



GBA集團有限公司

Stock Code : 261

ANNUAL REPORT
2022

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CORPORATE INFORMATION

COMPANY NAME

GBA Holdings Limited

BOARD AND COMMITTEES OF THE BOARD

Executive Directors

Ong Chor Wei (*Chairman*)

(redesignated from non-executive Director to Executive Director on 7 April 2022)

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

(resigned on 20 May 2022)

Cheng Yuk Ching, Flora (*Deputy Chairman*)

(resigned on 1 August 2022)

Yuk Kai Yao (*Deputy Chairman and CEO*)

(appointed on 19 May 2022)

Tam Ngai Hung, Terry

(resigned on 3 January 2022)

Independent Non-executive Directors

Wu Wai Shan (appointed on 10 June 2022)

Lau Ho Kit, Ivan (resigned on 10 June 2022)

Lau Yik Lok (appointed on 1 August 2022)

Chow Siu Ngor (resigned on 1 August 2022)

Lam Chi Keung (appointed on 30 September 2022 and resigned on 27 March 2023)

Tam King Ching, Kenny (resigned on 30 September 2022)

Leung Gar-gene Vincent (appointed on 27 March 2023)

Audit Committee

Wu Wai Shan (*chairman*)

(appointed on 10 June 2022)

Lau Ho Kit, Ivan (*chairman*)

(resigned on 10 June 2022)

Lau Yik Lok (appointed on 1 August 2022)

Chow Siu Ngor (resigned on 1 August 2022)

Lam Chi Keung (appointed on 30 September 2022 and resigned on 27 March 2023)

Tam King Ching, Kenny (resigned on 30 September 2022)

Leung Gar-gene Vincent (appointed on 27 March 2023)

Remuneration Committee

Lau Yik Lok (*chairman*)

(appointed on 1 August 2022)

Chow Siu Ngor (*chairman*)

(resigned on 1 August 2022)

Wu Wai Shan

(appointed on 10 June 2022)

Lau Ho Kit, Ivan

(resigned on 10 June 2022)

Lam Chi Keung

(appointed on 30 September 2022 and resigned on 27 March 2023)

Tam King Ching, Kenny

(resigned on 30 September 2022)

Ong Chor Wei

(appointed on 20 May 2022)

Mak Shiu Tong, Clement

(resigned on 20 May 2022)

Cheng Yuk Ching, Flora

(appointed on 3 January 2022 and resigned on 1 August 2022)

Yuk Kai Yao

(appointed on 1 August 2022)

Tam Ngai Hung, Terry

(resigned on 3 January 2022)

Leung Gar-gene Vincent (appointed on 27 March 2023)

Nomination Committee

Ong Chor Wei (*chairman*)

(appointed on 20 May 2022)

Mak Shiu Tong, Clement (*chairman*)

(resigned on 20 May 2022)

Cheng Yuk Ching, Flora

(appointed on 3 January 2022 and resigned on 1 August 2022)

Yuk Kai Yao

(appointed on 1 August 2022)

Tam Ngai Hung, Terry

(resigned on 3 January 2022)

Lau Yik Lok

(appointed on 1 August 2022)

Chow Siu Ngor

(resigned on 1 August 2022)

Wu Wai Shan

(appointed on 10 June 2022)

Lau Ho Kit, Ivan

(resigned on 10 June 2022)

Lam Chi Keung

(appointed on 30 September 2022 and resigned on 27 March 2023)

Tam King Ching, Kenny

(resigned on 30 September 2022)

Leung Gar-gene Vincent (appointed on 27 March 2023)

COMPANY SECRETARY

Cheung Yin, *HKICPA* (appointed on 20 May 2022)
Sze Suet Ling (resigned on 20 May 2022)

COMPANY WEBSITE

www.gbaholdings.com

STOCK CODE

261

AUTHORISED REPRESENTATIVES

Ong Chor Wei
Cheung Yin

PRINCIPAL BANKER

Bank of Communication (Hong Kong) Limited

AUDITORS

Crowe (HK) CPA Limited
Certified Public Accountants
Registered Public Interest Entity
Auditor

FINANCIAL YEAR END

31 December

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

**HEAD OFFICE AND PRINCIPAL PLACE OF
BUSINESS IN HONG KONG**

Room 1415, 14/F., Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

**PRINCIPAL SHARE REGISTRAR AND
TRANSFER OFFICE IN BERMUDA**

Ocorian Management (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

**BRANCH SHARE REGISTRAR AND
TRANSFER OFFICE IN HONG KONG**

Tricor Tengis Limited
17th Floor, Far East Finance Centre
16 Harcourt Road
Hong Kong

CHAIRMAN'S STATEMENT

RESULTS

On behalf of the Board, I present the annual results of the Group for the year ended 31 December 2022.

The Group's continuing operations recorded revenue of approximately HK\$56 million in 2022, representing a decrease of approximately 88.1% from approximately HK\$469 million in 2021. Loss attributable to the owners of the Company for the year ended 31 December 2022 (the "**Current Period**") was HK\$175 million, representing an increase of approximately 191.7% from loss of approximately HK\$60 million for the year ended 31 December 2021 (the "**Corresponding Period**").

As the Company was still in a loss position, which mainly due to (i) decrease in fair value of financial assets at fair value through profit or loss due to lower fair value of financial assets; (ii) increase in write down of properties held for sale to net realisable value due to weak property market in the People's Republic of China (the "**PRC**"); and (iii) decrease in revenue from sale of properties due to negative impact arising from the outbreak of novel coronavirus disease (the "**COVID-19**") and weak economy in the PRC, and the Company intends to conserve cash resources to finance its operations and future expansion and to counter the uncertainties of the future, the Board does not recommend payment of a final dividend for the year ended 31 December 2022 (2021: nil).

BUSINESS REVIEW

Property Business

All our property development projects, namely Landmark City, Evian Villa and CCT Land-Jun Mansion are located in the Anshan, Liaoning Province, the PRC, details of which are set out below.

Landmark City

Situated in the Tiexi District of the Anshan City, Landmark City enjoys convenient transport access and well-developed comprehensive ancillary facilities, and the project provides comfortable design, relatively low plot ratio and relatively high ratio of greenery and common areas. The project comprises residential buildings, underground car parks and retail shops, with a total gross floor area of approximately 212,000 square meters, built on a site area of 69,117 square meters. Landmark City is divided into three phases, comprising 22 residential towers, offering 2,132 flats and shop units in aggregate, with wide range of sizes from one-bedroom to four-bedroom apartments. Development of the entire Landmark City project was completed in 2013. As at 31 December 2022, approximately 91.3% of the entire project in terms of gross floor area has been sold accumulatively.

Evian Villa

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

The project has a site area of 74,738 square meters and is divided into two phases, comprising 27 blocks of low-rise apartment buildings, under-ground car parking spaces and retail shops with total gross floor area of 126,000 square meters. Phase 1 comprises 14 blocks of gross floor area of 63,000 square meters and Phase 2 comprises 13 blocks of gross floor area of 63,000 square meters. Evian Villas provide flats and duplex apartments of 670 units in aggregate, comprising 291 units for Phase 1 and 379 units for Phase 2, with wide range of flat types. Development of the Phase 1 was completed in 2011. Approximately 78.5% of the residential units and 100% of the shops and car parks have been sold accumulatively up to 31 December 2022. Development of Phase 2 was completed in 2015. Approximately 88.1% of the residential units of Phase 2 has been sold accumulatively up to 31 December 2022. We will continue to sell the remaining units of Phase 1 and Phase 2 and the underground car parks of Phase 1 and Phase 2.

CCT Land-Jun Mansion

CCT Land-Jun Mansion is located on the land lot site "DN1" of the Hi-tech Development Zone, adjacent to the Evian Villa project. This land site is unique and represents scarce land resource in the zone. Located in a prestigious residential location in Anshan, CCT Land-Jun Mansion enjoys well-developed community facilities. With a site area of approximately 83,000 square meters, this premier project will be developed into a luxury residential community comprising low-rise apartments with wide range of flat types, retail shops and underground car parks, with a planned total gross floor area of approximately 168,000 square meters. We pursue excellence and superior quality in the development of CCT Land-Jun Mansion, aiming to offer luxury and comfortable living environment to home buyers.

Development of CCT Land-Jun Mansion project has been divided in six phases, consisting of Phases 1.1, 1.2, 1.3, 2.1, 2.2 and 3, the status of which are described as follow:

- (i) Phase 1.2 was firstly developed and construction was completed in 2020 and most of its residential units were sold in 2020. Phase 1.2 comprises 12 blocks of 423 units offering good range of flat types and size to meet market demand, together with 13 shop units and 249 underground car parks, with a total gross floor area of approximately 65,148 square meters. Up to 31 December 2022, approximately 81.7% of the total gross floor area of Phase 1.2 has been sold accumulatively.
- (ii) Phase 1.1 comprises one luxury low-rise building with gross floor area of 5,935 square meters, offering 20 residential units and one shop. Construction of Phase 1.1 was completed in 2021. Up to 31 December 2022, approximately 18.5% of the total gross floor area of Phase 1.1 was sold.
- (iii) Consisting of six residential towers, Phase 1.3 provides 94 units and 13 shops with a total gross floor area of 11,107 square meter. Completed in 2021, approximately 92.9% in terms of gross floor area was sold during 2022.
- (iv) Completed in 2021, Phase 2.1 comprises 6 residential towers, providing gross floor area of 40,951 square meters of 192 apartments and 391 underground carpark spaces. Approximately 66.6% in terms of gross floor area of Phase 2.1 has been sold accumulatively up to the end of 2022.
- (v) Completed in 2021, Phase 3 comprises 7 residential towers, providing 224 residential units with a total gross floor area of 24,471 square meters. Approximately 85.7% of the total gross floor area of Phase 3 has been sold accumulatively up to the end of 2022.
- (vi) Phase 2.2 is still being developed and foundation has been completed in 2023. The development of Phase 2.2 will provide approximately 20,000 square meter comprising mostly of residential units with some shop units.

We continually commit to pursue excellence and superior quality in our property projects by delivering premium property quality, stylish designs, high greenery ratio, luxury, spacious and comfortable environment and attentive after-sales services to homebuyers. We have established ourselves as one of the highly reputable developers in Anshan and our projects have won numerous awards and received accolade from customers. All of our property projects have been sold very well and are well received by property buyers in the Anshan.

Finance Business

We continue to carry on money lending business in Hong Kong and expanded our loan portfolio in 2022. The revenue of finance business recorded approximately HK\$5 million for the Current Period as compared to approximately HK\$3 million for the Corresponding Period. We expect this business will continue to contribute stable stream of interest income to the Group. We will explore opportunities to expand our finance business, including property mortgage, share mortgage, working capital financing and luxury goods financing.

GBA HOLDINGS LIMITED

Automobile Business

We commenced the business of sale of automobile in 2022 to diversify our revenue base. The revenue of automobile business recorded approximately HK\$26 million for the year ended 31 December 2022. We expect this business will contribute a stable stream of income to the Group.

Catering and related Business

The Group acquired 100% of Universal Flair Limited (“UFL”) and is principally engaged in investment holding. UFL holds 26% interest in Kei Waa Limited (“KWL”) that is engaged in the catering business at the end of 2022. Subsequent to 2022, the Group acquired 100% of Charm Vision Enterprises Incorporated (“CVEI”) and is principally engaged an investment holding. CVEI holds 25% interest in KWL. KWL is engaged in the catering business and caters for the high end market and is situated at a well known business district. We are of the view that with the opening up of borders and influx of tourist, the catering and related business is expected to grow. We are of the view that the acquisition will provide new revenue and profit contribution to the Group.

OUTLOOK

Looking forward to 2023, due to the reopening of the border checkpoints between Hong Kong and the PRC in early January 2023 and the stabilisation of COVID-19 cases, sales in our property business are expected to recover. At the same time, our other new businesses such as catering and related business are expected to generate revenue in 2023. The Group will continue to expand the business based on market demand and availability of funds.

With our resilient management and healthy financial position, we consider that we can overcome the current unprecedented challenges and that we can turn risks into opportunities. We will continue to pursue our core strategy of achieving long-term sustainable growth for the Company and enhancing long-term value to our shareholders.

APPRECIATION

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

Ong Chor Wei

Chairman

Hong Kong, 31 March 2023

BIOGRAPHIES OF DIRECTORS

EXECUTIVE DIRECTOR

Mr. ONG Chor Wei (“Mr. Ong”), aged 53, has been appointed as a non-executive Director with effect from 3 January 2022 and redesignated to an executive Director with effect from 7 April 2022. Mr. Ong is an executive director of Net Pacific Financial Holdings Limited and a non-executive director of Joyas International Holdings Limited, both of which are listed on the Singapore Exchange. He is also an independent non-executive director of Denox Environmental & Technology Holdings Limited (stock code: 1452) and Smart Globe Holdings Limited (stock code: 1481), all of which are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Previously, Mr. Ong was an independent non-executive director of Nameson Holdings Limited (stock code: 1982), from 2016 to 2022, and O-Net Technologies (Group) Limited (stock code: 877), from 2010 to 2020. Mr. Ong was a non-executive director and re-designated as an independent non-executive director of Man Wah Holdings Limited (stock code: 1999), from March 2010 to May 2012 and from May 2012 to March 2022, respectively. He was also a non-executive director of Prosperous Printing Company Limited (stock code: 8385) from 2016 to 2020, which is listed on GEM of the Stock Exchange. From 2017 to 2019, Mr. Ong was a non-executive director of Vico International Holdings Limited (stock code: 1621), a company listed on the Stock Exchange. He was also an executive director on a part-time basis of Zibao Metals Recycling Holdings Plc (a company trading on AIM, a market operated by the London Stock Exchange Plc) from 2014 to 2019.

Mr. Ong has over 30 years of experience in finance and accounting. He holds a Bachelor of Laws degree from The London School of Economics and Political Science, The University of London. Mr. Ong also holds a distance learning degree in Masters in Business Administration which was jointly awarded by The University of Wales and The University of Manchester. Mr. Ong is an associate member of The Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Mr. Yuk Kai Yao (“Mr. Yuk”), aged 42, has been appointed as executive Director with effect from 19 May 2022. Mr. Yuk has been acting as a sales director of China Financial Services Holdings Limited (stock code: 605), a company listed on the Main Board of the Stock Exchange since January 2016. He is responsible for overseeing the group of China Financial Services Holdings Limited’s Hong Kong sales teams and sales strategies and business development activities.

Mr. Yuk has also been appointed as an independent non-executive director of Grand Talents Group Holdings Limited (stock code: 8516), a company listed on the GEM of the Stock Exchange since September 2018.

Mr. Yuk was a vice president of Aceso Life Science Group Limited (formerly known as Hao Tian Development Group Limited) (stock code: 474), a company listed on the Main Board of the Stock Exchange, during the period from January 2013 to December 2015. He was responsible for driving the sales activities of money lender business as well as fund raising and treasury matters.

Mr. Yuk worked in The Hong Kong and Shanghai Banking Corporation Limited from September 2007 to March 2012 with his last position held as an associate director. He also worked in Standard Chartered Bank (Hong Kong) Limited from March 2007 to September 2007 with his last position held as a manager.

Mr. Yuk graduated from The University of Hong Kong with a Bachelor Degree of Economics and Finance in 2004.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Wu Wai Shan (“Ms. Wu”), aged 35, has been appointed as independent non-executive Director with effect from 10 June 2022. Ms. Wu is currently the Investor Relations Senior Manager of Beijing Enterprises Urban Resources Group Limited (“**Beijing Enterprises**”) (stock code: 03718) since April 2020 and she joined Beijing Enterprises as Investor Relations Manager and Assistant Finance Manager from June 2017 to January 2018 and as Investor Relations Manager from January 2018 to April 2020. She is responsible for formulating the investor relations strategies for the Company and conducting meetings with investors.

Ms. Wu worked in Kong Sun Holdings Limited (stock code: 00295) from August 2016 to May 2017 with her last position held as Assistant Finance Manager. She also worked in China Mobile Games and Entertainment Group (HK) Limited from September 2015 to August 2016 with her last position held as Assistant Finance Manager. She also worked in China Resources Enterprise, Limited (currently named China Resources Beer (Holdings) Company Limited) (stock code: 00291) from May 2014 to June 2015 with her last position held as Deputy Financial Accounting Manager. She also worked in RSM Nelson Wheeler from July 2010 to November 2013 with her last position held as Senior Accountant.

Ms. Wu obtained a Bachelor of Business Administration in Accounting from Lingnan University in 2010. Ms. Wu was admitted as a member of the HKICPA since 2014.

Mr. Lau Yik Lok (“Mr. Lau”), aged 60, has been appointed as independent non-executive Director with effect from 1 August 2022. Mr. Lau has been the managing director of Excellent Network Limited since 2010, a company principally engaged in providing professional immigration advisory services and talks, and assisting in processing applications to clients in the PRC, including the management of China’s state-owned enterprises.

Mr. Lau served as an independent non-executive director of Pak Wing Group (Holdings) Limited (currently named China Hongbao Holdings Limited) (“**Pak Wing Group**”) (stock code: 8316) from January 2017 to August 2018, a company listed on the GEM of the Stock Exchange. He has also been appointed as a non-executive director of Grand Talents Group Holdings Limited (stock code: 8516) from December 2017 to November 2019, a company listed on the GEM of the Stock Exchange. He also served as an executive director and a chief executive officer of Pak Wing Group from September 2020 to February 2021. Mr. Lau worked in JB Group from 2003 to 2009 with his last position held as Group consultant. He also worked in Asia Commercial Bank from September 2001 to August 2003 with his last position held as account manager and DBS (Hong Kong) from November 1993 to August 2001 with his last position held as assistant manager. He also worked in Standard Chartered Bank (Hong Kong) Limited from 1983 to 1989 with his last position held as supervisor.

Mr. Leung Gar-gene Vincent (“Mr. Leung”), aged 37, is an experienced finance and accounting professional. He is currently a director of Gemcoast Limited, a private company in Hong Kong principally engaged in providing financial consultancy services to its clients. He is a member of Chartered Accountants in Australia and New Zealand and is a member of its Hong Kong Council. He is also a licensed person to carry on Type 9 (asset management) regulated activity under the Hong Kong Securities and Futures Commission (the “**SFO**”) since July 2019.

Since November 2017, Mr. Leung has been and continues to serve as an independent non-executive director of Prosperous Printing Company Limited (stock code: 8385). Previously, Mr. Leung was an independent non-executive director of Samson Paper Holdings Limited (currently named C&D Newin Paper & Pulp Corporation Limited) (stock code: 731) from July 2020 to January 2022.

Save as disclosed above, each of the Directors does not have any other relationship with any Directors, senior management, substantial shareholders or controlling shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's revenue principally represented involved in the investment holding, development and sale of land and properties in the PRC (the "**Property Business**"), the money lender business in Hong Kong (the "**Finance Business**") and automobile business in Hong Kong (the "**Automobile Business**").

FINANCIAL REVIEW

Revenue

The revenue of the Group decreased by approximately 88.1% from approximately HK\$469 million for the Corresponding Period, to approximately HK\$56 million for the Current Period. During the Current Period, revenue of approximately HK\$25 million was mainly derived from sales of some of the remaining units of Evian Villa and CCT Land-Jun Mansion, whereas the revenue of approximately HK\$466 million for the Corresponding Period was largely attributable to the sales of the property units of Evian Villa and CCT Land-Jun Mansion.

For the Current Period, the Property Business is the Group's business segment in terms of revenue, contributing approximately 44.6% of the Group's total revenue. However, the revenue from our Property Business decreased due to absence of contribution from Landmark City in the Current Period. The revenue of Property Business decreased mainly due to (i) the negative impact arising from the outbreak of COVID-19 which affected the sales of properties; and (ii) the weak economy in the PRC.

The Finance Business contributed revenue of approximately HK\$5 million for the Current Period compared to approximately HK\$3 million for the Corresponding Period.

The Automobile Business contributed revenue of approximately HK\$26 million for the Current Period compared to nil for the Corresponding Period.

The mainland of the PRC (the "**Mainland China**") and Hong Kong is the only market region of the Group, contributing all of the Group's total revenue for the year ended 31 December 2022 and 2021.

INVESTMENT IN A CATERING BUSINESS IN HONG KONG

In line with our strategy of expansion of the Group, on 30 December 2022, Regal Fair Limited ("**RFL**"), a direct wholly-owned subsidiary of the Company, entered into a transaction with Mr. Ma Hing Cheong ("**Mr. Ma**"), pursuant to which RFL agreed to acquire, and Mr. Ma agreed to dispose, the entire equity interest of UFL, an investment holding company which held 26% interest in KWL. Subsequently, on 17 March 2023, RFL entered into a transaction with Mr. Ma, pursuant to which RFL agreed to acquire, and Mr. Ma agreed to dispose, the entire equity interest of CVEI, an investment holding company which held 25% interest in KWL. KWL is engaged in the catering business.

Following the transactions, each of UFL and CVEI will become an indirect wholly-owned subsidiary of the Company, and the financial results of UFL and CVEI will be consolidated into the financial statements of the Group.

COST OF SALES

The cost of sales primarily consists of direct cost including construction materials and supplies and VAT for the property. The cost of sales decreased by approximately 72.7% from approximately HK\$436 million for the Corresponding Period to approximately HK\$119 million for the Current Period, which was mainly due to the decrease in the revenue and increase in write-down properties held for sale to net realisable value due to weak property market in the PRC.

GROSS (LOSS)/PROFIT AND GROSS (LOSS)/PROFIT MARGIN

The gross profit was approximately HK\$33 million for the Corresponding Period and the gross loss is approximately HK\$63 million for the Current Period. The gross profit margin was approximately 7.0% for the Corresponding Period and the gross loss margin is approximately 112.5% for the Current Period. The increase in our gross loss was mainly due to lower average sales price and margins and increase in write-down properties held for sale to net realisable value due to weak property market in the PRC.

CHANGE IN FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

The decrease in fair value of financial assets at fair value through profit or loss increased by approximately 293.3% from approximately HK\$15 million for the Corresponding Period to approximately HK\$59 million for the Current Period. The increase was mainly due to lower fair value of financial assets.

OTHER INCOME AND GAINS

The Group recorded other income and gains of approximately HK\$7 million for the Current Period as compared to approximately HK\$4 million for the Corresponding Period. The increase was mainly attributable to the increase in land use tax refund. The recorded of other income and gains for the Corresponding Period have reclassification from Other expenses.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses consist primarily of advertising and sales agent fee. The selling and distribution expenses decreased by approximately 61.9% from approximately HK\$21 million for the Corresponding Period to approximately HK\$8 million for the Current Period. The decrease was mainly due to decrease in the sales agent fee.

ADMINISTRATIVE EXPENSES

Administrative expenses consist primarily of auditors' remuneration, depreciation, directors' remuneration, legal and professional fee and staff costs. The administrative expenses decreased by approximately 13.2% from approximately HK\$53 million for the Corresponding Period to approximately HK\$46 million for the Current Period. The decrease was mainly due to decrease in the auditors' remuneration, entertainment and other expenses.

OTHER EXPENSES

The Group recorded the other expenses of approximately less than HK\$1 million for the Current Period as compared to approximately HK\$2 million for the Corresponding Period. The decrease was mainly due to decrease in the impairment of items of property, plant and equipment. The recorded of other expenses for the Corresponding Period have reclassification of certain items: (i) write-down of properties held for sale to net realisable value reclassify to cost of sales approximately HK\$16 million; (ii) Impairment on trade and other receivable approximately \$5 million; and (iii) Gain on disposal of a subsidiary reclassify to Other income and gains approximately HK\$4 million.

LOSS FOR THE PERIOD

As a result of the foregoing, the Group recorded a loss of approximately HK\$175 million for the Current Period as compared to a loss of approximately HK\$60 million for the Corresponding Period, which was mainly due to (i) decrease in fair value of financial assets at fair value through profit or loss due to lower fair value of financial assets; (ii) increase in write-down of properties held for sale to net realisable value due to weak property market in the PRC; and (iii) decrease in revenue from sale of properties due to negative impact arising from the outbreak of COVID-19 and weak economy in PRC.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has been maintaining its capital adequacy ratios during the period under review.

As at 31 December 2022, the Group had total current assets of approximately HK\$584 million (as at 31 December 2021: approximately HK\$688 million), of which the cash and cash equivalents were approximately HK\$27 million (as at 31 December 2021: approximately HK\$48 million). The Group's current ratio (current assets divided by current liabilities) as at 31 December 2022 is approximately 778.67% (as at 31 December 2021: approximately 702.04%).

The Group had the bank overdraft approximately HK\$2 million as at 31 December 2022 (as at 31 December 2021: nil), reflecting a solid and healthy financial position of the Group.

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

CAPITAL COMMITMENTS

As at 31 December 2022, the Group had no capital commitment (31 December 2021: nil).

TREASURY MANAGEMENT

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

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. In the Current Period, the Group did not have any material interest rate risk as the Group did not have any bank borrowings. In the period under review, the Group did not have any significant foreign exchange exposure. We will continue to monitor our currency exposure but we have no intention to enter into any high-risk exchange derivatives.

ACQUISITIONS AND DISPOSALS OF MATERIAL SUBSIDIARIES AND ASSOCIATES

Save as disclosed under the section headed "Investment in a Catering Business in Hong Kong" above, the Group did not acquire or dispose of any material subsidiaries and associates during the period under review.

CHARGE ON ASSETS

As at 31 December 2022, the Group's pledged time deposit amounted to approximately HK\$3 million (31 December 2021: nil).

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any significant contingent liabilities (31 December 2021: nil).

SEGMENT INFORMATION

The Group is principally engaged in Property Business in the PRC, the Finance Business and the Automobile Business in Hong Kong. Details of the segment information of the Group are set out in note 4 to the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees of the Group as at 31 December 2022 was 38 (31 December 2021: 42). 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 mandatory provident fund contributions, medical insurance coverage and performance related bonuses. Share options may also be granted to eligible employees and persons of the Group. There were no share options outstanding as at 31 December 2022 (as at 31 December 2021: 10,914,993,990 share options outstanding) under the 2011 Scheme.

IMPORTANT EVENTS AFFECT THE GROUP DURING THE FINANCIAL YEAR AND UP TO THE DATE OF THIS REPORT

1. CAPITAL REORGANISATION AND CHANGE IN BOARD LOT SIZE

A special general meeting was held on 18 July 2022, at which, resolutions were passed in relation to (i) the share consolidation of every one hundred (100) existing shares of par value of HK\$0.01 each in the issued share capital of the Company be consolidated into one (1) consolidated share (each a "**Consolidated Share**") of par value of HK\$1.00 (the "**Share Consolidation**"); (ii) immediately upon the Share Consolidation becoming effective, the share capital of the Company will be reduced whereby (a) where applicable, any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation shall be cancelled; (b) the issued share capital of the Company of HK\$1,838,461,000 divided into 1,838,461,000 Consolidated Shares shall be reduced to HK\$18,384,610 divided into 1,838,461,000 new shares by cancelling the paid-up capital of the Company to the extent of HK\$0.99 on each of the issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$1.00 to HK\$0.01 (the "**Capital Reduction**"); and (c) the credit arising from the Capital Reduction in the amount of approximately HK\$1,820,076,390 will be credited to the contributed surplus account (within the meaning of the Companies Act 1981 of Bermuda (as amended) (the "**Companies Act**")) up to the effective date for use by the Directors in any manner permitted by the Companies Act and the bye-laws of the Company; and (iii) change the board lot size for trading on the Stock Exchange from 80,000 existing shares to 8,000 new shares conditional upon the Share Consolidation and Capital Reduction becoming effective (the "**Change in Board Lot Size**").

For details in relation to the Share Consolidation, the Capital Reduction and the Change in Board Lot size, please refer to the announcements of the Company dated 7 June 2022 and 18 July 2022 and the circular of the Company dated 24 June 2022.

2. PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 20 September 2022, the Company entered into a placing agreement (the “**Placing Agreement**”) with Imperium International Securities Limited as placing agent (the “**Placing Agent**”), pursuant to which the Company conditionally agreed to place, through the Placing Agent on the best effort basis, up to 367,692,200 new shares (the “**Placing Shares**”) of the Company at a price of HK\$0.052 per Placing Share (the “**Placing Price**”) to not less than six independent places (the “**Placing**”). The Placing Price represented a discount of approximately 1.89% to the closing price of HK\$0.053 per Share as quoted on the Stock Exchange on 20 September 2022, being the date of the Placing Agreement. Based on a nominal value of HK\$0.01 per share, the aggregate nominal value of the Placing Shares is HK\$3,676,922. The Placing Price was determined after arm’s length negotiation between the Company and the Placing Agent with reference to the prevailing market prices of the Shares. The Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

The completion of the Placing took place on 10 October 2022 and aggregate 367,692,200 Placing Shares will be issued and allotted to not less than six places at the Placing Price of HK\$0.052 per Placing Share, representing approximately 16.67% of the issued share capital of the Company. The aggregate gross proceeds from the Placing will be approximately HK\$19.1 million.

The Directors consider that the Placing represents an opportunity to raise capital for the Company while broadening its shareholder and capital based. The Directors are of the view that the Placing will strengthen the financial position and liquidity of the Group and provide funding to the Group for working capital and future development purposes without incurring interest costs.

3. ACQUISITION OF COMPANIES ENGAGED IN CATERING BUSINESS

On 30 December 2022, RFL, a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Mr. Ma, pursuant to which RFL agreed to acquire, and Mr. Ma agreed to dispose of the entire equity interest in UFL and the entire outstanding shareholder’s loan owing by the UFL to Mr. Ma up to the date of completion, at the consideration of HK\$4.5 million (the “**Acquisition One**”).

On 17 March 2023, RFL entered into a sale and purchase agreement with Mr. Ma, pursuant to which RFL agreed to acquire, and Mr. Ma agreed to dispose of, the entire equity interest in CVEI, and the entire outstanding shareholder’s loan owing by CVEI to Mr. Ma up to the date of completion, at the consideration of HK\$4.5 million (the “**Acquisition Two**”).

For the details in relation to the Acquisition One and Acquisition Two, please refer to the announcement of the Company dated 17 March 2023.

Save as disclosed above, there were no other significant events subsequent to the year end and up to the date of this annual results report.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: nil).

There is no arrangement under which a shareholder of the Company has waived or agreed to waive any dividend.

FOREIGN CURRENCY EXPOSURE

Since the Group’s business activities are mainly operated in Hong Kong and mainly denominated in Hong Kong dollars, the Directors consider that the Group’s risk in foreign exchange is insignificant.

SIGNIFICANT INVESTMENT

On 30 December 2022, the Group acquired 100% of the UFL, and is principally engaged in investment holding for a consideration HK\$4.5 million. It holds 26% interest in KWL. Upon Completion, UFL will become a subsidiary of RFL and an indirect wholly-owned subsidiary of the Group. KWL is engaged in the catering business.

USE OF PROCEEDS FROM PLACING OF NEW SHARES

Based on the Placing Price of HK\$0.052 per Placing Share and 367,692,200 Placing Shares offered by the Company, the net proceeds from the Placing Share received by the Company, after deducting the underwriting fees and commissions and estimated expenses paid and payable by the Company in relation to the Placing Share, are approximately HK\$18.7 million. Such net proceeds are intended to be or have been applied for the purposes of (i) general capital for operating and expansion of the Group's finance business and (ii) general working capital.

For the details in relation to the Placing, please refer to the announcements of the Company dated 20 September 2022 and 10 October 2022.

The use of net proceeds from the Placing as at 31 December 2022 was as follows:

	Planned use of the net proceeds up to 31 December 2022 (HK\$' million)	Actual use of the net proceeds up to 31 December 2022 (HK\$' million)	Unutilised net proceeds up to 31 December 2022 (HK\$' million)
General capital for operating and expansion of the Group's finance business	12.5	12.5	—
General working capital	6.2	6.2	—
Total:	18.7	18.7	—

SUSTAINABLE OPERATIONS AND DEVELOPMENT

SUSTAINABILITY STRATEGY

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

ENVIRONMENTAL PROTECTION AND PRODUCT SAFETY

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

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

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

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

RELATIONSHIP WITH CUSTOMERS AND SUPPLIERS

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

As for property development business, the Company strives in delivering premium customer experience with superior products and excellent service. We have established a very good reputation as a quality developer with strong financial position. We regard our customers as friends, care their needs with heart and provide valued-added after-sale services. Social and caring activities are held for customers from time to time to promote customer relationship and loyalty. Our efforts have generated benefits to the goodwill and promote sales of our property units.

RELATIONSHIP WITH EMPLOYEES

We treasure our employees which are one of the most valuable assets to the Group. We offer competitive remuneration package, provident fund, welfare and benefits and comply with all the relevant labour laws and regulations which apply to our operations. Our key management personnel have worked with the Group for a long time.

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

WORKPLACE QUALITY

The Group has placed significant resources in providing a safe, healthy, clean and comfortable workplace for our employees, in Hong Kong and in China. We are committed to offer a safe and comfortable working environment to our employees.

Amidst the COVID-19 pandemic, we have implemented various measures including work from home, flexible working hours and various precautionary measures in order to protect our workplace and our staff from the infection of the coronavirus.

CONTRIBUTION TO THE COMMUNITY

The Company has contributed its efforts and resources to support the community in which it operates for many years. Furthermore, the Group also encourages its employees to participate in various charitable activities and volunteering events in the local community in which it has operations.

Details of the discussion of the Group's environmental policies and performance, the Group's compliance with relevant laws and regulations that have a significant impact on the Group are set out in the Environmental, Social and Governance Report 2022 (the "**ESG Report 2022**"), which will be published on the website of the Stock Exchange and the Company's website for inspection and download.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

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

In the opinion of the Directors, the Company has complied with all the Code Provisions under the CG Code throughout the financial year ended 31 December 2022, except for the minor deviations from the following Code Provisions of the CG Code:

Code Provision C.2.1

Code Provision C.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 were instances where the roles of chairman ("**Chairman**") and chief executive officer ("**CEO**") were not separated during the Current Period and hence the Company has not fully complied with Code Provision C.2.1.

Mr. Mak Shiu Tong, Clement ("**Mr. Mak**") assumed the roles of both the Chairman and the CEO before his resignation as a Director of the Company on 20 May 2022. Following Mr. Mak's resignation, Mr. Ong Chor Wei ("**Mr. Ong**"), who was appointed as a non-executive Director on 3 January 2022 and redesignated as an executive Director on 7 April 2022, was appointed as the Chairman and the CEO of the Company on 20 May 2022. Mr. Ong has resigned as a CEO of the Company on 1 June 2022 and the role of CEO was taken up by Mr. Yuk Kai Yao ("**Mr. Yuk**") on the same day.

The current roles of Chairman and CEO are held separately by Mr. Ong and Mr. Yuk, respectively. Therefore, the Board considers that a balance of power and authority under the present arrangement is attained, and is beneficial and in the interests of the Group and the shareholders as a whole.

Code Provision B.2.2

Code Provision B.2.2 provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Pursuant to the bye-laws of the Company, the Chairman and the managing Director (who is currently assumed by Mr. Ong) shall not be subject to retirement by rotation in each year. The Board considers that the continuity of the Chairman and his leadership will be essential for the stability of the key management of the Group. On the other hand, the Board will ensure that all Directors save for the Chairman will rotate at least once every three years in order to comply with the Code Provision B.2.2.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted its code of conduct regarding the securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standard set out in the Model Code adopted by the Company throughout the financial year ended 31 December 2022.

THE BOARD

Responsibilities, accountabilities and contributions

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

The management of the Group was delegated the authority and responsibility by the Board for day-to-day management of the businesses of the Group, with division heads responsible for different aspects of the business. The Board meets at least four times each year and meets as and when required. Appropriate and sufficient information including notices were provided to the Board's members in a timely manner. During the financial year ended 31 December 2022, the Board held 18 meetings.

The Board members have also attended the Shareholders' general meeting to answer questions from Shareholders. During the financial year ended 31 December 2022, the Company held one Shareholders' general meeting. The attendance of each of the Directors at the Board meetings ("BM") (either in person or by phone) and at the Shareholders' general meeting ("GM") held in 2022 is set out as follows:

Name of the Directors	Number of meetings attended/ eligible to attend	
	BM	GM
Executive Directors		
Mak Shiu Tong, Clement (<i>resigned on 20 May 2022</i>)	4/18	1/1
Cheng Yuk Ching, Flora (<i>resigned on 1 August 2022</i>)	11/18	1/1
Tam Ngai Hung, Terry (<i>resigned on 3 January 2022</i>)	1/18	0/1
Ong Chor Wei (<i>redesignated on 7 April 2022</i>)	17/18	1/1
Yuk Kai Yao (<i>appointed on 19 May 2022</i>)	18/18	1/1
Independent non-executive Directors		
Chow Siu Ngor (<i>resigned on 10 June 2022</i>)	8/18	1/1
Lau Ho Kit, Ivan (<i>resigned on 1 August 2022</i>)	11/18	1/1
Tam King Ching, Kenny (<i>resigned on 30 September 2022</i>)	16/18	1/1
Wu Wai Shan (<i>appointed on 10 June 2022</i>)	10/18	0/1
Lau Yik Lok (<i>appointed on 1 August 2022</i>)	8/18	0/1
Lam Chi Keung (<i>appointed on 30 September 2022 and resigned on 27 March 2023</i>)	2/18	0/1

The company secretary of the Company is responsible for taking minutes of the Board meetings and all Board's minutes are open for inspection by the Directors upon reasonable notice. The Directors have access to the advice and services of the company secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.

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

THE BOARD (continued)

Responsibilities, accountabilities and contributions (continued)

Change of Composition of the Board and the Board Committees

There were the following changes to the composition of the Board and the Board Committees during the year ended 31 December 2022, as well as up to the date of this annual report.

Name of Directors	Details of Change
Ong Chor Wei	Appointed as a non-executive Director on 3 January 2022; redesignated as an executive Director on 7 April 2022; appointed as a Chairman, CEO and a Chairman of Nomination Committee and a member of Remuneration Committee on 20 May 2022; resigned as a CEO on 1 June 2022
Mak Shiu Tong, Clement	Resigned as an executive Director, CEO, a Chairman of Nomination Committee and a member of Remuneration Committee on 20 May 2022
Cheng Yuk Ching, Flora	Appointed as a member of each of the Remuneration Committee and the Nomination Committee on 3 January 2022; resigned as an executive Director, Deputy Chairman, a member of each of the Remuneration Committee and the Nomination Committee on 1 August 2022
Tam Ngai Hung, Terry	Resigned as an executive Director and a member of each of the Remuneration Committee and the Nomination Committee on 3 January 2022
Yuk Kai Yao	Appointed as an executive Director on 19 May 2022; appointed as a CEO on 1 June 2022; appointed as a Deputy Chairman, a member of each of Remuneration Committee and the Nomination Committee on 1 August 2022
Wu Wai Shan	Appointed as an Independent non-executive Director, a Chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee on 10 June 2022
Lau Ho Kit, Ivan	Resigned as an Independent non-executive Director, a Chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee on 10 June 2022
Lau Yik Lok	Appointed as an Independent non-executive Director, a Chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee on 1 August 2022
Chow Siu Ngor	Resigned as an Independent non-executive Director, a Chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee on 1 August 2022
Lam Chi Keung	Appointed as an Independent non-executive Director, a member of each of the Remuneration Committee, the Audit Committee and the Nomination Committee on 30 September 2022 and resigned as an Independent non-executive Director, a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee on 27 March 2023
Tam King Ching, Kenny	Resigned as an Independent non-executive Director, a member of each of the Remuneration Committee, the Audit Committee and the Nomination Committee on 30 September 2022
Leung Gar-gene Vincent	Appointed as an Independent non-executive Director, a member of each of the Remuneration Committee, the Audit Committee and the Nomination Committee on 27 March 2023

THE BOARD (continued)

Responsibilities, accountabilities and contributions (continued)

The Composition of the Board

As at the date of this annual report, the Board was composed of two executive Directors, namely Mr. Ong Chor Wei and Mr. Yuk Kai Yao and three INEDs, namely Ms. Wu Wai Shan, Mr. Lau Yik Lok and Mr. Leung Gar-gene Vincent. The biographical details of all Directors are set out in the section headed “Biographies of Directors” of this annual report.

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

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

The Company has complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of a sufficient number of the INEDs, at least an INED with appropriate professional qualifications or accounting or related financial management expertise and the number of INEDs representing at least one-third of the Board throughout the financial year ended 31 December 2022.

The Company has received annual confirmation of independence for the year ended 31 December 2022 from Ms. Wu Wai Shan, Mr. Lau Yik Lok and Mr. Lam Chi Keung in accordance with Rule 3.13 of the Listing Rules and a confirmation of independence from Mr. Leung Gar-gene Vincent following his appointment on 27 March 2023. The Board has assessed their independence and concluded that all INEDs (including those INEDs who serve more than nine years) are independent within the definition of the Listing Rules.

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

Independence of the Board

The Group recognizes the significance of impartial viewpoints and contributions in the decision-making process of the Board. The Company has established mechanisms to ensure independent views and input are available to the Board including but not limited to, all Directors are entitled to seek independent professional advice as and when required, all Directors (including Independent non-executive Directors) are encouraged to express their views in an open and candid manner during BM and committees meetings.

Further, to ensure that the Board is well-informed, the Company has three Independent non-executive Directors which represent at least one-third of the Board who bring diverse perspective and expertise to the Board. The Audit Committee, which is exclusively composed of Independent non-executive Directors, is responsible for supervising the Group’s financial reporting process, reviewing the Group’s internal control and internal audit functions. For the Nomination Committee and Remuneration Committee, a majority of members of these committees are Independent non-executive Directors. The Independent non-executive Directors have provided open and objective challenge to the management and brought outside knowledge of the business and markets in which the Group operates and provide informed insight and responses to the management. By appointing Independent non-executive Directors to these committees, the Company ensures that independent perspectives are well-represented in critical areas of the Company’s operations. The Nomination Committee shall assess the independence of Independent non-executive Directors upon appointment and annually to ensure they can continually exercise independent judgment.

The Board will assess the implementation and effectiveness of the above mechanisms on an annual basis to ensure that independent views are available to the Board.

THE BOARD (continued)

Responsibilities, accountabilities and contributions (continued)

Directors' continuing professional development

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

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

According to the records provided by the Directors, a summary of training received by the Directors for the year ended 31 December 2022 is as follows:

Name of the Directors	Type of continuous professional development	
	Receiving updates and briefings from the Company/self-study	Attending seminar(s)/ conference and/or forums organised by external parties
Ong Chor Wei	√	
Yuk Kai Yao	√	
Wu Wai Shan	√	√
Lau Yik Lok	√	√
Lam Chi Keung (resigned on 27 March 2023)	√	√

The training participated by the Directors in 2022 is relevant to their duties and responsibilities as a director of the Company.

THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

Mr. Ong Chor Wei and Mr. Yuk Kai Yao currently assumes the roles of the Chairman and the CEO, respectively. There were instances where the role of Chairman and CEO were not separated during the Current Period and hence the Company has not fully complied with Code Provision C.2.1. The reasons for the deviation from the Code Provision C.2.1 under the CG Code are set out in the section headed "Corporate Governance Practices" above. Mr. Ong is responsible for the leadership of the Board, corporate planning and strategic direction of the Group and takes a leading role in managing the businesses of the Group.

TERMS OF APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Re-election and retirement of the Directors

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

Mr. Ong currently assumes as the Chairman and the managing Director and shall not be subject to the retirement by rotation pursuant to the bye-laws of the Company. The reasons for the deviation from the Code Provision B.2.2 under the CG Code are set out in the section headed "Corporate Governance Practices" above.

BOARD COMMITTEES

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

Remuneration Committee

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

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

The Remuneration Committee has five members who are three INEDs, namely Mr. Lau Yik Lok (“**Mr. Lau**”), Ms. Wu Wai Shan (“**Ms. Wu**”) and Mr. Leung Gar-gene Vincent (“**Mr. Leung**”) and two executive Directors, namely Mr. Ong and Mr. Yuk. The Remuneration Committee is currently chaired by Mr. Lau.

During the financial year ended 31 December 2022, the Remuneration Committee held nine meetings and its main work during 2022 included:

- (i) reviewing and making recommendations to the Board on the policy and structure for the remuneration of the Directors; and
- (ii) reviewing and making recommendations to the Board on the remuneration package of the Directors.

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

The attendance record of the members at the meetings of the Remuneration Committee in 2022 is set out as follows:

Members of the Remuneration Committee	Number of meetings attended/held
Lau Yik Lok (<i>appointed on 1 August 2022</i>)	3/9
Wu Wai Shan (<i>appointed on 10 June 2022</i>)	4/9
Lam Chi Keung (<i>appointed on 30 September 2022 and resigned on 27 March 2023</i>)	2/9
Cheng Yuk Ching, Flora (<i>appointed on 3 January 2022 and resigned on 1 August 2022</i>)	6/9
Ong Chor Wei (<i>appointed on 20 May 2022</i>)	5/9
Chow Siu Ngor (<i>resigned on 1 August 2022</i>)	6/9
Lau Ho Kit, Ivan (<i>resigned on 10 June 2022</i>)	3/9
Tam King Ching, Kenny (<i>resigned on 30 September 2022</i>)	7/9
Mak Shiu Tong, Clement (<i>resigned on 20 May 2022</i>)	4/9
Tam Ngai Hung, Terry (<i>resigned on 3 January 2022</i>)	1/9

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

BOARD COMMITTEES (continued)

Remuneration Committee (continued)

Details of the remuneration payable to each Director of the Company for the year ended 31 December 2022 are set out in Note 9 to the consolidated financial statements.

The remuneration of the members of senior management by band for the year ended 31 December 2022 is set out below:

Remuneration bands	Number of persons
Nil–HK\$1,000,000	2

Audit Committee

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

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

The Audit Committee consists of three members who are three INEDs, namely Mr. Lau, Ms. Wu and Mr. Leung. The Audit Committee is currently chaired by Ms. Wu. Each of Ms. Wu and Mr. Leung is a qualified accountant with extensive accounting and financial experience. All members of the Audit Committee hold the relevant industry or legal, accounting and financial experience necessary to advise on the Board's strategies and other related matters. All members of the Audit Committee have complete and unrestricted access to the internal and external auditors and all employees of the Company.

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

During the financial year ended 31 December 2022, the Audit Committee held three meetings and its main work during 2022 included reviewing:

- (i) the 2021 annual report, including the Corporate Governance Report, the Directors' Report, the Financial Statements, continuing connected transactions, 2021 annual results announcement and connected transaction announcement;
- (ii) the 2022 interim report and 2022 interim results announcement;
- (iii) the plans, reports, fees, involvement in non-audit services and terms of engagement of the external auditors;
- (iv) the plans, resources and work of the Company's internal auditors;
- (v) the adequacy and effectiveness of the Company's financial reporting system, the system of internal controls in operation, risk management system and associated procedures within the Group;

BOARD COMMITTEES (continued)

Audit Committee (continued)

- (vi) the terms of reference of the Audit Committee regarding the enhancement of the criteria for assessing independence of potential independent non-executive director candidate; and
- (vii) the whistleblowing policy to reflect new company name of the Company.

The attendance record of the members at the meetings of the Audit Committee in 2022 is set out as follows:

Members of the Audit Committee	Number of meetings attended/held
Wu Wai Shan (<i>appointed on 10 June 2022</i>)	2/3
Lau Yik Lok (<i>appointed on 1 August 2022</i>)	2/3
Lam Chi Keung (<i>appointed on 30 September 2022 and resigned on 27 March 2023</i>)	1/3
Lau Ho Kit, Ivan (<i>resigned on 10 June 2022</i>)	1/3
Chow Siu Ngor (<i>resigned on 1 August 2022</i>)	1/3
Tam King Ching, Kenny (<i>resigned on 30 September 2022</i>)	2/3

Nomination Committee

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

The Nomination Committee consists of five members who are three INEDs, namely Ms. Wu, Mr. Lau and Mr. Leung and two executive Director, namely Mr. Ong and Mr. Yuk. The Nomination Committee is currently chaired by Mr. Ong.

Nomination Policy

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

- to nominate suitable candidates to the Board for it to consider and make recommendations to the Board on the appointment or re-appointment of Directors and succession planning (if considered necessary);
- skills, experience and diversity of perspectives which are relevant to the operations of the Group;
- the selection criteria, the nomination procedures and process are set out in the Board Diversity Policy; and
- to propose a person for election as Director(s) by the Shareholder(s), of which are set out in the "Procedures for Shareholders to Propose a Person for Election as a Director".

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

BOARD COMMITTEES (continued)

Nomination Committee (continued)

During the financial year ended 31 December 2022, the Nomination Committee held one meeting and its main work during 2022 included:

- (i) reviewing the structure, size, composition, diversity of the Board;
- (ii) reviewing the Board Diversity Policy, the Nomination Policy and the terms of reference of the Nomination Committee;
- (iii) reviewing the confirmation from the Directors on time commitment in performing their duties as Directors;
- (iv) assessing the independence of the INEDs; and
- (v) making the recommendations to the Board on the nomination of the Directors for re-election at the AGM.

The attendance record of the members at the meeting of the Nomination Committee in 2022 is set out as follows:

Members of the Nomination Committee	Number of meetings attended/held
Ong Chor Wei (<i>appointed on 20 May 2022</i>)	5/9
Cheng Yuk Ching, Flora (<i>appointed on 3 January 2022 and resigned on 1 August 2022</i>)	6/9
Lau Yik Lok (<i>appointed on 1 August 2022</i>)	3/9
Wu Wai Shan (<i>appointed on 10 June 2022</i>)	4/9
Lam Chi Keung (<i>appointed on 30 September 2022 and resigned on 27 March 2023</i>)	2/9
Mak Shiu Tong, Clement (<i>resigned on 20 May 2022</i>)	4/9
Tam Ngai Hung, Terry (<i>resigned on 3 January 2022</i>)	1/9
Chow Siu Ngor (<i>resigned on 1 August 2022</i>)	6/9
Lau Ho Kit, Ivan (<i>resigned on 10 June 2022</i>)	5/9
Tam King Ching, Kenny (<i>resigned on 30 September 2022</i>)	7/9

Board Diversity Policy

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

There are several considerations that factor into the Nomination Committee's nomination process including legal requirements, best practices, and skills required to complement the Board's skill set and the number of Directors required to discharge the duties of the Board and its committees. Neither the Board nor the Nomination Committee will set any restrictions such as gender, age, cultural or educational background when short-listing candidates. The Company believes that a truly diverse Board will include and make use of differences in the skills, regional and industry experience, background and other qualities of Directors.

The Board and the Nomination Committee shall review and monitor the implementation of the Board Diversity Policy at least annually taking into account the Group's business model and specific needs. The Nomination Committee shall, if appropriate, make recommendations to the Board to complement the Company's corporate strategy.

BOARD COMMITTEES (continued)**Nomination Committee (continued)****Board Diversity Policy (continued)**

During the financial year ended 31 December 2022 and as at the date of this annual report, the Board comprises a range of expertise including finance and accounting, investor relations, and sales and marketing. Further, the Board is made up of different age group and both genders. As such, the Board considers that its current board composition is diversified with appropriate balanced professional background, skill and experience, and has achieved gender diversity in respect of the Board. The Board nomination and appointments will continue to be made on merit basis based on the Group's evolving business needs from time to time, while having due regard to gender diversity. The Nomination Committee will continue to strictly adhere to the Board Diversity Policy to ensure that there is at least 1 female Director in the Board such that a robust pipeline of female successors to the Board can be established in the near future.

CORPORATE GOVERNANCE FUNCTIONS

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

During the financial year ended 31 December 2022, the Board held two meetings to develop and review the Company's policy and practice on corporate governance and to perform other corporate governance duties stated in the paragraph above. The attendance record of the members of the Board at the corporate governance meetings in 2022 is set out as follows:

Directors	Number of meetings attended/held
Ong Chor Wei (<i>appointed on 3 January 2022</i>)	2/2
Yuk Kai Yao (<i>appointed on 19 May 2022</i>)	2/2
Wu Wai Shan (<i>appointed on 10 June 2022</i>)	2/2
Lau Yik Lok (<i>appointed on 1 August 2022</i>)	2/2
Lam Chi Keung (<i>appointed on 30 September 2022 and resigned on 27 March 2023</i>)	2/2
Mak Shiu Tong, Clement (<i>resigned on 20 May 2022</i>)	0/2
Cheng Yuk Ching, Flora (<i>appointed on 3 January 2022 and resigned on 1 August 2022</i>)	0/2
Tam Ngai Hung, Terry (<i>resigned on 3 January 2022</i>)	0/2
Chow Siu Ngor (<i>resigned on 1 August 2022</i>)	0/2
Lau Ho Kit, Ivan (<i>resigned on 10 June 2022</i>)	0/2
Tam King Ching, Kenny (<i>resigned on 30 September 2022</i>)	0/2

According to code provision C.2.7 of the CG Code, the Chairman should at least annually hold meetings with the Independent non-executive Directors without the presence of other Directors. During the financial year ended 31 December 2022, the Chairman has held such meeting with the Independent non-executive Directors.

AUDITORS' REMUNERATION

The remuneration paid to the external auditors of the Company, Crowe (HK) CPA Limited, for the year ended 31 December 2022 is set out as follows:

Services rendered	Fees paid/payable HK\$'million
Audit services	1.6
Non-audit services:	
Tax compliance services	–
Other services	–
Total	1.6

GENDER RATIO IN WORKFORCE

The Group is dedicated to achieving a balance between growth and diversity in its business and governance practices. The Group is committed to ensuring that recruitment at all levels, including the Board, adheres to stringent diversity criteria in order to consider an extensive pool of talented individuals. The Group firmly believes that diversity is an asset to the Group and that more balanced gender ratio fosters a more inclusive and innovative workplace.

The Group will continue to take gender diversity into consideration during recruitment and increase the representation of women in our workforce. For details of the gender ratio in the workforce, please refer to the section headed "Employment" in the ESG Report 2022.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

The statement of the external auditors of the Company, Crowe (HK) CPA Limited, with regard to their reporting responsibilities on the Company's financial statements is set out in the section headed "Independent Auditor's Report" in this annual report.

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

RISK MANAGEMENT AND INTERNAL CONTROL AND INTERNAL AUDIT

The Board is entrusted with the overall responsibility for establishing and maintaining the Group's risk management and internal control systems on an ongoing basis and reviewing their effectiveness. The Group's risk management and internal control systems have been designed for safeguarding assets, maintaining proper accounting records and ensuring reliability of the financial information. The Board also reviews and considers the adequacy of resources, staff qualifications and experience, and training programmes and budget of the Company's accounting, internal audit and financial reporting functions. The risk management and internal control systems are designed to provide reasonable but not absolute assurance against material misstatement or loss, and to manage rather than eliminate risk of failure to meet the business objectives.

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

RISK MANAGEMENT AND INTERNAL CONTROL AND INTERNAL AUDIT (continued)

During the financial year ended 31 December 2022, the Board reviewed the effectiveness and adequacy of risk management and internal control systems of the Group and considered them effective and adequate.

Objective of risk management and internal control

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

Process and procedure for risk management and internal control

1. The Board has the overall responsibility for evaluating the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems.
2. The Board through the Audit Committee, reviews the adequacy the Group's risk management and internal control systems.
3. The Group employs an enterprise risk management framework to manage risk.
4. The management of business units/divisions are responsible for the day-to-day management of operational risks and implementation of mitigation measures.
5. All division heads are required to provide a confirmation annually to the Board on the effectiveness of the risk management and internal control systems.
6. The Internal Audit Department of the Group is responsible for reviewing and appraising effectiveness of risk management and internal control systems and reporting results to the Board through the Audit Committee.

Top and emerging risks

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

- the coronavirus pandemic;
- geopolitical risks;
- global economic outlook and capital flows;
- major changes of government policies that have significant impact on the Group's operations;
- information technology security and risks;
- sales and receivable management;
- production and supplier management; and
- human resources management.

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

RISK MANAGEMENT AND INTERNAL CONTROL AND INTERNAL AUDIT (continued)

Policy on the prevention of misuse of inside information

The Group has implemented an information disclosure policy that provides comprehensive guidelines on the handling and dissemination of inside information. The Board is responsible for monitoring and implementing the procedural requirements of the information disclosure policy, including overseeing the release of inside information. The policy requires that members of the Group, including the Directors, may not disseminate inside information relating to the Group to any external parties unless authorised by the Board.

COMPANY SECRETARY

Ms. Cheng Yin was appointed by the Board as the company secretary of the Company with effect from 20 May 2022. She has taken no less than 15 hours of relevant professional training during the financial year ended 31 December 2022.

SHAREHOLDERS' RIGHTS

Right to convene special general meeting

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

Shareholder(s) holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisitions to the Board or the Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition(s) pursuant to Section 74 of the Companies Act.

The written requisition must state the purpose of the meeting, and must be signed by the requisitionists concerned and deposited at the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists.

If, within 21 days from such deposit of the requisition, the Board do not proceed to convene such special general meeting, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of 3 months from the date of the deposit of the requisition.

Right to put enquiries to the Board

Shareholders have the right to put enquiries to the Board and all such enquiries can be addressed to the "Company Secretarial Department" of the Company by mail to Rm1415, 14/F, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong.

Right to put forward proposals at general meetings

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

DIVIDEND POLICY

Pursuant to Code Provision F.1.1 of the CG Code, the Company should have a policy on payment of dividends.

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

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

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

INVESTORS RELATIONS

Significant changes in constitutional documents

During the financial year ended 31 December 2022, there was no change in the Company’s constitutional documents. A consolidated version of the Company’s constitutional documents is available on the Company’s website at www.gbaholdings.com and the website of the Stock Exchange at www.hkexnews.hk.

Shareholders’ communication policy

The Company recognizes the importance of maintaining an on-going dialogue with its shareholders, and in particular, through AGM and other general meetings.

The Group’s website (www.gbaholdings.com) is one of the principal channels of communication with our shareholders and potential investors where a wealth of information regarding the Company can be found. All corporate communications of the Company, including but not limited to annual and interim reports, announcements, circulars, terms of references of Board committees and other corporate information are available on the website.

Shareholders, other stakeholders and public member may at any time direct their enquiries about the Company by mail to Rm1415, 14/F, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong and by email to corporate@gbaholdings.com.

The Company has reviewed the implementation and effectiveness of its shareholders communication policy and conclude that the policy is effective. Shareholders are given clear guidance on how and when it can communicate with Company, and are provided with regular updates on the Group’s financial performance, strategic direction, and material business developments. In addition, our shareholders communication policy is regularly reviewed and updated to reflect changes in regulatory landscape and best practices, ensuring that the Company remains responsive to evolving shareholders’ expectation and needs.

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements of the Group for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. During the year 2022, the principal activities of the subsidiaries comprised the Property Business in the PRC, the Finance Business in Hong Kong and the Automobile Business in Hong Kong.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2022 is set out on pages 4 to 6 and pages 9 to 13 of this annual report.

RESULTS

The Group's loss for the year ended 31 December 2022 and the Group's financial position at that date are set out in the financial statements on pages 46 to 108 of this annual report.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out on page 108 of this annual report. This summary does not form part of the audited financial statements.

EQUITY-LINKED AGREEMENT

Other than the share option schemes disclosed in the section sub-headed "Share Option Schemes" on pages 94 to 96 of this annual report and set out in note 28 to the consolidated financial statements, no other equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

SHARE CAPITAL

Details of the movement of the share capital of the Company during the year ended 31 December 2022 are set out in note 27 to the consolidated financial statements.

Details of the movement of the share options of the Company during the year ended 31 December 2022 were disclosed in the section sub-headed "Share Option Schemes" on pages 33 to 36 of this annual report and set out in note 28 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES

Save for the placing of the Company's new shares and the Share Consolidation as disclosed in note 27 to the financial statements, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed Shares during the year ended 31 December 2022.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 29 and 38 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2022, the Company had no reserve available for distribution in accordance with the provisions of the Companies Act 1981 of Bermuda. The Company's share premium account, in the amount to HK\$357 million, may be distributed in the form of fully paid bonus shares.

CHARITABLE CONTRIBUTIONS

During the year ended 31 December 2022, the Group did not make any charitable contributions (2021: nil).

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers during the financial year ended 31 December 2022 is as follows:

	Percentage of the Group's total			
	Sales		Purchases	
	2022	2021	2022	2021
Largest customer	46%	1%		
Five largest customers in aggregate	61%	2%		
Largest supplier			44%	10%
Five largest suppliers in aggregate			64%	30%

One (2021: one) of the five largest customers of the Group was a subsidiary of CCT Fortis (2021: a subsidiary of CCT Fortis), of which our former Director Mr. Mak Shiu Tong, Clement (resigned on 20 May 2022) is a director and the controlling shareholder.

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

DIRECTORS

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

Executive Directors:

Mak Shiu Tong, Clement (resigned on 20 May 2022)
 Cheng Yuk Ching, Flora (resigned on 1 August 2022)
 Tam Ngai Hung, Terry (resigned on 3 January 2022)
 Ong Chor Wei (redesignated on 7 April 2022)
 Yuk Kai Yao (appointed on 19 May 2022)

Independent non-executive Directors:

Wu Wai Shan (appointed on 10 June 2022)
 Lau Yik Lok (appointed on 1 August 2022)
 Lam Chi Keung (appointed on 30 September 2022 and resigned on 27 March 2023)
 Chow Siu Ngor (resigned on 1 August 2022)
 Lau Ho Kit, Ivan (resigned on 10 June 2022)
 Tam King Ching, Kenny (resigned on 30 September 2022)
 Leung Gar-gene Vincent (appointed on 27 March 2023)

Pursuant to bye-law 99 of the Company's bye-laws, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to one-third) shall retire from office by rotation save any Director holding office as Chairman or managing Director.

Further, according to bye-law 102(A) and 102(B) of the Company's bye-laws, any Director appointed by the Board or by ordinary resolution either to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting of the Company. The Directors to retire at an annual general meeting of the Company shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.

Pursuant to bye-laws 99, 102(A) and 102(B) of the Company's bye-laws, each of Mr. Yuk, Mr. Lau, Ms. Wu and Mr. Leung will retire from office as Directors and, being eligible, offer themselves for re-election at the forthcoming AGM.

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

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on pages 7 to 8 of this annual report.

DIRECTORS' REMUNERATION

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

Details of the Directors' remuneration are set out in note 9 to the financial statements.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN SIGNIFICANT CONTRACTS

No Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the holding companies of the Company, or any of the Company's subsidiaries was a party during the year ended 31 December 2022.

SHARE OPTION SCHEMES

The 2011 Scheme

The 2011 Scheme was adopted by the Company on 27 May 2011 and expired on 26 May 2021. Nevertheless, the terms of the 2011 Scheme shall remain in force and effect for those outstanding share options granted under the 2011 Scheme.

During the year ended 31 December 2022, the movements on share options under the 2011 Scheme was as follows:

Name and/ or category	Date of grant	Exercise period	Exercise price per Share HK\$	Number of share options				Outstanding as at 31 December 2022
				Outstanding as at 1 January 2022	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	
Executive Directors								
Mak Shiu Tong, Clement <i>(resigned on 20 May 2022)</i>	18/1/2017	18/1/2017–17/1/2027	0.011	1,300,000,000	–	–	1,300,000,000	–
	25/1/2018	25/1/2018–24/1/2028	0.010	1,320,000,000	–	–	1,320,000,000	–
							<i>Sub-total</i>	–
Cheng Yuk Ching, Flora <i>(resigned on 1 August 2022)</i>	18/1/2017	18/1/2017–17/1/2027	0.011	825,000,000	–	–	825,000,000	–
	25/1/2018	25/1/2018–24/1/2028	0.010	1,320,000,000	–	–	1,320,000,000	–
	25/1/2019	25/1/2019–24/1/2029	0.010	1,300,000,000	–	–	1,300,000,000	–
							<i>Sub-total</i>	–
Tam Ngai Hung, Terry <i>(resigned on 3 January 2022)</i>	18/1/2017	18/1/2017–17/1/2027	0.011	825,000,000	–	–	825,000,000	–
	25/1/2018	25/1/2018–24/1/2028	0.010	1,320,000,000	–	–	1,320,000,000	–
	25/1/2019	25/1/2019–24/1/2029	0.010	1,300,000,000	–	–	1,300,000,000	–
							<i>Sub-total</i>	–
Independent non-executive Directors								
Chow Siu Ngor <i>(resigned on 1 August 2022)</i>	17/1/2014	17/1/2014–16/1/2024	0.010	5,000,000	–	–	5,000,000	–
	18/1/2017	18/1/2017–17/1/2027	0.011	10,000,000	–	–	10,000,000	–
	25/1/2018	25/1/2018–24/1/2028	0.010	10,000,000	–	–	10,000,000	–
	25/1/2019	25/1/2019–24/1/2029	0.010	10,000,000	–	–	10,000,000	–
							<i>Sub-total</i>	–
Lau Ho Kit, Ivan <i>(resigned on 10 June 2022)</i>	17/1/2014	17/1/2014–16/1/2024	0.010	5,000,000	–	–	5,000,000	–
	18/1/2017	18/1/2017–17/1/2027	0.011	10,000,000	–	–	10,000,000	–
	25/1/2018	25/1/2018–24/1/2028	0.010	10,000,000	–	–	10,000,000	–
	25/1/2019	25/1/2019–24/1/2029	0.010	10,000,000	–	–	10,000,000	–
							<i>Sub-total</i>	–
Tam King Ching, Kenny <i>(resigned on 30 September 2022)</i>	17/1/2014	17/1/2014–16/1/2024	0.010	5,000,000	–	–	5,000,000	–
	18/1/2017	18/1/2017–17/1/2027	0.011	10,000,000	–	–	10,000,000	–
	25/1/2018	25/1/2018–24/1/2028	0.010	10,000,000	–	–	10,000,000	–
	25/1/2019	25/1/2019–24/1/2029	0.010	10,000,000	–	–	10,000,000	–
							<i>Sub-total</i>	–
Sub-total for the Directors				9,615,000,000	–	–	9,615,000,000	–
Employees	25/1/2019	25/1/2019–24/1/2029	0.010	1,299,993,990	–	–	1,299,993,990	–
Total				10,914,993,990	–	–	10,914,993,990	–

SHARE OPTION SCHEMES (continued)

The 2011 Scheme (continued)

10,914,993,990 share options was granted, exercised, cancelled or lapsed under the 2011 Scheme during the year ended 31 December 2022.

There were no share options in aggregate outstanding under the 2011 Scheme as at the date of this annual report, and the total number of Shares to be issued upon exercise of the share option is nil of the total number of issued Shares as at the date of this annual report.

The 2021 Scheme

At the annual general meeting 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 on 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. 18,384,610,000 Shares (the “**Scheme Limit**”). As at the date of the 2021 AGM, the total number of issued Shares was 183,846,100,000. Shares which would have been issuable have lapsed or canceled 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 granted approval for the listing of, and permission to deal in, such 18,384,610,000 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.

On 18 July 2021, Shareholders have passed a special resolution approving (i) the share consolidation of every one hundred (100) existing shares of par value of HK\$0.01 each in the issued share capital of the Company into one(1) consolidated share of par value of HK\$1.00 (the “**Share Consolidation**”); (ii) immediately upon the Share Consolidation becoming effective, the share capital of the Company will be reduced whereby (a) where applicable, any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation shall be cancelled; (b) the issued share capital of the Company of HK\$1,838,461,000 divided into 1,838,461,000 Consolidated Shares shall be reduced to HK\$18,384,610 divided into 1,838,461,000 new shares by cancelling the paid-up capital of the Company to the extent of HK\$0.99 on each of the issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$1.00 to HK\$0.01 (the “**Capital Reduction**”); and (c) the credit arising from the Capital Reduction in the amount of approximately HK\$1,820,076,390 will be credited to the contributed surplus account (within the meaning of the Companies Act 1981 of Bermuda (as amended)(the “**Companies Act**”)) up to the effective date for use by the Directors in any manner permitted by the Companies Act and the bye-laws of the Company; and (iii) change the board lot size for trading on the Stock Exchange from 80,000 existing shares to 8,000 new shares conditional upon the Share Consolidation and Capital Reduction becoming effective.

Upon the Share Consolidation and Capital Reduction becoming effective, the Scheme Limit has been adjusted to 183,846,100 shares in accordance with the terms and conditions of the 2021 Share Option Scheme and the Listing Rules.

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 issued 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 annual report, there was no share option granted under the 2021 Scheme. As at the date of this annual report, the total number of share options available for grant under the 2021 Scheme is 183,846,100 and the total number of Shares which may be issued upon grant and exercise of all such share options is 183,846,100, which represents 8.33% of the total issued Shares.

SHARE OPTION SCHEMES (continued)

The 2021 Scheme (continued)

The purpose of the 2021 Scheme

The 2021 Scheme is to enable the Company continues 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 provider better services to the Group; and
- (e) business partner or shareholder(s) of any Invested Entity and/or 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**”)

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 the 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 grantee(s) of the share options.

SHARE OPTION SCHEMES (continued)

The 2021 Scheme (continued)

The maximum entitlement of each Eligible Participant under the 2021 Scheme

If the Company proposes to grant share options to a substantial shareholder of the Company or any INEDs 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.

Time of exercise 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 acceptable 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 date 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 the 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 share.

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

As at 31 December 2022, the Directors and the chief executive of the Company and/or any of their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) (i) as recorded in the register required to be kept by the Company under section 352 of the SFO; or (ii) as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO; or (iii) as notified to the Company and the Stock Exchange pursuant to the Model Code adopted by the Company:

Interests and short positions in the Shares and the underlying Shares as at 31 December 2022

Long Positions

Name of Directors	Capacity/ nature of interests	No. of Shares/underlying Shares			Approximate % of the total number of issued Shares*
		No. of Shares	No. of share options	Total interests	
Executive Directors					
Ong Chor Wei (appointed on 3 January 2022)	Interest of controlled corporations	263,410,200 (Note 1)	–	263,410,200	11.94%

* The percentage was calculated based on 2,206,153,200 Shares in issue as at 31 December 2022.

Notes:

- Ong Chor Wei ("**Mr. Ong**") beneficially owns 100% of the issued share capital of Top Pioneer Holdings Limited ("**Top Pioneer**"). Therefore, Mr. Ong are deemed to be interested in all the Shares held by Top Pioneer for the purpose of the SFO. Mr. Ong and Top Pioneer are regarded as a group of Controlling Shareholders acting in concert to exercise their voting rights in the Company and they together will be interested in a total of 11.94% of the issued share capital of the Company. Mr. Ong is a director of Top Pioneer.

Save as disclosed above, as at 31 December 2022, none of the Directors and the chief executive of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code adopted by the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

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

GBA HOLDINGS LIMITED

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2022, so far as was known to the Directors, the following persons (not being the Directors or the chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Long Positions

Name of substantial Shareholders	Capacity/nature of interests	Number of the Shares		Approximate % of the total number of issued shares*
		No. of Shares	Total interests	
Top Pioneer Holdings Limited	Beneficial owner	263,410,200	263,410,200	11.94%
CCT Telecom Securities Limited (Note 1)	Security interest in shares	214,668,400	214,668,400	9.73%
CCT Fortis Holdings Limited (Note 2)	Security interest of controlled corporation	268,335,500	268,335,500	12.16%
CCT Capital International Holdings Limited (Note 2)	Security interest of controlled corporation	268,335,500	268,335,500	12.16%
Mak Shiu Tong, Clement (Note 3)	Security interest of controlled corporation	268,335,500	268,335,500	12.16%
Mak Chun Kiu (Noted 3)	Security interest of controlled corporation	268,335,500	268,335,500	12.16%

* The percentage was calculated based on 2,206,153,200 Shares in issued as at 31 December 2022

Notes

1. On 21 October 2022, 214,668,400 Shares and 53,667,100 Shares of the Company were charged by Top Pioneer Holdings Limited in favour of CCT Telecom Securities Limited and Ever Sino Group Limited, respectively.
2. As at 31 December 2022, CCT Telecom Securities Limited and Ever Sino Group Limited were direct wholly-owned subsidiaries of CCT Capital International Holdings Limited, which is in turn a direct wholly-owned subsidiary of CCT Fortis Holdings Limited ("**CCT Fortis**").
3. As at 31 December 2022, an aggregate of 51.08% shares of CCT Fortis were held by Capital Winner Investments Limited ("**Capital Winner**"), Capital Force International Limited ("**Capital Force**") and New Capital Industrial Limited ("**New Capital**"). Each of Capital Winner, Capital Force and New Capital was owned as to 51% and 49% by Mak Shiu Tong, Clement and Mak Chun Kiu, respectively. Mak Shiu Tong, Clement further held 2.93% of the shares of CCT Fortis and 157.48% of the underlying shares of CCT Fortis through Treasure Goal International Limited, a company wholly owned by Mak Shiu Tong, Clement, pursuant to a subscription agreement dated 16 November 2022. Therefore, each of Mak Shiu Tong, Clement and Mak Chun Kiu is deemed to be interested in the shares of CCT Fortis.

Save as disclosed above, the Directors and the chief executive of the Company are not aware that there is any party (not being the Directors or the chief executive of the Company) who, as at 31 December 2022, 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.



DIRECTORS' INTEREST IN COMPETING BUSINESS

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

AUDITORS

The consolidated financial statements of the Company for the years ended 31 December 2021 and 2020 were audited by Ernst & Young ("**EY**"). EY resigned as auditor of the Company on 11 November 2022 as the Company could not reach a consensus with them on the audit fee for the year ended 31 December 2022. Crowe (HK) CPA Limited ("**Crowe**") was then appointed as the auditor of the Company with effect from 11 November 2022. The consolidated financial statements for the year ended 31 December 2022 has been audited by Crowe. Crowe will retire, and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed under the section headed "Investment in a Catering Business in Hong Kong" on page 9 of this annual report, there are no material events after the reporting period.

ON BEHALF OF THE BOARD OF
GBA HOLDINGS LIMITED

Ong Chor Wei
Chairman
Hong Kong

31 March 2023

INDEPENDENT AUDITOR'S REPORT



國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

To the shareholders of GBA Holdings Limited

(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of GBA Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 46 to 106, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

To the shareholders of GBA Holdings Limited

(Incorporated in Bermuda with limited liability)

KEY AUDIT MATTERS (continued)

Key audit matter

Net realisable value of properties held for sale and properties under development

As at 31 December 2022, the Group had properties held for sale of HK\$311 million and properties under development of HK\$95 million, which were stated at the lower of cost and net realisable value. These properties in aggregate represented approximately 53.8% of the Group's total assets.

Significant management judgement and estimates are required to determine the net realisable value of the properties held for sale and properties under development. Management takes into account factors including the estimated costs to completion, unit selling prices of existing and pre-sale properties. To support their assessment of the net realisable value of the properties held for sale and properties under development, an external valuer was engaged by management to determine their values.

Related disclosures are included in notes 3, 17 and 18 to the consolidated financial statements.

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

As at 31 December 2022, included in the Group's financial assets at fair value through profit or loss was an unlisted equity investment of HK\$168 million. The unlisted equity investment represented approximately 22.3% of the Group's total assets and it was categorised within Level 3 of the fair value hierarchy.

Significant management judgement and estimates are required to determine the fair value of the unlisted equity investment which is categorised as Level 3 in the fair value hierarchy. Management engaged an external valuer to perform the valuation of the unlisted equity investment at the end of the reporting period and in the absence of current price in an active market for similar investments, the external valuer applied certain unobservable inputs in the valuation.

Related disclosures are included in notes 3, 22 and 36 to the consolidated financial statements.

How our audit addressed the key audit matter

Our audit procedures in relation to the net realisable value of properties held for sale and properties under development included:

- evaluating the objectivity, independence and competency of the external valuer;
- involving our valuation specialists to assist us in evaluating and testing the assumptions and methodologies used in the valuations; and
- corroborating the realisable value by making reference to recent sales transactions for similar properties and assessed the estimated costs to completion with reference to available construction cost information for properties in similar location.

Our audit procedures in relation to the fair value measurement of financial assets at fair value through profit or loss included:

- evaluating the objectivity, independence and competency of the external valuer; and
- involving our valuation specialists to assist us in evaluating and testing the assumptions and methodologies used in the valuations.

To the shareholders of GBA Holdings Limited

(Incorporated in Bermuda with limited liability)

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

To the shareholders of GBA Holdings Limited

(Incorporated in Bermuda with limited liability)

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

To the shareholders of GBA Holdings Limited

(Incorporated in Bermuda with limited liability)

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

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

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 31 March 2022.

Crowe (HK) CPA Limited

Certified Public Accountants

Hong Kong

Chung Wai Chuen Alfred

Practising Certificate Number: P05444

31 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

HK\$ million	Notes	2022	2021
REVENUE			
– Revenue from contracts with customers	5	51	466
– Interest income	5	5	3
		56	469
Cost of sales		(119)	(436)
Gross (loss)/profit		(63)	33
Changes in fair value of financial assets at fair value through profit or loss		(59)	(15)
Impairment on trade and other receivables	6	(2)	(5)
Impairment on loan and interest receivables	6	(4)	–
Other income and gains	7	7	4
Selling and distribution expenses		(8)	(21)
Administrative expenses		(46)	(53)
Other expenses, net		–	(2)
Finance costs	8	–#	–#
LOSS BEFORE TAX	6	(175)	(59)
Income tax expense	11	–#	(1)
LOSS FOR THE YEAR		(175)	(60)
Loss attributable to owners of the Company		(175)	(60)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			(Restated)
Basic and diluted	13	(HK9.10 cents)	(HK3.26 cents)

Less than HK\$1 million

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

HK\$ million	2022	2021
LOSS FOR THE YEAR	(175)	(60)
OTHER COMPREHENSIVE INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(44)	13
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	(44)	13
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(219)	(47)
Total comprehensive loss attributable to owners of the Company	(219)	(47)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

HK\$ million	Notes	2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment	14	–*	–*
Loan and interest receivables	20	–	70
Investment in an associate	15	2	–
Financial assets at fair value through profit or loss	22	168	220
Total non-current assets		170	290
Current assets			
Properties under development	17	95	101
Properties held for sale	18	311	437
Trade receivables	19	26	1
Loan and interest receivables	20	79	2
Prepayments, other receivables and other assets	21	25	50
Financial assets at fair value through profit or loss	22	18	49
Pledged time deposit	23	3	–
Cash and cash equivalents	23	27	48
Total current assets		584	688
Total assets		754	978
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Issued capital	27	22	1,839
Reserves	29	657	(960)
Total equity		679	879
Non-current liabilities			
Lease liabilities	16	–	1
Current liabilities			
Bank overdraft	23	2	–
Trade payables	24	36	49
Other payables and accruals	25	37	48
Lease liabilities	16	–	1
Total current liabilities		75	98
Total liabilities		75	99
Total equity and liabilities		754	978
Net current assets		509	590
Total assets less current liabilities		679	880

* Less than HK\$1 million

Ong Chor Wei
Chairman

Yuk Kai Yao
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2022

HK\$ million	Attributable to owners of the parent							Total
	Issued capital	Share premium account	Capital reserve	Contributed surplus	Share option reserve	Exchange fluctuation reserve	Accumulated losses	
At 1 January 2021	1,839	341	733	-	38	(49)	(1,976)	926
Loss for the year	-	-	-	-	-	-	(60)	(60)
Other comprehensive income for the year:								
Exchange differences related to foreign operations	-	-	-	-	-	13	-	13
Total comprehensive loss for the year	-	-	-	-	-	13	(60)	(47)
At 31 December 2021 and 1 January 2022	1,839	341*	733*	-*	38*	(36)*	(2,036)*	879
Capital reorganisation	(1,820)	-	-	1,820	-	-	-	-
Share issued under placing	3	16	-	-	-	-	-	19
Transfer of share option reserve upon forfeiture of share option	-	-	-	-	(38)	-	38	-
Loss for the year	-	-	-	-	-	-	(175)	(175)
Other comprehensive loss for the year:								
Exchange differences related to foreign operations	-	-	-	-	-	(44)	-	(44)
Total comprehensive loss for the year	-	-	-	-	-	(44)	(175)	(219)
At 31 December 2022	22	357*	733*	1,820*	-*	(80)*	(2,173)*	679

* The sum total of these reserve accounts represent the consolidated surplus of HK\$657 million (2021: deficit of HK\$960 million) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2022

HK\$ million	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(175)	(59)
Adjustments for:			
Changes in fair value of financial assets at fair value through profit or loss	6	59	15
Depreciation		–	1
Gain from disposal of subsidiaries	30	–	(4)
Gain on early termination of lease		(1)	–
Write-down of properties held for sale to net realisable value	6	67	16
Write-down of properties under development to net realisable value	6	1	–
Impairment of items of property, plant and equipment	6	–	2
Impairment of trade and other receivables	6	2	5
Impairment of loan and interest receivables	6	4	–
		(43)	(24)
Increase in properties under development		(3)	(61)
Decrease in properties held for sale		23	410
(Increase)/decrease in trade receivables		(26)	1
Increase in loan and interest receivables		(11)	(73)
Decrease in prepayments, other receivables and other assets		25	44
Decrease in trade payables		(10)	(7)
Decrease in other payables and accruals		(11)	(427)
Cash used in operations		(56)	(137)
Interest received		–	1
Interest paid		–#	–#
Mainland China tax paid		–#	–#
Net cash flows used in operating activities		(56)	(136)

HK\$ million	Notes	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Distribution from fund investment		24	35
Disposal of subsidiaries	30	–	(2)
Investment in an associate		(2)	–
Increase in pledged time deposit		(3)	–
Advances to an associate		(4)	–
Net cash flows from investing activities		15	33
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares through placing		19	–
Transaction costs paid for the issue of shares through placement		– [#]	–
Principal portion of lease payments		(1)	(1)
Net cash flows from/(used in) financing activities		18	(1)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
		(23)	(104)
Cash and cash equivalents at beginning of year		48	149
Effect of foreign exchange rate changes, net		–	3
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	25	48

Less than HK\$1 million

NOTES TO FINANCIAL STATEMENTS

31 December 2022

1. CORPORATE AND GROUP INFORMATION

During the year, GBA Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) were principally involved in the following principal activities:

- investments holding;
- development and sale of properties;
- finance business; and
- automobile business.

Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
CCT Land (Anshan) Property Development Company Limited*	PRC/Mainland China	RMB50,000,000 (2020: RMB100,000,000) Registered [^]	–	100	Property development
CCT Land Development (Anshan) Company Limited*	PRC/Mainland China	HK\$380,000,000 Registered [^]	–	100	Property development
CCT Land Finance Limited	Hong Kong	HK\$1 Ordinary	–	100	Finance business
Elite Venture Associates Limited (formerly known as Blackbird Venture Associates Limited)	British Virgin Islands	US\$2 Ordinary	–	100	Automobile business

[^] Registered as wholly-foreign-owned enterprises under the People’s Republic of China (“**PRC**”) law

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

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest million except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries and the Group’s interests in associates for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

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

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

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment — Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2018–2020</i>

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture²</i>
HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	<i>Insurance Contracts¹</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current³</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants³</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies¹</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates¹</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction¹</i>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback³</i>
Hong Kong Interpretation 5 (Revised)	<i>Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contain a Repayment on Demand Clause³</i>

- 1 Effective for annual periods beginning on or after 1 January 2023
2 No mandatory effective date yet determined but available for adoption
3 Effective for annual periods beginning on or after 1 January 2024

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Associates

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale. The financial statements of an associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition date excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment (after reassessment), the Group's share of the post-acquisition post-tax results of the investees and any impairment losses for the year are recognised in the consolidated profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate after applying the ECL model to such other long-term interests where applicable.

Unrealised profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies that gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

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

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

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

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

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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

Property, plant and equipment and depreciation

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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

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

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

Properties under development

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

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

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

Properties held for sale

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

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

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

Inventories

Inventories represent stock of classic cars held for sale, which are stated at the lower of cost and net realisable value.

Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

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

Derecognition of financial assets

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

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

General approach

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

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

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

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

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Simplified approach

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

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

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade payables, other payables and lease liabilities.

Subsequent measurement

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

Financial liabilities at amortised cost (loans and borrowings)

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Financial guarantee contracts

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Provisions

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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

Revenue recognition

Revenue from contracts with customers

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

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

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

Property development business

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

Automobile business

Revenue from the sale of classic cars is recognised at the in time when control of the classic car is transferred to the customer, generally on delivery of the classic cars.

Interest income

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract liabilities

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

Contract costs

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

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

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

Share-based payments

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)

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

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

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

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

Other employee benefits

Pension schemes

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

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

Borrowing costs

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

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

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

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

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

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of loan and other receivables

The Group applies the general approach in calculating expected credit losses under HKFRS 9 for loan and other receivables. The Group applies various elements in assessing the expected credit loss, which involved forward-looking information, expected future cash flows and collateral values. Details of loan and other receivables are set out in notes 20 and 21 to the financial statements.

Valuation of properties under development and properties held for sale

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

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

Land appreciation taxes

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

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

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

When the fair value of financial assets recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of certain unobservable inputs as detailed in note 36 to the financial statements. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the consolidated statement of financial position and the level where the instruments are disclosed in the fair value hierarchy. Significant management judgements and estimates are required in determining the valuation of financial instruments which are categorised as Level 3 in the fair value hierarchy.

4. OPERATING SEGMENT INFORMATION

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

- (a) the property business segment representing the development and sale of properties;
- (b) the finance business segment representing the finance business; and
- (c) automobile business segment representing the trading and sale of classic cars business.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that finance costs, share of profit/loss of an associate, fair value gains/losses from the Group's financial instruments as well as the head office and corporate expenses are excluded from such measurement.

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

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

HK\$ million	Property business		Finance business		Automobile business		Reconciliations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Segment revenue										
Sales to external customers	25	466	-	-	26	-	-	-	51	466
Interest income	-	-	5	3	-	-	-	-	5	3
Other income and gains	5	-	-	-	-	-	2	4	7	4
	30	466	5	3	26	-	2	4	63	473
Segment (loss)/profit	(77)	(23)	-#	1	1	-	-	4	(76)	(18)
Finance costs	-	-	-	-	-	-	-#	-#	-#	-#
Reconciled items:										
Corporate and other unallocated expenses	-#	-	-	-	-	-	(40)	(26)	(40)	(26)
Changes in fair value of financial assets at fair value through profit or loss	-	-	-	-	-	-	(59)	(15)	(59)	(15)
(Loss)/profit before tax	(77)	(23)	-#	1	1	-	(99)	(37)	(175)	(59)
Income tax expense							-	-	-#	(1)
Loss for the year							(99)	(37)	(175)	(60)

Less than HK\$1 million

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4. OPERATING SEGMENT INFORMATION (continued)

HK\$ million	Property business		Finance business		Automobile business		Reconciliations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Other segment information:										
Depreciation	-#	-	-#	-	-	-	-	(1)	-#	(1)
Other material non-cash items:										
Impairment of trade and other receivables	(2)	(5)	-	-	-	-	-	-	(2)	(5)
Impairment of loan and interest receivables	-	-	(4)	-	-	-	-	-	(4)	-
Impairment of items of property, plant and equipment	-	-	-	-	-	-	-	(2)	-	(2)
Gain on early termination of lease	-	-	-	-	-	-	1	-	1	-
Write-down of properties held for sale to net realisable value	(67)	(16)	-	-	-	-	-	-	(67)	(16)
Write-down of properties under development to net realisable value	(1)	-	-	-	-	-	-	-	(1)	-
Changes in fair value of financial assets at fair value through profit or loss	-	-	-	-	-	-	(59)	(15)	(59)	(15)

Less than HK\$1 million

HK\$ million	Property business		Finance business		Automobile business		Reconciliations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Segment assets	429	595	79	72	26	-	-	-	534	667
Reconciled items:										
Corporate and other unallocated assets	-	-	-	-	-	-	220	311	220	311
Total assets	429	595	79	72	26	-	220	311	754	978
Segment liabilities	64	89	-#	-#	-	-	-	-	64	89
Reconciled items:										
Corporate and other unallocated assets	-	-	-	-	-	-	11	10	11	10
Total liabilities	64	89	-#	-#	-	-	11	10	75	99

Less than HK\$1 million

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

HK\$ million	2022	2021
Mainland and Hong Kong	56	469
Rest of the world	–	–
	56	469

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

(b) Non-current assets

HK\$ million	2022	2021
Mainland and Hong Kong	–#	–#

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

* Less than HK\$1 million

Information about major customers

For the year ended 31 December 2022, revenue of approximately HK\$26 million in the Automobile Business (2021: nil) from one single customer contributed 10% or more of the Group's total revenue.

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5. REVENUE

Revenue represents gross proceeds from the sale of properties, gross proceeds from the sale of classic cars and interest income during the year.

An analysis of revenue is as follows:

HK\$ million	2022	2021
<i>Revenue from contracts with customers</i>		
Sale of properties	25	466
Sale of classic cars	26	–
<i>Revenue from other sources</i>		
Interest income from loan receivables	5	3
	56	469

Revenue from contracts with customers

(i) Disaggregated revenue information

Segments (HK\$ million)	Property business		Automobile business		Total	
	2022	2021	2022	2021	2022	2021
Type of goods						
Sale of properties	25	466	–	–	25	466
Sale of classic cars	–	–	26	–	26	–
	25	466	26	–	51	466
Geographical markets						
Mainland	25	466	–	–	25	466
Hong Kong	–	–	26	–	26	–
	25	466	26	–	51	466
Timing of revenue recognition						
Goods transferred at a point in time	25	466	26	–	51	466

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

HK\$ million	2022	2021
Sale of properties	17	442

5. REVENUE – Continued

Revenue from contracts with customers – Continued

(ii) Performance obligations

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

Sale of properties

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

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

HK\$ million	2022	2021
Amounts expected to be recognised as revenue:		
Within one year	12	21

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

Sales of classic cars

The performance obligation is satisfied upon delivery of the classic cars and payment is generally due within 45 days from delivery.

6. LOSS BEFORE TAX

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

HK\$ million	2022	2021
Cost of classic cars sold	25	–
Carrying amount of properties sold	26	420
Write-down of properties under development and properties held for sale	68	16
Cost of properties sold	94	436
Auditor's remuneration	2	4
Employee benefit expense (excluding directors' and chief executive's remuneration – note 9):		
Wages and salaries	4	4
Pension scheme contributions**	–#	–#
	4	4
Gain on disposal of a subsidiary (Note 30)	–	(4)
Impairment of items of property, plant and equipment*	–	2
Impairment of trade and other receivables	2	5
Impairment of loan and interest receivables	4	–
Changes in fair value of financial assets at fair value through profit or loss	59	15

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

** The effect of forfeited contributions on the Group's contributions to the pension schemes for the year ended 31 December 2021, and the amounts of forfeited contributions available to reduce contributions in future years were not material

Less than HK\$1 million

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7. OTHER INCOME AND GAINS

HK\$ million	2022	2021
Government subsidies (Note)	– [#]	–
Refund of Land Use Tax	4	–
Gain on early termination of lease	1	–
Gain on disposal of a subsidiary (Note 30)	–	4
Other income	2	–
	7	4

[#] Less than HK\$1 million

Note: The government subsidies represented mainly subsidies from the Employment Support Scheme launched by HKSAR government.

8. FINANCE COSTS

An analysis of finance costs is as follows:

HK\$ million	2022	2021
Interest on lease liabilities	– [#]	– [#]
Interest expenses arising from revenue contracts	– [#]	8
Less: Interest capitalised	– [#]	(8)
Total interest expense on financial liabilities not at fair value through profit or loss	– [#]	– [#]

[#] Less than HK\$1 million

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

HK\$ million	2022	2021
Fees:		
Executive directors, non-executive director and chief executive	3	–
Independent non-executive directors	1	1
	4	1
Other emoluments:		
Salaries, allowances and benefits in kind	2	11
Equity-settled share option expense	–	–
Pension scheme contributions	– [#]	– [#]
	2	12
	6	13

[#] Less than HK\$1 million

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(a) Independent non-executive directors

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

	2022 HK\$'000	2021 HK\$'000
Wu Wai Shan (<i>appointed on 10 June 2022</i>)	67	–
Lau Yik Lok (<i>appointed on 1 August 2022</i>)	50	–
Lam Chi Keung (<i>appointed on 30 September 2022 and resigned on 27 March 2023</i>)	30	–
Chow Siu Ngor (<i>resigned on 1 August 2022</i>)	140	240
Lau Ho Kit, Ivan (<i>resigned on 10 June 2022</i>)	120	240
Tam King Ching, Kenny (<i>resigned on 30 September 2022</i>)	180	240
	587	720

There were no other emoluments payable to the independent non-executive directors during the year (2021: Nil).

(b) Executive directors, non-executive director and chief executive

HK\$ million	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
2022				
Executive directors:				
Ong Chor Wei (<i>appointed on 7 April 2022</i>)	–	0.5	–	0.5
Yuk Kai Yao (<i>appointed on 19 May 2022</i>)	–	0.3	–	0.3
Mak Shiu Tong, Clement (<i>resigned on 20 May 2022</i>)	–	1.6	0.1	1.7
Tam Ngai Hung, Terry (<i>resigned on 3 January 2022</i>)	3.0	–	–	3.0
Cheng Yuk Ching, Flora (<i>resigned on 1 August 2022</i>)	–	0.4	–	0.4
	3.0	2.8	0.1	5.9

HK\$ million	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
2021				
Executive directors:				
Mak Shiu Tong, Clement – chief executive (<i>resigned on 20 May 2022</i>)	–	5.3	0.2	5.5
Tam Ngai Hung, Terry (<i>resigned on 3 January 2022</i>)	–	5.8	0.1	5.9
Cheng Yuk Ching, Flora (<i>resigned on 1 August 2022</i>)	–	0.3	0.1	0.4
	–	11.4	0.4	11.8

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2021: Nil).

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10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2021: three) directors and one (2021: one) of them is also the chief executive. Details of their remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining two (2021: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

HK\$ million	2022	2021
Salaries, allowances and benefits in kind	1	1

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

	Number of employees	
	2022	2021
Nil to HK\$1,000,000	2	2

11. INCOME TAX

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

HK\$ million	2022	2021
Current – Mainland		
Mainland land appreciation tax	–#	1
Total tax expense for the year	–#	1

Less than HK\$1 million

11. INCOME TAX (continued)

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

2022

HK\$ million	Hong Kong		The PRC, excluding Hong Kong		Total	
	Amount	%	Amount	%	Amount	%
Loss before tax	(76.8)		(98.6)		(175.4)	
Tax at the statutory tax rate	(12.7)	16.5	(24.7)	25.0	(37.4)	21.3
Income not subject to tax	(0.7)	0.9	–	–	(0.7)	0.4
Expenses not deductible for tax	11.3	(14.7)	15.6	(15.8)	26.9	(15.3)
Tax losses not recognised	2.1	(2.7)	9.1	(9.2)	11.2	(6.4)
Land appreciation tax	–	–	0.3	(0.3)	0.3	(0.2)
Tax charge at the Group's effective tax rate	–	–	0.3	(0.3)	0.3	(0.2)

2021

HK\$ million	Hong Kong		The PRC, excluding Hong Kong		Total	
	Amount	%	Amount	%	Amount	%
Loss before tax	(40.0)		(18.9)		(58.9)	
Tax at the statutory tax rate	(6.6)	16.5	(4.7)	25.0	(11.3)	19.2
Income not subject to tax	(0.6)	1.5	(2.5)	13.3	(3.1)	5.3
Expenses not deductible for tax	3.8	(9.5)	5.8	(30.8)	9.6	(16.3)
Tax losses not recognised	3.4	(8.5)	1.4	(7.5)	4.8	(8.2)
Land appreciation tax	–	–	1.1	(5.8)	1.1	(1.9)
Tax charge at the Group's effective tax rate	–	–	1.1	(5.8)	1.1	(1.9)

12. DIVIDENDS

No dividends have been paid or declared by the Company for the year ended 31 December 2022 (2021: Nil).

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

For loss for the year

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

HK\$ million	2022	2021
Loss attributable to ordinary equity holders of the Company, used in the basic and diluted loss per share calculation	(175)	(60)
	Number of shares	
	2022	2021 (Restated)
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	1,922,073,199	1,838,461,000

Diluted loss per share has not been disclosed as no dilutive potential equity shares has been in existence for the year ended 31 December 2022.

No adjustment has been made to the basic loss per share amounts presented for the year ended 31 December 2021 in respect of a dilution as the impact of the outstanding share options had an anti-dilutive effect on the basic loss per share amounts presented.

Comparative figures of the weighted average number of ordinary shares for calculating basic loss per share have been adjusted on the assumption that the share consolidation (note 27) has been effective since the beginning of the prior year.

14. PROPERTY, PLANT AND EQUIPMENT

HK\$ million	Owned assets			Total
	Right-of-use assets – Office premises	Furniture and office equipment	Motor vehicles	
31 December 2022				
At 1 January 2022:				
Cost	3	1	1	5
Accumulated depreciation and impairment	(3)	(1)	(1)	(5)
Net carrying amount	-	-	-#	-#
At 1 January 2022				
Addition	-	-	-#	-#
Depreciation provided during the year	-	-	-#	-#
At 31 December 2022, net of accumulated depreciation and impairment	-	-	-	-
At 31 December 2022:				
Cost	-	-	-	-
Accumulated depreciation and impairment	-	-	-	-
Net carrying amount	-	-	-	-
31 December 2021				
At 1 January 2021:				
Cost	2	14	9	25
Accumulated depreciation and impairment	(2)	(14)	(8)	(24)
Net carrying amount	-	-	1	1
At 1 January 2021				
Addition	3	-	-#	3
Depreciation provided during the year	(1)	-	-#	(1)
Disposal of a subsidiary (note 30)	-	-	(1)	(1)
Impairment	(2)	-	-	(2)
At 31 December 2021, net of accumulated depreciation and impairment	-	-	-	-
At 31 December 2021:				
Cost	3	1	1	5
Accumulated depreciation and impairment	(3)	(1)	(1)	(5)
Net carrying amount	-	-	-	-

Less than HK\$1 million

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15. INVESTMENT IN AN ASSOCIATE

HK\$ million	2022
Share of net assets	–
Goodwill on acquisition	2
	2

Particular of an associate is as follow:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered capital	Percentage of ownership interest attributable to the Group	Principal activities
Kei Waa Limited	Hong Kong	HK\$10,000 Ordinary	26%	Catering business

During the year ended 31 December 2022, the Group completed the acquisition of 100% of the shares and voting interest in Unversed Fair Limited (“UFL”), a company established in British Virgin Islands (the “BVI”), and is principally engaged in investment holding. UFL holds 26% interest in Kei Waa Limited (“KWL”).

The following table illustrates the summarised financial information in respect of KWL:

HK\$ million	2022
Non-current assets	3
Current assets	11
Non-current liabilities	(15)
Net liabilities	(1)
The Group’s interest in an associate	26%
Proportion of the Group’s ownership	–
The Group’s share of net liabilities of an associate	–
Revenue	–
Loss for the year	–#

* Less than HK\$1 million

16. LEASES

The Group as a lessee

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

(a) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

HK\$ million	Lease liabilities	
	2022	2021
Carrying amount at 1 January	2	–#
Addition	–	3
Accretion of interest recognised during the year	–#	–#
Payments	(1)	(1)
Early termination	(1)	–
Carrying amount at 31 December	–	2
Analysed into:		
Current portion	–	1
Non-current portion	–	1

The maturity analysis of lease liabilities is disclosed in note 37 to the financial statements.

Less than HK\$1 million

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

HK\$ million	2022	2021
Interest on lease liabilities	–	–#
Depreciation charge of right-of-use assets	–	1
Expense relating to short-term leases	–#	1
Impairment of right-of-use assets	–	2
Total amount recognised in profit or loss	–	4

Less than HK\$1 million

(c) The total cash outflow for leases is disclosed in note 31(c) to the financial statements.

17. PROPERTIES UNDER DEVELOPMENT

HK\$ million	2022	2021
Properties under development expected to be completed within normal operating cycle, included under current assets and recoverable	102	107
Provision for impairment	(7)	(6)
	95	101

The analysis of carrying value of land held for properties under development is as follows:

HK\$ million	2022	2021
Land use rights	22	27

The properties under development are all located in the PRC and the relevant land use rights have remaining lease term ranging from 55 to 63 years.

18. PROPERTIES HELD FOR SALE

HK\$ million	2022	2021
Properties held for sale	458	525
Provision for impairment	(147)	(88)
	311	437

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

The analysis of carrying value of land held for properties held for sale is as follows:

HK\$ million	2022	2021
Land use rights	66	75

The properties held for sale are all located in the PRC and the relevant land use rights have remaining lease term ranging from 55 to 63 years.

19. TRADE RECEIVABLES

HK\$ million	2022	2021
Trade receivables	31	13
Impairment	(5)	(12)
	26	1

The Group's trade receivables are settled based on the terms of the sale and purchase agreements of properties and classic car.

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

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

HK\$ million	2022		2021	
	Balance	Percentage	Balance	Percentage
Current to 30 days	26	100	1	100

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

HK\$ million	2022	2021
At 1 January	12	9
Impairment losses, net	1	5
Amount written off as uncollectible (Note)	(7)	(2)
Exchange difference	(1)	–
At 31 December	5	12

Note: In view of prolonged outstanding and lost contact with the customer, the management considers that there is no reasonable expectation of recovering the receivables and an amount of approximately HK\$7,000,000 has been written off during the year.

19. TRADE RECEIVABLES (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses for sale of properties. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables for sale of properties are written off if past due for more than one year and are not subject to enforcement activity. As at 31 December 2022, an impairment allowance for trade receivables of HK\$5 million (2021: HK\$12 million) has been provided based on the provision matrix.

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

HK\$ million	Past due				Total
	Current	Within 6 months	7-12 months	Over 1 year	
As at 31 December 2022					
Sale of properties					
Expected credit loss rate	N/A	N/A	N/A	100.0%	15.6%
Gross carrying amount	–	–	–	4.8	4.8
Expected credit losses	–	–	–	4.8	4.8
As at 31 December 2021					
Sale of properties					
Expected credit loss rate	0.8%	N/A	100.0%	100.0%	95.2%
Gross carrying amount	0.6	–	4.9	7.0	12.5
Expected credit losses	–	–	4.9	7.0	11.9

The Group applies the general approach under HKFRS 9 to measure the expected credit loss of trade receivables for sale of classic cars. As at 31 December 2022, the Group considered the probability of default from the trade receivables for sale of cars would be close to zero and no loss allowance was made.

20. LOAN AND INTEREST RECEIVABLES

HK\$ million	2022	2021
Loan receivables	80	70
Interest receivables	3	2
Impairment	(4)	–
	79	72
Less: Current portion	(79)	(2)
Non-current portion	–	70

Except for the loan and interest receivables of approximately HK\$73,000,000 (2021: approximately HK\$72,000,000) to CCT Fortis Holdings Limited (“**CCT Fortis**”), a former substantial shareholder of the Company, which was unsecured, carried interest at 7% per annum and repayable within 1 year (2021: over 1 year), the remaining loan receivables are unsecured, carried interest at 8% per annum and repayable within 1 year.

Impairment consideration

The Group’s loan and interest receivables arose from the Group’s finance business in Hong Kong.

An impairment analysis is performed at each reporting date by considering the probability of default of the borrowers. As at 31 December 2021 and 2022, none of the loan and interest receivables were overdue and all balances were categorised within stage 1 for measurement of expected credit losses using general approach under HKFRS 9 and impairment allowance of approximately HK\$Nil and HK\$4,000,000 had been provided respectively based on the impairment analysis.

Movements on the Group’s impairment of loan and interest receivables are as follow:

HK\$ million	2022	2021
At 1 January	–	–
Impairment	4	–
At 31 December	4	–

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

HK\$ million	2022	2021
Prepayments	8	46
Other receivables and other assets	14	4
Amount due from an associate (Note)	4	–
Impairment	(1)	–
	25	50

Note: The amount is unsecured, non-interest-bearing and repayable within 1 year.

An impairment analysis is performed at each reporting date by considering the probability of default of the financial assets. Under general approach of HKFRS 9, as at 31 December 2021 and 2022, none of the financial assets included in the above balances were overdue and all balances were categorised within stage 1 for measurement of expected credit losses. As at 31 December 2022, the loss allowance for the financial assets included in the above balances was assessed to be approximately HK\$1,000,000 (2021: Nil).

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21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS — *Continued*

Movements on the Group's impairment of other receivables and other assets and amount due from an associate are as follows:

HK\$ million	2022	2021
At 1 January	-	-
Impairment	1	-
At 31 December	1	-

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

HK\$ million	Notes	2022	2021
Unlisted equity investment, at fair value	(a)	168	220
Unlisted fund investment, at fair value	(b)	18	49
		186	269
Less: Current portion		(18)	(49)
Non-current portion		168	220

Notes:

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

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

- (b) The unlisted fund investment was mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. The unlisted fund investment was held by the Group for trading and was classified as financial assets at fair value through profit or loss under current assets.

The unlisted fund investment was denominated in Euro.

23. CASH AND CASH EQUIVALENTS

HK\$ million	2022	2021
Cash and bank balances	27	48
Time deposit	3	–
	30	48
Less: Pledged time deposit		
Pledged for banking facility	(3)	–
Bank overdraft	(2)	–
Cash and cash equivalents	25	48

At the end of the reporting period, the cash and cash equivalents of the Group denominated in RMB were HK\$2 million (2021: HK\$8 million). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

24. TRADE PAYABLES

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

HK\$ million	2022		2021	
	Balance	Percentage	Balance	Percentage
Current to 30 days	–	–	47	96
31 to 60 days	1	3	–	–
61 to 90 days	–	–	–	–
Over 90 days	35	97	2	4
	36	100	49	100

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

25. OTHER PAYABLES AND ACCRUALS

HK\$ million	Notes	2022	2021
Other payables	(a)	21	24
Accruals		4	7
Contract liabilities	(b)	12	17
		37	48

Notes:

- (a) Included in other payables of HK\$3 million (2021: Nil) was carried interest at 5% per annum and has payment term of one year. The remaining balance are non-interest-bearing and have no payment terms (2021: an average payment term of three months).

As at 31 December 2022, included in other payables was an amount of Nil (2021: HK\$1 million) due to CCT Fortis Group.

- (b) Details of contract liabilities are as follows:

HK\$ million	2022	2021
Short-term advances received from customers:		
Sale of properties	12	17
	12	17

Contract liabilities include proceeds received from buyers in connection with the Group's pre-sale of properties.

26. DEFERRED TAX LIABILITIES

The Group had tax losses arising in Hong Kong of HK\$54 million as at 31 December 2022 (2021: HK\$41 million) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also had tax losses arising in Mainland China of HK\$96 million (2021: HK\$60 million) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

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

27. SHARE CAPITAL

Shares

HK\$ million	2022	2021
Authorised:		
300,000,000,000 (2021: 300,000,000,000) ordinary shares of HK\$0.01 each	3,000	3,000

	Note	2022		2021	
		No. of shares	HK\$ million	No. of shares	HK\$ million
At 1 January		183,846,100,000	1,839	183,846,100,000	1,839
Capital reorganisation	(i)	–	(1,820)	–	–
Share consolidation	(i)	(182,007,639,000)	–	–	–
Shares issued under placing	(ii)	367,692,200	3	–	–
At 31 December		2,206,153,200	22	183,846,100,000	1,839

(i) Pursuant to a special resolution passed at the special general meeting by the Company's shareholders on 18 July 2022, the Company has taken the following events:

- share consolidation ("**Share Consolidation**") on the basis that every 100 existing shares of par value of HK\$0.01 each in the issued share capital of the Company was consolidated into 1 consolidated share ("**Consolidated Share**") of par value of HK\$1.00; and
- immediately upon the Share Consolidation becoming effective, the share capital of the Company was reduced whereby:
 - (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation shall be cancelled;
 - (b) the issued share capital of the Company of HK\$1,838,461,000 divided into 1,838,461,000 Consolidated Shares shall be reduced to HK\$18,384,610 divided into 1,838,461,000 new shares ("**New Shares**") by cancelling the paid-up capital of the Company to the extent of HK\$0.99 on each of the issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$1.00 to HK\$0.01; and
 - (c) the credit arising from the capital reduction in the amount of approximately HK\$1,820,076,390 was credited to the contributed surplus account (within the meaning of the Companies Act) for use by the Directors in any manner permitted by the Companies Act and the Bye-laws.

Details of the above are set out in the Company's circular on 24 June 2022 and the Company's announcements on 7 June 2022 and 28 June 2022.

(ii) On 20 September 2022, the Company entered into a placing agreement with an independent placing agent whereby the Company conditionally agreed to place, through the placing agent, on best effort basis, up to 367,692,200 new ordinary shares of the Company at the subscription price of HK\$0.052 per share. On 10 October 2022, the Company issued and allotted 367,692,200 new ordinary shares of the Company with net proceeds of approximately HK\$18.7 million after deducting issuing expenses of HK\$0.4 million. All new ordinary shares issued an allotted rank pari passu in all respects with the then existing ordinary shares of the Company in issue. Details are set out in the Company's announcements on 20 September 2022 and 10 October 2022.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 28 to the financial statements.

28. SHARE OPTION SCHEME

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

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

- (a) any director or proposed director (whether executive or non-executive and whether independent or not), any executive, officer, employee or any person to whom any offer of employment has been made, executive or officer (whether full-time or part-time, on an employment or contractual or honorary basis or otherwise and whether paid or unpaid) of any member of the Group, any Invested Entity or the holding company of the Company (if applicable);
- (b) any supplier or provider of goods and/or services, professional, consultant, agent, contractor, adviser, customer, partner, business associate or shareholder of any member of the Group, any Invested Entity or the holding company of the Company (if applicable), or any holder of any securities issued or proposed to be issued by any member of the Group, any Invested Entity or the holding company of the Company (if applicable), who, in the sole discretion of the Board, will contribute or has contributed to the Group, the Invested Entity or the holding company of the Company (if applicable); and
- (c) any person whom the Board at its sole discretion considers, will contribute or has contributed to any members of the Group, the Invested Entity or the holding company of the Company (if applicable) (as the case may be).

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

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

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

28. SHARE OPTION SCHEME *(continued)*

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

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

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

- (i) the closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a trading day (and for this purpose shall be taken to be the date of the Board meeting at which the Board proposes to grant the share options);
- (ii) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

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

28. SHARE OPTION SCHEME (continued)

The 2011 Scheme

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

	2022		2021	
	Weighted average exercise price HK\$ per share	Number of share options	Weighted average exercise price HK\$ per share	Number of share options
At 1 January	0.011	10,914,993,990	0.011	10,914,993,990
Forfeited during the year	0.011	10,914,993,990		–
At 31 December		–	0.011	10,914,993,990

The weighted average share price at the date of exercise for share options exercised during the year was HK\$0.01 per share (2021: HK\$0.01). There were no share options outstanding as at 31 December 2022. The exercise prices and exercise periods of the share options outstanding as at 31 December 2021 are as follows:

2021

Number of share options

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

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

At the end of the reporting period, the Company had no share options outstanding under the 2011 Scheme of the Company as at 31 December 2022.

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

At the date of approval of these financial statements, the Company had no share options outstanding under the 2011 Scheme.

29. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 49 of the financial statements.

30. DISPOSAL/DEREGISTRATION OF SUBSIDIARIES

On 29 December 2021, the Group entered into an agreement with an independent individual to dispose of CCT Mobile Manufacturing Holding Limited and its subsidiaries (the “CCT Mobile Group”) for a consideration of HK\$788. The CCT Mobile Group was dormant during the year. The transaction has been completed on the same date.

HK\$ million	2021
Net assets disposed of:	
Property, plant and equipment	1
Prepayment and other receivables	7
Cash and cash balances	2
Trade and other payables	(14)
	(4)
Gain on disposal	4
	–#
Satisfied by cash	–#

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

HK\$ million	2021
Cash consideration	–#
Cash and bank balances disposed of	(2)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(2)

Less than HK\$1 million

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transaction

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of Nil (2021: HK\$3 million) and Nil (2021: HK\$3 million), respectively, in respect of lease arrangements for office premises.

(b) Changes in liabilities arising from financing activities

HK\$ million	Lease liabilities
At 1 January 2021	–
New leases	3
Changes from financing cash flows	(1)
At 31 December 2021 and 1 January 2022	2
Early termination	(1)
Changes from financing cash flows	(1)
At 31 December 2022	–

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS – *Continued*

(c) Total cash outflow for leases

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

HK\$ million	2022	2021
Within operating activities	–#	1
Within financing activities	1	1
	1	2

Less than HK\$1 million

32. BANKING FACILITY

Banking facility available to the Group amounting to not less than HK\$10,000,000 as at 31 December 2022 is secured by a deed of charge over deposits. As at 31 December 2022, the Group had utilised the facility in the amount of approximately HK\$2,000,000.

33. COMMITMENTS

(a) At the end of the reporting period, the Group did not have any significant commitments (2021: Nil).

(b) Operating lease commitments as at 31 December 2022

The Group leased certain of their office properties under operating lease arrangements. Leases for properties were negotiated for term of one year.

At 31 December 2022, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

HK\$ million	2022	2021
Within one year	–#	–

Less than HK\$1 million

34. RELATED PARTY TRANSACTIONS

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

HK\$ million	Notes	2022	2021
CCT Fortis Group:			
<i>Related party transactions:</i>			
Administrative service fee	(i)	2.0	2.9
Interest income	(ii)	2.5	2.8

Notes:

- (i) For the period from 1 January 2022 to 5 July 2022 and for the year ended 31 December 2021, the administration service fee was charged to the Company by the CCT Fortis Group for the provision of administrative and other services to the Group.
- (ii) For the period from 1 January 2022 to 5 July 2022 and for the year ended 31 December 2021, the interest income was received from CCT Fortis Group.
- (iii) CCT Fortis Group is no longer a related party to the Group after 5 July 2022 since CCT Fortis Group has no significant influence in the Group upon transfer of shares on that date.
- (b) Compensation of key management personnel of the Group:

HK\$ million	2022	2021
Short term employee benefits	6	13

Further details of directors' and chief executive's emoluments are included in note 9 to the financial statements.

35. FINANCIAL INSTRUMENTS BY CATEGORY

Other than financial assets at fair value through profit or loss as disclosed in note 22 to the financial statements, all financial assets and liabilities of the Group as at 31 December 2021 and 2022 were financial assets at amortised cost and financial liabilities at amortised cost, respectively.

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

Management has assessed that the fair values of cash and cash equivalents, trade receivables, loan and interest receivables, trade payables, financial assets included in prepayments, other receivables and other assets and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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

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

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

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

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

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

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2022:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investment	Direct comparison and cost approach – net asset value method	Adjusted market price of the market comparable for the underlying property held by the unlisted equity investment	HK\$9,800 to HK\$12,000 (2021: HK\$11,000 to HK\$15,000) per square metre	1% (2021: 1%) increase/decrease in price per square metre would result in increase/decrease in fair value by HK\$3 million (2021: HK\$3 million)
Unlisted fund investment	Net asset value method	Underlying asset's value	N/A	5% (2021: 5%) increase/decrease in underlying assets' value would result in increase/decrease in fair value by HK\$1 million (2021: HK\$3 million)

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

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

Fair value hierarchy**Assets measured at fair value:****As at 31 December 2022**

HK\$ million	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets at fair value through profit or loss	–	–	186	186

As at 31 December 2021

HK\$ million	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets at fair value through profit or loss	–	–	269	269

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

HK\$ million	2022	2021
Investments at fair value through profit or loss		
At 1 January	269	319
Distribution from fund investment	(24)	(35)
Total losses recognised in the statement of profit or loss	(59)	(15)
At 31 December	186	269

The Group did not have any financial liabilities measured at fair value as at 31 December 2022 and 2021.

During the year ended 31 December 2022, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2021: Nil).

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Interest rate risk

The Group's has no significant exposure to interest rate risk because the Group's loan receivable is based on fixed interest rate.

Foreign currency risk

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

In 2022 and 2021, the Group's transactional currency exposures were not significant.

Credit risk

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

Maximum exposure and year-end staging

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

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Credit risk** (continued)**Maximum exposure and year-end staging** (continued)**As at 31 December 2022**

HK\$ million	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
Trade receivables	–	–	–	26	26
Loan and interest receivables	79	–	–	–	79
Financial assets included in prepayments, other receivables and other assets	18	–	–	–	18
Pledged time deposit	3	–	–	–	3
Cash and cash equivalents	27	–	–	–	27
	127	–	–	26	153

As at 31 December 2021

HK\$ million	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
Trade receivables	–	–	–	1	1
Loan and interest receivables	72	–	–	–	72
Financial assets included in prepayments, other receivables and other assets	4	–	–	–	4
Cash and cash equivalents	48	–	–	–	48
	124	–	–	1	125

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

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

At 31 December 2022, the Group had concentrations of credit risk as 87% (2021: 100%) of the Group's loan and interest receivables were due from the Group's largest customer.

At 31 December 2022, the Group had concentrations of credit risk as 100% (2021: 100%) and 100% (2021: 100%) of the Group's trade receivables were due from the Group's largest and five largest external customers, respectively.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on contractual undiscounted payments, is as follows:

As at 31 December 2022

HK\$ million	Within one year or on demand	In the second year	In the third to fifth years	Total
Lease liabilities	–	–	–	–
Trade payables	36	–	–	36
Other payables and accruals	25	–	–	25
	61	–	–	61

As at 31 December 2021

HK\$ million	Within one year or on demand	In the second year	In the third to fifth years	Total
Lease liabilities	1	1	– [#]	2
Trade payables	49	–	–	49
Other payables and accruals	31	–	–	31
	81	1	–[#]	82

Less than HK\$1 million

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

HK\$ million	2022	2021
ASSETS		
Non-current assets		
Property, plant and equipment	–	–
Investments in subsidiaries	678	880
Total non-current assets	678	880
Current assets		
Prepayments and other receivables	–#	1
Cash and cash equivalents	2	5
Total current assets	2	6
Total assets	680	886
EQUITY AND LIABILITIES		
Issued capital	22	1,839
Reserves (note)	652	(960)
Total equity	674	879
Non-current liabilities		
Lease liabilities	–	1
Current liabilities		
Other payables and accruals	6	5
Lease liabilities	–	1
Total current liabilities	6	6
Total liabilities	6	7
Total equity and liabilities	680	886
Net current liabilities	(4)	–
Total assets less current liabilities	674	880

Less than HK\$1 million

Note:

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

HK\$ million	Special reserve	Share premium account	Contributed surplus	Share option reserve	Accumulated losses	Total
At 1 January 2021	(56)	341	–	38	(1,236)	(913)
Loss for the year and total comprehensive loss for the year	–	–	–	–	(47)	(47)
At 31 December 2021 and 1 January 2022	(56)	341	–	38	(1,283)	(960)
Capital reorganisation	–	–	1,820	–	–	1,820
Share issued under placing	–	16	–	–	–	16
Transfer of share option reserve upon forfeiture of share option	–	–	–	(38)	38	–
Loss for the year and total comprehensive loss for the year	–	–	–	–	(224)	(224)
At 31 December 2022	(56)	357	1,820	–	(1,469)	652

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

39. COMPARATIVES

Certain comparative figures have been reclassified to conform with current year's presentation.

40. EVENTS AFTER THE REPORTING PERIOD

On 31 January 2023, Elite Venture Associates Limited ("**Elite Venture**"), a wholly-owned subsidiary of the Company purchased three classic cars from an independent third party (the "**Vendor**"), at a total consideration of approximately HK\$44 million.

As at 31 January 2023, Elite Venture had trade receivables due from the Vendor of approximately HK\$26 million. Based on the agreement between Elite Venture and the Vendor, the consideration payable of approximately HK\$44 million will be offset with the trade receivables of approximately HK\$26 million, resulting in a net payable of approximately HK\$18 million due to the Vendor.

On 17 March 2023, Regal Fair Limited, a wholly-owned subsidiary of the Company, entered into a Sale and Purchase agreement with an independent third party to acquire the entire equity interests of Charm Vision Enterprises Incorporated ("**Charm Vision**"), a company incorporated in the British Virgin Islands with limited liability at a consideration of HK\$4,500,000. Charm Vision is engaged in investment holding and holds 25% equity interest in KWL. Currently, the Group holds 26% equity interest in KWL and classified it as an associate. Upon completion of the transaction, Charm Vision will become an indirect wholly-owned subsidiary of the Company and KWL will change from an associate to an indirect non-wholly owned subsidiary of the Group.

Completion of the acquisition of Charm Vision took place on 17 March 2023. As the fair value of the assets and liabilities of Charm Vision and KWL at the date of completion of the acquisition are yet to be measured, details of the assets or the liabilities acquired by the Group and the related goodwill on acquisition, if any, are not disclosed.

41. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2022, the directors consider the immediate parent and ultimate controlling party of the Group are Top Pioneer Holdings Limited, which is incorporated in Hong Kong and Ong Chor Wei, respectively. The entity does not produce financial statements available for public use.

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 March 2023.

OTHER INFORMATION

PARTICULARS OF PROPERTIES UNDER DEVELOPMENT AS AT 31 DECEMBER 2022

Name of projects	Locations	Uses	Site area (square metres) (approximately)	Gross floor area (square metres) (approximately)	Stage of completion	Attributable interest of the Group
CCT Land-Jun Mansion Phase 2.2	A parcel of land located at North of Yueling Road, Gaoxin District, Anshan City, Liaoning Province, Mainland China	Residential, commercial and car parks	18,000	20,000	Under construction	100%

PARTICULARS OF PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2022

Name of projects	Locations	Uses	Gross floor area (square metres) (approximately)	Stage of completion	Attributable interest of the Group
Landmark City Phases I and II	No. 253 Jiu Dao Road, Tiexi District, Anshan City, Liaoning Province, Mainland China	Residential and commercial	3,000	Completed	100%
Landmark City Phase III	No. 253 Jiu Dao Road, Tiexi District, Anshan City, Liaoning Province, Mainland China	Residential, commercial and car parks	22,000	Completed	100%
Evian Villa Phase I	No. 37 Qian Ye Street, Gaoxin District, Anshan City, Liaoning Province, Mainland China	Residential, commercial and car parks	21,000	Completed	100%
Evian Villa Phase II	No. 37 Qian Ye Street, Gaoxin District, Anshan City, Liaoning Province, Mainland China	Residential, commercial and car parks	17,000	Completed	100%
Phase 1.1, 1.2, 1.3, 2.1 and 3 of CCT Land-Jun Mansion	No. 368 Qianhua Street, Gaoxin District, Anshan City, Liaoning Province, Mainland China	Residential, commercial and car parks	38,000	Completed	100%

FIVE-YEAR FINANCIAL SUMMARY

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

RESULTS

HK\$ million	Year ended 31 December				
	2022	2021	2020	2019 (Restated)	2018 (Restated)
CONTINUING OPERATIONS					
REVENUE	56	469	394	134	97
Cost of sales	(119)	(436)	(419)	(120)	(82)
Gross (loss)/profit	(63)	33	(25)	14	15
Other income and gains, net	7	–	–	–	4
Selling and distribution expenses	(8)	(21)	(31)	(11)	(9)
Administrative expenses	(46)	(53)	(46)	(98)	(53)
Other expenses, net	(65)	(18)	(33)	(78)	(35)
Finance costs, net	–	–	–	(1)	(4)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	(175)	(59)	(135)	(174)	(82)
Income tax (expense)/credit	–	(1)	25	29	(1)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	(175)	(60)	(110)	(145)	(83)
DISCONTINUED OPERATIONS					
Loss for the year from discontinued operations	–	–	(13)	(21)	(2)
LOSS FOR THE YEAR	(175)	(60)	(123)	(166)	(85)
Attributable to:					
Owners of the Company	(175)	(60)	(123)	(168)	(88)
Non-controlling interest	–	–	–	2	3
	(175)	(60)	(123)	(166)	(85)

ASSETS, LIABILITIES AND NON-CONTROLLING INTEREST

HK\$ million	As at 31 December				
	2022	2021	2020	2019	2018
TOTAL ASSETS	754	978	1,481	1,995	1,963
TOTAL LIABILITIES	(75)	(99)	(555)	(938)	(754)
NON-CONTROLLING INTEREST	–	–	–	(38)	(36)
	679	879	926	1,019	1,173

