



CCTI FORTIS
中建富通集團有限公司
Stock Code : 138

INTERIM REPORT
2021

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chairman's statement

On behalf of the Board, I report the interim results of the Group for the six months ended 30 June 2021.

RESULTS

The Group achieved revenue of HK\$282 million for the six months ended 30 June 2021, representing an increase of 46.1% as compared with HK\$193 million for the corresponding period of last year. The increase in revenue was mainly attributable to the Ferrari dealership business, which has started to recover.

Amidst difficult operating environment, the Group recorded net loss attributable to owners of the parent of HK\$82 million, representing a decrease of 68.5% as compared to net loss of HK\$260 million for the first half of last year. This reduction in reported loss was mainly attributable to overall improvement in results of the Group's principal businesses.

INTERIM DIVIDEND

In view of current difficult situation, the Group intends to conserve cash resources to combat the future challenges. Therefore, the Board did not recommend the payment of interim dividend for the six months ended 30 June 2021 (30 June 2020: nil).

BUSINESS REVIEW

During the six months ended 30 June 2021, the Group was principally engaged in: (i) property business; (ii) securities business; (iii) Blackbird Group's multi-faceted automotive business; (iv) investment in collectible precision devices; and (v) cultural entertainment business.



PROPERTY BUSINESS

Hong Kong Property Business

The COVID-19 pandemic continued to impact the property market in Hong Kong. However, we have seen gradual recovery in the property market in the first half of 2021.

Our property business recorded an operating loss of HK\$3 million, as compared with an operating loss of HK\$92 million for the corresponding period last year. The higher loss in last period was primarily attributable to the unrealised fair value losses on our investment properties of HK\$94 million, whereas there was net fair value gain of HK\$2 million recorded in the current period.

Mainland Property Business

After the termination of cooperation in respect of the Joint Venture in 2020, we no longer share the results of the Joint Venture.

SECURITIES BUSINESS

The stock market remained volatile in the six months ended 30 June 2021. In order to reduce risk and to conserve cash, we did not trade in other listed shares as we continued to focus our securities investment on approximately 53.7 billion shares of GBA (31 December 2020: 53.7 billion shares), representing approximately 29.2% (31 December 2020: 29.2%) of the total number of issued shares of GBA as at 30 June 2021. The share price of GBA was stable in the period under review, despite high volatility of the overall stock market. The fair value of our holdings of 53.7 billion shares of GBA was approximately HK\$537 million (31 December 2020: HK\$537 million), calculated at the closing price of HK\$0.01 per share (31 December 2020: HK\$0.01 per share) as at the period end date, representing approximately 12.1% of the Group's total assets as at 30 June 2021 (31 December 2020: 12.0%).

During the period under review, we did not buy or sell any shares of GBA and did not receive any dividend or income from our securities investment. Our securities business recorded operating loss of less than HK\$1 million in the first half of the current period (operating loss of less than HK\$1 million for the first half of 2020).



BLACKBIRD GROUP

The Blackbird Group, under the leadership of its chairman and chief executive officer (“CEO”), Mr. TK Mak, is principally engaged in (i) the official dealership of Ferrari in Hong Kong and Macau, including the repair and servicing business; (ii) as from April 2021 the official importership of Maserati in Hong Kong and Macau, also including the repair and servicing business; (iii) a classic car trading and investment business; and (iv) a car logistics business. The management is very pleased with the continuing development of the Blackbird Group’s multi-faceted automotive operations.

Ferrari Dealership Business

2021 represents the fourth year of Blackbird Concessionaires’ official Ferrari dealership operations in Hong Kong and Macau. During the first half of this year under review, Ferrari’s new model launch programme continued and Blackbird was pleased to present two more new models. These were the convertible version of Ferrari’s flagship V8 hybrid sports car, the SF90 Spider, and the updated GT car, the Portofino M. Both new cars feature the innovative retractable folding hardtop and were unveiled to clients in Blackbird’s Repulse Bay showroom. Furthermore, Ferrari unveiled online their latest limited series cars, the 812 Competizione and the even more exclusive convertible variant, the 812 Competizione Aperta. Clients for these cars were selected by Ferrari factory on an invitation basis. As a result of these activities, we received very strong and solid support from our customers and achieved new car sales orders within a short period of time after each event.

Deliveries of new cars began to increase as production in Italy recovered after being affected by the COVID-19 pandemic. More of the limited series Ferrari Monzas arrived in Hong Kong, as did the first allocation of the new Roma GT car.

Our Ferrari after-sales centre in Kwai Chung, which occupies about 70,000 square feet, continues to perform very well. This facility is equipped to provide a full range of services including, but not limited to, repairing and maintenance, painting, body shop, restoration, pre-delivery inspection service and car storage. The facility continues to be very well received and strongly supported by customers.

Maserati Importership Business

In the first half of 2021, definitive agreements relating to the Maserati importership were entered into between Maserati S.p.A. and the Group’s new subsidiary company, Blackbird Tridente Company Limited (“**Blackbird Tridente**”), pursuant to which Blackbird Tridente was appointed as the official importer and distributor for Maserati vehicles and the provider of after-sales services in Hong Kong and Macau. The management considers that this importership appointment represents another major milestone for the Blackbird Group in the development of its automotive business.



Classic Car Trading and Investment Business

During the period, the classic and investment car market continued to be affected by the global economic slowdown due to the COVID-19 pandemic. However, the management remains cautiously optimistic regarding the long-term improvement of the classic car market.

Car Logistics Business

The Group's car logistics business performed well during the first half of this year with a good operating margin. Continuing its expansion programme, the Group has established its own call centre. Furthermore, new contracts were achieved with some additional automotive clients in Hong Kong, with further opportunities under discussion. In addition, work continued in support of local importers, distributors, dealers, roadside assistance and insurance companies, racing organisations and private owners.

INVESTMENT IN COLLECTIBLE PRECISION DEVICES

The Watch Manual division has gained in international visibility over the past months, gaining support from global brands for the well-regarded print publication. It maintains a steady growth in readership with a very high degree of engagement. It continues to provide consultancy services, in particular to the Phillips auction house, selecting key pieces to highlight for their highly successful Hong Kong Watch Auction XII in June last year. In addition, the continuing representation by Mr. TK Mak, the chairman and the CEO of the Blackbird Group, who sits on the watch advisory board for Phillips auction house, maintains our position in the luxury watch industry and has generated considerable international exposure for the Blackbird Group, in addition to generating revenue for the Watch Manual division.

CULTURAL ENTERTAINMENT BUSINESS

Our cultural entertainment business comprises film operations, stage audio, lighting and engineering operations and artist management.

Film Operations

Our entertainment company has invested together with other companies in a large scale crime thriller film entitled "Sons of the Neon Night" (風林火山). Cinema release version of this film has been delayed as a result of the COVID-19 pandemic. The recent surges in the COVID-19 cases globally fueled by the spread of the Delta variant will likely cause further delay in the public release of this film.



Stage Audio, Lighting and Engineering Operations

There were very few concerts, shows, and entertainment events performed in the first six months of 2021, due to the social distancing measures and cross-border travel restrictions. The stage audio, lighting and engineering segment recorded an operating loss in the amount of HK\$7 million in the current period under review, as compared with an operating loss of HK\$21 million for the first half of last year. The reduction in operating loss was due to various steps taken by this segment including cost savings and disposal of the loss-making Macau business.

On 27 July 2020, an agreement (the “**Agreement**”) was entered into between AHM and Mr. Lam Kong Ming (“**Mr. Lam**”), under which AHM agreed to sell and Mr. Lam agreed to purchase a 91% shareholding interests in Golden Wish Enterprises Limited (the “**Target Company**”), and an assignment of a shareholder’s loan to Mr. Lam. The Target Company, together with its subsidiary (the “**Target Group**”) is engaged in the sale and leasing of audio, lighting and stage equipment and production and provision of ancillary engineering services for live performance events in Macau. The transaction was completed on 21 January 2021 and members of the Target Group ceased to be subsidiaries of the Company. Further details of the transaction have been set out in the Company’s announcements dated 27 July 2020, 14 August 2020, 30 October 2020, 31 December 2020 and 21 January 2021. After completion of the transaction, the management can focus on the stage service operations mainly in Hong Kong.

Artist Management

The entertainment business in Hong Kong recovered slowly in the first half of 2021. Despite the current tough circumstances, the artist management segment continued to maintain a break-even position, reflecting effective cost control measures.

INDUSTRIAL PRODUCT BUSINESS

As a result of the COVID-19 pandemic and the deteriorating operating environment, the Company discontinued the Industrial Product Business on 24 July 2020.



OUTLOOK

Looking forward, the global economic outlook remains highly uncertain. The COVID-19 pandemic continues to pose challenges to global economic recovery and remains a presence in all of our lives.

During the 30-years' history of the Company, we have encountered many crises and cycles and each time we have overcome all these difficulties and challenges. Even during the current adverse situation, Blackbird has been appointed to be importer and distributor for Maserati vehicles in Hong Kong and Macau. This represents an important milestone of the Blackbird Group in the development of its automotive business globally. The Maserati importership will enhance the reputation and status of the Blackbird Automotive Group in the global automotive sector. We also believe that the Maserati importership will contribute a stream of significant revenue to the Group and open up a new avenue for growth of income and profit.

With our resilient management, we consider that we can withstand the impact caused by these unprecedented challenges and will become even stronger when recovery comes.

APPRECIATION

On behalf of the Board, I wish to thank the directors, the management and all our employees for their dedication, loyalty, and hard work to meet the challenges during the period. I also want to thank our shareholders, investors, bankers, customers, suppliers, and landlords for their continued encouragement and strong support to the Company throughout these unprecedented times.

Mak Shiu Tong, Clement

Chairman

Hong Kong, 30 August 2021



financial review

OVERVIEW OF FIRST HALF OF 2021 FINANCIAL RESULTS

HK\$ million	Six months ended 30 June		
	2021 (Unaudited)	2020 (Unaudited) (Restated)	% increase/ (decrease)
Continuing operations:			
Revenue	282	193	46.1%
Loss from continuing operations	(84)	(265)	(68.3%)
Loss from a discontinued operation	-	(2)	(100.0%)
Loss for the period	(84)	(267)	(68.5%)
Attributable to:			
Owners of the parent	(82)	(260)	(68.5%)
Non-controlling interests	(2)	(7)	(71.4%)
	(84)	(267)	(68.5%)
Loss attributable to owners of the parent			
Continuing operations	(82)	(258)	(68.2%)
Discontinued operation	-	(2)	(100.0%)
	(82)	(260)	(68.5%)
Basic and diluted loss per share attributable to ordinary equity holder of the parent			
For loss for the period	(HK\$0.094)	(HK\$0.298)	(68.5%)
For loss from continuing operations	(HK\$0.094)	(HK\$0.296)	(68.2%)
Dividend per share	Nil	Nil	N/A



Review on Financial Results

The Group's revenue of continuing operations for 1H21 of HK\$282 million was HK\$89 million or 46.1% higher than 1H20, driven mainly by the recovery of the Ferrari dealership.

In 1H21, the Group recorded a net loss attributable to owners of the parent of HK\$82 million as compared with a net loss of HK\$260 million in 1H20. This notable reduction in loss arose mainly as a result of significant increase in revenue and net fair value gains of HK\$2 million on our investment properties in the current period as compared to a net fair value losses of HK\$94 million in corresponding period last year.

Net loss attributable to non-controlling interests represented share of net loss by the minority shareholders of the stage audio, lighting and engineering operations.

ANALYSIS BY BUSINESS SEGMENT

HK\$ million	Revenue for the six months ended 30 June					
	2021		2020		% increase/ (decrease)	
	Amount (Unaudited)	Relative %	Amount (Unaudited) (Restated)	Relative %		
Continuing operations:						
Property development and trading	–	0.0%	–	0.0%	N/A	
Property investment and holding	4	1.4%	7	3.4%	(42.9%)	
Ferrari dealership	202	71.6%	145	71.1%	39.3%	
Classic car trading and logistic business	46	16.3%	12	5.9%	283.3%	
Stage audio, lighting and engineering operations	12	4.3%	14	6.9%	(14.3%)	
Other operations	18	6.4%	15	7.3%	20.0%	
	282	100.0%	193	94.6%	46.1%	
Discontinued operation:						
Industrial Product Business	–	0.0%	11	5.4%	(100.0%)	
Total	282	100.0%	204	100.0%	38.2%	



ANALYSIS BY BUSINESS SEGMENT *(continued)*

HK\$ million	Operating profit/(loss) for the six months ended 30 June		
	2021 (Unaudited)	2020 (Unaudited) (Restated)	% increase/ (decrease)
Continuing operations:			
Property development and trading	–	–	N/A
Property investment and holding	(3)	(92)	(96.7%)
Securities business	–*	–*	N/A
Ferrari dealership	(6)	(20)	(70.0%)
Classic car trading and logistic business	(7)	(3)	133.3%
Investment in classic cars	(2)	(9)	(77.8%)
Film operations	(2)	(4)	(50.0%)
Stage audio, lighting and engineering operations	(7)	(21)	(66.7%)
Other operations	(14)	(41)	(65.9%)
	(41)	(190)	(78.4%)
Discontinued operation:			
Industrial Product Business	–	(2)	(100.0%)
Total	(41)	(192)	(78.6%)

* less than HK\$1 million operating loss



CONTINUING OPERATIONS

Property development and trading

There was no revenue or financial result attributable to the property development and trading segment in 1H21 and 1H20.

Property investment and holding

In 1H21, the property investment segment achieved revenue of HK\$4 million (1H20: HK\$7 million) and recorded operating loss of HK\$3 million as compared with loss of HK\$92 million in the corresponding period last year. The higher loss for the last corresponding period was primarily attributable to the unrealised fair value losses on our investment property portfolio of HK\$94 million, whereas there was net fair value gains of HK\$2 million in the current period.

Securities business

In 1H21 and 1H20, we did not trade on the stock market and therefore our securities business did not have any revenue. This business segment recorded an operating loss of less than HK\$1 million during the current period as well as the same period last year. In 1H21, we focused our financial investment in shares of GBA, whose price was stable during the period.

Ferrari dealership

In 1H21, the Ferrari dealership business recorded revenue of HK\$202 million, increased by 39.3%, mainly from increase in sales of new cars. Meanwhile, the Ferrari service center in Kwai Chung continued to perform well and recorded a low double-digit percentage increase in service revenue during the COVID-19 pandemic. This dealership business recorded an operating loss of HK\$6 million in 1H21 as compared to an operating loss of HK\$20 million in 1H20. The reduction in operating loss was primarily due to significant increase in revenue and cost savings.

Classic car trading and logistic business and investment in classic cars

Given these unprecedented times, in 1H21, the classic car trading and investment segments incurred an operating loss of HK\$9 million (1H20: operating loss of HK\$12 million) against revenue of HK\$46 million (1H20: HK\$12 million). The increase in revenue in the current period was derived from trading of a classic car.

Film operations

No revenue was recorded from our film operations in both 1H21 and 1H20 as no film was released. The film segment recorded an operating loss of HK\$2 million in 1H21 (1H20: operating loss of HK\$4 million).



Stage audio, lighting and engineering operations

In 1H21, this business segment recorded a total revenue of HK\$12 million, represented 14.3% decreased from HK\$14 million in 1H20. Operating loss was HK\$7 million (1H20: operating loss of HK\$21 million) in 1H21. The decrease in operating loss was primarily led by cost savings.

Other operations

Other operations comprise the classic car services center, the multi-media business, investment and trading of collectible precision devices, artist management and other new ventures which are in the development and start-up stage. The other operations' revenue rose by 20.0% to HK\$18 million in 1H21. Since there was no revaluation loss of our collectible precision devices held for investment in 1H21, this segment recorded an operating loss of HK\$14 million, reduced by 65.9% from HK\$41 million in 1H20. In 1H20, revaluation loss in the amount of HK\$16 million was recorded for our collectible precision devices.

DISCONTINUED OPERATION

Industrial Product Business

As a result of the COVID-19 pandemic and deteriorating operating environment, the Industrial Product Business was discontinued in July 2020.

ANALYSIS BY GEOGRAPHICAL SEGMENT

HK\$ million	Revenue for the six months ended 30 June									
	2021 (Unaudited)				2020 (Unaudited) (Restated)					
	Continuing operations	Discontinued operation	Total	Relative %	Continuing operations	Discontinued operation	Total	Relative %	% increase	
Hong Kong, Macau and Mainland China	250	-	250	88.7%	192	5	197	96.6%	26.9%	
Rest of the world	32	-	32	11.3%	1	6	7	3.4%	357.1%	
Total	282	-	282	100.0%	193	11	204	100.0%	38.2%	

Most of the Group's revenue was generated in Hong Kong, Macau and Mainland China in 1H21 and 1H20. The revenue from these regions of HK\$250 million was HK\$53 million or 26.9% higher than 1H20, mainly led by increase of sales of Ferrari cars. The revenue from rest of the world increased by 357.1% as a result of sale of a classic car in the current period.



CAPITAL STRUCTURE AND GEARING RATIO

HK\$ million	30 June 2021		31 December 2020	
	Amount (Unaudited)	Relative %	Amount (Audited)	Relative %
Bank borrowings	1,644	43.0%	1,648	42.6%
Other borrowings	85	2.2%	32	0.8%
Lease liabilities	38	1.0%	54	1.4%
Total borrowings	1,767	46.2%	1,734	44.8%
Equity attributable to owners of the parent	2,056	53.8%	2,138	55.2%
Total capital employed	3,823	100.0%	3,872	100.0%

The Group's gearing ratio was 46.2% as at 30 June 2021, marginally higher than the gearing ratio of 44.8% as at 31 December 2020. The Group continued to maintain a reasonable gearing ratio in difficult times.

Total outstanding bank and other borrowings amounted to HK\$1,767 million as at 30 June 2021 (31 December 2020: HK\$1,734 million). Most of the Group's bank and other borrowings are long-term bank loans.

As at 30 June 2021, the maturity profile of the bank and other borrowings of the Group falling due within one year, in the second to the fifth years and beyond five years amounted to HK\$377 million, HK\$910 million and HK\$480 million, respectively (31 December 2020: HK\$316 million, HK\$933 million and HK\$485 million, respectively). There was no material effect of seasonality on the Group's borrowing requirements.



LIQUIDITY AND FINANCIAL RESOURCES

HK\$ million	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Current assets	1,677	1,694
Current liabilities	701	650
Net current assets	976	1,044
Current ratio	239.2%	260.6%

The Group's current ratio was 239.2% as at 30 June 2021 (31 December 2020: 260.6%), reflecting a high liquidity of the Group's financial position. The position of working capital representing by net current assets was HK\$976 million as at 30 June 2021, representing a decrease of 6.5% from last year end.

As at 30 June 2021, the Group's cash balance was HK\$118 million (31 December 2020: HK\$91 million), of which HK\$54 million (31 December 2020: HK\$43 million) was pledged to secure banking facilities.

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

CAPITAL COMMITMENTS

As at 30 June 2021, the Group did not have any capital commitment (31 December 2020: HK\$6 million). The Group intends to finance the capital commitment by internal resources.

TREASURY MANAGEMENT

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

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 did not have any significant interest rate risk in 1H21 as the interest rates currently remain at low level.

The Group did not have any significant exchange risk in 1H21. We will continue to monitor the currency exposure but we have no intention to enter into any high-risk exchange derivatives.



ACQUISITION AND DISPOSAL OF MATERIAL SUBSIDIARIES AND ASSOCIATES

Save for the disposal of Golden Wish Enterprises Limited and its subsidiary, as elaborated in sub-section headed "Stage Audio, Lighting and Engineering Operations" in the section headed "BUSINESS REVIEW" of this interim report, the Group did not acquire or dispose of any material subsidiaries and associates during the period under review.

PLEDGE OF ASSETS

Details of pledge of assets are stated in note 17 to the financial information of this interim report.

CONTINGENT LIABILITIES

Details of the contingent liabilities are stated in note 16 to the financial information of this interim report.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees of the Group as at 30 June 2021 was 278 (31 December 2020: 318). 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. As at 30 June 2021, there were no outstanding share options issued by the Company (31 December 2020: nil).



interim results

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2021 together with the comparative figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

HK\$ million	Notes	Six months ended 30 June	
		2021 (Unaudited)	2020 (Unaudited) (Restated)
CONTINUING OPERATIONS			
REVENUE	3	282	193
Cost of sales		(235)	(167)
Gross profit		47	26
Other income and gains		11	8
Selling and distribution expenses		(5)	(5)
Administrative expenses		(104)	(113)
Other expenses and losses		–	(120)
Finance costs		(32)	(44)
Share of losses of a joint venture		–	(17)
Share of losses of an associate		(1)	–*
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	5	(84)	(265)
Income tax expenses	6	–	–
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(84)	(265)
DISCONTINUED OPERATION	7		
Loss for the period from a discontinued operation		–	(2)
LOSS FOR THE PERIOD		(84)	(267)

* less than HK\$1 million



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)**For the six months ended 30 June 2021*

HK\$ million	Note	Six months ended 30 June	
		2021 (Unaudited)	2020 (Unaudited) (Restated)
Attributable to:			
Owners of the parent			
Continuing operations		(82)	(258)
Discontinued operation		-	(2)
		(82)	(260)
Non-controlling interests			
Continuing operations		(2)	(7)
Discontinued operation		-	-
		(2)	(7)
		(84)	(267)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	9		
For loss for the period		(HK\$0.094)	(HK\$0.298)
For loss from continuing operations		(HK\$0.094)	(HK\$0.296)



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2021

HK\$ million	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited) (Restated)
LOSS FOR THE PERIOD AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(84)	(267)
Attributable to:		
Owners of the parent		
Continuing operations	(82)	(258)
Discontinued operation	-	(2)
	(82)	(260)
Non-controlling interests		
Continuing operations	(2)	(7)
Discontinued operation	-	-
	(2)	(7)
	(84)	(267)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

HK\$ million	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	10	741	783
Investment properties		1,647	1,645
Goodwill		80	80
Intangible assets		7	10
Interest in an associate		–	1
Classic cars held for investment		100	100
Collectible precision devices held for investment		166	166
Other receivables		2	1
Deferred tax assets		1	1
Total non-current assets		2,744	2,787
Current assets			
Inventories		120	115
Stock of classic cars held for sale		89	89
Trade receivables	11	273	238
Investment in films		80	80
Prepayments and other receivables		452	475
Financial assets at fair value through profit or loss	12	545	545
Pledged time deposits		54	43
Cash and cash equivalents		64	48
Assets of a disposal group classified as held for sale		1,677	1,633
		–	61
Total current assets		1,677	1,694
Total assets		4,421	4,481



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
30 June 2021

HK\$ million	Note	30 June 2021 (Unaudited)	31 December 2020 (Audited)
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Issued capital		87	87
Reserves		1,969	2,051
		2,056	2,138
Non-controlling interests		11	13
Total equity		2,067	2,151
Non-current liabilities			
Interest-bearing bank and other borrowings		1,390	1,418
Convertible bonds		241	240
Deferred tax liabilities		22	22
Total non-current liabilities		1,653	1,680
Current liabilities			
Trade payables	13	66	58
Tax payable		3	3
Other payables and accruals		255	236
Interest-bearing bank and other borrowings		377	316
		701	613
Liabilities directly associated with the assets classified as held for sale		–	37
Total current liabilities		701	650
Total liabilities		2,354	2,330
Total equity and liabilities		4,421	4,481
Net current assets		976	1,044
Total assets less current liabilities		3,720	3,831



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 June 2021*

HK\$ million	Issued capital (Unaudited)	Share premium account (Unaudited)	Capital reserve (Unaudited)	Distributable reserve (Unaudited)	Equity	Asset revaluation reserve (Unaudited)	Exchange fluctuation reserve (Unaudited)	Capital redemption reserve (Unaudited)	Retained profits (Unaudited)	Total (Unaudited)	Non- controlling interests (Unaudited)	Total equity (Unaudited)
					component of convertible bonds (Unaudited)							
At 1 January 2021	87	223	741	841	22	44	28	24	128	2,138	13	2,151
Total comprehensive loss for the period	-	-	-	-	-	-	-	-	(82)	(82)	(2)	(84)
At 30 June 2021	87	223	741	841	22	44	28	24	46	2,056	11	2,067
At 1 January 2020	87	223	741	841	22	36	23	24	817	2,814	20	2,834
Total comprehensive loss for the period	-	-	-	-	-	-	-	-	(260)	(260)	(7)	(267)
At 30 June 2020	87	223	741	841	22	36	23	24	557	2,554	13	2,567



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2021

HK\$ million	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited) (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax		
From continuing operations	(84)	(265)
From a discontinued operation	–	(2)
Adjustments for:		
Finance costs	32	44
Share of losses of an associate	1	–
Share of losses of a joint venture	–	17
Depreciation	37	35
Amortisation of intangible assets	3	3
Fair value (gain)/loss on investment properties	(2)	94
Fair value loss on collectible asset portfolio	–	25
	(13)	(49)
Decrease in inventories	–	5
(Increase)/decrease in trade receivables	(35)	19
Decrease in prepayments and other receivables	46	44
Increase/(decrease) in trade payables, other payables and accruals	27	(7)
Cash generated from operations	25	12
Interest paid	(31)	(42)
Net cash flows used in operating activities	(6)	(30)



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)**For the six months ended 30 June 2021*

HK\$ million	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited) (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	–	(1)
Proceeds from disposal of items of property, plant and equipment	–	9
Decrease in investment in films	–	6
(Increase)/decrease in pledged time deposits	(11)	44
Net cash flows (used in)/generated from investing activities	(11)	58
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	183	122
Repayment of bank loans and trust receipts loans	(150)	(140)
Net cash flows generated from/(used in) financing activities	33	(18)
NET INCREASE IN CASH AND CASH EQUIVALENTS	16	10
Cash and cash equivalents at beginning of the period	48	71
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	64	81
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	64	81



NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules and with Hong Kong Accounting Standards (“**HKAS**”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The unaudited interim condensed consolidated financial information should be read in conjunction with the audited annual consolidated financial statements of the Group for the year ended 31 December 2020 (the “**2020 Annual Report**”).

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s 2020 Annual Report, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) for the first time for the current period’s financial information.

Amendments to HKFRS 9,
HKAS 39 and HKFRS 7,
HKFRS 4 and HKFRS 16
Amendments to HKFRS 16

Interest Rate Benchmark Reform — Phase 2

*COVID-19 — Related Concessions beyond 30 June 2021
(early adopted)*



2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

The nature and impact of the revised HKFRSs are described below:

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 risk-free rate (“RFR”). The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities 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 Group had certain interest-bearing bank and other borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate and the London Interbank Offered Rate (“LIBOR”) as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the “economically equivalent” criterion is met.



2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Amendment to HKFRS 16 issued in April 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 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 six months ended 30 June 2021.

3. REVENUE

An analysis of revenue from continuing operations is as follows:

HK\$ million	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited) (Restated)
Revenue from contracts with customers		
Ferrari dealership	202	145
Classic car trading and logistic business	46	12
Stage audio, lighting and engineering operations	12	14
Other operations	18	15
	278	186
Revenue from other sources		
Rental income from investment properties	4	7
Total revenue	282	193



3. REVENUE (continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

For the six months ended 30 June 2021 (Unaudited)

HK\$ million	Timing of revenue recognition		
	Goods transferred at a point in time	Services transferred over time	Total
Continuing operations			
Ferrari dealership	202	–	202
Classic car trading and logistic business	46	–	46
Stage audio, lighting and engineering operations	–	12	12
Other operations	13	5	18
	261	17	278
Discontinued operation			
Industrial Product Business	–	–	–
Total	261	17	278



3. REVENUE (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

For the six months ended 30 June 2020 (Unaudited) (Restated)

HK\$ million	Timing of revenue recognition		Total
	Goods transferred at a point in time	Services transferred over time	
Continuing operations			
Ferrari dealership	145	–	145
Classic car trading and logistic business	12	–	12
Stage audio, lighting and engineering operations	–	14	14
Other operations	15	–	15
	172	14	186
Discontinued operation			
Industrial Product Business	11	–	11
Total	183	14	197

(ii) Performance obligations

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

Sale of Ferrari cars

The performance obligation is satisfied upon delivery of Ferrari cars and payment in advance is normally required for customers.

Sale of classic cars

The performance obligation is satisfied upon delivery of the classic cars and payment is generally due within 30 days from delivery, except for new customers, where payment in advance is normally required.



3. REVENUE *(continued)*

Revenue from contracts with customers *(continued)*

(ii) Performance obligations *(continued)*

Provision of car logistics and after-sale services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 to 90 days upon completion of services.

Sales of plastic components and child products

The performance obligation is satisfied upon delivery of the plastic components and child products to customers and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

Sale of stage audio and lighting equipment

The performance obligation is satisfied upon delivery of the stage audio and lighting equipment to customers and payment is generally due within 30 to 90 days from delivery.

Leasing of stage audio and lighting equipment and provision of stage technical and engineering services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 to 90 days upon completion of services. The service contracts are project based, usually less than 1 year and do not contain variable consideration.

Provision of advertising services under other operations

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 to 90 days upon completion of services.

All the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised within one year.



4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and there were ten reportable operating segments during the period, which are outlined as follows:

- (a) the property development and trading segment representing the development and trading of properties;
- (b) the property investment and holding segment which represents investment and holding of properties;
- (c) the securities business segment representing the trading in securities and holding of securities, financial assets and treasury products;
- (d) Ferrari dealership business representing sale and distribution of Ferrari cars and provision of after-sale services as official dealer of Ferrari in Hong Kong and Macau;
- (e) classic cars trading and logistic segment representing the trading and sale of classic cars and car logistic business;
- (f) investment in classic cars segment which is acquisition of classic cars for long-term investment purpose;
- (g) the film operations representing production, investment and distribution of films worldwide;
- (h) the stage audio, lighting and engineering operations representing the provision and leasing of audio and lighting equipment, services and provision of metal construction work and engineering services for production of concert, entertainment and other events;
- (i) other operations segment which is engaged in supportive business and start-up business including multimedia operations, classic car service center, investment in collectible precision devices and artist management; and
- (j) the Industrial Product Business representing the manufacture of plastic components and trading of child products (discontinued in July 2020).

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources 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 finance costs, share of profits/losses of a joint venture and associate and head office and corporate expenses are excluded from such measurement.



4. OPERATING SEGMENT INFORMATION (continued)

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

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

For the six months ended 30 June 2021 (Unaudited)

HK\$ million	Continuing operations							Discontinued operation			Total	
	Property investment and holding	Securities business	Ferrari Dealership	Classic car trading and logistic	Investment in classic cars	Film operations	Stage audio, lighting and engineering operations	Other operations	Total continuing operations	Industrial product business		Reconciliations
Segment revenue:												
Sales to external customers	4	-	202	46	-	-	12	18	282	-	-	282
Other revenue	-	-	1	-	-	-	-	4	5	-	-	5
	4	-	203	46	-	-	12	22	287	-	-	287
Operating loss	(9)	-	(6)	(7)	(2)	(2)	(7)	(14)	(41)	-	-	(41)
Finance costs									(32)	-	-	(32)
Reconciled items:												
Corporate and other unallocated expenses	-	-	-	-	-	-	-	-	(10)	-	-	(10)
Share of losses of an associate	-	-	-	-	-	-	-	(1)	(1)	-	-	(1)
Loss before tax									(84)	-	-	(84)
Income tax expenses									-	-	-	-
Loss for the period									(84)	-	-	(84)
Other segment information:												
Expenditure for non-current assets	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation	(4)	-	(23)	(2)	-	-	(4)	(7)	(40)	-	-	(40)
Other material non-cash items:												
Fair value gain on investment properties	2	-	-	-	-	-	-	-	2	-	-	2
As at 30 June 2021												
Segment assets	1,653	1,065	327	146	104	86	141	375	3,917	-	-	3,917
Reconciled items:												
Corporate and other unallocated assets	-	-	-	-	-	-	-	-	-	-	504	504
Total assets	1,653	1,065	327	146	104	86	141	375	3,917	-	504	4,421
Segment liabilities	864	397	423	48	-	-	56	91	1,879	-	-	1,879
Reconciled items:												
Corporate and other unallocated liabilities	-	-	-	-	-	-	-	-	-	-	475	475
Total liabilities	864	397	423	48	-	-	56	91	1,879	-	475	2,354



4. OPERATING SEGMENT INFORMATION (continued)

For the six months ended 30 June 2020 (Unaudited) (Restated)

HK\$ million	Continuing operations								Discontinued operation		Total	
	Property investment and holding	Securities business	Ferrari Dealership	Classic car trading and logistic	Investment in classic cars	Film operations	Stage audio, lighting and engineering operations	Other operations	Total continuing operations	Industrial Product Business		Reconciliations
Segment revenue:												
Sales to external customers	7	-	145	12	-	-	14	15	193	11	-	204
Other revenue	-	-	4	-	-	-	1	2	7	-	1	8
	<u>7</u>	<u>-</u>	<u>149</u>	<u>12</u>	<u>-</u>	<u>-</u>	<u>15</u>	<u>17</u>	<u>200</u>	<u>11</u>	<u>1</u>	<u>212</u>
Operating loss	(82)	-	(20)	(3)	(9)	(4)	(21)	(41)	(190)	(2)	-	(192)
Finance costs									(44)	-	-	(44)
Reconciled items:												
Corporate and other unallocated expenses									(14)	-	-	(14)
Share of losses of a joint venture	(17)	-	-	-	-	-	-	-	(17)	-	-	(17)
Share of losses of an associate	-	-	-	-	-	-	-	-	-	-	-	-
Loss before tax									<u>(265)</u>	<u>(2)</u>	<u>-</u>	<u>(267)</u>
Income tax expenses									-	-	-	-
Loss for the period									<u>(265)</u>	<u>(2)</u>	<u>-</u>	<u>(267)</u>
Other segment information:												
Expenditure for non-current assets	-	-	-	1	-	-	-	-	1	-	-	1
Depreciation and amortisation	(4)	(1)	(22)	(1)	-	-	(1)	(9)	(38)	-	-	(38)
Other material non-cash items:												
Fair value loss on investment properties	(94)	-	-	-	-	-	-	-	(94)	-	-	(94)
Fair value loss on classic cars held for investment	-	-	-	-	(9)	-	-	-	(9)	-	-	(9)
Fair value loss on collectible precision devices held for investment	-	-	-	-	-	-	-	(16)	(16)	-	-	(16)
As at 31 December 2020 (Audited)												
Segment assets	1,652	1,087	384	111	113	85	184	342	3,958	-	-	3,958
Reconciled items:												
Corporate and other unallocated assets	-	-	-	-	-	-	-	-	-	-	523	523
Total assets	<u>1,652</u>	<u>1,087</u>	<u>384</u>	<u>111</u>	<u>113</u>	<u>85</u>	<u>184</u>	<u>342</u>	<u>3,958</u>	<u>-</u>	<u>523</u>	<u>4,481</u>
Segment liabilities	862	398	456	12	-	-	94	94	1,916	-	-	1,916
Reconciled items:												
Corporate and other unallocated liabilities	-	-	-	-	-	-	-	-	-	-	414	414
Total liabilities	<u>862</u>	<u>398</u>	<u>456</u>	<u>12</u>	<u>-</u>	<u>-</u>	<u>94</u>	<u>94</u>	<u>1,916</u>	<u>-</u>	<u>414</u>	<u>2,330</u>

* less than HK\$1million



4. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

HK\$ million	Six months ended 30 June			
	2021 (Unaudited)		2020 (Unaudited) (Restated)	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Hong Kong, Macau and Mainland China	250	–	192	5
Rest of the world	32	–	1	6
	282	–	193	11

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

(b) Non-current assets

HK\$ million	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Hong Kong and Macau	2,691	2,735
Mainland China	1	1
Rest of the world	49	49
	2,741	2,785

The non-current assets information is based on the location of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

For the six months ended 30 June 2021, a customer of the classic car segment contributed HK\$32 million, representing 11% of the Group's total revenue from continuing operations.

For the six months ended 30 June 2020, no single customer contributed 10% or more of the Group's total revenue from continuing operations.



5. LOSS BEFORE TAX

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

HK\$ million	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited) (Restated)
Cost of classic cars sold	31	2
Cost of Ferrari dealership business	170	123
Cost of provision and leasing of lighting and stage audio equipment and engineering services	16	27
Cost of automotive service provided	8	5
Cost of sales — other operations	10	10
Depreciation and amortisation	40	38

6. INCOME TAX

No Hong Kong profits tax has been provided for the six months ended 30 June 2021 and 2020 as the Group had no profits chargeable to Hong Kong profits tax during those periods. During the period of six months ended 30 June 2021 and the corresponding period in 2020, the Group had no profit subject to foreign tax outside of Hong Kong and no provision had been made for overseas tax.



7. DISCONTINUED OPERATION

The Company terminated the Industrial Product Business on 24 July 2020.

The results of the discontinued operation are summarised as follows:

HK\$ million	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Revenue	–	11
Other income and gain, net	–	–
Expenses	–	(13)
Loss before tax from a discontinued operation	–	(2)
Income tax	–	–
Loss for the period from a discontinued operation	–	(2)
Loss attributable to:		
Owners of the parent	–	(2)
Non-controlling interests	–	–
	–	(2)
Loss per share from a discontinued operation:		
Basic and diluted	N/A	(HK\$0.002)



7. DISCONTINUED OPERATION *(continued)*

The calculations of the basic and diluted loss per share from a discontinued operation is based on:

HK\$ million	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Loss attributable to ordinary equity holders of the parent from a discontinued operation, used in basic and diluted loss per share calculation	N/A	(2)

	Number of Shares	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	N/A	873,111,452

8. DIVIDENDS

The Board did not declare an interim dividend for the six months ended 30 June 2021 (30 June 2020: nil).



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

The calculation of basic and diluted loss per share are based on:

HK\$ million	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited) (Restated)
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation:		
From continuing operations	(82)	(258)
From a discontinued operation	–	(2)
	(82)	(260)
Interest on convertible bonds	8	8
Loss attributable to ordinary equity holders of the parent before interest on convertible bonds, used in the diluted loss per share calculation	(74)	(252)
Attributable to:		
Continuing operations	(74)	(250)
Discontinued operation	–	(2)
	(74)	(252)
	Number of shares	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	873,111,452	873,111,452
Effect of dilution — weighted average number of ordinary shares of convertible bonds	347,500,000	347,500,000
Weighted average number of ordinary shares in issue during the period used in the diluted loss per share calculation	1,220,611,452	1,220,611,452

As the diluted loss per share amount is decreased when taking into account of the convertible bonds, the convertible bonds had an anti-dilutive effect on the basic loss per share for the period and were ignored in the calculation of diluted loss per share. Therefore, the diluted loss per share amounts are based on the loss for the period and the loss attributable to continuing operations of HK\$82 million (2020: HK\$260 million) and HK\$82 million (2020: HK\$258 million) respectively, and the weighted average number of ordinary shares of 873,111,452 (2020: 873,111,452) in issue during the six months ended 30 June 2021.



10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, no property, plant and equipment was acquired by the Group (six months ended 30 June 2020: HK\$1 million).

11. TRADE RECEIVABLES

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

HK\$ million	30 June 2021 (Unaudited)		31 December 2020 (Audited)	
	Balance	Percentage	Balance	Percentage
Current to 180 days	58	21	26	11
181 to 365 days	3	1	3	1
1 to 2 years	13	5	8	3
Over 2 years	199	73	201	85
	273	100	238	100

The credit period for most business of the Group is generally one month. The credit term granted to the customers of the securities business is up to 365 days.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

HK\$ million	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Financial assets at fair value through profit or loss	545	545



13. TRADE PAYABLES

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

HK\$ million	30 June 2021 (Unaudited)		31 December 2020 (Audited)	
	Balance	Percentage	Balance	Percentage
Current to 30 days	45	68	2	3
31 to 60 days	1	2	29	50
61 to 90 days	6	9	2	3
Over 90 days	14	21	25	44
	66	100	58	100

14. CONVERTIBLE BONDS

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds from issue of the securities is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds from issue of the securities to the liability and equity components when the instruments are first recognised.

If the contractual substance of convertible bonds is a single obligation to deliver a variable number of equity instrument, the entire obligation meets the definition of financial liability and the convertible bonds are classified as financial liabilities at fair value through profit or loss. Subsequent to initial recognition, the convertible bonds are stated at fair value, and the gains and losses arising from the change in fair values are included in the statement of profit or loss.



14. CONVERTIBLE BONDS *(continued)*

2024 Convertible Bonds

On 30 March 2016, the Company issued the 2024 Convertible Bonds with an aggregate principal amount of HK\$250,200,000 of which principal amount of HK\$180,000,000 and HK\$70,200,000 was issued to Capital Force and New Capital, respectively. The maturity date of the 2024 Convertible Bonds will fall on the eighth anniversary of the date of issue of the 2024 Convertible Bonds, which will fall due on 30 March 2024. The bonds are convertible at the option of the bondholders into ordinary shares at initial conversion price of HK\$0.90 per conversion share (subject to adjustments pursuant to the terms and conditions of the 2024 Convertible Bonds) and the bonds shall be redeemable at the option of the Company at anytime on or before 30 March 2024. The 2024 Convertible Bonds are unsecured, carry interest at 5% per annum on the outstanding principal amount. Interest is payable monthly.

The 2024 Convertible Bonds were split into liability and equity components upon initial recognition by recognising the liability component at fair value and attributing to the equity component the residual amount. The fair value of the liability component of these convertible bonds were estimated at the issuance date using cash flows discounted at a rate based on effective interest rate of 6.57%. The residual amount is assigned as the equity component and is included in shareholders' equity. The fair value of the 2024 Convertible Bonds was determined as of the date of issue by reference to the valuations performed by an independent firm of professionally qualified valuers, Greater China Appraisal Limited.

The conversion price of the 2024 Convertible Bonds was adjusted from HK\$0.90 to HK\$0.87, from HK\$0.87 to HK\$0.84, from HK\$0.84 to HK\$0.81, from HK\$0.81 to HK\$0.78, from HK\$0.78 to HK\$0.75 and from HK\$0.75 to HK\$0.72 per conversion share on 1 June 2016, 15 September 2016, 5 June 2017, 18 September 2017, 5 June 2018 and 19 September 2018 respectively pursuant to the terms and conditions of the convertible bonds. The conversion price of the 2024 Convertible Bonds as at 30 June 2021 was HK\$0.72 per conversion share.

During the six months period ended 30 June 2021, there was no movement of the 2024 Convertible Bonds.



14. CONVERTIBLE BONDS (continued)

2024 Convertible Bonds (continued)

The following table sets out the shareholding structure of the Company: (i) as at 30 June 2021; and (ii) for illustrative purpose only, the structure immediately after the issue of the 347,500,000 Shares upon full conversion of the all the outstanding 2024 Convertible Bonds as at 30 June 2021 at the conversion price of HK\$0.72 per conversion share, assuming that there is no other changes to the share capital of the Company from 30 June 2021 to date of the allotment and issue of the conversion shares:

Shareholders	As at 30 June 2021		Immediately after conversion of all the outstanding 2024 Convertible Bonds and issue of the conversion shares	
	No. of Shares	%	No. of Shares	%
Capital Force	96,868,792	11.09	346,868,792	28.42
New Capital	171,357,615	19.63	268,857,615	22.03
Capital Winner	177,798,672	20.36	177,798,672	14.57
Mr. Mak	25,589,652	2.93	25,589,652	2.09
Sub-total for Mr. Mak and his close associates	471,614,731	54.01	819,114,731	67.11
Public Shareholders	401,496,721	45.99	401,496,721	32.89
Total	873,111,452	100.00	1,220,611,452	100.00

The outstanding 2024 Convertible Bonds had an anti-dilutive effect on the basic loss per share of the Company for the six months ended 30 June 2021, the calculation of which is set out in note 9 to the financial information of this interim report.

As the conversion price of the 2024 Convertible Bonds of \$0.72 per Share is substantially above the current market price of the Shares, it is unlikely that the bondholders will convert the 2024 Convertible Bonds into the Shares. The maturity date of the 2024 Convertible Bonds is 30 March 2024, which is less than three years from the date of this interim report. The Company has started to consider various plans for settlement of the 2024 Convertible Bonds in order to minimise the impact on the financial and liquidity positions of the Group.



14. CONVERTIBLE BONDS *(continued)*
2024 Convertible Bonds *(continued)*

The analysis of the Company's share price at which it would be equally financially advantageous for the bondholder(s) to convert or redeem the 2024 Convertible Bonds based on their implied rate of return at a range of dates in the future:

Suggested conversion date	Company's Share price	Implied rate of return of bondholder (%)
31 December 2021	HK\$0.72	5.11%
30 June 2022	HK\$0.72	5.12%

15. SHARE CAPITAL

HK\$ million	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Authorised:		
2,000,000,000 ordinary shares of HK\$0.10 each	200	200
Issued and fully paid:		
873,111,452 (31 December 2020: 873,111,452) ordinary shares of HK\$0.10 each	87	87

There were no transactions involving the Company's issued ordinary share capital during the six months ended 30 June 2021.



16. CONTINGENT LIABILITIES

As at 30 June 2021, contingent liabilities which were not provided for in the Group's financial information were as follows:

Litigations

During 2017 and in or about August 2018, various property purchasers initiated legal proceedings against a subsidiary of the Company (the "Relevant Subsidiary") concerning alleged misrepresentations on the part of the Relevant Subsidiary in relation to certain properties sold by the Relevant Subsidiary. In September 2018, the Court ordered that all individual legal proceedings against the Relevant Subsidiary were consolidated into one legal proceedings. Based on the existing legal documents and advice of the legal advisor of the Company, the Directors are of the opinion that there is a reasonably good chance of success in the defence of the Relevant Subsidiary. In the opinion of the Directors, no provision is considered necessary for the claims arising from the legal proceedings at the end of the reporting period.

17. PLEDGE OF ASSETS

At 30 June 2021, the Group's interest-bearing bank borrowings were secured by:

- (i) mortgage of certain of the Group's leasehold land and buildings situated in Hong Kong, which had an aggregate carrying amount at the end of the reporting period of approximately HK\$602 million (31 December 2020: HK\$610 million);
- (ii) mortgage of the Group's properties situated in Hong Kong, which had an aggregate carrying amount at the end of the reporting period of approximately HK\$1,647 million (31 December 2020: HK\$1,645 million);
- (iii) pledge of certain inventories of the Group, which had an aggregate carrying amount at the end of the reporting period of HK\$1 million (31 December 2020: HK\$20 million); and
- (iv) pledge of certain time deposits of the Group with an aggregate amount of HK\$54 million (31 December 2020: HK\$43 million).

18. COMMITMENTS

As at 30 June 2021, the Group did not have any capital commitment (31 December 2020: HK\$6 million).



19. RELATED PARTY TRANSACTIONS

- (a) GBA is regarded as a related party of the Company as the Company is a substantial shareholder of GBA, holding approximately 29.2% of the total number of issued GBA Shares. Mr. Mak is also a related party of the Company as he is the chairman, the chief executive officer and the controlling shareholder of the Company. During the six months period ended 30 June 2021, the Group had conducted the following transactions with (i) the GBA Group; and (ii) Mr. Mak and private companies controlled by him:

HK\$ million	notes	Six months ended 30 June	
		2021 (Unaudited)	2020 (Unaudited)
(i) With the GBA Group:			
Sales of components	(i)	–	5
Management information system service fees	(ii)	–	2
Purchase of child products	(iii)	–	5
Administrative service fee	(iv)	1	1
Interest expenses	(v)	–*	–
(ii) With Mr. Mak and private companies controlled by him:			
Interest expense on the 2024 Convertible Bonds	(vi)	8	8
Rental income on investment properties	(vii)	–	3

* less than HK\$1 million



19. RELATED PARTY TRANSACTIONS *(continued)*

(a) *(continued)*

notes:

- (i) These sales represented components and tooling manufactured by the Group and sold to the GBA Group, based on terms and conditions of the component manufacturing agreement entered into between the Company and GBA on 15 November 2018 (the “**2018 Component Agreement**”). The 2018 Component Agreement had a term of three years from 1 January 2019 to 31 December 2021. Pursuant to the 2018 Component Agreement, the Company agreed to manufacture and supply through its subsidiaries certain plastic casings, components and other component products and tooling to the GBA Group. In accordance with the terms of the 2018 Component Agreement, the purchase prices of plastic casings, components and other component products were determined based on the direct material costs plus a mark-up of no more than 250%. The charges for the tooling were determined based on the total costs plus a mark-up of no more than 50%. The 2018 Component Agreement was terminated with effect from 24 January 2021.
- (ii) The management information system service fee was charged by GBA to the Company 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 2017 entered into between the Company and GBA, which had a term of three years from 1 January 2018 to 31 December 2020. The aforesaid agreement was not renewed after 31 December 2020.
- (iii) This represented the transaction amount for the supply of feeding, health care, hygiene, safety, toy and other related products for infants and babies by the GBA Group to the Group based on the agreement set out below. On 15 November 2018, an agreement was entered into between GBA and the Company (the “**2018 Child Products Agreement**”), which governed the terms and conditions for the supply of child products by the GBA Group to the Group during a term of three years from 1 January 2019 to 31 December 2021. Pursuant to the 2018 Child Products Agreement, the price of the child products to be supplied by the GBA Group to the Group would be the higher of the sum of the direct material costs plus a mark-up of no more than 250% of the direct material costs and the selling prices that the Group sold to independent third parties less a discount of up to 10%. The 2018 Child Products Agreement was terminated with effect from 24 January 2021.



19. RELATED PARTY TRANSACTIONS *(continued)*

(a) *(continued)*

notes: (continued)

- (iv) The administrative service income was received from the GBA Group for provision of administrative and other related services by the Group to the GBA Group.
- (v) On 1 June 2021, the Company and a subsidiary of GBA entered into a loan agreement, pursuant to which the subsidiary of GBA agreed to grant an unsecured loan of HK\$70,000,000 to the Company at an interest rate of 7% per annum for a term of two years. The interest expenses of less than HK\$1 million represented interest accrued for the period from drawdown of the loan to 30 June 2021.
- (vi) On 27 January 2016, the Company entered into the sale and purchase agreement with Mr. Mak to acquire all the issued shares of the companies which indirectly hold interest in the properties at House 38 and House 39, No. 56 Repulse Bay Road, Repulse Bay, Hong Kong (collectively as the **"Property Holding Companies"**) from Mr. Mak and the shareholder's loans then due to Mr. Mak by the Property Holding Companies for the share consideration of approximately HK\$250 million (which was satisfied by the issue of the 2024 Convertible Bonds to Capital Force and New Capital) and the cash consideration of approximately HK\$29 million. The aforesaid transactions constituted non-exempt connected transactions for the Company under the Listing Rules. The interest expense was paid to Capital Force and New Capital in respect of the 2024 Convertible Bonds, which carry interest at 5% per annum.
- (vii) On 6 December 2017, two indirect wholly-owned subsidiaries of the Company entered into the tenancy agreements with Mr. Mak to lease the properties situated at House 38 and House 39, No. 56 Repulse Bay Road to Mr. Mak for a rental period from 1 January 2018 to 31 December 2020 at a monthly rental (inclusive of management fee and government rent and rates) of HK\$270,000 and HK\$260,000, respectively. The rental was determined based on market rental. The rental transactions constituted non-exempt continuing connected transactions for the Company under the Listing Rules. The tenancy agreements were early terminated on 1 June 2020.
- (viii) The Company has complied with the relevant requirements under the Listing Rules in respect of the non-exempt connected transactions and non-exempt continuing connected transactions set out in paragraphs (vi) and (vii) above.

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

HK\$ million	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Short term employee benefits	9	11



20. COMPARATIVE AMOUNTS

The comparative condensed consolidated statement of profit or loss and the comparative condensed consolidated statement of comprehensive income have been represented as if the operation discontinued during the year ended 31 December 2020 had been discontinued at the beginning of the comparative period (Note 7). In addition, certain comparative amounts have been reclassified to conform with the current period's presentation.

21. EVENT AFTER REPORTING PERIOD

There is no significant event of the Group after the reporting period.

22. APPROVAL OF THE INTERIM REPORT

This interim report was approved by the Board on 30 August 2021.



disclosure of interests

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

As at 30 June 2021, 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 otherwise 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 30 June 2021

(A) THE COMPANY

Long Positions

Name of Directors	Capacity/ nature of interests	No. of Shares	Number of Shares / underlying Shares		Approximate % of the total number of issued Shares*
			No. of Shares convertible under the 2024 Convertible Bonds	Total interests	
Executive Directors					
Mak Shiu Tong, Clement ("Mr. Mak")	Beneficial owner	25,589,652	-		
	Interests of controlled corporations	446,025,079 (Note 1)	347,500,000 (Note 2)	819,114,731	93.81%
Tam Ngai Hung, Terry	Beneficial owner	1,380,000	-	1,380,000	0.15%

* The percentage was calculated based on 873,111,452 Shares in issue as at 30 June 2021.



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 30 June 2021***(continued)***(A) THE COMPANY** *(continued)**Long Positions (continued)**Notes:*

1. The interests disclosed represented an aggregate of 446,025,079 Shares which were held by Capital Force, New Capital and Capital Winner as at 30 June 2021. All these companies are private corporations wholly-owned by Mr. Mak beneficially. Mr. Mak is deemed to be interested in 446,025,079 Shares under the SFO as he controls the exercise of all the voting power at respective general meetings of Capital Force, New Capital and Capital Winner.
2. The interests disclosed represented 347,500,000 underlying Shares as at 30 June 2021, at the existing conversion price of HK\$0.72 per conversion share (subject to adjustments pursuant to the terms and conditions of the 2024 Convertible Bonds) in respect of the 2024 Convertible Bonds issued by the Company to Capital Force and New Capital. Out of such 347,500,000 underlying Shares, 250,000,000 underlying Shares were held by Capital Force and 97,500,000 underlying Shares were held by New Capital. Mr. Mak is deemed to be interested in such underlying Shares under the SFO as he controls the exercise of all the voting power at respective general meetings of Capital Force and New Capital.



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 30 June 2021
(continued)
(B) ASSOCIATED CORPORATION – GBA
Long Positions

Name of directors	Capacity/ nature of interests	Number of GBA Shares / underlying GBA Shares			Approximate % of the total number of issued GBA Shares*
		No. of GBA Shares	No. of GBA share options	Total interests	
Executive directors					
Mak Shiu Tong, Clement ("Mr. Mak")	Interests of controlled corporations	53,667,100,000 (Note A)	-		
	Beneficial owner	-	2,620,000,000 (Notes B & C)	56,287,100,000	30.61%
Tam Ngai Hung, Terry	Beneficial owner	10,000,000	3,445,000,000 (Notes B & D)	3,455,000,000	1.87%
Cheng Yuk Ching, Flora	Beneficial owner	-	3,445,000,000 (Notes B & D)	3,445,000,000	1.87%
Independent non-executive directors					
Tam King Ching, Kenny	Beneficial owner	-	35,000,000 (Notes B & E)	35,000,000	0.01%
Chen Li	Beneficial owner	10,000,000	-	10,000,000	0.01%
Chow Siu Ngor	Beneficial owner	-	35,000,000 (Notes B & E)	35,000,000	0.01%

* The percentage was calculated based on 183,846,100,000 GBA Shares in issue as at 30 June 2021.



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 30 June 2021***(continued)***(B) ASSOCIATED CORPORATION – GBA** *(continued)**Long Positions (continued)**Notes:*

- A. The interests disclosed represented 53,667,100,000 GBA Shares, held indirectly by the Company through its two indirect wholly-owned subsidiaries, of which 28,467,100,000 GBA Shares were held by CCT Telecom Securities Limited and 25,200,000,000 GBA Shares were held by Ever Sino Group Limited. Mr. Mak was deemed to be interested in the aforesaid 53,667,100,000 GBA 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 the Company through his interest in the shareholding of approximately 54.01% of the total number of issued Shares as at 30 June 2021.
- B. These represented underlying GBA Shares of the outstanding share options granted to the directors of GBA pursuant to the GBA 2011 Scheme as at 30 June 2021.
- C. The 2,620,000,000 GBA share options interested by Mr. Mak as at 30 June 2021 represented (i) the share options granted to Mr. Mak on 18 January 2017 to subscribe for 1,300,000,000 GBA 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 GBA Shares at the exercise price of HK\$0.01 per share, exercisable during the exercisable period from 25 January 2018 to 24 January 2028.
- D. The 3,445,000,000 GBA share options interested by each of Mr. Tam Ngai Hung, Terry and Ms. Cheng Yuk Ching, Flora as at 30 June 2021 represented (i) the share options granted to each of these two executive directors of GBA on 18 January 2017 to subscribe for 825,000,000 GBA 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 of GBA on 25 January 2018 to subscribe for 1,320,000,000 GBA 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 of GBA on 25 January 2019 to subscribe for 1,300,000,000 GBA Shares at the exercise price of HK\$0.01 per share, exercisable during the exercisable period from 25 January 2019 to 24 January 2029.



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 30 June 2021

(continued)

(B) ASSOCIATED CORPORATION – GBA (continued)

Long Positions (continued)

Notes: (continued)

- E. The 35,000,000 GBA share options interested by each of Mr. Tam King Ching, Kenny and Mr. Chow Siu Ngor as at 30 June 2021 represented (i) the share options granted to each of these two independent non-executive directors of GBA on 17 January 2014 to subscribe for 5,000,000 GBA 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 two independent non-executive directors of GBA on 18 January 2017 to subscribe for 10,000,000 GBA 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 two independent non-executive directors of GBA on 25 January 2018 to subscribe for 10,000,000 GBA 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 (iv) the share options granted to each of these two independent non-executive directors of GBA on 25 January 2019 to subscribe for 10,000,000 GBA Shares at the exercise price of HK\$0.01 per share, exercisable during the exercisable period from 25 January 2019 to 24 January 2029.

Save as disclosed above, as at 30 June 2021, 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 section headed "Directors' and Chief Executive's Interests in Shares and Underlying Shares" above, at no time during the period for the six months ended 30 June 2021 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 30 June 2021, 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 30 June 2021

Long Positions

Name of substantial Shareholders	Capacity/ nature of interests	Number of Shares / underlying Shares			Approximate % of the total number of issued Shares*
		No. of Shares	No. of Shares convertible under the 2024 Convertible Bonds	Total interests	
Capital Force International Limited (Note)	Beneficial owner	96,868,792	250,000,000	346,868,792	39.72%
New Capital Industrial Limited (Note)	Beneficial owner	171,357,615	97,500,000	268,857,615	30.79%
Capital Winner Investments Limited (Note)	Beneficial owner	177,798,672	-	177,798,672	20.36%

* The percentage was calculated based on 873,111,452 Shares in issue as at 30 June 2021.

Note: Capital Force, New Capital and Capital Winner are private corporations, the shares in which are wholly-owned by Mr. Mak Shiu Tong, Clement ("**Mr. Mak**") beneficially.

Save for Mr. Mak who is a director and the beneficial owner of all the issued share capital of Capital Force, New Capital and Capital Winner, 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 chief executive of the Company) who, as at 30 June 2021, 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.



share option schemes

SHARE OPTION SCHEMES

The 2011 Scheme

The 2011 Scheme which was adopted by the Company on 27 May 2011 and expired on 26 May 2021.

As at 30 June 2021, there was no share option under the 2011 Scheme remain outstanding and exercisable upon. No share options were granted, exercised, lapsed or cancelled by the Company under the 2011 Scheme during the six months ended 30 June 2021. No share option has ever been granted under the 2011 Scheme.

The 2021 Scheme

At the AGM held on 23 June 2021 (the “**2021 AGM**”), an ordinary resolution was passed by the Shareholders to adopt the new 2021 Scheme. Unless otherwise cancelled or amended, the 2021 Scheme will be valid for 10 years from the date of adoption which is 23 June 2021.

When the 2021 Scheme was approved by the Shareholders at the 2021 AGM and the Shareholders also approved that the total number of Shares which may be allotted and issued upon exercise of all share options to be granted under the 2021 Scheme and any other share option scheme(s) must not in aggregate exceed 10% of the Shares in issue as at the date of the 2021 AGM (i.e. 87,311,145 Shares). As at the date of the 2021 AGM, the total number of issued Shares was 873,111,452. Shares which would have been issuable have lapsed or cancelled in accordance with the terms of the 2021 Scheme and any other share option scheme(s) will not be counted for the purpose of the 10% limit.

On 25 June 2021, the Listing Committee also granted approval for the listing of, and permission to deal in, such 87,311,145 Shares on the Stock Exchange which may fall to be allotted and issued by the Company pursuant to the terms and conditions of the 2021 Scheme.

Notwithstanding the foregoing, Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the 2021 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 share option scheme(s) (including the 2021 Scheme) of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded.

As at the date of this interim report, there was no share option was granted under the 2021 Scheme.

As at the date of this interim report, the total number of share options available for grant under the 2021 Scheme is 87,311,145 and the total number of Shares which may be issued upon grant and exercise of all such share options is 87,311,145, which represents 10% of the total number of issued Shares.



SHARE OPTION SCHEMES *(continued)***The 2021 Scheme** *(continued)**The purpose of the 2021 Scheme*

The 2021 Scheme is to enable the Company to grant share options to the Eligible Participants, as incentives and/or rewards for their contribution or potential contribution to the Group and/or any entity interest in which any member of the Group holds any entity interest (the "**Invested Entity**") and/or the holding company of the Company (if applicable).

The eligible participants of the 2021 Scheme

The eligible participants of the 2021 Scheme include:

- (a) any director or proposed director (whether executive, non-executive or independent non-executive director), 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 the Group;
- (b) any supplier or services provider or goods provider to offer more economic and quality supplies to the Group;
- (c) any customer to maximise the quantity of their orders and increase loyalty to the Group;
- (d) any adviser, professional, consultant and agent to provide better services to the Group; and
- (e) business partner or shareholder(s) of any Invested Entity and/or the holding company of the Company and/or any member of the Group who have contributed or will contribute to the growth and development of the Group;

(collectively as the "**Eligible Participants**").



SHARE OPTION SCHEMES *(continued)*

The 2021 Scheme *(continued)*

The maximum entitlement of each Eligible Participant under the 2021 Scheme

The total number of Shares issued and which may fall to be issued upon exercise of the share options granted under the 2021 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 share options in excess of this 1% limit shall be subject to the issue of a circular by the Company and the approval of the Shareholders in 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. Any circular to be issued by the Company must disclose, amongst other things, the details of the share options, including share options exercised or outstanding.

Any grant of share options to a director, chief executive or substantial shareholder of the Company or any of their respective associates is required to be approved by the INEDs, excluding the INED(s) who is/are the grantee(s) of the share options.

If the Company proposes to grant share options to a substantial shareholder of the Company or any INED or their respective associates which will result in the number of Shares issued and to be issued upon exercise of share options granted (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the offer of such grant:

- (a) representing in aggregate over 0.1% of the total number of Shares in issue as at the date of the offer; and
- (b) having an aggregate value in excess of HK\$5 million, based on the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange as at the date of each offer,

such further grant of share options will be subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting at which the grantee, his/her associates and all core connected persons (as defined in the Listing Rules) of the Company shall abstain from voting, and/or such other requirements prescribed under the Listing Rules from time to time except that the grantee, his/her associates and all core connected persons (as defined in the Listing Rules) of the Company may vote against the relevant resolution at the general meeting, provided that his/her intention to do so has been stated in the circular.



SHARE OPTION SCHEMES *(continued)***The 2021 Scheme** *(continued)**Time of exercise of and duration of share option*

There is no specific requirement under the 2021 Scheme that a share option must be held for any minimum period before it can be exercised, but the terms of the 2021 Scheme provide that the Board has the discretion to impose a minimum period at the time of grant of any particular share option.

The date of grant of any particular share option is the date when the duplicate offer document constituting acceptance of the share option duly signed by the grantee, together with a remittance in favour of the Company of HK\$1.00 by way of consideration is received by the Company, such date must be on or before the 28th day after the share option is offered to the relevant grantee(s).

The period during which a share option may be exercised will be determined by the Board at its absolute discretion, save that no share option may be exercised more than 10 years after it has been granted. No share option may be granted upon the expiry of the 10th anniversary of the approval date of the 2021 Scheme. Subject to earlier termination by the Company in general meeting or by the Board in accordance with the terms of the 2021 Scheme, the 2021 Scheme shall be valid and effective for a period of 10 years commencing on the adoption date which is 23 June 2021.

Exercise price of the share option

The exercise price for a Share in respect of any particular share option granted under the 2021 Scheme (which shall be payable upon exercise of the share option) shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business 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);
- (b) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant; and
- (c) 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.



other information

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 six months ended 30 June 2021.

CORPORATE GOVERNANCE

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 period from 1 January 2021 to 30 June 2021, 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 for the six months ended 30 June 2021.

Mr. Mak Shiu Tong, Clement ("**Mr. Mak**") 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 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.



CORPORATE GOVERNANCE *(continued)*

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 nor be taken into account in determining the number of Directors to retire in each AGM. 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.

Other information on the corporate governance practices of the Company has been disclosed in the corporate governance report contained in the 2020 annual report of the Company issued in April 2021.

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 six months ended 30 June 2021.

REVIEW OF INTERIM REPORT

The Group's interim report including the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2021 has been reviewed by the Audit Committee.

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

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

- Mr. Chow Siu Ngor ceased as an independent non-executive director of REXLot Holdings Limited (delisted on 10 May 2021 with previous stock code: 00555) with effect from 10 May 2021.



corporate information

COMPANY NAME

CCT Fortis Holdings Limited

BOARD AND COMMITTEES OF THE BOARD

Executive Directors

Mak Shiu Tong, Clement (*Chairman and CEO*)

Tam Ngai Hung, Terry (*Deputy Chairman*)

Cheng Yuk Ching, Flora

Independent Non-executive Directors

Tam King Ching, Kenny

Chen Li

Chow Siu Ngor

Audit Committee

Tam King Ching, Kenny (*chairman*)

Chen Li

Chow Siu Ngor

Remuneration Committee

Chow Siu Ngor (*chairman*)

Tam King Ching, Kenny

Chen Li

Mak Shiu Tong, Clement

Tam Ngai Hung, Terry

Nomination Committee

Mak Shiu Tong, Clement (*chairman*)

Tam Ngai Hung, Terry

Tam King Ching, Kenny

Chen Li

Chow Siu Ngor

COMPANY SECRETARY

Sze Suet Ling

PRINCIPAL BANKERS

Nanyang Commercial Bank, Limited

Hang Seng Bank Limited

REGISTERED OFFICE

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18/F., CCT Telecom Building

11 Wo Shing Street, Fotan

Shatin, New Territories

Hong Kong

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Tengis Limited

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

TELEPHONE NUMBER

+852 2102 8138

FAX NUMBER

+852 2102 8100

COMPANY WEBSITE

www.cct-fortis.com

STOCK CODE

138



glossary of terms


GENERAL TERMS

“2011 Scheme”	The previous share option scheme which was adopted by the Company on 27 May 2011 and expired on 26 May 2021
“2021 Scheme”	The adoption of the new share option scheme of the Company which was approved by the Shareholders at the AGM held on 23 June 2021
“2024 Convertible Bonds”	The 5% coupon convertible bonds with the aggregate principal amount of HK\$250,200,000 issued by the Company on 30 March 2016 to Capital Force and New Capital
“AGM”	The annual general meeting of the Company
“AHM”	AHM Engineering Company Limited, a company incorporated in Hong Kong with limited liability, which is an indirect non-wholly owned subsidiary of the Company, the issued shares of which are held indirectly as to approximately 72% by the Company and approximately 28% by Mr. Chan Muk Hing
“Audit Committee”	The audit committee of the Company
“Blackbird” or “Blackbird Group”	The Blackbird group established by the Company, which is engaged in the Ferrari dealership, Maserati importership, investment and trading of classic cars, car logistics operations, investment in and trading of collectible precision devices
“Blackbird Concessionaires”	Blackbird Concessionaires Limited, a company incorporated in Hong Kong with limited liability, being a wholly-owned subsidiary of the Company under the Blackbird Group
“Board”	The board of Directors
“Capital Force”	Capital Force International Limited, a company incorporated in the British Virgin Islands, the shares in which are wholly-owned by Mr. Mak beneficially
“Capital Winner”	Capital Winner Investments Limited, a company incorporated in the British Virgin Islands, the shares in which are wholly-owned by Mr. Mak beneficially
“CEO”	The chief executive officer of the Company



“CG Code”	The Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules
“Chairman”	The chairman of the Company
“China” or “PRC”	The People’s Republic of China
“Company”	CCT Fortis Holdings Limited (stock code: 00138), a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the Shares are listed on the Main Board of the Stock Exchange
“Director(s)”	The director(s) of the Company
“GBA”	GBA Holdings Limited (stock code: 00261), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“GBA 2011 Scheme”	The previous share option scheme which was adopted by GBA on 27 May 2011 and expired on 26 May 2021
“GBA 2021 Scheme”	The adoption of the new share option scheme which was approved by the shareholders of GBA at the annual general meeting of GBA held on 23 June 2021
“GBA Group”	GBA and its subsidiaries, from time to time
“GBA Share(s)”	Ordinary share(s) of HK\$0.01 each in the share capital of GBA
“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
“Industrial Product Business”	The businesses of manufacturing and sale of plastic components and the child product trading business previously carried by the Group, which was discontinued by the Group in July 2020
“INED(s)”	The independent non-executive director(s) of the Company
“Joint Venture”	Xinjiang Xingkai Real Estate Development Limited, which is engaged in property development in Mainland China and which was a joint venture of the Company until the termination of cooperation in 2020






“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
“Mr. Mak”	Mr. Mak Shiu Tong, Clement, the Chairman, the CEO, an executive Director and the controlling shareholder of the Company
“N/A”	Not applicable
“New Capital”	New Capital Industrial Limited, a company incorporated in the British Virgin Islands, the shares in which are wholly-owned by Mr. Mak beneficially
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	Ordinary share(s) of HK\$0.10 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
“%”	Per cent



FINANCIAL TERMS



“current ratio”	Current assets divided by current liabilities
“loss per share”	Loss attributable to ordinary equity holders of the parent divided by weighted average number of ordinary shares in issue during the period
“gearing ratio”	Total borrowings (representing interest-bearing bank and other borrowings and lease liabilities/finance lease payable) divided by total capital employed (i.e. total Shareholders’ fund plus total borrowings)
“operating profit/(loss)”	Operating profit/(loss) before finance costs and taxation for evaluation of performance of business segments
“1H20”	First half of 2020
“1H21”	First half of 2021



