMMITMENTS

As at 31 December 2020, the Group had no capital commitment (2019: nil).

TREASURY MANAGEMENT

The Group employs a conservative approach to cash management and risk control. To achieve better risk control and efficient fund management, the Group's treasury activities are centralised.

During the financial year 2020, the Group's receipts were mainly denominated in US$ and RMB. Payments were mainly made in HK$, US$ and RMB. Cash was generally placed in short-term deposits denominated in HK$ and RMB. As at 31 December 2020, the Group did not have any bank borrowings.

The objective of the Group's treasury policies is to minimise risks and exposures due to the fluctuations in foreign currency exchange rates and interest rates. The Group does not have any significant interest rate risk at present as it does not have any bank borrowings and interest rates currently remain at low level. In terms of foreign exchange exposures, the Group is principally exposed to two major currencies, namely the US$ and RMB. Since the HK$ remains pegged to the US$, the exchange exposure to US currency is minimal. RMB appreciated against HK$ during 2020. The appreciation of RMB did not give rise to significant financial impact on the Group's operations.

ACQUISITION AND DISPOSAL OF MATERIAL SUBSIDIARIES AND ASSOCIATES

The Group did not acquire or dispose of any material subsidiaries and associates during the year under review.

SIGNIFICANT INVESTMENT

Save for the investment in a 19.8% interest in the property Project (as elaborated in the sub-section headed "INVESTMENT IN AN INDUSTRIAL PROPERTY REDEVELOPMENT PROJECT IN HUIZHOU, CHINA" under the Financial Review section), the Group did not hold any significant investment as at 31 December 2020 (2019: nil).

PLEDGE OF ASSETS

As at 31 December 2020, none of the Group's assets were pledged. As at 31 December 2019, certain of the Group's assets with a net book value of HK$43 million and time deposits of the Group of HK$10 million were pledged to secure banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group did not have any significant contingent liabilities (2019: nil).

EMPLOYEES AND REMUNERATION POLICY

The total number of employees of the Group as at 31 December 2020 was 41 (2019: 54). The Group's remuneration policy is built on principle of equality, motivating, performance-oriented and market-competitive remuneration package to employees. Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance related bonuses. Share options may also be granted to eligible employees and persons of the Group. During the year ended 31 December 2020, 5,220,000,000 share options were lapsed under the Company's approved share option scheme. There were 10,914,993,990 share options outstanding as at 31 December 2020 (31 December 2019: 16,134,993,990 share options outstanding).

sustainable operations and development

SUSTAINABILITY STRATEGY

The Group regards sustainability as a core strategy in maintaining and developing the Company for the long term and our efforts in fulfilling corporate social responsibility will contribute to the long term value to the Company and the community in which we operate.

ENVIRONMENTAL PROTECTION AND PRODUCT SAFETY

Our environmental objective is to operate and develop our business in a manner that minimises the impacts to the environment and natural resources. We endeavor to improve our operation efficiency and our goods and services in order to maximise productivity and minimise wastages. Our policy is to ensure that our operations comply with relevant environmental laws, rules and regulations. For quality and safety of our goods and services, we provide high quality products and comply fully with the relevant international and local health, quality and safety standards. The Group has adopted a high standard of quality control system to ensure the goods and services are up to the relevant applicable standards and regulations.

As for our mainland property projects, we commit to pursue excellence in our goods and services. The property projects are designed and built in strict compliance with all the relevant laws and regulations regarding environmental protection and safety. Construction material are carefully selected to meet a high standard of safety and quality which at least comply with the local standard and even higher. During construction, on-site supervision and inspection is conducted on a weekly basis to check and ensure quality of construction is met to a high standard.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS THAT HAVE A SIGNIFICANT IMPACT ON THE COMPANY

It is the Company's policy to comply with all the relevant laws and regulations in the places where we operate. The management always keeps abreast of the latest development in the laws and regulations which are relevant and have a significant impact on the Group. During the year, there was no significant non-compliance of any laws, regulations or rules that have a significant impact on the Group and its operations.

RELATIONSHIP WITH CUSTOMERS AND SUPPLIERS

The Group committed to deliver premium products and services to customers to meet their satisfaction and expectation.

The Group is principally engaged in property development business. We have established a very good reputation as a quality developer with strong financial position. We regard our customers as friends, care their needs with heart and provide valued-added after-sale services. Social and caring activities are held for customers from time to time to promote customer relationship and loyalty. Our efforts have generated benefits to the goodwill and promote sales of our property units.

RELATIONSHIP WITH EMPLOYEES

We treasure our employees which are one of the most valuable assets to the Group. We offer competitive remuneration package, provident fund, welfare and benefits and comply with all the relevant labour laws and regulations which apply to our operations.

We encourage staff training and development. We encourage our employees to join external training in job-related courses, seminars and programmes. Furthermore, training courses and seminars are organised for different grades of employees from time to time.

WORKPLACE QUALITY

The Group has placed significant resources in providing a safe, healthy, clean and comfortable workplace for our employees in Hong Kong and in China. We are committed to offer a safe and comfortable working environment to our employees. During the COVID-19 pandemic, we have implemented various measures including work from home, flexible working hours and various precautionary measures in order to protect our workplace and our staff from the infection of the coronavirus.

A corporate social responsibility report will be published on the Stock Exchange's website and the Company's website within three months after publication of Company's annual report.

corporate information

COMPANY NAME
GBA Holdings Limited

BOARD AND COMMITTEES OF THE BOARD

Executive Directors
Mak Shiu Tong, Clement *(Chairman and CEO)*
Cheng Yuk Ching, Flora *(Deputy Chairman)*
Tam Ngai Hung, Terry

Independent Non-executive Directors
Chow Siu Ngor
Lau Ho Kit, Ivan
Tam King Ching, Kenny

Audit Committee
Lau Ho Kit, Ivan *(chairman)*
Chow Siu Ngor
Tam King Ching, Kenny

Remuneration Committee
Chow Siu Ngor *(chairman)*
Lau Ho Kit, Ivan
Tam King Ching, Kenny
Mak Shiu Tong, Clement
Tam Ngai Hung, Terry

Nomination Committee
Mak Shiu Tong, Clement *(chairman)*
Tam Ngai Hung, Terry
Chow Siu Ngor
Lau Ho Kit, Ivan
Tam King Ching, Kenny

COMPANY SECRETARY
Sze Suet Ling

PRINCIPAL BANKERS
Nanyang Commercial Bank, Limited
Hang Seng Bank Limited

SOLICITORS
Sidley Austin

AUDITORS
Ernst & Young, Certified Public Accountants
Registered Public Interest Entity Auditor

FINANCIAL YEAR END
31 December

REGISTERED OFFICE
Victoria Place, 5th Floor
31 Victoria Street
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Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
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Shatin, New Territories
Hong Kong

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG
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Hong Kong

TELEPHONE NUMBER
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FAX NUMBER
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COMPANY WEBSITE
www.gbaholdings.com

STOCK CODE
261

corporate governance report

CORPORATE GOVERNANCE PRACTICES

The Company has always recognised the importance of the Shareholders' transparency and accountability. It is the belief of the Board that the Shareholders can maximise their benefits from good corporate governance. The Company is committed to maintaining and ensuring high standards of corporate governance in the interests of the Shareholders.

In the opinion of the Directors, the Company has complied with all the Code Provisions under the CG Code throughout the financial year ended 31 December 2020, except for the minor deviations from the following Code Provisions of the CG Code:

Code Provision A.2.1

Code Provision A.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

There is no separation of the roles of chairman and chief executive officer of the Company and hence the Company has not complied with the Code Provision A.2.1 during the financial year ended 31 December 2020.

Mr. Mak Shiu Tong, Clement currently assumes the roles of both the Chairman and the CEO. Mr. Mak is an executive of high caliber with a wide range of skills and diversified business expertise. He has substantial experience, strong leadership and a firmly established reputation in the diversified business that is essential to fulfilling the role of the Chairman. At the same time, Mr. Mak has the appropriate management skills and business acumen that are the pre-requisites for assuming the role of the CEO in the day-to-day management of the Group. The Board is composed of three executive Directors (including the Chairman) and three INEDs with a balance of skills and experience appropriate for the requirements of the Group. Furthermore, the roles of the managing director and the general managers of the Company's major operating subsidiaries are performed by other individuals. The Board believes that there is no need to segregate the roles of the Chairman and the CEO as the balance of power and authority is already ensured by the current structure. Moreover, the Board believes that the combined roles of Mr. Mak enhance the communication between the Board and the management and ensure the effective execution of the Board's strategy by the management because of Mr. Mak's extensive business experience.

Code Provision A.4.2

Code Provision A.4.2 provides that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

In accordance with the bye-laws of the Company, any Director appointed to fill a casual vacancy shall hold office only until the next following AGM and shall then be eligible for re-election. The Board considers that such a deviation is not material as casual vacancy of Directors seldom happens and duration between appointment to fill casual vacancy and the immediate following AGM is less than one year and is considered to be short.

Pursuant to the bye-laws of the Company, the Chairman and the managing Director (who is currently assumed by Mr. Mak) shall not be subject to retirement by rotation in each year. The Board considers that the continuity of the Chairman and his leadership will be essential for the stability of the key management of the Group. On the other hand, the Board will ensure that all Directors save for the Chairman will rotate at least once every three years in order to comply with the Code Provision A.4.2.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted its code of conduct regarding the securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standard set out in the Model Code adopted by the Company throughout the financial year ended 31 December 2020.

THE BOARD

Responsibilities, accountabilities and contributions

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is responsible for promoting the development of the Company by directing and supervising its affairs. The Directors take decisions objectively in the interests of the Company.

The management of the Group was delegated the authority and responsibility by the Board for day-to-day management of the businesses of the Group, with division heads responsible for different aspects of the business. The Board meets at least four times each year and meets as and when required. Appropriate and sufficient information including notices were provided to the Board's members in a timely manner. During the financial year ended 31 December 2020, the Board held 7 meetings.

The Board members have also attended the Shareholders' general meeting to answer questions from the Shareholders. During the financial year ended 31 December 2020, the Company held one Shareholders' general meeting. The attendance of each of the Directors at the Board meetings ("**BM**") (either in person or by phone) and at the Shareholders' general meeting ("**GM**") held in 2020 is set out as follows:

	Number of meetings attended/ eligible to attend	
Name of the Directors	**BM**	**GM**
Executive Directors		
Mak Shiu Tong, Clement	6/6	1/1
Cheng Yuk Ching, Flora	5/6	0/1
Tam Ngai Hung, Terry	6/6	1/1
Independent non-executive Directors		
Chow Siu Ngor	7/7	1/1
Lau Ho Kit, Ivan	7/7	1/1
Tam King Ching, Kenny	7/7	0/1

The company secretary of the Company is responsible for taking minutes of the Board meetings and all Board's minutes are open for inspection by the Directors upon reasonable notice.

The Directors have access to relevant and timely information and, upon reasonable request, may seek independent professional advice in appropriate circumstances, at the Company's expenses. Appropriate insurance cover has been arranged in respect of the legal action against the Directors and the management of the Group. The Board considers that the Group has sufficient and appropriate liability insurance to cover the Directors and the management of the Group against any legal liability arising from their performance of duties.

THE BOARD *(continued)*

Responsibilities, accountabilities and contributions *(continued)*

The Composition of the Board

As at the date of this annual report, the Board was composed of three executive Directors, namely Mr. Mak Shiu Tong, Clement, Ms. Cheng Yuk Ching, Flora and Mr. Tam Ngai Hung, Terry and three INEDs, namely Mr. Chow Siu Ngor, Mr. Lau Ho Kit, Ivan and Mr. Tam King Ching, Kenny. The biographical details of all Directors are set out in the section headed "Profile of Directors" of this annual report.

During the period from 1 January 2020 and up to the date of this annual report, there was no change on the composition of the Board.

The Board's composition has maintained a balance and diversity of skills, expertise, experience and qualifications appropriate of the requirements, promotion and development of the businesses of the Group.

Directors give sufficient time and attention to the Group's affairs. The Company also requires the Directors to disclose to the Company annually and in a timely manner for any change regarding the number and the nature of offices held in public companies or organisations and other significant commitments with indications of the time involved.

The Company has complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of a sufficient number of the INEDs, at least an INED with appropriate professional qualifications or accounting or related financial management expertise and the number of INEDs representing at least one-third of the Board throughout the financial year ended 31 December 2020.

The Company has received annual confirmation of independence for the year ended 31 December 2020 from Mr. Chow Siu Ngor, Mr. Lau Ho Kit, Ivan and Mr. Tam King Ching, Kenny in accordance with Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all INEDs (including those INEDs who serve more than nine years) are independent within the definition of the Listing Rules.

None of the members of the Board has any financial, business, family or other material/relevant relationships with each other.

THE BOARD *(continued)*

Responsibilities, accountabilities and contributions *(continued)*

Directors' continuing professional development

A newly appointed Director, if any, will be provided with necessary induction and information to ensure he has a proper understanding of the Group's operations and businesses as well as his responsibilities under the Listing Rules and the other applicable regulatory requirements.

The Company provides Directors with updates and briefings on the latest developments and changes regarding the Listing Rules and other applicable regulatory requirements from time to time so as to ensure compliance and enhance their awareness of good corporate governance practices. Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Directors are requested to provide the Company with a record of the training they received.

According to the records provided by the Directors, a summary of training received by the Directors for the year ended 31 December 2020 is as follows:

	Type of continuous professional development	
Name of the Directors	**Receiving updates and briefings from the Company/self-study**	**Attending seminar(s)/ conference and/or forums organised by external parties**
Mak Shiu Tong, Clement	✓	
Cheng Yuk Ching, Flora	✓	
Tam Ngai Hung, Terry	✓	✓
Chow Siu Ngor	✓	✓
Lau Ho Kit, Ivan	✓	✓
Tam King Ching, Kenny	✓	✓

The training participated by the Directors in 2020 is relevant to their duties and responsibilities as a director of the Company.

THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

Mr. Mak Shiu Tong, Clement currently assumes the roles of both the Chairman and the CEO. The reasons for the deviation from the Code Provision A.2.1 under the CG Code are set out in the section headed "Corporate Governance Practices" above. Mr. Mak is responsible for the leadership of the Board, corporate planning and strategic direction of the Group and takes a leading role in managing the businesses of the Group.

TERMS OF APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

All the Directors are appointed for a specific term of not more than three years. Save for the Chairman and the managing Director (both roles currently being assumed by Mr. Mak) who shall not be subject to retirement by rotation in each year, all the other Directors (including the INEDs) are subject to retirement by rotation and re-election at the AGM in accordance with the bye-laws of the Company.

Re-election and retirement of the Directors

The bye-laws of the Company provide that (i) one-third (or the number nearest to one-third) of the Directors (except the Chairman and the managing Director) shall retire from office by rotation and be eligible for re-election at each AGM; and (ii) any Director appointed by the Board, either to fill a casual vacancy on or as an addition to the existing Board, shall hold office until the next following AGM and shall be eligible for re-election at that meeting.

Mr. Mak currently assumes as the Chairman and the managing Director and shall not be subject to the retirement by rotation pursuant to the bye-laws of the Company. The reasons for the deviation from the Code Provision A.4.2 under the CG Code are set out in the section headed "Corporate Governance Practices" above.

BOARD COMMITTEES

The Board currently has established three board committees, which are the Remuneration Committee, the Audit Committee and the Nomination Committee, with clearly defined written terms of reference. The main roles and responsibilities of these three board committees, including all authorities delegated to them by the Board, as set out in the terms of reference, are published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.gbaholdings.com in the sub-section of "Corporate Governance" under the section of "Investor Information".

Remuneration Committee

The Remuneration Committee was established in 2005 with specific written terms of reference formulated in accordance with the requirements of the Listing Rules.

The main responsibilities of the Remuneration Committee include, inter alia, (i) making recommendations to the Board on the policy and structure for the remuneration of the Directors and senior management of the Group; (ii) reviewing the management's remuneration proposals with reference to the Board's corporate goals and objectives; (iii) making recommendations to the Board on the remuneration package of individual Executive Directors and senior management of the Group (adopting the approach described under Code Provision B.1.2 (c)(ii) of the CG Code); (iv) reviewing and making recommendations to the Board the fees payable to the INEDs; and (v) reviewing and making recommendations to the Board the compensation, if any, payable to the Executive Directors and senior management of the Group in connection with any loss or termination of office or appointment.

The Remuneration Committee consists of five members who are three INEDs, namely Mr. Chow Siu Ngor ("**Mr. Chow**"), Mr. Lau Ho Kit, Ivan and Mr. Tam King Ching, Kenny and two Executive Directors, namely Mr. Mak Shiu Tong, Clement and Mr. Tam Ngai Hung, Terry. The Remuneration Committee is currently chaired by Mr. Chow.

BOARD COMMITTEES *(continued)*

Remuneration Committee *(continued)*

During the financial year ended 31 December 2020, the Remuneration Committee held one meeting and its main work during 2020 included:

(i) reviewing and making recommendations to the Board on the policy and structure for the remuneration of the Directors and senior management of the Group; and

(ii) reviewing and making recommendations to the Board on the remuneration package of the Directors and senior management of the Group.

For the sake of good corporate governance practice, none of the members of the Remuneration Committee participated in the discussions and decision on matters relating to his remuneration.

The attendance record of the member at the meeting of the Remuneration Committee in 2020 is set out as follows:

Members of the Remuneration Committee	Number of meeting attended/held
Chow Siu Ngor	1/1
Lau Ho Kit, Ivan	1/1
Tam King Ching, Kenny	1/1
Mak Shiu Tong, Clement	1/1
Tam Ngai Hung, Terry	1/1

The Group provides competitive remuneration packages to the Directors and senior management. The emoluments of the Directors are determined based on skill, knowledge, experience and performance of the Directors and achievements and performance of the Company and taking into account market conditions. In addition, approved share option scheme has been established to provide incentives and rewards to eligible participants who include the Directors and senior management.

BOARD COMMITTEES *(continued)*

Audit Committee

The Company has established the Audit Committee since 2002 with specific written terms of reference formulated in accordance with the requirements of the Listing Rules. The primary duties of the Audit Committee are to ensure the objectivity and credibility of the Company's financial reporting, risk management and internal control systems as well as to maintain an appropriate relationship with the external and internal auditors of the Company.

The main responsibilities of the Audit Committee include, inter alia, (i) reviewing the financial statements of the Group's interim and annual reports before submitting them to the Board for approval; (ii) reviewing and making recommendations to the Board on the appointment, re-appointment and removal of the external auditors and the terms of engagement including the remuneration of the external auditors; (iii) discussing with the external auditors the nature and scope of the audit; (iv) monitoring and assessing the independence and objectivity of the external auditors and the effectiveness of the audit process in accordance with the applicable standards; (v) reviewing and monitoring the financial reporting and the reporting judgment contained in them; (vi) reviewing the financial controls, risk management and internal control systems (including the adequacy of resources, and the effectiveness of the financial and internal audit function); and (vii) reviewing the Group's accounting policies and practices and any changes of them with the management of the Group, and the internal and external auditors of the Company.

The Audit Committee consists of three members who are three INEDs, namely Mr. Chow Siu Ngor, Mr. Lau Ho Kit, Ivan ("**Mr. Lau**") and Mr. Tam King Ching, Kenny ("**Mr. Kenny Tam**"). The Audit Committee is currently chaired by Mr. Lau. Each of Mr. Lau and Mr. Kenny Tam is a qualified accountant with extensive accounting and financial experience. All members of the Audit Committee hold the relevant industry or legal, accounting and financial experience necessary to advise on the Board's strategies and other related matters. All members of the Audit Committee have complete and unrestricted access to the internal and external auditors and all employees of the Company.

The Audit Committee has been provided with sufficient resources to perform its duties.

During the financial year ended 31 December 2020, the Audit Committee held three meetings and its main work during 2020 included reviewing:

(i) the 2019 annual report, including the Corporate Governance Report, the Directors' Report, the Financial Statements and continuing connected transactions, the related annual results announcement as well as the discloseable transactions announcements;

(ii) the 2020 interim report and interim results announcement;

(iii) the plans, reports, fees, involvement in non-audit services and terms of engagement of the external auditors;

(iv) the plans, resources and work of the Company's internal auditor(s); and

(v) the adequacy and effectiveness of the Company's financial reporting system, the system of internal control in operation, risk management system and associated procedures within the Group.

BOARD COMMITTEES *(continued)*

Audit Committee *(continued)*

The attendance record of the members at the meetings of the Audit Committee in 2020 is set out as follows:

Members of the Audit Committee	Number of meetings attended/held
Lau Ho Kit, Ivan	3/3
Chow Siu Ngor	3/3
Tam King Ching, Kenny	3/3

Nomination Committee

The Company has established the Nomination Committee since 2012 with specific written terms of reference in line with the Code Provisions under the CG Code. The main responsibilities of the Nomination Committee include, inter alia, (i) reviewing the structure, size and composition (including the skills and knowledge and experience) of the Board at least annually; (ii) making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (iii) identifying individuals suitably qualified to become board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; (iv) assessing the independence of INEDs; and (v) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the CEO.

The Nomination Committee consists of five members who are three INEDs, namely Mr. Chow Siu Ngor, Mr. Lau Ho Kit, Ivan and Mr. Tam King Ching, Kenny and two Executive Directors, namely Mr. Mak Shiu Tong, Clement ("**Mr. Mak**") and Mr. Tam Ngai Hung, Terry. The Nomination Committee is currently chaired by Mr. Mak.

Nomination Policy

The Company adopted a nomination policy (the "**Nomination Policy**") in January 2019. A summary of the Nomination Policy is stated as below:

— to nominate suitable candidates to the Board for it to consider and make recommendations to the Board on the appointment or re-appointment of Directors and succession planning (if considered necessary);

— skills, experience and diversity of perspectives which are relevant to the operations of the Group;

— the selection criteria, the nomination procedures and process are set out in the Board Diversity Policy; and

— to propose a person for election as Director(s) by the Shareholder(s), of which are set out in the "Procedures for Shareholders to Propose a Person for Election as a Director".

The Nomination Committee will review the Nomination Policy, as appropriate, to ensure the effectiveness of the Nomination Policy.

BOARD COMMITTEES *(continued)*

Nomination Committee *(continued)*

During the financial year ended 31 December 2020, the Nomination Committee held one meeting and its main work during 2020 included:

(i) reviewing the structure, size, composition and diversity of the Board;

(ii) reviewing the Board Diversity Policy and the Nomination Policy;

(iii) reviewing the confirmation from the Directors on time commitment in performing their duties as Directors;

(iv) assessing the independence of the INEDs; and

(v) making the recommendations to the Board on the nomination of the Directors for re-election at the AGM.

The attendance record of the members at the meeting of the Nomination Committee in 2020 is set out as follows:

Members of the Nomination Committee	Number of meeting attended/held
Mak Shiu Tong, Clement	1/1
Tam Ngai Hung, Terry	1/1
Chow Siu Ngor	1/1
Lau Ho Kit, Ivan	1/1
Tam King Ching, Kenny	1/1

Board Diversity Policy

The Board has adopted the Board Diversity Policy in August 2013 which sets out the approach to achieve diversity on the Board. The Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. As from the adoption of the Board Diversity Policy, the Company seeks to achieve Board diversity through a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee will review the Board Diversity Policy, as appropriate to ensure its continued effectiveness from time to time.

During the financial year ended 31 December 2020 and as at the date of this annual report, the Board comprised six Directors, one of which is female and three of which are INEDs and sufficient diversity in educational background, business and professional experience, skill and knowledge.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing corporate governance duties which include (i) developing, reviewing and approving the Company's policies and practices on corporate governance; (ii) reviewing and monitoring the training and continuous professional development of the Directors and senior management; (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and (v) reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the financial year ended 31 December 2020, the Board held two meetings to develop and review the Company's policy and practice on corporate governance and to perform other corporate governance duties stated in the paragraph above. The attendance record of the members of the Board at the corporate governance meetings in 2020 is set out as follows:

Name of the Directors	Number of meetings attended/held
Mak Shiu Tong, Clement	2/2
Cheng Yuk Ching, Flora	1/2
Tam Ngai Hung, Terry	2/2
Chow Siu Ngor	2/2
Lau Ho Kit, Ivan	2/2
Tam King Ching, Kenny	2/2

AUDITORS' REMUNERATION

The remuneration paid to the external auditors of the Company, Ernst & Young, for the year ended 31 December 2020 is set out as follows:

Services rendered	Fees paid/payable HK$'million
Audit services	3.5
Non-audit services:	
Tax compliance services	–
Total	3.5

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Company and ensure that they are prepared in accordance with the statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of such financial statements. The Directors aim to present a balanced and understandable assessment of the Group's position and prospects.

The statement of the external auditors of the Company, Ernst & Young, with regard to their reporting responsibilities on the Company's financial statements is set out in the section headed "Independent Auditor's Report" in this annual report.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to the events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

RISK MANAGEMENT AND INTERNAL CONTROL AND INTERNAL AUDIT

The Board is entrusted with the overall responsibility for establishing and maintaining the Group's risk management and internal control systems on an ongoing basis and reviewing their effectiveness. The Group's risk management and internal control systems have been designed for safeguarding assets, maintaining proper accounting records and ensuring reliability of the financial information. The Board also reviews and considers the adequacy of resources, staff qualifications and experience, and training programmes and budget of the Company's accounting, internal audit and financial reporting functions.

The Company has established the internal audit department for many years and the department performs risk-based audit on the effectiveness of the internal control system of the Group half-yearly. The internal auditor(s) report(s) to the Chairman. The annual audit plan of the internal audit department is reviewed and approved by the Audit Committee and summary of major audit findings and control weaknesses, if any, and follow-up actions are reviewed by the Audit Committee.

During the financial year ended 31 December 2020, the Board reviewed the effectiveness and adequacy of risk management and internal control systems of the Group for 2020 and considered them effective and adequate.

Objective of risk management and internal control

The Company recognises the importance of risk management and internal control in the achievement of its strategic goals. The Company maintains a conservative approach to manage and align risk to its strategy of achieving sustainability and delivering long-term returns to Shareholders.

RISK MANAGEMENT AND INTERNAL CONTROL AND INTERNAL AUDIT *(continued)*

Process and procedure for risk management and internal control

1. The Board has the overall responsibility for evaluating the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems.

2. The Board through the Audit Committee, reviews the adequacy the Group's risk management and internal control systems.

3. The Group employs an enterprise risk management framework to manage risk.

4. The management of business units/divisions are responsible for the day-to-day management of operational risks and implementation of mitigation measures.

5. All division heads are required to provide a confirmation annually to the Board on the effectiveness of the risk management and internal control systems.

6. The Internal Audit Department of the Group is responsible for reviewing and appraising effectiveness of risk management and internal control systems and reporting results to the Board through the Audit Committee.

Top and emerging risks

The top and emerging risks framework helps enable the Group to identify current and forward-looking risks so that the Group may take actions that either prevents them, crystallising or limits their effect. Top risks are those that may have a material impact on the financial results, reputation or business model of the Group in the year ahead. Emerging risks are those that have large unknown components any may form beyond a one-year horizon. If these risks were to occur, they could occur have material effect on the Group. The Group's top and emerging risks are summarised as follows:

— the coronavirus pandemic;
— the protracted trade war between the USA and China;
— global economic outlook and capital flows;
— major changes of government policies that have significant impact on the Group's operations;
— information technology security and risks;
— sales and receivable management;
— supplier management; and
— human resources management.

The above top and emerging risks were reviewed by the Audit Committee and discussed by the Board. Measures have been formulated and implemented to mitigate such risks. These risks will be changed to respond to changes in the Group's business and the external environment.

COMPANY SECRETARY

Ms. Sze Suet Ling was appointed by the Board as the company secretary of the Company with effect from 28 June 2018. Ms. Sze is also an employee of the Company. She has taken no less than 15 hours of relevant professional training during the financial year ended 31 December 2020.

SHAREHOLDERS' RIGHTS

Right to convene special general meeting

Shareholder(s) may convene a special general meeting on requisition, as provided by the Companies Act 1981 of Bermuda.

Right to put enquiries to the Board

Shareholders have the right to put enquiries to the Board and all such enquiries can be addressed to the "Company Secretarial Department" of the Company by mail to 18/F., CCT Telecom Building, 11 Wo Shing Street, Fotan, Shatin, New Territories, Hong Kong.

Right to put forward proposals at general meetings

Pursuant to bye-law 103 of the Company's bye-laws, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a written notice ("Nomination Notice") signed by such Shareholder(s) individually or collectively holding not less than one-tenth of the then total paid up capital of the Company as at the date of the Nomination Notice carrying the right of attending and voting at the general meeting of the Company for which such Nomination Notice is given of his intention to propose such person(s) for election and also a written notice signed by each person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office provided that the number of candidates to be nominated by the qualified Shareholder individually or the group of qualified Shareholders collectively for election at any general meeting shall be limited to three (3), subject to the maximum number of Directors of the Company, if any, and provided that the minimum length of the period during which such written notices are given, shall be at least seven (7) days and that (if the written notices are submitted after the dispatch of the notice of the general meeting appointed for such election) the period for lodgment of such written notices shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

CONSTITUTIONAL DOCUMENTS

At the AGM held on 26 June 2020 (the "**2020 AGM**"), the Company made amendments to its bye-laws by replacing the reference to the name of the Company with the new Company name "GBA Holdings Limited (GBA集團有限公司)" which came into effect on 13 July 2020. The special resolution on such amendments was considered and approved by the Shareholders at the 2020 AGM. Details of such amendments to the Company's bye-laws were set out in the circular to the Shareholders dated 29 April 2020.

Save for the aforesaid, there has been no material change in the bye-laws of the Company from the 2020 AGM up until the date of this annual report. A copy of the amended and restated bye-laws of the Company is available on the websites of the Company and the Stock Exchange.

DIVIDEND POLICY

Pursuant to Code Provision E.1.5 of the CG Code, the Company should have a policy on payment of dividends.

The Company has adopted the dividend policy (the "**Dividend Policy**") in January 2019, according to which the Company may declare and distribute dividends to the Shareholders, to allow Shareholders to share the Company's profits and for the Company to retain adequate reserves for future growth.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders.

In proposing any dividend payout, the Board shall also take into account, inter alia, the Group's financial results, the general financial condition of the Group, the Group's current and future operations and any other factors that the Board thinks appropriate from time to time. The Company's ability to pay dividends is also subject to the requirements of the Listing Rules, all relevant applicable laws, rules and regulations in Bermuda and the Memorandum of Association and the bye-laws of the Company.

report of the directors

The Directors present their report and the audited financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. During the year 2020, the principal activities of the subsidiaries comprised the trading of telecom products and child products, property development and investment in the Mainland China and finance business in Hong Kong.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2020 is set out on pages 2 to 4 and pages 7 to 12 of this annual report.

RESULTS

The Group's loss for the year ended 31 December 2020 and the Group's financial position at 31 December 2020 are set out in the financial statements on pages 49 to 129 of this annual report.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out on page 131 of this annual report. This summary does not form part of the audited financial statements.

EQUITY-LINKED AGREEMENT

Other than the share option scheme disclosed in the section sub-headed "Share Option Scheme" on pages 33 to 37 of this annual report and set out in note 30 to the consolidated financial statements, no other equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

SHARE CAPITAL

Details of the movement of the share capital of the Company during the year ended 31 December 2020 are set out in note 29 to the consolidated financial statements.

Details of the movement of the share options of the Company during the year ended 31 December 2020 were disclosed in the section sub-headed "Share Option Scheme" on pages 33 to 37 of this annual report and set out in note 30 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of the Bermuda, which oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 41 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2020, the Company had no reserve available for distribution in accordance with the provisions of the Companies Act 1981 of Bermuda. The Company's share premium account, in the amount to HK$341 million, may be distributed in the form of fully paid bonus shares.

CHARITABLE CONTRIBUTIONS

During the year ended 31 December 2020, the Group did not make any charitable contributions (2019: nil).

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers during the financial year ended 31 December 2020 is as follows:

	Percentage of the Group's total			
	Sales		Purchases	
	2020	2019	**2020**	2019
Largest customer	**2%**	26%		
Five largest customers in aggregate	**5%**	57%		
Largest supplier			**8%**	26%
Five largest suppliers in aggregate			**29%**	68%

One (2019: one) of the five largest customers and one (2019: one) of the five largest suppliers of the Group was a subsidiary of CCT Fortis, of which Mr. Mak is a director and the controlling shareholder.

Save as disclosed above, none of the Directors or any of their associates or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's total number of issued Shares) had any interest in the Group's five largest customers or suppliers.

DIRECTORS

The Directors during the year and up to the date of this annual report were as follows:

Executive Directors:
Mak Shiu Tong, Clement
Cheng Yuk Ching, Flora
Tam Ngai Hung, Terry

Independent non-executive Directors:
Chow Siu Ngor
Lau Ho Kit, Ivan
Tam King Ching, Kenny

In accordance with bye-law 99 of the Company's bye-laws, Ms. Cheng Yuk Ching, Flora and Mr. Tam King Ching, Kenny will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming AGM.

In accordance with the Company's bye-laws, save for the Chairman and the managing Director (both roles currently being assumed by Mr. Mak Shiu Tong, Clement), who is not subject to retirement by rotation, all Directors are subject to retirement by rotation and re-election at the AGM.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on pages 5 to 6 of this annual report.

DIRECTORS' REMUNERATION

The Directors' fees are subject to the Shareholders' approval at the AGM. Other emoluments are determined by the Board with reference to directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' SERVICE CONTRACTS

During the year, no Director had a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Details of director's interests in contracts which the Company or any of its subsidiaries entered into during the year are set out in section headed "Continuing Connected Transactions" to this directors' report.

SHARE OPTION SCHEME

At the AGM held on 27 May 2011, the Shareholders approved the adoption of the 2011 Scheme. The adoption of the 2011 Scheme was also approved on 27 May 2011 by the shareholders of CCT Fortis, which was the then ultimate holding company of the Company. The 2011 Scheme then became effective on 30 May 2011. This is the date on which the Listing Committee of the Stock Exchange granted approval for the listing of, and permission to deal in, any Shares on the Stock Exchange, which may fall to be allotted and issued by the Company pursuant to the exercise of the share options in accordance with the terms and conditions of the 2011 Scheme. Unless otherwise cancelled or amended, the 2011 Scheme was adopted by the Company on 27 May 2011 for a period of 10 years from the date of its adoption, which will expire on 26 May 2021. The proposal of the adoption of the new Share Option Scheme of the Company will be proposed for approval by the Shareholders at the AGM. Further details of such proposal will be set out in the circular to be despatched to the Shareholders in due course.

The purpose of the 2011 Scheme is to enable the Company to grant share options to the eligible participants, as incentives and/or rewards for their contribution to the Group and/or any entity interest in which any member of the Group holds any entity interest ("**Invested Entity**") or the holding company of the Company (if applicable).

SHARE OPTION SCHEME *(continued)*

Eligible participants of the 2011 Scheme include:

(a) any director or proposed director (whether executive or non-executive and whether independent or not), any executive, officer, employee or any person to whom any offer of employment has been made, executive or officer (whether full-time or part-time, on an employment or contractual or honorary basis or otherwise and whether paid or unpaid) of any member of the Group, any Invested Entity or the holding company of the Company (if applicable);

(b) any supplier or provider of goods and/or services, professional, consultant, agent, contractor, adviser, customer, partner, business associate or shareholder of any member of the Group, any Invested Entity or the holding company of the Company (if applicable), or any holder of any securities issued or proposed to be issued by any member of the Group, any Invested Entity or the holding company of the Company (if applicable), who, in the sole discretion of the Board, will contribute or has contributed to the Group, the Invested Entity or the holding company of the Company (if applicable); and

(c) any person whom the Board in its sole discretion considers, will contribute or has contributed to any members of the Group, the Invested Entity or the holding company of the Company (if applicable) (as the case may be).

Pursuant to the 2011 Scheme, the maximum number of Shares which may be issued upon exercise of all share options to be granted under the 2011 Scheme and any other share option scheme(s) of the Company must not exceed 10% of the total number of Shares in issue as at the date of adoption of the 2011 Scheme. Shares which would have been issuable pursuant to the share options which have lapsed or cancelled in accordance with the terms of such share option scheme(s) will not be counted for the purpose of the 10% limit. Notwithstanding the foregoing, Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the 2011 Scheme and any other share option scheme(s) of the Company at any time shall not exceed 30% of the total number of the Shares in issue from time to time. No share option shall be granted under any scheme(s) of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded.

As at the date of this annual report, the maximum number of Shares which may be issued upon exercise of all outstanding share options granted under the 2011 Scheme was 10,914,993,990 Shares which represented approximately 5.94% of the total issued Shares as at the date of this annual report.

The total number of Shares issued and which may fall to be issued upon exercise of the share options granted under the 2011 Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding share options) to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the total number of Shares in issue as at the date of grant. Any further grant of the share options in excess of this 1% limit shall be subject to the issue of a circular by the Company (and so long as the Company remains a subsidiary of another company which is listed on the Stock Exchange, also by its listed holding company) and the approval of the Shareholders (and so long as the Company remains a subsidiary of another company which is listed on the Stock Exchange, also to be approved by the shareholders of that listed holding company) at a general meeting with such eligible participant and his/her associates abstaining from voting and/or other requirements prescribed under the Listing Rules from time to time.

SHARE OPTION SCHEME *(continued)*

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to the approval in advance by the INEDs (and so long as the Company remains a subsidiary of another company which is listed on the Stock Exchange, also to be approved by the independent non-executive directors of that listed holding company), excluding the INED(s) and its listed holding company who is/are the grantee(s) of the share options. In addition, any share option granted to a substantial shareholder or an independent non-executive directors of the Company, or to any of their respective associates, in excess of 0.1% of the total number of Shares in issue as at the date of grant or with an aggregate value (based on the closing price of the Shares as at the date of grant) in excess of HK$5 million, within any 12-month period, is subject to the issue of a circular by the Company (and so long as the Company remains a subsidiary of another company which is listed on the Stock Exchange, also by its listed holding company) and the approval of the Shareholders (and so long as the Company remains a subsidiary of another company which is listed on the Stock Exchange, also to be approved by the shareholders of that listed holding company) in advance at a general meeting.

The offer of a grant of the share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Board, and commences on a specified date and ends on a date which is not later than (i) 10 years from the date of grant of the share options; or (ii) the expiry date of the 2011 Scheme, whichever is earlier. There is no specific requirement under the 2011 Scheme that a share option must be held for any minimum period before it can be exercised, but the terms of the 2011 Scheme provide that the Board has the discretion to impose a minimum period at the time of grant of any particular share option.

The exercise price of share options granted is determinable by the Board, but may not be less than the highest of:

(i) the closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a trading day (and for this purpose shall be taken to be the date of the Board meeting at which the Board proposes to grant the share options);

(ii) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date of grant; and

(iii) the nominal value of a Share.

The Company's share options do not confer rights on the holders to dividends or to vote at the general meetings of the Company.

SHARE OPTION SCHEME *(continued)*

The 2011 Scheme

During the year ended 31 December 2020, the movements on the share options under the 2011 Scheme were as follows:

Name and/ or category	Date of grant	Exercise period	Exercise price per Share HK$	Number of share options: Outstanding as at 1 January 2020	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Outstanding as at 31 December 2020
Executive Directors								
Mak Shiu Tong, Clement	18/1/2017	18/1/2017–17/1/2027	0.011	1,300,000,000	–	–	–	1,300,000,000
	25/1/2018	25/1/2018–24/1/2028	0.010	1,320,000,000	–	–	–	1,320,000,000
							Sub-total	*2,620,000,000*
Cheng Yuk Ching, Flora	18/1/2017	18/1/2017–17/1/2027	0.011	825,000,000	–	–	–	825,000,000
	25/1/2018	25/1/2018–24/1/2028	0.010	1,320,000,000	–	–	–	1,320,000,000
	25/1/2019	25/1/2019–24/1/2029	0.010	1,300,000,000	–	–	–	1,300,000,000
							Sub-total	*3,445,000,000*
Tam Ngai Hung, Terry	18/1/2017	18/1/2017–17/1/2027	0.011	825,000,000	–	–	–	825,000,000
	25/1/2018	25/1/2018–24/1/2028	0.010	1,320,000,000	–	–	–	1,320,000,000
	25/1/2019	25/1/2019–24/1/2029	0.010	1,300,000,000	–	–	–	1,300,000,000
							Sub-total	*3,445,000,000*
Xu Jinhuan (resigned on 20/3/2019)	25/1/2019	25/1/2019–24/1/2029	0.010	1,300,000,000	–	–	1,300,000,000	–
Independent non-executive Directors								
Chow Siu Ngor	17/1/2014	17/1/2014–16/1/2024	0.010	5,000,000	–	–	–	5,000,000
	18/1/2017	18/1/2017–17/1/2027	0.011	10,000,000	–	–	–	10,000,000
	25/1/2018	25/1/2018–24/1/2028	0.010	10,000,000	–	–	–	10,000,000
	25/1/2019	25/1/2019–24/1/2029	0.010	10,000,000	–	–	–	10,000,000
							Sub-total	*35,000,000*
Lau Ho Kit, Ivan	17/1/2014	17/1/2014–16/1/2024	0.010	5,000,000	–	–	–	5,000,000
	18/1/2017	18/1/2017–17/1/2027	0.011	10,000,000	–	–	–	10,000,000
	25/1/2018	25/1/2018–24/1/2028	0.010	10,000,000	–	–	–	10,000,000
	25/1/2019	25/1/2019–24/1/2029	0.010	10,000,000	–	–	–	10,000,000
							Sub-total	*35,000,000*
Tam King Ching, Kenny	17/1/2014	17/1/2014–16/1/2024	0.010	5,000,000	–	–	–	5,000,000
	18/1/2017	18/1/2017–17/1/2027	0.011	10,000,000	–	–	–	10,000,000
	25/1/2018	25/1/2018–24/1/2028	0.010	10,000,000	–	–	–	10,000,000
	25/1/2019	25/1/2019–24/1/2029	0.010	10,000,000	–	–	–	10,000,000
							Sub-total	*35,000,000*
Sub-total for the Directors				10,915,000,000	–	–	1,300,000,000	9,615,000,000
Employees	25/1/2018	25/1/2018–24/1/2028	0.010	1,320,000,000	–	–	1,320,000,000	–
	25/1/2019	25/1/2019–24/1/2029	0.010	2,599,993,990	–	–	1,300,000,000	1,299,993,990
Other participants	25/1/2019	25/1/2019–24/1/2029	0.010	1,300,000,000	–	–	1,300,000,000	–
Total				**16,134,993,990**	**–**	**–**	**5,220,000,000**	**10,914,993,990**

SHARE OPTION SCHEME *(continued)*

The 2011 Scheme *(continued)*

Save as disclosed above, no share options was granted, exercised, cancelled or lapsed under the 2011 Scheme during the year ended 31 December 2020.

There were 10,914,993,990 share options in aggregate outstanding under the 2011 Scheme as at the date of this annual report, and the total number of Shares to be issued upon exercise of the share option is 10,914,993,990 which represented approximately 5.94% of the total number of issued Shares as at the date of this annual report. The exercise in full of the outstanding share options in the Company would result in the issue of 10,914,993,990 additional ordinary shares and an additional share capital and share premium (before issue expense) of HK$109,149,940 and HK$41,003,217 respectively, in the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2020, the Directors and the chief executive of the Company and/or any of their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) (i) as recorded in the register required to be kept by the Company under section 352 of the SFO; or (ii) as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO; or (iii) as notified to the Company and the Stock Exchange pursuant to the Model Code adopted by the Company:

Interests and short positions in the Shares and the underlying Shares as at 31 December 2020

Long Positions

		Number of Shares/underlying Shares			
Name of Directors	**Capacity/ nature of interests**	**No. of Shares**	**No. of share options**	**Total interests**	**Approximate % of the total number of issued Shares***
Executive Directors					
Mak Shiu Tong, Clement ("**Mr. Mak**")	Interest of controlled corporations	53,667,100,000 (Note 1)	–		
	Beneficiary owner	–	2,620,000,000 (Notes 2 & 3)	56,287,100,000	30.61%
Cheng Yuk Ching, Flora	Beneficiary owner	–	3,445,000,000 (Notes 2 & 4)	3,445,000,000	1.87%
Tam Ngai Hung, Terry	Beneficiary owner	10,000,000	3,445,000,000 (Notes 2 & 4)	3,455,000,000	1.87%
Independent non-executive Directors					
Chow Siu Ngor	Beneficiary owner	–	35,000,000 (Notes 2 & 5)	35,000,000	0.01%
Lau Ho Kit, Ivan	Beneficiary owner	–	35,000,000 (Notes 2 & 5)	35,000,000	0.01%
Tam King Ching, Kenny	Beneficiary owner	–	35,000,000 (Notes 2 & 5)	35,000,000	0.01%

* The percentage was calculated based on 183,846,100,000 Shares in issue as at 31 December 2020.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES *(continued)*

Interests and short positions in the Shares and the underlying Shares as at 31 December 2020 *(continued)*

Notes:

1. The interests disclosed represented 53,667,100,000 Shares, held indirectly by CCT Fortis through its two indirect wholly-owned subsidiaries of which 28,467,100,000 Shares were held by CCT Telecom Securities Limited and 25,200,000,000 Shares were held by Ever Sino Group Limited. Mr. Mak was deemed to be interested in the aforesaid 53,667,100,000 Shares under the SFO as he was entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of CCT Fortis through his interest in the shareholding of approximately 54.01% of the total number of issued shares of CCT Fortis as at 31 December 2020.

2. These represented outstanding underlying Shares of the outstanding share options granted to the Directors pursuant to the 2011 Scheme as at 31 December 2020.

3. The 2,620,000,000 share options interested by Mr. Mak as at 31 December 2020 represented (i) the share options granted to Mr. Mak on 18 January 2017 to subscribe for 1,300,000,000 Shares at the exercise price of HK$0.011 per Share, exercisable during the exercisable period from 18 January 2017 to 17 January 2027; and (ii) the share options granted to Mr. Mak on 25 January 2018 to subscribe for 1,320,000,000 Shares at the exercise price of HK$0.01 per Share, exercisable during the exercisable period from 25 January 2018 to 24 January 2028.

4. The 3,445,000,000 share options interested by each of Ms. Cheng Yuk Ching, Flora and Mr. Tam Ngai Hung, Terry as at 31 December 2020 represented (i) the share options granted to each of these two Executive Directors on 18 January 2017 to subscribe for 825,000,000 Shares at the exercise price of HK$0.011 per Share, exercisable during the exercisable period from 18 January 2017 to 17 January 2027; (ii) the share options granted to each of these two Executive Directors on 25 January 2018 to subscribe for 1,320,000,000 Shares at the exercise price of HK$0.01 per Share, exercisable during the exercisable period from 25 January 2018 to 24 January 2028; and (iii) the share options granted to each of these two Executive Directors on 25 January 2019 to subscribe for 1,300,000,000 Shares at the exercise price of HK$0.01 per Share, exercisable during the exercisable period from 25 January 2019 to 24 January 2029.

5. The 35,000,000 share options interested by each of Mr. Chow Siu Ngor, Mr. Lau Ho Kit, Ivan and Mr. Tam King Ching, Kenny as at 31 December 2020 represented (i) the share options granted to each of these three INEDs on 17 January 2014 to subscribe for 5,000,000 Shares at the exercise price of HK$0.01 per Share, exercisable during the exercisable period from 17 January 2014 to 16 January 2024; (ii) the share options granted to each of these three INEDs on 18 January 2017 to subscribe for 10,000,000 Shares at the exercise price of HK$0.011 per Share, exercisable during the exercisable period from 18 January 2017 to 17 January 2027; (iii) the share options granted to each of these three INEDs on 25 January 2018 to subscribe for 10,000,000 Shares at the exercise price of HK$0.01 per Share, during the exercisable period from 25 January 2018 to 24 January 2028; and (iv) the share options granted to each of these three INEDs on 25 January 2019 to subscribe for 10,000,000 Shares at the exercise price of HK$0.01 per Share, during the exercisable period from 25 January 2019 to 24 January 2029.

Save as disclosed above, as at 31 December 2020, none of the Directors and the chief executive of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code adopted by the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed under the sections headed "Share Option Scheme" and "Directors' and Chief Executive's Interests in Shares and Underlying Shares" above, at no time during the year was the Company, or any of its holding companies, subsidiaries or associated corporations, a party to any arrangement to enable the Directors and the chief executive of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2020, so far as was known to the Directors, the following persons (not being the Directors or the chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Interests and short positions in the Shares and the underlying Shares as at 31 December 2020

Long Positions

		Number of Shares		
Name of substantial Shareholders	**Capacity/ nature of Interests**	**No. of Shares**	**Total interests**	**Approximate % of the total number of issued Shares***
CCT Fortis Holdings Limited	Interests of controlled corporations	53,667,100,000 (Notes 1 & 2)	53,667,100,000	29.19%
CCT Capital International Holdings Limited	Interests of controlled corporations	53,667,100,000 (Notes 1 & 2)	53,667,100,000	29.19%
CCT Telecom Securities Limited	Beneficial owner	28,467,100,000 (Notes 1 & 2)	28,467,100,000	15.48%
Ever Sino Group Limited	Beneficial owner	25,200,000,000 (Notes 1 & 2)	25,200,000,000	13.71%

* The percentage was calculated based on 183,846,100,000 Shares in issue as at 31 December 2020.

Notes:

1. The interests stated represented 53,667,100,000 Shares, as to 28,467,100,000 Shares held by CCT Telecom Securities Limited and as to 25,200,000,000 Shares held by Ever Sino Group Limited. Both companies are indirect wholly-owned subsidiaries of CCT Fortis.

2. CCT Telecom Securities Limited and Ever Sino Group Limited are direct wholly-owned subsidiaries of CCT Capital International Holdings Limited which is in turn a direct wholly-owned subsidiary of CCT Fortis.

Save for Mr. Mak Shiu Tong, Clement, Ms. Cheng Yuk Ching, Flora and Mr. Tam Ngai Hung, Terry who are also executive directors of CCT Fortis and directors of CCT Capital International Holdings Limited, CCT Telecom Securities Limited and Ever Sino Group Limited; and Mr. Chow Siu Ngor and Mr. Tam King Ching, Kenny who are also independent non-executive directors of CCT Fortis, no other Director is a director or employee of the above substantial Shareholders which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, the Directors and the chief executive of the Company are not aware that there is any party (not being the Directors or the chief executive of the Company) who, as at 31 December 2020, had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

CONTINUING CONNECTED TRANSACTIONS

As at 31 December 2020, CCT Fortis held indirectly 53,667,100,000 Shares, representing approximately 29.19% of the total number of issued Shares. As such, CCT Fortis is a substantial shareholder of the Company and hence is a connected person of the Company under Chapter 14A of the Listing Rules. During the two years ended 31 December 2020 and 2019, the Group had entered the following continuing connected transactions with CCT Fortis and certain subsidiaries of CCT Fortis.

		Year ended 31 December	
HK$ million	Notes	**2020**	2019
Continuing connected transactions:			
Purchase of components	(i)	**4.7**	14.1
Sales of Child Products	(ii)	**4.7**	74.2
Management information system service fee	(iii)	**2.3**	4.5

Notes:

(i) These transactions represented purchases of components and toolings for 2020 and 2019, which were conducted under a manufacturing agreement dated 15 November 2018 entered into between the Company and CCT Fortis (the "**Component Manufacturing Agreement**"). The Component Manufacturing Agreement has a term of three years from 1 January 2019 to 31 December 2021. Pursuant to the Component Manufacturing Agreement, CCT Fortis agreed to manufacture and supply through its subsidiaries certain plastic casings, components and other component products and toolings for the Group. In accordance with the terms of the Component Manufacturing Agreement, the purchase prices of plastic casings, components and other component products are determined based on direct material costs plus a mark-up of no more than 250%. The charges for the toolings were determined based on total costs plus a mark-up of no more than 50%.

On 24 July 2020, the Company served a six months' prior written notice to terminate the Component Manufacturing Agreement with effect from 24 January 2021, details of which was disclosed in the Company's announcement dated 24 July 2020.

(ii) Sales of the Child Products represented transactions for the supply of the Child Products by the Group to the CCT Fortis Group based on the agreement dated 15 November 2018 entered into between the Company and CCT Fortis (the "**Child Product Supply Agreement**"), which governs the terms and conditions for the supply of the Child Products by the Group to the CCT Fortis Group during a term of three years from 1 January 2019 to 31 December 2021. Pursuant to the Child Product Supply Agreement, the price of the Child Products to be supplied by the Group for the CCT Fortis Group will be the higher of the sum of the direct material costs plus a mark-up no more than 250% of the direct material costs and the selling prices that the CCT Fortis Group sells to independent third parties less a discount of up to 10%.

On 24 July 2020, CCT Fortis served a six months' prior written notice to the Company to terminate the Child Product Supply Agreement with effect from 24 January 2021, details of which disclosed out in the Company's announcement dated 24 July 2020.

(iii) The management information system service fee was charged by the Company to CCT Fortis for the provision of general management information system support, network and software consultation and hardware maintenance services. The fee was determined in accordance with the terms and conditions set out in the agreement dated 6 December 2018 entered into between CCT Fortis and the Company, which has a term of three years from 1 January 2018 to 31 December 2020 (the "**MIS Agreement**").

CONTINUING CONNECTED TRANSACTIONS *(continued)*

In relation to the continuing connected transactions of the Group for 2020, the INEDs have reviewed and confirmed that:

(a) the aggregate value of the transactions under the Component Manufacturing Agreement of HK$4.7 million recorded for the year ended 31 December 2020, as set out in Note (i) above did not exceed the approved cap amount of HK$15.0 million;

(b) the aggregate value of the transactions under the Child Product Supply Agreement of HK$4.7 million recorded for the year ended 31 December 2020, as elaborated in Note (ii) above did not exceed the approved cap amount of HK$80.0 million;

(c) the annual consideration of transactions under the MIS Agreement of HK$2.3 million recorded for the year ended 31 December 2020, as set out in Note (iii) above did not exceed the approved cap amount of HK$10.0 million;

(d) the transactions under each of the Component Manufacturing Agreement, the Child Product Supply Agreement and the MIS Agreement were entered into in the usual and ordinary course of businesses of the Group;

(e) the transactions under each of the Component Manufacturing Agreement, the Child Product Supply Agreement and the MIS Agreement were conducted on normal commercial terms or better; and

(f) the transactions under each of the Component Manufacturing Agreement, the Child Product Supply Agreement and the MIS Agreement were conducted in accordance with the terms of the agreements governing such transactions, which are fair and reasonable and in the interests of the Shareholders as a whole.

Ernst & Young, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied with all the Code Provisions under the CG Code throughout the year from 1 January 2020 to 31 December 2020, except for the minor deviations from Code Provisions A.2.1 and A.4.2 of the CG Code. Detailed information of such deviations and their respective considered reasons as well as other information on the corporate governance practices of the Company are set out in the section headed "Corporate Governance Report" in this annual report.

DISCLOSURE ON CHANGE OF INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51(B)(1) OF THE LISTING RULES

Upon specific enquiry by the Company and following confirmations from the Directors, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CHANGE IN COMPOSITION OF THE BOARD

During the period from 1 January 2020 and up to the date of this annual report, there was no change on the composition of the Board.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float of not less than 25% of the total number of issued Shares as required under the Listing Rules throughout the financial year under review and up to the date of this annual report.

PERMITTED INDEMNITY PROVISION

The Company's bye-laws provide that each Director or other officer of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which he or she may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of his or her duty in office. In addition, the Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors.

MANAGEMENT CONTRACTS

Save for employment contracts, no other contracts, relating to the management and/or administration of the whole or any substantial part of any business of the Company were entered into or subsisted during the year ended 31 December 2020.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year, none of the Directors or any of their respective associates is interested in any business competing or likely to compete with the Group's business that is discloseable under Rule 8.10(2) of the Listing Rules.

AUDITORS

The financial statements for the year ended 31 December 2020 have been audited by Ernst & Young, who will retire at the forthcoming AGM. A resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming AGM.

EVENT AFTER THE REPORTING PERIOD

Up to the date of this annual report, there are no material events after the reporting period.

ON BEHALF OF THE BOARD OF
GBA HOLDINGS LIMITED

Mak Shiu Tong, Clement
Chairman
Hong Kong

30 March 2021

independent auditor's report

To the shareholders of GBA Holdings Limited
(Formerly known as Greater Bay Area Investments Group Holdings Limited)
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of GBA Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 49 to 129, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

To the shareholders of GBA Holdings Limited
(Formerly known as Greater Bay Area Investments Group Holdings Limited)
(Incorporated in Bermuda with limited liability)

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Net realisable value of properties held for sale and properties under development	
As at 31 December 2020, the Group had properties held for sale of HK$318 million and properties under development of HK$576 million, which were stated at the lower of cost and net realisable value. These properties in aggregate represented approximately 60.4% of the Group's total assets. Significant management judgement and estimates are required to determine the net realisable value of the properties held for sale and properties under development. Management takes into account factors including the estimated costs to completion, unit selling prices of existing and pre-sale properties. To support their assessment of the net realisable value of the properties held for sale and properties under development, an external valuer was engaged by management to determine their valuation. Related disclosures are included in notes 3, 18 and 19 to the consolidated financial statements.	Our audit procedures included evaluating the objectivity, independence and competency of the external valuer, and involving our internal valuation specialists to assist us in evaluating and testing the assumptions and methodologies used in the valuations. Also, we corroborated the realisable value by making reference to recent sales transactions for similar properties and assessed the estimated costs to completion with reference to available construction cost information for properties in similar location.
Fair value measurement of financial assets at fair value through profit or loss	
As at 31 December 2020, included in the Group's financial assets at fair value through profit or loss was an unlisted equity investment of HK$259 million. The unlisted equity investment represented approximately 17.5% of the Group's total assets and it was categorised within level 3 of the fair value hierarchy. Significant management judgement and estimates are required to determine the fair value of the unlisted equity investment which is categorised as level 3 in the fair value hierarchy. Management engaged an external valuer to perform the valuation of the unlisted equity investment at the end of the reporting period and in the absence of current price in an active market for similar investments, the external valuer applied certain unobservable inputs in the valuation. Related disclosures are included in notes 3, 23 and 38 to the consolidated financial statements.	Our audit procedures included evaluating the objectivity, independence and competency of the external valuer, and involving our internal valuation specialists to assist us in evaluating and testing the assumptions and methodologies used in the valuations.

To the shareholders of GBA Holdings Limited
(Formerly known as Greater Bay Area Investments Group Holdings Limited)
(Incorporated in Bermuda with limited liability)

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

To the shareholders of GBA Holdings Limited
(Formerly known as Greater Bay Area Investments Group Holdings Limited)
(Incorporated in Bermuda with limited liability)

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

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

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

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

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

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

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

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

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

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

To the shareholders of GBA Holdings Limited
(Formerly known as Greater Bay Area Investments Group Holdings Limited)
(Incorporated in Bermuda with limited liability)

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lok Man Ho.

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong
30 March 2021

consolidated statement of profit or loss

Year ended 31 December 2020

HK$ million	Notes	2020	2019 (Restated)
CONTINUING OPERATIONS			
REVENUE			
— Revenue from contracts with customers	5	**390**	112
— Interest income	5	**4**	22
		394	134
Cost of sales		**(419)**	(120)
Gross (loss) /profit		**(25)**	14
Changes in fair value of financial assets at fair value through profit or loss		**36**	–
Selling and distribution expenses		**(31)**	(11)
Administrative expenses		**(46)**	(98)
Other expenses, net		**(69)**	(78)
Finance costs	7	**–**	(1)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	6	**(135)**	(174)
Income tax credit	10	**25**	29
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(110)**	(145)
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	11	**(13)**	(21)
LOSS FOR THE YEAR		**(123)**	(166)
Loss attributable to owners of the parent:			
— from continuing operations		**(110)**	(147)
— from a discontinued operation		**(13)**	(21)
		(123)	(168)
Income attributable to non-controlling interests:			
— from continuing operations		**–**	2
— from a discontinued operation		**–**	–
		–	2
		(123)	(166)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic and diluted			
— For loss for the year		**(HK0.07 cents)**	(HK0.09 cents)
— For loss from continuing operations		**(HK0.06 cents)**	(HK0.08 cents)

consolidated statement of comprehensive income

Year ended 31 December 2020

HK$ million	**2020**	2019 (Restated)
LOSS FOR THE YEAR	**(123)**	(166)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**30**	(8)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**30**	(8)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(93)**	(174)
Other comprehensive loss attributable to owners of the parent:		
— from continuing operations	**(80)**	(154)
— from a discontinued operation	**(13)**	(22)
	(93)	(176)
Other comprehensive income attributable to non-controlling interests:		
— from continuing operations	**–**	2
— from a discontinued operation	**–**	–
	–	2
	(93)	(174)

consolidated statement of financial position

31 December 2020

HK$ million	Notes	2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	14	**1**	2
Investment properties	15	**–**	43
Financial asset at fair value through profit or loss	23	**259**	–
Total non-current assets		**260**	45
Current assets			
Properties under development	18	**576**	945
Properties held for sale	19	**318**	323
Trade receivables	20	**7**	32
Loans and interest receivables	21	**–**	248
Prepayments, other receivables and other assets	22	**111**	217
Financial asset at fair value through profit or loss	23	**60**	–
Pledged time deposits	24	**–**	10
Cash and cash equivalents	24	**149**	175
Total current assets		**1,221**	1,950
Total assets		**1,481**	1,995
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Issued capital	29	**1,839**	1,839
Reserves	31	**(913)**	(820)
		926	1,019
Non-controlling interest		**–**	38
Total equity		**926**	1,057
Non-current liabilities			
Deferred tax liabilities	28	**–**	34
Current liabilities			
Trade and bills payables	25	**55**	137
Tax payable		**11**	15
Other payables and accruals	26	**489**	655
Interest-bearing bank and other borrowings	27	**–**	97
Total current liabilities		**555**	904
Total liabilities		**555**	938
Total equity and liabilities		**1,481**	1,995
Net current assets		**666**	1,046
Total assets less current liabilities		**926**	1,091

Mak Shiu Tong, Clement
Chairman

Tam Ngai Hung, Terry
Director

consolidated statement of changes in equity

Year ended 31 December 2020

	Attributable to owners of the parent									
HK$ million	Issued capital	Share premium account	Capital reserve	Share option reserve	Asset revaluation reserve#	Exchange fluctuation reserve	Accumulated losses	Total	Non-controlling interest	Total equity
At 1 January 2019	1,839	341	733	31	5	(71)	(1,707)	1,171	36	1,207
Loss for the year	–	–	–	–	–	–	(168)	(168)	2	(166)
Other comprehensive loss for the year:										
Exchange differences related to foreign operations	–	–	–	–	–	(8)	–	(8)	–	(8)
Total comprehensive loss for the year	–	–	–	–	–	(8)	(168)	(176)	2	(174)
Issue of shares upon exercise of share options (note 29)	–**	–**	–	–**	–	–	–	–**	–	–**
Equity-settled share option arrangements (note 30)	–	–	–	24	–	–	–	24	–	24
Transfer of share option reserve upon the forfeiture of share options (note 30)	–	–	–	(1)	–	–	1	–	–	–
At 31 December 2019 and 1 January 2020	**1,839**	**341***	**733***	**54***	**5***	**(79)***	**(1,874)***	**1,019**	**38**	**1,057**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(123)**	**(123)**	**–**	**(123)**
Other comprehensive income for the year:										
Exchange differences related to foreign operations	**–**	**–**	**–**	**–**	**–**	**30**	**–**	**30**	**–**	**30**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**30**	**(123)**	**(93)**	**–**	**(93)**
Transfer of share option reserve upon the forfeiture of share options (note 30)	**–**	**–**	**–**	**(16)**	**–**	**–**	**16**	**–**	**–**	**–**
Disposal of subsidiaries	**–**	**–**	**–**	**–**	**(5)**	**–**	**5**	**–**	**(38)**	**(38)**
At 31 December 2020	**1,839**	**341***	**733***	**38***	**–***	**(49)***	**(1,976)***	**926**	**–**	**926**

The asset revaluation reserve arose from a change in use from an owner-occupied property to an investment property carried at fair value.

* The total sum of these reserve accounts represents the consolidated deficits of HK$913 million (2019: HK$820 million) in the consolidated statement of financial position.

** Less than HK$1 million

consolidated statement of cash flows

Year ended 31 December 2020

HK$ million	Notes	2020	2019 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax			
From continuing operations		**(135)**	(174)
From a discontinued operation		**(13)**	(22)
Adjustments for:			
Finance costs		**3**	6
Changes in fair value of financial assets at fair value through profit or loss	6	**(36)**	–
Depreciation		**1**	3
Write-down of properties held for sale to net realisable value	6	**30**	37
Write-down of properties under development to net realisable value	6	**40**	–
Impairment of items of property, plant and equipment		**–**	3
Impairment loss on goodwill	6	**–**	41
Changes in fair value of investment properties		**–**	3
(Reversal of impairment)/impairment of trade receivables		**(9)**	8
Equity-settled share option expense	30	**–**	24
		(119)	(71)
Purchase of financial assets at fair value through profit or loss		**(40)**	–
Increase in properties under development		**(23)**	(277)
Decrease in properties held for sale		**362**	123
Decrease in trade receivables		**34**	–
Decrease in loans and interest receivables		**–**	68
Decrease/(increase) in prepayments, other receivables and other assets		**73**	(55)
Decrease in trade and bills payables		**(85)**	(142)
(Decrease)/increase in other payables and accruals		**(181)**	439
Cash generated from operations		**21**	85
Interest received		**5**	9
Interest paid		**(3)**	(6)
Mainland China tax refunded/(paid)		**(6)**	9
Net cash flows from operating activities		**17**	97

HK$ million	Notes	2020	2019 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**–#**	(1)
Disposal of subsidiaries	32	**37**	–
Decrease in pledged time deposits		**10**	5
Net cash flows from investing activities		**47**	4
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**–**	20
New trust receipt loans		**–**	37
Principal portion of lease payments/finance lease rental payments		**(1)**	(1)
Repayment of bank loans and trust receipt loans		**(96)**	(105)
Net cash flows used in financing activities		**(97)**	(49)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(33)**	52
Cash and cash equivalents at beginning of year		**175**	123
Effect of foreign exchange rate changes, net		**7**	–
CASH AND CASH EQUIVALENTS AT END OF YEAR		**149**	175
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	24	**149**	95
Non-pledged time deposits with original maturity of less than three months when acquired		**–**	80
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows		**149**	175

Less than HK$1 million

notes to financial statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION

During the year, GBA Holdings Limited (formerly known as Greater Bay Area Investments Group Holdings Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") were principally involved in the following principal activities:

- sale and supply of telecom and electronic products and infant and baby products (discontinued during the year ended 31 December 2020 (note 11));
- development and sale of properties; and
- finance business.

Information about subsidiaries

Particulars of the Company's principal subsidiaries for the year ended 31 December 2020 are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
CCT Land (Anshan) Property Development Company Limited*	PRC/Mainland China	RMB100,000,000 (2019: RMB200,000,000) Registered^	–	100	Property development
CCT Land Development (Anshan) Company Limited*	PRC/Mainland China	HK$380,000,000 Registered^	–	100	Property development
CCT Marketing Limited	British Virgin Islands/ Hong Kong	US$1 Ordinary	–	100	Trading of telecom, electronic and child products
CCT Tech Marketing Limited	Hong Kong	HK$5,214,331 Ordinary	–	100	Supply of child products
CCT Tech (HK) Limited	Hong Kong	HK$2,600,000 Ordinary	–	100	Sourcing of child products, raw materials and components
CCT Land Finance Limited	Hong Kong	HK$1 Ordinary	–	100	Finance business

^ Registered as wholly-foreign-owned enterprises under the People's Republic of China ("PRC") law

* The English names of these companies represent the best effort made by the management of the Company to directly translate their Chinese names as these companies do not register any official English names.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and investment properties which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest million except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interest, even if this results in the non-controlling interest having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (a) the fair value of the consideration received, (b) the fair value of any investment retained and (c) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or accumulated losses, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*COVID-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparation of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) 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; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively. The Group has early adopted the amendment on 1 January 2020 and the amendment did not have any significant impact on the financial position and performance of the Group as the Group did not have any lease payments being reduced or waived as a result of the COVID-19 pandemic during the year.

(e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could 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 clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform — Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 No mandatory effective date yet determined but available for adoption
5 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
6 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

Amendments to HKFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRSs 2018–2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interest and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair value measurement

The Group measures its investment properties and financial assets at fair value through profit or loss at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Furniture and office equipment	10% – 20%
Motor vehicles	20%

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation *(continued)*

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to properties held for sale.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value.

Cost of properties held for sale is determined by an apportionment of total land and building costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds from the properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on the prevailing market conditions.

Leases

The Group assesses at contract inception whether a contract is, or contains, 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office premises	Over the lease term

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessee *(continued)*

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. 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, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in other income and gains, net in the statement of profit or loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes fund investment and equity investment which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, accruals and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Provisions

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

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) *Sale of telecom, electronic and child products*

Revenue from the sale of telecom, electronic and child products is recognised at the point in time when control of the assets is transferred to customers, generally on delivery of the products.

(b) *Property development business*

Revenue from the sale of properties is recognised at the point in time when control over the properties is transferred to the buyers and the Group has the present right to payment and the collection of the consideration is probable.

Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

Rental income

Rental income is recognised on a time proportion basis over the lease terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e. transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as properties under development and property and equipment, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of the reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payments *(continued)*

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a percentage of the payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e. translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits with original maturity of three months or less, which are not restricted as to use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and 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 of a parent of the Group;

or

(b) the party is an entity where 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 of a parent, subsidiary or fellow subsidiary of the other entity);

(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) above;

(vii) a person identified in (a)(i) above 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); and

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification between investment property and owner-occupied property

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

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, are described as below:

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact on the carrying value of the asset and impairment losses/reversal of impairment losses in the period in which such estimate has been changed.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 20 to the financial statements.

Impairment of loans and other receivables

The Group applies the general approach in calculating expected credit losses under HKFRS 9 for loans and other receivables. The Group applies various elements in assessing the expected credit loss, which involved forward-looking information, expected future cash flows and collateral values. Details of loans and other receivables are set out in note 21 and note 22 to the financial statements, respectively.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 15 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Valuation of properties under development and properties held for sale

Properties under development and properties held for sale are stated at the lower of cost and net realisable value. The estimated net realisable value is the estimated selling price less selling expenses and the estimated cost of completion (if any), which are estimated based on the best available information.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

Land appreciation taxes

Land appreciation tax in the PRC is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures.

The subsidiaries of the Group engaging in the property development business in Mainland China are subject to land appreciation taxes. However, the implementation of these taxes varies amongst various cities in Mainland China and the Group has not finalised its land appreciation tax returns from some of its completed property development projects with local tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the statement of profit or loss and the provision for land appreciation taxes in the period in which such determination is made.

Fair value measurement of financial assets at fair value through profit or loss

When the fair value of financial assets recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of certain unobservable inputs as detailed in note 38 to the financial statements. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the consolidated statement of financial position and the level where the instruments are disclosed in the fair value hierarchy. Significant management judgements and estimates are required in determining the valuation of financial instruments which are categorised as Level 3 in the fair value hierarchy.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and has the following reporting segments:

(a) the Products Trading Business segment representing the sale and supply of telecom and electronic products and infant and baby products (discontinued during year ended 31 December 2020 (note 11));

(b) the property business segment representing the development and sale of properties; and

(c) the finance business segment representing the finance business.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that non-lease-related finance costs, equity-settled share option expense, the head office and corporate expenses are excluded from such measurement.

Segment assets exclude financial assets at fair value through profit or loss and corporate and other unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and corporate and other unallocated liabilities as these liabilities are managed on a group basis.

4. OPERATING SEGMENT INFORMATION *(continued)*

	Continuing operations						Discontinued operation					
	Property business		Finance business		Sub-total		Products Trading Business		Reconciliations		Total	
HK$ million	**2020**	2019 (Restated)	**2020**	2019 (Restated)	**2020**	2019 (Restated)	**2020**	2019 (Restated)	**2020**	2019 (Restated)	2020	2019 (Restated)
Segment revenue (note 5)												
Sales to external customers	**390**	112	**4**	22	**394**	134	**16**	149	**–**	–	410	283
Other revenue	**–**	–	**–**	–	**–**	–	**2**	10	**–**	–	2	10
	390	112	**4**	22	**394**	134	**18**	159	**–**	–	412	293
Segment (loss) /profit	**(158)**	(77)	**–#**	10	**(158)**	(67)	**(10)**	(17)	**–**	–	(168)	(84)
Impairment of goodwill	**–**	–	**–**	(41)	**–**	(41)	**–**	–	**–**	–	–	(41)
Finance costs	**–**	(1)	**–**	–	**–**	(1)	**(3)**	(5)	**–**	–	(3)	(6)
Reconciled items:												
Corporate and other unallocated expenses	**–**	–	**–**	–	**–**	–	**–**	–	**(13)**	(41)	(13)	(41)
Changes in fair value of financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**–**	–	**36**	–	36	–
Equity-settled share option expense	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(24)	–	(24)
Loss before tax	**(158)**	(78)	**–#**	(31)	**(158)**	(109)	**(13)**	(22)	**23**	(65)	(148)	(196)
Income tax credit					**25**	29	**–**	1	**–**	–	25	30
Loss for the year					**(133)**	(80)	**(13)**	(21)	**23**	(65)	(123)	(166)

Less than HK$1 million

4. OPERATING SEGMENT INFORMATION *(continued)*

	Continuing operations						Discontinued operation					
	Property business		Finance business		Sub-total		Products Trading Business		Reconciliations		Total	
HK$ million	**2020**	2019 (Restated)	**2020**	2019 (Restated)	**2020**	2019 (Restated)	**2020**	2019 (Restated)	**2020**	2019 (Restated)	**2020**	2019 (Restated)
Other segment information:												
Expenditure for non-current assets	**–#**	–	**–**	–	**–#**	–	**–**	1	**–**	–	**–#**	1
Depreciation	**–**	–	**–**	–	**–**	–	**(1)**	(3)	**–**	–	**(1)**	(3)
Other material non-cash items:												
Impairment of trade receivables	**–**	–	**–**	–	**–**	–	**–**	(8)	**–**	–	**–**	(8)
Reversal of impairment of trade receivables	**1**	–	**–**	–	**1**	–	**8**	–	**–**	–	**9**	–
Equity-settled share option expense	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(24)	**–**	(24)
Change in fair value of investment properties	**–**	–	**–**	–	**–**	–	**–**	(3)	**–**	–	**–**	(3)
Impairment of items of property, plant and equipment	**–**	–	**–**	(1)	**–**	(1)	**–**	(2)	**–**	–	**–**	(3)
Write-down of properties held for sale to net realisable value	**(30)**	(37)	**–**	–	**(30)**	(37)	**–**	–	**–**	–	**(30)**	(37)
Write-down of properties under development to net realisable value	**(40)**	–	**–**	–	**(40)**	–	**–**	–	**–**	–	**(40)**	–
Impairment loss on goodwill	**–**	–	**–**	(41)	**–**	(41)	**–**	–	**–**	–	**–**	(41)
Changes in fair value of financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**–**	–	**36**	–	**36**	–

Less than HK$1 million

4. OPERATING SEGMENT INFORMATION *(continued)*

HK$ million	Continuing operations						Discontinued operation					
	Property business		Finance business		Sub-total		Products Trading Business		Reconciliations		Total	
	2020	2019 (Restated)	2020	2019 (Restated)	2020	2019 (Restated)	2020	2019 (Restated)	2020	2019 (Restated)	2020	2019 (Restated)
Segment assets	1,141	1,437	–#	327	1,141	1,764	6	144	–	–	1,147	1,908
Reconciled items:												
Corporate and other unallocated assets	–	–	–	–	–	–	–	–	334	87	334	87
Total assets	1,141	1,437	–#	327	1,141	1,764	6	144	334	87	1,481	1,995
Segment liabilities	498	760	–#	6	498	766	20	121	–	–	518	887
Reconciled items:												
Corporate and other unallocated assets	–	–	–	–	–	–	–	–	37	51	37	51
Total liabilities	498	760	–#	6	498	766	20	121	37	51	555	938

Less than HK$1 million

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

HK$ million	2020 Continuing operations	2020 Discontinued operation	2019 (Restated) Continuing operations	2019 (Restated) Discontinued operation
Mainland China and Hong Kong	**394**	**13**	134	58
North America	**–**	**–**	–	64
Asia Pacific, Europe and others	**–**	**3**	–	27
	394	**16**	134	149

The revenue information above is based on the final locations where the Group's products and properties were sold to customers.

(b) Non-current assets

HK$ million	2020	2019
Hong Kong	**1**	–
Mainland China	**–**	45
	1	45

The non-current asset information is based on the locations of the assets and excludes financial instrument.

Information about major customers

For the year ended 31 December 2020, no single customer accounted for more than 10% of the Group's total revenue from continuing operations.

For the year ended 31 December 2019, revenue from continuing operations of approximately HK$34 million was derived from sales by the property business segment to one customer, which individually accounted for over 10% of the Group's total revenue from continuing operations.

5. REVENUE

An analysis of revenue from continuing operations is as follows:

HK$ million	2020	2019 (Restated)
Revenue from contracts with customers		
Sale of properties	**390**	112
Revenue from other sources		
Interest income from loans receivable	**4**	22
	394	134

Revenue from contracts with customers

(i) *Disaggregated revenue information*

For the year ended 31 December 2020, the revenue from sale of properties of HK$390 million (2019: HK$112 million), which was recognised at a point in time when goods are transferred, was derived from Mainland China.

The following table shows the amount of revenue recognised in the current reporting period that were including in the contract liabilities at the beginning of the reporting period:

HK$ million	2020	2019
Sale of properties	**360**	25

(ii) *Performance obligations*

Information about the Group's performance obligations is summarised below:

Sale of properties

The performance obligation is satisfied upon transfer of properties to the buyers and the Group has the present right to payment and the collection of the consideration is probable.

The amounts of transaction prices allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at 31 December are as follows:

HK$ million	2020	2019
Amounts expected to be recognised as revenue:		
Within one year	**468**	632

All the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

6. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

The Group's loss before tax from continuing operations is arrived at after charging/(crediting):

HK$ million	Note	**2020**	2019 (Restated)
Cost of properties sold		**419**	120
Lease payments not included in the measurement of lease liabilities		**–**	1
Auditor's remuneration		**3**	3
Employee benefit expense (excluding directors' and chief executive's remuneration — note 8):			
Wages and salaries		**4**	4
Equity-settled share option expense		**–**	13
Pension scheme contributions**		**–#**	1
		4	18
Reversal of impairment of trade receivables, net*		**(1)**	–
Change in fair value of financial assets at fair value through profit or loss		**(36)**	–
Write-down of properties held for sale to net realisable value*		**30**	37
Write-down of properties under development to net realisable value*		**40**	–
Equity-settled share option expense		**–**	24
Impairment loss on goodwill*	17	**–**	41

* Included in "Other expenses, net" on the face of the consolidated statement of profit or loss

** The effect of forfeited contributions on the Group's contributions to the pension schemes for the year, and the amounts of forfeited contributions available to reduce contributions in future years were not material

\# Less than HK$1 million

7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

HK$ million	2020	2019 (Restated)
Interest on bank loans	–	1
Interest on lease liabilities	–#	–#
Interest expenses arising from revenue contracts	16	28
Less: Interest capitalised	(16)	(28)
Total interest expense on financial liabilities not at fair value through profit or loss	–#	1

Less than HK$1 million

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

HK$ million	2020	2019
Fees:		
Executive directors and chief executive	–	–
Independent non-executive directors	–#	–#
	–#	–#
Other emoluments:		
Salaries, allowances and benefits in kind	9	6
Equity-settled share option expense	–	11
Pension scheme contributions	–#	–#
	10	17
	10	17

Less than HK$1 million

During the year ended 31 December 2019, share options were granted to certain directors of the Company under the share option scheme of the Company to reward their services of the Group, further details of which are set out in note 30 to the financial statements. The fair value of such options, which was recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the reporting period is included in the above disclosure of directors' and chief executive's remuneration.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	Fees HK$'000	Equity-settled share option expense HK$'000	Total remuneration HK$'000
2020			
Chow Siu Ngor	**240**	**–**	**240**
Lau Ho Kit, Ivan	**240**	**–**	**240**
Tam King Ching, Kenny	**–**	**–**	**–**
	480	**–**	**480**
2019			
Chow Siu Ngor	240	28	268
Lau Ho Kit, Ivan	240	28	268
Tam King Ching, Kenny	–	28	28
	480	84	564

There were no other emoluments payable to the independent non-executive directors during the year (2019: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(b) Executive directors and chief executive

HK$ million	**Fees**	**Salaries, allowances and benefits in kind**	**Equity-settled share option expense**	**Pension scheme contributions**	**Total remuneration**
2020					
Executive directors:					
Mak Shiu Tong, Clement					
— chief executive	**–**	**3.8**	**–**	**0.2**	**4.0**
Tam Ngai Hung, Terry	**–**	**3.8**	**–**	**0.1**	**3.9**
Cheng Yuk Ching, Flora	**–**	**1.6**	**–**	**0.1**	**1.7**
	—	**9.2**	**–**	**0.4**	**9.6**

HK$ million	Fees	Salaries, allowances and benefits in kind	Equity-settled share option expense	Pension scheme contributions	Total remuneration
2019					
Executive directors:					
Mak Shiu Tong, Clement					
— chief executive	–	3.1	–	0.2	3.3
Tam Ngai Hung, Terry	–	1.4	3.6	0.1	5.1
Cheng Yuk Ching, Flora	–	1.3	3.6	0.1	5.0
Xu Jinhuan (resigned on 20 March 2019)	–	–	3.6	–	3.6
	—	5.8	10.8	0.4	17.0

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2019: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2019: three) directors (one (2019: one) of them is also the chief executive), details of their remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2019: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

HK$ million	**2020**	2019
Salaries, allowances and benefits in kind	**1**	3

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2020	2019
Nil to HK$1,000,000	**2**	–
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**–**	1
	2	2

10. INCOME TAX

No provision for Hong Kong profits tax has been made during the current and prior years as the Group did not generate any assessable profits arising in Hong Kong during these years. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

HK$ million	**2020**	2019 (Restated)
Current — Mainland China		
Mainland China land appreciation tax	**6**	1
Overprovision in prior years	**–**	(13)
Deferred (note 28)	**(31)**	(17)
Total tax credit for the year from continuing operations	**(25)**	(29)
Total tax credit for the year from a discontinued operation	**–**	(1)
	(25)	(30)

10. INCOME TAX *(continued)*

A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

2020

HK$ million	Hong Kong Amount	Hong Kong %	The PRC, excluding Hong Kong Amount	The PRC, excluding Hong Kong %	Total Amount	Total %
Profit/(loss) before tax from continuing operations	21.9		(156.8)		(134.9)	
Loss before tax from a discontinued operation	(6.2)		(7.2)		(13.4)	
	15.7		(164.0)		(148.3)	
Tax at the statutory tax rate	2.6	16.5	(41.0)	25.0	(38.4)	25.9
Income not subject to tax	(7.2)	(45.8)	–	–	(7.2)	4.8
Expenses not deductible for tax	1.2	7.6	8.8	(5.4)	10.0	(6.7)
Tax losses not recognised	3.4	21.7	1.5	(0.9)	4.9	(3.3)
Land appreciation taxes	–	–	5.5	(3.3)	5.5	(3.7)
Tax credit at the Group's effective tax rate	–	–	(25.2)	15.4	(25.2)	(17.0)
Tax credit from continuing operations at the effective tax rate	–	–	(25.2)	15.4	(25.2)	(17.0)
Tax charge from a discontinued operation at the effective tax rate	–	–	–	–	–	–

10. INCOME TAX *(continued)*

2019

HK$ million	Hong Kong Amount (Restated)	%	The PRC, excluding Hong Kong Amount (Restated)	%	Total Amount (Restated)	%
Loss before tax from continuing operations	(34.8)		(138.7)		(173.5)	
Loss before tax from a discontinued operation	(17.5)		(4.5)		(22.0)	
	(52.3)		(143.2)		(195.5)	
Tax at the statutory tax rate	(8.6)	16.5	(35.8)	25.0	(44.4)	22.7
Income not subject to tax	(0.2)	0.4	–	–	(0.2)	0.1
Expenses not deductible for tax	6.8	(13.0)	10.4	(7.3)	17.2	(8.8)
Tax losses not recognised	1.7	(3.3)	6.8	(4.7)	8.5	(4.3)
Adjustment in respect of current tax of previous periods	–	–	(12.8)	8.9	(12.7)	6.5
Land appreciation taxes	–	–	1.4	(1.0)	1.4	(0.7)
Tax credit at the Group's effective tax rate	(0.3)	0.6	(30.0)	20.9	(30.3)	15.5
Tax credit from continuing operations at the effective tax rate	(0.3)	0.6	(29.0)	20.3	(29.3)	15.0
Tax credit from a discontinued operation at the effective tax rate	–	–	(1.0)	0.6	(1.0)	0.5

11. DISCONTINUED OPERATION

On 24 July 2020, the Company announced the decision of its board of directors to terminate the Products Trading Business of the Group after all its outstanding orders on hand are completed, due to the deteriorating operating environment. The Products Trading Business discontinued in December 2020.

The results of the discontinued operation for the year are presented below:

HK$ million	2020	2019
Revenue	**16**	149
Other income and gains, net	**2**	10
Expenses	**(28)**	(176)
Finance costs	**(3)**	(5)
Loss before tax from the discontinued operation	**(13)**	(22)
Income tax credit	**–**	1
Loss for the year from the discontinued operation	**(13)**	(21)

The net cash flows incurred by the discontinued operation are as follows:

HK$ million	2020	2019
Operating activities	**8**	2
Investing activities	**47**	4
Financing activities	**(96)**	(26)
Net cash outflow	**(41)**	(20)
Loss per share:		
Basic and diluted, from the discontinued operation	**HK0.01 cent**	HK0.01 cent

The calculations of basic and diluted earnings per share from the discontinued operation are based on:

	2020	2019
Loss attributable to ordinary equity holders of the parent from the discontinued operation	**HK$13 million**	HK$21 million
	Number of Shares	
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation (note 13)	**183,846,100,000**	183,846,096,987

12. DIVIDENDS

No dividends have been paid or declared by the Company for the year ended 31 December 2020 (2019: Nil).

13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

For loss for the year

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of parent is based on:

HK$ million	2020	2019
Loss attributable to ordinary equity holders of the parent,		
used in the basic and diluted loss per share calculation:		
From continuing operations	**(110)**	(147)
From a discontinued operation	**(13)**	(21)
	(123)	(168)

	Number of shares	
	2020	2019
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	**183,846,100,000**	183,846,096,987

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2020 and 2019 in respect of a dilution as the impact of the outstanding share options had an anti-dilutive effect on the basic loss per share amounts presented.

For loss from continuing operations

The calculation of the basic and diluted loss from continuing operations per share attributable to the ordinary equity holders of parent is based on:

HK$ million	2020	2019
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss from continuing operations per share calculation	**(110)**	(147)

The denominators used are the same as those detailed above for both the basic and diluted loss from continuing operations per share.

No adjustment has been made to the basic loss from continuing operations per share amounts presented for the years ended 31 December 2020 and 2019 in respect of a dilution as the impact of the outstanding share options had an anti-dilutive effect on the basic loss from continuing operations per share amounts presented.

14. PROPERTY, PLANT AND EQUIPMENT

HK$ million	Right-of-use assets — Office premises	Owned assets: Furniture and office equipment	Owned assets: Motor vehicles	Total
31 December 2020				
At 1 January 2020:				
Cost	**2**	**92**	**12**	**106**
Accumulated depreciation and impairment	**(2)**	**(92)**	**(10)**	**(104)**
Net carrying amount	**–**	**–**	**2**	**2**
At 1 January 2020	**–**	**–**	**2**	**2**
Addition	**–**	**–#**	**–**	**–#**
Depreciation provided during the year	**–**	**–**	**(1)**	**(1)**
At 31 December 2020, net of accumulated depreciation and impairment	**–**	**–**	**1**	**1**
At 31 December 2020:				
Cost	**2**	**14**	**9**	**25**
Accumulated depreciation and impairment	**(2)**	**(14)**	**(8)**	**(24)**
Net carrying amount	**–**	**–**	**1**	**1**

HK$ million	Right-of-use assets — Office premises	Owned assets: Furniture and office equipment	Owned assets: Motor vehicles	Total
31 December 2019				
At 1 January 2019:				
Cost	2	92	11	105
Accumulated depreciation and impairment	(2)	(87)	(9)	(98)
Net carrying amount	–	5	2	7
At 1 January 2019	–	5	2	7
Addition	–	–	1	1
Depreciation provided during the year	–	(2)	(1)	(3)
Impairment	–	(3)	–	(3)
At 31 December 2019, net of accumulated depreciation and impairment	–	–	2	2
At 31 December 2019:				
Cost	2	92	12	106
Accumulated depreciation and impairment	(2)	(92)	(10)	(104)
Net carrying amount	–	–	2	2

Less than HK$1 million

15. INVESTMENT PROPERTIES

HK$ million	2020	2019
Carrying amount at 1 January	**43**	46
Net loss from a fair value adjustment	**–**	(3)
Disposal of subsidiaries (note 32)	**(43)**	–
Carrying amount at 31 December	**–**	43

The Group's investment properties consisted of a commercial property in Mainland China. The Group's investment properties were revalued on 31 December 2019 based on valuations performed by Graval Consulting Limited, an independent professionally qualified valuer, at HK$43 million. During the year ended 31 December 2020, the investment properties were disposed of upon disposal of the WIIL Group (as defined in note 32), details of which are included in note 32 to the financial statements.

The commercial property was leased to third parties under operating leases, further summary details of which are included in note 16 to the financial statements.

At 31 December 2019, the Group's investment properties were pledged to secure certain general banking facilities granted to the Group (note 27(a)). During the year ended 31 December 2020, the Group repaid the outstanding bank borrowings and the pledge was released accordingly.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2019 using			
HK$ million	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurement for:				
Commercial property	–	–	43	43

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2019: Nil).

15. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

HK$ million	**Commercial property**
Carrying amount at 1 January 2019	46
Loss from a fair value adjustment recognised in other expense in profit or loss	(3)
Carrying amount at 31 December 2019 and 1 January 2020	**43**
Disposal of subsidiaries (note 32)	**(43)**
Carrying amount at 31 December 2020	**–**

Set out below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

2019	Valuation technique	Significant unobservable input	
Commercial property	Income approach	Term rent (per annum)	HK$2 million
		Term yield	4.5%–5.5%
		Reversionary rent (per annum)	HK$2 million
		Reversionary yield	5.5%–6.5%

The Group had determined that the highest and best use of the investment properties at the measurement date was the current use.

Under the income approach, fair value is estimated by referring to the current rent passing of the property interest and the reversionary potential of the tenancies.

A significant increase/(decrease) in the term rent, term yield, reversionary rent and reversionary yield would result in a significant increase/(decrease) in the fair value of the investment properties.

16. LEASES

The Group as a lessee

The Group has lease contracts for office properties used in its operations. Leases of office properties generally have lease terms between one and two years. Other lease contracts generally have lease terms of 12 months or less. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) *Lease liabilities*

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

	Lease liabilities	
HK$ million	**2020**	2019
Carrying amount at 1 January	**1.0**	2.4
Accretion of interest recognised during the year	**–#**	–#
Payments	**–#**	(1.4)
Carrying amount at 31 December	**–#**	1.0
Analysed into:		
Current portion	**–#**	1.0
Non-current portion	**–**	–#

The maturity analysis of lease liabilities is disclosed in note 39 to the financial statements.

Less than HK$1 million

(b) The amounts recognised in profit or loss in relation to leases are as follows:

HK$ million	**2020**	2019
Interest on lease liabilities	**–#**	–#
Depreciation charge of right-of-use assets	**–**	1
Expense relating to short-term leases	**10**	14
Total amount recognised in profit or loss	**10**	15

Less than HK$1 million

(c) The total cash outflow for leases is disclosed in note 33(c) to the financial statements.

16. LEASES *(continued)*

The Group as a lessor

As at 31 December 2019, the Group leased its investment properties (note 15) consisting of one commercial property in Mainland China under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during 2019 was HK$2 million. During the year ended 31 December 2020, the investment properties have been disposed of.

At the end of the reporting period, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

HK$ million	**2020**	2019
Within one year	**–**	–#
After one year but within two years	**–**	–#
After two years but within three years	**–**	–#
	–	1

Less than HK$1 million

17. GOODWILL

HK$ million	**2020**	2019
At 1 January:		
Cost	**103**	103
Accumulated impairment	**(103)**	(62)
Net carrying amount	**–**	41
Cost at 1 January, net of accumulated impairment	**–**	41
Impairment during the year (note 6)	**–**	(41)
Net carrying amount at 31 December	**–**	–
At 31 December:		
Cost	**–**	103
Accumulated impairment	**–**	(103)
Net carrying amount	**–**	–

17. GOODWILL *(continued)*

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the cash-generating unit of the finance business in Mainland China for impairment testing.

In 2019, the Group ceased the finance business in Mainland China and resolved to deregister Shenzhen Qianhai Huiyitong Financial Services Company Limited ("Huiyitong"), a subsidiary of the Company on 19 November 2019 (the "Deregistration"), due to the change in the financial services environment and the continuing keen competition in the financial service industry in Mainland China. During the year ended 31 December 2019, an impairment loss of HK$41 million was provided in relation to this cash-generating unit. All assets and liabilities, represented all financial assets and liabilities of Huiyitong would be distributed to its shareholders upon completion of the Deregistration (the "Distribution"). Completion of both the Deregistration and the Distribution took place during the year ended 31 December 2020.

18. PROPERTIES UNDER DEVELOPMENT

HK$ million	**2020**	2019
Properties under development expected to be completed within normal operating cycle, included under current assets and recoverable:		
Within one year	**576**	945

Lump sum payments were made upfront to acquire the leased land from the PRC Government with a lease term period of 70 years, and no ongoing payments will be made under the term of the land lease.

19. PROPERTIES HELD FOR SALE

All the properties held for sale are stated at the lower of cost and net realisable value.

Lump sum payments were made upfront to acquire the leased lands from the PRC Government with lease term period of 70 years, and no ongoing payments will be made under the terms of these land leases.

20. TRADE RECEIVABLES

HK$ million	2020	2019
Trade receivables	**16**	50
Impairment	**(9)**	(18)
	7	32

The Group's trading terms with its customers of telecom, electronic and child products are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally two months, extending up to three months for major customers. Each customer has a maximum credit limit. In respect of the Group's property development business, trade receivables are settled based on the terms of the sale and purchase agreements of properties.

The Group seeks to maintain strict control over its outstanding receivables and has a credit policy to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral and other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2020		2019	
HK$ million	**Balance**	**Percentage**	Balance	Percentage
Current to 30 days	**7**	**100**	1	3
31 to 60 days	**–**	**–**	1	3
61 to 90 days	**–**	**–**	1	3
Over 90 days	**–**	**–**	29	91
	7	**100**	32	100

20. TRADE RECEIVABLES *(continued)*

The movements in the loss allowance for impairment of trade receivables are as follows:

HK$ million	2020	2019
At 1 January	**18**	10
Impairment losses	**–**	8
Reversal of impairment losses	**(9)**	–
At 31 December	**9**	18

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. As at 31 December 2020, an impairment allowance for trade receivables of HK$9 million (2019: HK$18 million) has been provided based on the provision matrix.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2020

		Past due			
HK$ million	Current	Within 6 months	7–12 months	Over 1 year	Total
Telecom, electronic and child products					
Expected credit loss rate	**N/A**	**N/A**	**N/A**	**100.0%**	**100.0%**
Gross carrying amount	**–**	**–**	**–**	**2.0**	**2.0**
Expected credit losses	**–**	**–**	**–**	**2.0**	**2.0**
Sale of properties					
Expected credit loss rate	**0.1%**	**N/A**	**N/A**	**100.0%**	**50.7%**
Gross carrying amount	**6.7**	**–**	**–**	**6.9**	**13.6**
Expected credit losses	**–**	**–**	**–**	**6.9**	**6.9**
Total					
Expected credit loss rate	**0.1%**	**N/A**	**N/A**	**100.0%**	**50.7–100.0%**
Gross carrying amount	**6.7**	**–**	**–**	**8.9**	**15.6**
Expected credit losses	**–**	**–**	**–**	**8.9**	**8.9**

20. TRADE RECEIVABLES *(continued)*

As at 31 December 2019

		Past due			
HK$ million	Current	Within 6 months	7–12 months	Over 1 year	Total
Telecom, electronic and child products					
Expected credit loss rate	0.6%	1.0%	32.4%	100.0%	25.1%
Gross carrying amount	3.8	10.1	25.9	2.0	41.8
Expected credit losses	–	0.1	8.4	2.0	10.5
Sale of properties					
Expected credit loss rate	0.1%	N/A	N/A	100.0%	90.9%
Gross carrying amount	0.7	–	–	7.0	7.7
Expected credit losses	–	–	–	7.0	7.0
Total					
Expected credit loss rate	0.1%–0.6%	1.0%	32.4%	100.0%	25.1%–90.9%
Gross carrying amount	4.5	10.1	25.9	9.0	49.5
Expected credit losses	–	0.1	8.4	9.0	17.5

21. LOANS AND INTEREST RECEIVABLES

HK$ million	**2020**	2019
Loans receivable	–	240
Interest receivables	–	8
	–	248

Impairment consideration

The Group's loans and interest receivables arose from the Group's finance business in Hong Kong. The credit period is generally within one year.

As at 31 December 2019, the Group's loans receivable amounted to HK$240 million were secured by certain properties located in Mainland China and were guaranteed by an independent third party. The Group engaged an external valuer to assess the fair value of the collateral held by the Group. The fair value of the collateral held by the Group was higher than the carrying amount of the respective loans receivable as at 31 December 2019.

Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of the borrowers. As at 31 December 2019, none of the loans and interest receivables were overdue and all balances were categorised within stage 1 for measurement of expected credit losses. As at 31 December 2019, no impairment allowance for loans and interest receivables had been provided based on the impairment analysis.

During the year ended 31 December 2020, the entire amount of loan and interest receivables were settled by the borrowers as detailed in note 23 to the financial statements. The security provided for the loan and interest receivables and the guarantee provided by an independent third party were released accordingly.

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

HK$ million	2020	2019
Prepayments	97	124
Other receivables and other assets	14	93
	111	217

As at 31 December 2019, included in prepayments was an amount of HK$13 million prepaid to CCT Plastic Limited, a wholly-owned subsidiary of CCT Fortis Holdings Limited ("CCT Fortis"), a substantial shareholder of the Company, which had been settled in 2020.

As at 31 December 2019, included in other receivables was an amount of HK$79 million relating to the Distribution (note 17). The Distribution was completed during the year ended 31 December 2020.

An impairment analysis is performed at each reporting date by considering the probability of default of the financial assets. As at 31 December 2020 and 2019, none of the financial assets included in the above balances were overdue and all balances were categorised within stage 1 for measurement of expected credit losses. As at 31 December 2020 and 2019, the loss allowance for the financial assets included in the above balances was assessed to be minimal.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

HK$ million	Notes	2020	2019
Unlisted equity investment, at fair value	(a)	259	–
Unlisted fund investment, at fair value	(b)	60	–
		319	–
Less: Current portion		(60)	–
Non-current portion		259	–

Notes:

(a) On 24 July 2020, the Group acquired 19.8% equity interest in High Step Developments Limited ("High Step"), which owns an industrial property redevelopment project in Huiyang, Huizhou City, Guangdong Province, from Estate Express Limited ("Estate Express"), an independent third party, for a consideration of RMB220 million (equivalent to approximately HK$248 million) (the "Consideration Payable"). The Consideration Payable was settled by setting off against the loans due from Estate Express and Modish City Limited ("Modish City") amounted to RMB216 million (equivalent to approximately HK$243 million) and trade receivables of RMB4 million (equivalent to approximately HK$5 million) due from Huiyang CCT Telecommunications Products Company Limited ("HYCCT"), pursuant to a set-off agreement (the "Set-off Arrangement") entered into by the Group with Estate Express, Modish City and HYCCT on 9 December 2020.

The unlisted equity investment is classified as a financial asset at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

(b) The unlisted fund investment is mandatorily classified as a financial asset at fair value through profit or loss as the contractual cash flows are not solely payments of principal and interest.

The unlisted fund investment is denominated in Euro.

24. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

HK$ million	2020	2019
Cash and bank balances	149	95
Time deposits	–	90
	149	185
Less: Pledged time deposits (note 27(b)):		
Pledged for short term bank loans and banking facilities	–	(10)
Cash and cash equivalents	149	175

At the end of the reporting period, the cash and cash equivalents and pledged time deposits of the Group denominated in RMB were HK$146 million (2019: HK$44 million). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rate. Short term time deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

25. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2020		2019	
HK$ million	Balance	Percentage	Balance	Percentage
Current to 30 days	45	82	2	1
31 to 60 days	1	2	2	1
61 to 90 days	–	–	3	2
Over 90 days	9	16	130	96
	55	100	137	100

The trade payables are non-interest-bearing and are normally settled on terms ranging from 30 to 120 days.

26. OTHER PAYABLES AND ACCRUALS

HK$ million	Notes	2020	2019
Other payables	(a)	**32**	18
Accruals		**6**	7
Contract liabilities	(b)	**451**	630
		489	655

Notes:

(a) Other payables are non-interest-bearing and have an average payment term of three months.

As at 31 December 2020, included in other payables was an amount of HK$21 million (2019: Nil) due to CCT Fortis.

As at 31 December 2019, included in other payables was an amount of HK$5 million relating to the Distribution (note 17). During the year ended 31 December 2020, the Distribution was completed.

(b) Details of contract liabilities are as follows:

HK$ million	31 December 2020	31 December 2019	1 January 2019
Short-term advances received from customers:			
Sale of telecom, electronics and child products	**–**	3	2
Sale of properties	**451**	627	199
	451	630	201

Contract liabilities include proceeds received from buyers in connection with the Group's pre-sale of properties and sale of telecom, electronics and child products. As at 31 December 2020, the decrease in contract liabilities was mainly due to the handover of completed properties to the customers in relation to the sale of properties at the end of the year. As at 31 December 2019, the increase in contract liabilities was mainly due to the increase in pre-sale proceeds received from customers in relation to the sale of properties at the end of the year.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2020			31 December 2019		
	Effective interest rate (%)	**Maturity**	**HK$ million**	Effective interest rate (%)	Maturity	HK$ million
Current						
Lease liabilities (note 16(a))	**3.89%**	**2021**	**–#**	3.89	2020	1
Bank loans — secured			**–**	2.60-4.97	2020	96
			–#			97
Non-current						
Lease liabilities (note 16(a))			**–**	3.89	2021	–#
			–#			97

HK$ million	**2020**	2019
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**–**	96
Other borrowings repayable:		
Within one year	**–#**	1
In the second year	**–**	–#
	–#	1
	–#	97

Less than HK$1 million

Notes:

(a) As at 31 December 2019, certain of the Group's bank loans were secured by the pledge of the Group's investment properties situated in the Mainland China, which had an aggregate carrying amount at the end of the reporting period of approximately HK$43 million (note 15);

In addition, CCT Fortis guaranteed certain of the Group's bank borrowings of up to HK$30 million as at 31 December 2019.

(b) As at 31 December 2019, the Group's banking facilities amounted to HK$60 million, of which HK$8 million was utilised as at 31 December 2019, were secured by the pledge of certain time deposits of the Group amounting to HK$10 million (note 24).

(c) As at 31 December 2019, the Group's bank and other borrowings with carrying amounts of HK$90 million and HK$6 million were denominated in HK$ and United States dollars ("US$"), respectively.

(d) As at 31 December 2019, the Group's bank loans with an aggregate carrying amount of HK$89 million, which were repayable over one year, were classified as current liabilities. The classification was resulted from non-fulfilment of a term in the banking facility letter which stated that a subsidiary (which was disposed of in prior years) should be maintained as a wholly-owned subsidiary of the Company.

(e) During the year ended 31 December 2020, the Group repaid the outstanding bank borrowings and the pledge and guarantee were released accordingly.

28. DEFERRED TAX LIABILITIES

The movement during the year is as follows:

	Fair value adjustments arising from business combination	Revaluation on investment properties	Total
Gross deferred tax liabilities at 1 January 2019	48	4	52
Deferred tax credited to statement of profit or loss during the year (note 10)	(17)	(1)	(18)
Gross deferred tax liabilities at 31 December 2019 and 1 January 2020	**31**	**3**	**34**
Deferred tax credited to statement of profit or loss during the year (note 10)	**(31)**	**–**	**(31)**
Disposal of subsidiaries (note 32)	**–**	**(3)**	**(3)**
Gross deferred tax liabilities at 31 December 2020	**–**	**–**	**–**

The Group had tax losses arising in Hong Kong of HK$49 million as at 31 December 2020 (2019: HK$28 million) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also had tax losses arising in Mainland China of HK$140 million (2019: HK$136 million) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2019, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised was approximately HK$1 million at 31 December 2019.

29. SHARE CAPITAL

Shares

HK$ million	2020	2019
Authorised:		
300,000,000,000 (2019: 300,000,000,000) ordinary shares of HK$0.01 each	**3,000**	3,000
Issued and fully paid:		
183,846,100,000 (2019: 183,846,100,000) ordinary shares of HK$0.01 each	**1,839**	1,839

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Issued capital** HK$ million	**Share premium account** HK$ million	**Total** HK$ million
At 1 January 2019	183,846,093,990	1,839	341	2,180
Issue of shares upon exercise of share options (note 30)	6,010	–#	–#	–#
At 31 December 2019, 1 January 2020 and 31 December 2020	**183,846,100,000**	**1,839**	**341**	**2,180**

Less than HK$1 million

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 30 to the financial statements.

30. SHARE OPTION SCHEME

At the annual general meeting ("AGM") of the Company held on 27 May 2011, the shareholders of the Company approved the adoption of the share option scheme (the "2011 Scheme"). The adoption of the 2011 Scheme was also approved on 27 May 2011 by the shareholders of CCT Fortis, which was the then ultimate holding company of the Company. The 2011 Scheme then became effective on 30 May 2011. This was the date on which the Listing Committee of the Stock Exchange granted approval for the listing of, and permission to deal in, any shares of the Company (the "Shares") on the Stock Exchange, which may fall to be allotted and issued by the Company pursuant to the exercise of the share options in accordance with the terms and conditions of the 2011 Scheme. Unless otherwise cancelled or amended, the 2011 Scheme will be valid for a period of 10 years from the date of its adoption (i.e. 27 May 2011).

30. SHARE OPTION SCHEME *(continued)*

The purpose of the 2011 Scheme is to enable the Company to grant share options to the eligible participants, as incentives and/or rewards for their contribution to the Group and/or any entity in which any member of the Group holds any equity interest ("Invested Entity") or the holding company of the Company (if applicable). Eligible participants of the 2011 Scheme include:

(a) any director or proposed director (whether executive or non-executive and whether independent or not), any executive, officer, employee or any person to whom any offer of employment has been made, executive or officer (whether full-time or part-time, on an employment or contractual or honorary basis or otherwise and whether paid or unpaid) of any member of the Group, any Invested Entity or the holding company of the Company (if applicable);

(b) any supplier or provider of goods and/or services, professional, consultant, agent, contractor, adviser, customer, partner, business associate or shareholder of any member of the Group, any Invested Entity or the holding company of the Company (if applicable), or any holder of any securities issued or proposed to be issued by any member of the Group, any Invested Entity or the holding company of the Company (if applicable), who, in the sole discretion of the Board, will contribute or has contributed to the Group, the Invested Entity or the holding company of the Company (if applicable); and

(c) any person whom the Board at its sole discretion considers, will contribute or has contributed to any members of the Group, the Invested Entity or the holding company of the Company (if applicable) (as the case may be).

Pursuant to the 2011 Scheme, the maximum number of Shares which may be issued upon exercise of all share options to be granted under the 2011 Scheme and any other share option scheme(s) of the Company must not exceed 10% of the total number of Shares in issue as at the date of adoption of the 2011 Scheme and any subsequent refreshment of the scheme limit which may be approved by the shareholders at a general meeting of the Company, in accordance with the Listing Rules. Shares which would have been issuable pursuant to the share options which have lapsed or cancelled in accordance with the terms of such share option scheme(s) will not be counted for the purpose of the 10% limit. Notwithstanding the foregoing, Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the 2011 Scheme and any other share option scheme(s) of the Company at any time shall not exceed 30% of the total number of the Shares in issue from time to time. No share option shall be granted under any scheme(s) of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded.

At the date of approval of these financial statements, the total number of share options granted under the 2011 Scheme was 16,134,993,990, which represented approximately 8.8% of the total issued share capital of the Company as at the date of approval of these financial statements. The total number of share options available for grant under the 2011 Scheme was 289,298,708, which represented approximately 0.16% of the total issued share capital of the Company as at the date of approval of these financial statements.

The total number of the Shares issued and which may fall to be issued upon exercise of the share options granted under the 2011 Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding share options) to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the total number of Shares in issue as at the date of grant. Any further grant of the share options in excess of this 1% limit shall be subject to the issue of a circular by the Company (and so long as the Company remains a subsidiary of another company which is listed on the Stock Exchange and also by its listed holding company) and the approval of the shareholders of the Company (and so long as the Company remains a subsidiary of another company which is listed on the Stock Exchange and also to be approved by the shareholders of that listed holding company) at a general meeting with such eligible participant and his/her associates abstaining from voting and/or other requirements prescribed under the Listing Rules from time to time.

30. SHARE OPTION SCHEME *(continued)*

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to the approval in advance by the independent non-executive director(s) ("INED(s)") of the Company (and so long as the Company remains a subsidiary of another company which is listed on the Stock Exchange, also to be approved by the INED(s) of that listed holding company), excluding the INED(s) of the Company and its listed holding company who is/are the grantee(s) of the share options. In addition, any share option granted to a substantial shareholder or an INED of the Company, or to any of their respective associates, in excess of 0.1% of the total number of Shares in issue as at the date of grant or with an aggregate value (based on the closing price of the Shares as at the date of grant) in excess of HK$5 million, within any 12-month period, is subject to the issue of a circular by the Company (and so long as the Company remains a subsidiary of another company which is listed on the Stock Exchange and also by its listed holding company) and the approval of the Shareholders (and so long as the Company remains a subsidiary of another company which is listed on the Stock Exchange and also to be approved by the shareholders of that listed holding company) in advance at a general meeting.

The offer of a grant of the share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Board, and commences on a specified date and ends on a date which is not later than 10 years from the date of grant of the share options. There is no specific requirement under the 2011 Scheme that a share option must be held for any minimum period before it can be exercised, but the terms of the 2011 Scheme provide that the Board has the discretion to impose a minimum period at the time of grant of any particular share option.

The exercise price of the share options is determinable by the Board, but may not be less than the highest of:

(i) the closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a trading day (and for this purpose shall be taken to be the date of the Board meeting at which the Board proposes to grant the share options);

(ii) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date of grant; and

(iii) the nominal value of a Share.

The Company's share options do not confer rights on the holders to dividends or to vote at the general meetings of the Company.

30. SHARE OPTION SCHEME *(continued)*

The 2011 Scheme

The following share options were outstanding under the 2011 Scheme during the year:

	2020 Weighted average exercise price HK$ per share	**2020** Number of share options	2019 Weighted average exercise price HK$ per share	2019 Number of share options
At 1 January	**0.011**	**16,134,993,990**	0.011	8,655,000,000
Granted during the year		**–**	0.01	7,830,000,000
Forfeited during the year	**0.01**	**(5,220,000,000)**	0.011	(350,000,000)
Exercised during the year		**–**	0.01	(6,010)
At 31 December	**0.011**	**10,914,993,990**	0.011	16,134,993,990

The weighted average share price at the date of exercise for share options exercised during the year was HK$0.01 per share (2019: HK$0.01).

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2020

Number of share options	Exercise price* HK$ per share	Exercise period
15,000,000	**0.01**	**17/1/2014–16/1/2024**
2,980,000,000	**0.011**	**18/1/2017–17/1/2027**
3,990,000,000	**0.01**	**25/1/2018–24/1/2028**
3,929,993,990	**0.01**	**25/1/2019–24/1/2029**
10,914,993,990		

30. SHARE OPTION SCHEME *(continued)*

2019

Number of share options	Exercise price* HK$ per share	Exercise period
15,000,000	0.01	17/1/2014–16/1/2024
2,980,000,000	0.011	18/1/2017–17/1/2027
5,310,000,000	0.01	25/1/2018–24/1/2028
7,829,993,990	0.01	25/1/2019–24/1/2029
16,134,993,990		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the share options granted during the year ended 31 December 2019 was HK$24 million (HK$0.0031 per share), of which the Group recognised share option expenses of HK$24 million during the year ended 31 December 2019.

The fair value of the equity-settled share options granted during the year ended 31 December 2019 was HK$24 million which was estimated as at the date of grant, using the binomial option pricing model, taking into account the terms and conditions upon which the share options were granted. The following table lists the inputs to the model used:

	2019
Dividend yield (%)	0.00
Expected volatility (%)	81.04
Historical volatility (%)	81.04
Risk-free interest rate (%)	2.47
Expected life of share options (year)	10.00
Weighted average share price (HK$ per share)	0.01

The expected life of the options is based on management's expectation and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

No other feature of the share options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 10,914,993,990 share options outstanding under the 2011 Scheme, which represented approximately 5.9% of the total issued share capital of the Company as at 31 December 2020. The exercise in full of the outstanding share options in the Company would, under the present capital structure of the Company, result in the issue of 10,914,993,990 additional ordinary shares and additional share capital of HK$109 million and share premium of HK$41 million in the Company (before issue expenses).

30. SHARE OPTION SCHEME *(continued)*

No share options were granted, exercised or cancelled, or lapsed subsequent to the end of the reporting period.

At the date of approval of these financial statements, the Company had 10,914,993,990 share options outstanding under the 2011 Scheme, which represented approximately 5.9% of the Company's shares in issue as at that date.

31. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 52 to the financial statements.

32. DISPOSAL/DEREGISTRATION OF SUBSIDIARIES

(a) On 10 July 2020, the Company entered into an agreement with Estate Express Limited ("Estate Express"), an independent third party, to dispose of 99.9% equity interest in Wiltec Industries Investment Limited and its subsidiaries (the "WIIL Group") for a consideration of RMB34 million (equivalent to HK$37 million). The WIIL Group was principally engaged in the holding of investment properties located in Mainland China.

HK$ million	2020
Net assets disposed of:	
Investment properties	43
Cash and bank balances	–#
Other receivables	–#
Accruals and other payables	–#
Deferred tax liabilities	(3)
	40
Release of exchange fluctuation reserve	(3)
	37
Satisfied by:	
Cash	37

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of the subsidiaries is as follows:

HK$ million	2020
Cash consideration	37
Cash and bank balances disposed of	–#
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	37

Less than HK$1 million

32. DISPOSAL/DEREGISTRATION OF SUBSIDIARIES *(continued)*

(b) The net assets disposed of as a result of the Deregistration are as follows:

HK$ million	2020
Net assets disposed of:	
Prepayment and other receivables	79
Cash and bank balances	–#
Accruals and other payables	(5)
Non-controlling interest	(38)
	36
Exchange fluctuation reserve	3
	39
Satisfied by the Distribution	39

Less than HK$1 million

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transaction

Pursuant to the Set-off Arrangement, the Consideration Payable was settled by setting off against the loans due from Estate Express and Modish City and trade receivables due from HYCCT, details of which have been set out in note 23 to the financial statements.

(b) Changes in liabilities arising from financing activities

HK$ million	Bank and other loans	Finance lease payables/ lease liabilities
At 1 January 2019	144	2
Changes from financing cash flows	(48)	(1)
Foreign exchange movement	–#	–
At 31 December 2019 and 1 January 2020	96	1
Changes from financing cash flows	(96)	(1)
Foreign exchange movement	–	–
At 31 December 2020	–	–#

Less than HK$1 million

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

HK$ million	**2020**	2019
Within operating activities	**10**	14
Within financing activities	**1**	1
	11	15

34. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans are included in note 27 to the financial statements.

35. COMMITMENTS

At the end of the reporting period, the Group did not have any significant commitments (2019: nil).

36. RELATED PARTY TRANSACTIONS

(a) In addition to those detailed elsewhere in these financial statements, the Group had the following material transactions with CCT Fortis and its subsidiaries (the "CCT Fortis Group") during the year:

HK$ million	Notes	2020	2019
Wholly-owned subsidiaries of CCT Fortis:			
Continuing connected transactions:			
Purchase of components	(i)	**4.7**	14.1
Sales of child products	(ii)	**4.7**	74.2
Related party transactions:			
Administrative service fee	(iii)	**2.9**	2.9
CCT Fortis:			
Continuing connected transaction:			
Management information system service fee	(iv)	**2.3**	4.5
Related party transactions:			
Guarantee for the payment, performance and discharge of all the undertakings, obligations and liabilities under the financial assistance provided by CCT Fortis	(v)	**–**	30.0
Interest income	(vi)	**–**	2.6
Administrative service fee	(iii)	**2.9**	–

\# Less than HK$1 million

Notes:

(i) These transactions represented purchases of components and toolings for 2020 and 2019, which were conducted under a manufacturing agreement dated 15 November 2018 entered into between the Company and CCT Fortis (the "2018 Component Agreement"). The 2018 Component Agreement has a term of three years from 1 January 2019 to 31 December 2021. Pursuant to the 2018 Component Agreement, CCT Fortis agreed to manufacture and supply through its subsidiaries certain plastic casings, components and other component products and toolings for the Group. In accordance to the terms of the 2018 Component Agreement, the purchase prices of plastic casings, components and other component products were determined based on direct material costs plus a mark-up of no more than 250%. The charges for the toolings were determined based on total costs plus a mark-up of no more than 50%. Subsequent to the end of the reporting period, the 2018 Component Agreement has been terminated with effect from 24 January 2021.

(ii) The supply of child products during 2020 and 2019 represented transaction amounts for the supply of child products by the Group to the CCT Fortis Group based on an agreement dated 15 November 2018 entered into between the Company and CCT Fortis (the "2018 Child Products Agreement") for a term of three years from 1 January 2019 to 31 December 2021. Pursuant to the 2018 Child Products Agreement, the price of child products to be supplied by the Group for the CCT Fortis Group will be the higher of the sum of the direct material costs plus a mark-up no more than 250% of the direct material costs and the selling prices that CCT Fortis Group sells to independent third parties less a discount of up to 10%. Subsequent to the end of the reporting period, the 2018 Child Products Agreement has been terminated with effect from 24 January 2021.

(iii) The administration service fee was charged to the Company by CCT Fortis Group or CCT Fortis for the provision of administrative and other services in relation to the discontinued operation of the Company.

(iv) The management information system service fee was charged by the Company to CCT Fortis for the provision of general management information system support, network and software consultation and hardware maintenance services. The fee was determined in accordance with the terms and conditions set out in the agreement dated 6 December 2018 (the "MIS Agreement") entered into between CCT Fortis and the Company, which has a term of three years from 1 January 2018 to 31 December 2020.

(v) The amount of the guarantee represented a corporate guarantee provided by CCT Fortis to secure certain bank borrowings of the Group, which were fully repaid in 2020.

(vi) The interest income was received from CCT Fortis during the year ended 31 December 2019.

36. RELATED PARTY TRANSACTIONS *(continued)*

(a) *(continued)*

The related party transactions set out in paragraphs (i), (ii) and (iv) constitute non-exempt continuing connected transactions as defined in Chapter 14A of the Listing Rules, for which the Company has complied with the requirements under Chapter 14A of the Listing Rules in relation to those non-exempt continuing connected transactions.

(b) Outstanding balances with related parties:

Details of the Group's balances with the CCT Fortis Group at the end of the reporting period are disclosed in notes 22 and 26 to the financial statements.

(c) Compensation of key management personnel of the Group:

HK$ million	**2020**	2019
Short term employee benefits	**11**	28

Further details of directors' and chief executive's emoluments are included in note 8 to the financial statements.

37. FINANCIAL INSTRUMENTS BY CATEGORY

Other than financial assets at fair value through profit or loss as disclosed in note 23 to the financial statements, all financial assets and liabilities of the Group as at 31 December 2019 and 2020 were financial assets at amortised cost and financial liabilities at amortised cost, respectively.

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments reasonably approximate to fair values.

Management has assessed that the fair values of cash and cash equivalents, pledged time deposits, the current portion of interest-bearing bank and other borrowings, trade and loans receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's corporate finance team headed by the group finance director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the directors and the audit committee. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the directors. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following method and assumption were used to estimate the fair values:

The fair value of unlisted equity investment at fair value through profit or loss has been estimated using the cost method (net asset value method) and direct comparison method for the underlying property held by the unlisted equity investment, on the basis that the underlying property will be redeveloped after the change of use into commercial and residential purposes.

The fair value of unlisted fund investment at fair value through profit or loss has been stated with reference to the adjusted net asset value provided by the relevant administrator of the investment fund. The fair value measurement is positively correlated to the net asset value of the underlying fund.

The directors believe that the estimated fair values resulting from the valuation techniques, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in the statement of profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2020:

	Valuation technique	**Significant unobservable input**	**Range**	**Sensitivity of fair value to the input**
Unlisted equity investment	Direct comparison and cost approach — net asset value method	Adjusted market price of the market comparable for the underlying property held by the unlisted equity investment	HK$12,000 to HK$16,000 per square meter	1% increase/decrease in price per square meter would result in increase/decrease in fair value by HK$5 million
Unlisted fund investment	Net asset value method	Underlying asset's value	N/A	5% increase/decrease in underlying assets' value would result in increase/decrease in fair value by HK$3 million

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Fair value hierarchy

Assets measured at fair value:

HK$ million	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value as at 31 December 2020:				
Financial assets at fair value through profit or loss	–	–	319	319

The movements in fair value measurements within Level 3 during the year are as follows:

HK$ million	2020	2019
Investments at fair value through profit or loss		
At 1 January	–	–
Purchases	283	–
Total gains recognised in the statement of profit or loss	36	–
At 31 December	319	–

The Group did not have any financial liabilities measured at fair value as at 31 December 2020 and 2019.

During the year ended 31 December 2020, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2019: Nil).

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise financial assets at fair value through profit or loss, bank borrowings, finance leases and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and loans receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rates. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk, and will consider hedging significant interest rate risk should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss before tax (through the impact on floating rate borrowings).

HK$ million	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax
2019		
HK$	100	1
HK$	(100)	(1)

Foreign currency risk

The Group had transactional currency exposures. Such exposures arose from sales or purchases by or expenditure of operating units in currencies other than the units' functional currencies. During the year, the Group did not use any financial instruments for hedging purposes.

In 2020, the Group's transactional currency exposures were not significant.

In 2019, a reasonably possible increase/decrease of 6.78% in the exchange rate between RMB and HK$ would result in a decrease/increase on the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities) by HK$3 million.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2020

	12-month ECLs	Lifetime ECLs			
HK$ million	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Trade receivables	–	–	–	7	7
Financial assets included in prepayments, other receivables and other assets	14	–	–	–	14
Cash and cash equivalents	149	–	–	–	149
	163	–	–	7	170

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Maximum exposure and year-end staging (continued)

As at 31 December 2019

	12-month ECLs	Lifetime ECLs			
HK$ million	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Trade receivables	–	–	–	32	32
Loan and interest receivables	248	–	–	–	248
Financial assets included in prepayments, other receivables and other assets	101	–	–	–	101
Pledged deposits	10	–	–	–	10
Cash and cash equivalents	175	–	–	–	175
	534	–	–	32	566

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

In addition, management has the overall responsibility for overseeing the credit quality of the Group's loan portfolio. The Group reviews the recoverable amount of loans receivable individually or collectively at each reporting date to ensure that adequate provisions for impairment losses are made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced.

At 31 December 2020, the Group had concentrations of credit risk as 51% (2019: 84%) and 71% (2019: 95%) of the Group's trade receivables were due from the Group's largest and five largest external customers, respectively.

At 31 December 2019, the Group had concentrations of credit risk as 52% and 100% of the Group's loans and interest receivables were due from the Group's largest and five largest external customers, respectively.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade and loans and interest receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, other interest-bearing loans and lease liabilities. In addition, banking facilities have been put in place for contingency purposes.

The maturity profile of the Group's financial liabilities based on contractual undiscounted payments as at the end of the reporting period were all classified as within one year or on demand as at 31 December 2020 and 2019.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 2019.

The Group monitors capital using a gearing ratio, which is total borrowings divided by total capital plus total borrowings. The Group includes interest-bearing bank and other borrowings in the total borrowings. Capital represents equity attributable to owners of the parent. The gearing ratios as at the end of the reporting periods were as follows:

HK$ million	**31 December 2020**	31 December 2019
Interest-bearing bank and other borrowings (note 27)	**–**	97
Total borrowings	**–**	97
Total capital	**926**	1,019
Total capital and borrowings	**926**	1,116
Gearing ratio	**N/A**	8.7%

40. COMPARATIVE AMOUNTS

The comparative consolidated statement of profit or loss has been re-presented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period (note 11).

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

HK$ million	2020	2019
ASSETS		
Non-current assets		
Property, plant and equipment	–	–
Investments in subsidiaries	945	935
Total non-current assets	945	935
Current assets		
Prepayments and other receivables	2	1
Cash and cash equivalents	–#	85
Total current assets	2	86
Total assets	947	1,021
EQUITY AND LIABILITIES		
Issued capital	1,839	1,839
Reserves (Note)	(913)	(820)
Total equity	926	1,019
Current liabilities		
Other borrowings	–	1
Other payables and accruals	21	1
Total current liabilities	21	2
Total liabilities	21	2
Total equity and liabilities	947	1,021
Net current (liabilities)/assets	(19)	84
Total assets less current liabilities	926	1,019

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

HK$ million	Special reserve	Share premium account	Share option reserve	Accumulated losses	Total
At 1 January 2019	(56)	341	31	(984)	(668)
Loss for the year and total comprehensive loss for the year	–	–	–	(176)	(176)
Issue of shares upon exercise of share options (note 29)	–	–#	–#	–	–#
Equity-settled share option arrangements (note 30)	–	–	24	–	24
Transfer of share option reserve upon the forfeiture of share options (note 30)	–	–	(1)	1	–
At 31 December 2019 and 1 January 2020	**(56)**	**341**	**54**	**(1,159)**	**(820)**
Loss for the year and total comprehensive loss for the year	**–**	**–**	**–**	**(93)**	**(93)**
Transfer of share option reserve upon the forfeiture of share options (note 30)	**–**	**–**	**(16)**	**16**	**–**
At 31 December 2020	**(56)**	**341**	**38**	**(1,236)**	**(913)**

Less than HK$1 million

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share capital account when the related options are exercised, or be transferred to accumulated losses should the related options expire or be forfeited.

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2021.

other information

PARTICULARS OF PROPERTIES UNDER DEVELOPMENT AS AT 31 DECEMBER 2020

Name of projects	Locations	Uses	Site area (square metres) (approximately)	Gross floor area (square metres) (approximately)	Stage of completion	Attributable interest of the Group
CCT Land-Jun Mansion Phases 1.1, 1.3, 2.1, 2.2 and 3	A parcel of land located at North of Yueling Road, Gaoxin District, Anshan City, Liaoning Province, Mainland China	Residential, commercial and car parks	47,000	100,000	Under construction	100%

PARTICULARS OF PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2020

Name of projects	Locations	Uses	Gross floor area (square metres) (approximately)	Stage of completion	Attributable interest of the Group
Landmark City Phases I and II	No. 253 Jiu Dao Road, Tiexi District, Anshan City, Liaoning Province, Mainland China	Residential and commercial	3,000	Completed	100%
Landmark City Phase III	No. 253 Jiu Dao Road, Tiexi District, Anshan City, Liaoning Province, Mainland China	Residential, commercial and car parks	22,000	Completed	100%
Evian Villa Phase I	No. 37 Qian Ye Street, Gaoxin District, Anshan City, Liaoning Province, Mainland China	Residential, commercial and car parks	22,000	Completed	100%
Evian Villa Phase II	No. 37 Qian Ye Street, Gaoxin District, Anshan City, Liaoning Province, Mainland China	Residential, commercial and car parks	18,000	Completed	100%
Phase 1.2 of CCT Land-Jun Mansion	No. 368 Qianhua Street, Gaoxin District, Anshan City, Liaoning Province, Mainland China	Residential, commercial and car parks	14,000	Completed	100%

five-year 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 published audited financial statements and restated/reclassified as appropriate, is set out below.

RESULTS

	Year ended 31 December				
HK$ million	**2020**	2019 (Restated)	2018 (Restated)	2017 (Restated)	2016 (Restated)
CONTINUING OPERATIONS					
REVENUE	**394**	134	97	166	225
Cost of sales	**(419)**	(120)	(82)	(173)	(243)
Gross (loss)/profit	**(25)**	14	15	(7)	(18)
Other income and gains, net	**–**	–	4	7	–
Selling and distribution expenses	**(31)**	(11)	(9)	(8)	(11)
Administrative expenses	**(46)**	(98)	(53)	(62)	(32)
Other expenses, net	**(33)**	(78)	(35)	(89)	(3)
Finance costs, net	**–**	(1)	(4)	(7)	–
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	**(135)**	(174)	(82)	(166)	(64)
Income tax (expense)/credit	**25**	29	(1)	27	7
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	**(110)**	(145)	(83)	(139)	(57)
DISCONTINUED OPERATION					
Loss for the year from discontinued operations	**(13)**	(21)	(2)	(57)	(91)
LOSS FOR THE YEAR	**(123)**	(166)	(85)	(196)	(148)
Attributable to:					
Owners of the parent	**(123)**	(168)	(88)	(198)	(150)
Non-controlling interest	**–**	2	3	2	2
	(123)	(166)	(85)	(196)	(148)

ASSETS, LIABILITIES AND NON-CONTROLLING INTEREST

	As at 31 December				
HK$ million	**2020**	2019	2018	2017	2016
TOTAL ASSETS	**1,481**	1,995	1,963	1,913	2,149
TOTAL LIABILITIES	**(555)**	(938)	(754)	(593)	(732)
NON-CONTROLLING INTEREST	**–**	(38)	(36)	(33)	(31)
	926	1,019	1,173	1,287	1,386

glossary of terms

GENERAL TERMS

"2011 Scheme"	the share option scheme conditionally adopted by the Company on 27 May 2011 which took effect on 30 May 2011 and the 2011 Scheme will expire on 26 May 2021
"AGM"	the annual general meeting of the Company
"Audit Committee"	the audit committee of the Company
"Board"	the board of the Company
"CCT Fortis"	CCT Fortis Holdings Limited (stock code: 138), a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, being a substantial shareholder of the Company
"CCT Fortis Group"	CCT Fortis and its subsidiaries, from time to time
"CEO"	the chief executive officer of the Company
"CG Code"	the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
"Chairman"	the chairman of the Company
"Child Product Supply Agreement"	the agreement dated 15 November 2018 entered into between the Company and CCT Fortis governing the terms and conditions for the supply of the Child Products by the Group to the CCT Fortis Group for the three years ending 31 December 2021
"Child Products"	feeding, health care, hygiene, safety, toy and other related products for infants and babies
"China" or "PRC"	the People's Republic of China
"Company"	GBA Holdings Limited (stock code: 261), a company incorporated in Bermuda with limited liability and the Shares are listed on the Main Board of the Stock Exchange
"Component Manufacturing Agreement"	the agreement dated 15 November 2018 entered into between the Company and CCT Fortis governing the terms and conditions for the manufacture and supply of the Component Products by the CCT Fortis Group to the Group for the three years ending 31 December 2021
"Component Products"	plastic components and any other related component products manufactured and supplied by the CCT Fortis Group for the Group pursuant to the Component Manufacturing Agreement
"Director(s)"	the director(s) of the Company
"Executive Director(s)"	executive director(s) of the Company

“Finance Business”	the finance business engaged by the Group in the money lender business in Hong Kong
“Group”	the Company and its subsidiaries, from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“INED(s)”	independent non-executive director(s) of the Company
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Mainland China”	the Mainland of the PRC
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“N/A”	not applicable
“Nomination Committee”	the nomination committee of the Company
“Products”	Indoor-used cordless and corded phones and accessories, walkie-talkies, and other consumer telecom and electronic products
“Products Trading Business”	the business of trading of the Products and the supply of the Child Products to the CCT Fortis Group, which was discontinued in December 2020
“Property Business”	the development and sale of land and properties
“Remuneration Committee”	the remuneration committee of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"USA"	the United States of America
"US$"	United States dollar(s), the lawful currency of the USA
"%"	per cent

FINANCIAL TERMS

"current ratio"	current assets divided by current liabilities
"gearing ratio"	total borrowings (representing bank and other borrowings) divided by total capital employed (representing total Shareholders' fund plus total borrowings)
"loss per share"	loss for the year attributable to ordinary equity holders of the parent divided by weighted average number of ordinary shares in issue during the year
"operating profit/(loss)"	operating profit/(loss) before interest, unallocated and corporate items and tax