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CCFI FORTIS HOLDINGS LIMITED (中 建 富 通 集 團 有 限 公 司)

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 00138)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

CHAIRMAN'S STATEMENT

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

DETERIORATING OPERATING ENVIRONMENT

In 2020, the operating environment of the Company has deteriorated as a result of the combined effect of the following global and local political, economic, and health events which are beyond the Company's control:

- (a) the COVID-19 pandemic;
- (b) the protracted trade war between the US and the PRC; and
- (c) the global economic downturn.

These events have given rise to negative impacts on our operations.

RESULTS

Given the deteriorating operating environment, the Group recorded a net loss attributable to owners of the parent of HK\$689 million as compared with a net loss of HK\$141 million in 2019. A significant portion of this year's loss represented non-cash items and part of the loss was attributable to significant reduction of revenue during the year, as further elaborated in the section headed "FINANCIAL REVIEW" of this announcement.

FINAL DIVIDEND

Given the current adverse situation, the Group intends to conserve cash resources to combat the difficulties and challenges going forward. Therefore, the Board did not recommend the payment of a final dividend for 2020 (2019 final dividend: nil). The Company did not pay any interim dividend for 2020 (2019 interim dividend: nil).

BUSINESS REVIEW

In 2020, the Group was principally engaged in (i) property business; (ii) securities business; (iii) Blackbird's multi-faceted automotive business; (iv) investment in collectible precision devices; (v) cultural entertainment business; and (vi) Industrial Product Business (discontinued in 2020).

PROPERTY BUSINESS

Property Business in Hong Kong

Hong Kong's property market was adversely affected by the COVID-19 outbreak beginning early 2020. As a result, both property prices and transaction volume decreased. Nevertheless, we maintain our confidence in the long-term prospects of the Hong Kong property market. We expect the property market will rebound as when the virus is contained.

At the beginning of 2020, we have decided to change our intention with the regard to the use of the retail properties in Causeway Bay representing the two consecutive floors at No. 8 Russell Street which were originally held for trading purposes. The Russell Street properties have been reclassified as investment properties since 1 January 2020 as we have decided to hold the properties to generate rental income.

Our property portfolio is diversified and comprises luxury residential properties, retail properties and shops, commercial and industrial properties and car parks. With our excellence in vision and insight in the property market, we have acquired a good combination of properties, the value of which has appreciated substantially over the years.

Mainland Property Business

We entered into the Joint Venture as we consider that Xinjiang positioned as the "Silk Road Economic Belt Core Area" has promising growth potentials under the Belt and Road Initiative promoted by the Chinese Government.

Since the beginning of 2020, the property market has been negatively impacted by the coronavirus outbreak. As a result, the Joint Venture recorded losses in 2020 and its outlook is uncertain. Due to the travel restrictions imposed by the Chinese Government and the Hong Kong Government in order to reduce the spread of the coronavirus, the Company's management in Hong Kong was not able to travel to China to participate in the management and monitor the operations of the Joint Venture. It is uncertain when the borders between Mainland China and Hong Kong will be reopened and when the situation of the Joint Venture will be improved. Therefore, the Company terminated the cooperation in respect of the Joint Venture in November 2020.

SECURITIES BUSINESS

In 2020, the Hong Kong stock market was very volatile. The global stock market tumbled in the first half the year as a result of the COVID-19 pandemic. In the second half, the stock market rebounded as a result of the stimulus measures implemented by major economic countries to recover their economy and of the favourable news of vaccines.

In 2020, the Company's financial assets at fair value through profit or loss mainly represented listed shares of GBA, whose share price was steady and maintained at HK\$0.01 during the year. The GBA Group is principally engaged in property development business and finance business. It is noted that the GBA Group has a healthy financial position which enables it to weather the tough situation caused by the COVID-19 pandemic. The Company considers that GBA continues to pursue initiatives to enhance its growth and improve its profitability in the long term. As at 31 December 2020, our total shareholding in GBA was approximately 53.7 billion shares (2019: 53.7 billion shares), representing approximately 29.19% (2019: 29.19%) of the total number of issued shares of GBA at the year end. The fair value of such securities was approximately HK\$537 million (2019: HK\$537 million) calculated at the closing price HK\$0.01 per share (2019: HK\$0.01 per share) of GBA, representing approximately 12.0% (2019: 9.9%) of the total assets of the Group at the year-end date. We intend to hold these shares for trading purposes.

During the year, the Company did not sell any shares of GBA and did not receive any dividend or income from these securities. Besides our holdings in GBA, we also traded some IPO shares and generated revenue of less than HK\$1 million in 2020. Overall, our securities business recorded an operating loss of HK\$1 million, due to operating expenses of this segment.

BLACKBIRD GROUP

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

Ferrari Dealership Business

2020 marked the third year anniversary of Blackbird Concessionaires' appointment as Hong Kong and Macau's official Ferrari dealership. During the year under review, Ferrari's new model launch programme continued and Blackbird was pleased to present three more new models. These were the convertible versions of the F8 Tributo, known as the F8 Spider, and Ferrari's flagship V12 sports car, the 812 Superfast, known as the 812 GTS. Both new cars feature an innovative development of the retractable folding hardtop that was introduced on the California model. An event to launch both cars was arranged in Blackbird's Repulse Bay showroom and respecting social distancing guidelines in force, clients were invited to see the cars on a private one-to-one basis.

The third new car launched in Hong Kong in 2020 represented a significant milestone for Ferrari. The new GT car, the Roma, was unveiled in June during a special series of events held at the iconic Peninsula Hotel in Kowloon. More than 100 clients attended over four days and enjoyed an opportunity to inspect the car on the seventh floor balcony of the property.

As a result of these events, we received very strong and solid support from our customers and achieved many new car sales orders within a short period of time after each event.

Deliveries of new cars slowed down as production in Italy was affected by the COVID-19 pandemic. Nevertheless, the balance of 488 Pista and Pista Spiders delivered during 2020. In addition, more of the limited series Ferrari Monzas arrived in Hong Kong, as did the first allocation of new F8 Tributos.

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

Classic Cars Trading and Investment Business

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

Cars Logistics Business

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

INVESTMENT IN COLLECTIBLE PRECISION DEVICES

Despite the adverse situation caused by COVID-19 pandemic, the Watch Manual division continued to make good progress in 2020, with greater visibility on the content production as the print publication has gained significant readership on a worldwide basis. The partnership with Phillips auction house led to another highly successful thematic Retrospective 2000-2020 auction in Geneva, Switzerland in November 2020. In this themed auction sales in partnership with Blackbird Group, Phillips once again achieved 100% of lots sold. In addition, the continuing representation by Mr. TK Mak, our founder and the CEO of the Blackbird Group, to the watch advisory board for Phillips auction house, maintains our position in the luxury watch industry and has generated considerable international exposure for the Blackbird Group, in addition to providing revenue for the Watch Manual division.

CULTURAL ENTERTAINMENT BUSINESS

Our cultural entertainment business comprises film operations, stage audio, lighting and engineering operations and artist management. This business division has entered into severe winter during the coronavirus pandemic.

Film Operations

Our entertainment company has invested in the large scale crime thriller film entitled “Sons of the Neon Night” (風林火山) together with other companies. Shooting of this movie has already completed. However, post-production work has been delayed by the coronavirus outbreak and has recommenced in the second half of the year. Furthermore, cinemas in China and many other countries in the world were shut down from time to time in 2020. Although some countries have gradually reopened their cinemas, preventive measures are imposed in order to control the spread of the coronavirus and these measures would affect box receipts. Under such circumstances, the Company has decided to defer the public release of the aforesaid film to the end of 2021 or early in 2022, dependent on the global epidemic situation.

As “Sons of the Neon Night” (風林火山) is starred by five very popular stars in Hong Kong and China, we expect it will achieve high grossing.

Stage Audio, Lighting and Engineering Operations

The stage audio, lighting and engineering operations represent the leasing and sale of audio and lighting equipment and provision of audio, lighting and mechanical and engineering services for live performance events. In 2020, there were very few concerts, shows, and entertainment events performed in the period, due to the restrictions on cross-border travel between mainland China and Hong Kong and measures imposed by the Hong Kong Government to restrict social gatherings with a view to control the transmission of the COVID-19. Given the adverse situation, the stage audio, lighting and engineering segment recorded its worst results since acquisition as its revenue plummeted by 89.6%. An operating loss in the amount of HK\$49 million was recorded in the year under review. To combat the difficulties and challenges, this segment’s management has taken various steps including cost reductions, obtaining subsidies from government and support from banks. Furthermore, on 27 July 2020, an agreement was entered into to dispose of the stage audio and lighting business in Macau so that the management can focus on the stage service operations mainly in Hong Kong. The disposal of the business in Macau was completed on 21 January 2021. It is expected that these steps will enable this segment to overcome the difficulties caused by the coronavirus pandemic.

Artist Management

The entertainment sector in Hong Kong and China drew to a near total halt during the COVID-19 outbreak. Despite the current tough circumstances, the artist management segment continued to maintain a break-even position, reflecting effective cost control measures. We will continue to seek opportunities to sign on with new artists after the COVID-19 pandemic is under control.

INDUSTRIAL PRODUCT BUSINESS

The Industrial Product Business have been adversely impacted by the combined effect of keen competition, the escalating trade tensions between the US and China, the global economic downturn and coronavirus outbreak. As a result of the deteriorating operating environment, revenue of the Industrial Product Business continued to fall significantly in 2020. Very few orders were received in 2020 and there was no outstanding order on hand. It is uncertain when the global consumer market will recover. Under such circumstances, the Company has terminated the Industrial Product Business with effect from 24 July 2020. As the Industrial Product Business was in a loss position, the termination of this will not have any significant adverse impact on the operating results or financial position of the Group.

OUTLOOK

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

In the existing adverse circumstance, we will conserve our cash and continue our on-going cost savings initiatives. We will retain our strength and lay the groundwork for the recovery to come. With our resilient management, we consider that we can withstand the impact caused by these unprecedented challenges and our core businesses are expected to rebound once the coronavirus is contained. While we are facing these unprecedented difficulties and challenges, we consider there are plenty opportunities ahead for the Company. Therefore, we will continue to position ourselves to capture these opportunities.

APPRECIATION

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

Mak Shiu Tong, Clement
Chairman

Hong Kong, 30 March 2021

FINANCIAL REVIEW

OVERVIEW OF 2020 FINANCIAL RESULTS

HK\$ million	2020	2019 (Restated)	% increase/ (decrease)
Continuing operations:			
Revenue	505	1,006	(49.8%)
Gross Profit	54	179	(69.8%)
Loss from continuing operations	(693)	(130)	433.1%
Loss from discontinued operation	(3)	(11)	(72.7%)
Loss for the year	<u>(696)</u>	<u>(141)</u>	393.6%
Attributable to:			
Owners of the parent	(689)	(141)	388.7%
Non-controlling interests	(7)	-	N/A
	<u>(696)</u>	<u>(141)</u>	393.6%
Loss attributable to owners of the parent:			
Continuing operations	(686)	(130)	427.7%
Discontinued operation	(3)	(11)	(72.7%)
	<u>(689)</u>	<u>(141)</u>	388.7%
Basic and diluted loss per share attributable to ordinary equity holders of the parent			
- For loss for the year	<u>(HK\$0.79)</u>	<u>(HK\$0.16)</u>	393.8%
- For loss from continuing operations	<u>(HK\$0.79)</u>	<u>(HK\$0.15)</u>	426.7%
Dividend per share	<u>Nil</u>	<u>Nil</u>	N/A

The Group's revenue from continuing operations for 2020 of HK\$505 million was HK\$501 million or 49.8% lower than 2019, reflecting the impact of adverse operating environment.

In 2020, the Company recorded a net loss attributable to owners of the parent of HK\$689 million as compared with a net loss of HK\$141 million in 2019. The current year's loss represented mainly (i) non-cash unrealised revaluation losses in the total amount of HK\$92 million arising from fair value changes of the Group's property portfolio and collectible assets portfolio; (ii) non-cash loss of HK\$346 million arising from the termination of cooperation in respect of the Joint Venture and share of loss of HK\$14 million from the Joint Venture during the year until the date of termination of cooperation; and (iii) significant reduction of revenue which led to significant reduction of gross profit.

The aforesaid non-cash loss of HK\$346 million arose from the disposal of the Company's 50.5% interest in the Joint Venture to the Chinese partner of the Joint Venture. This loss represented reversal of gains recorded in prior years in respect of entering into the Joint Venture.

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

ANALYSIS BY BUSINESS SEGMENT

HK\$ million	2020		Revenue		2019 (Restated)	% increase/ (decrease)
	Amount	Relative %	Amount	Relative %		
<u>Continuing operations:</u>						
Property development and trading	-	-	3	0.3%		N/A
Property investment and holding	11	2.1%	12	1.1%		(8.3%)
Ferrari dealership	413	80.0%	613	55.9%		(32.6%)
Classic cars trading and logistics business	26	5.0%	104	9.5%		(75.0%)
Stage audio, lighting and engineering operations	20	3.9%	192	17.5%		(89.6%)
Other operations	35	6.8%	82	7.4%		(57.3%)
Total for continuing operations	<u>505</u>	<u>97.8%</u>	<u>1,006</u>	<u>91.7%</u>		<u>(49.8%)</u>
<u>Discontinued operation:</u>						
Industrial Product Business	<u>11</u>	<u>2.2%</u>	<u>91</u>	<u>8.3%</u>		<u>(87.9%)</u>
Total	<u>516</u>	<u>100.0%</u>	<u>1,097</u>	<u>100.0%</u>		<u>(53.0%)</u>

HK\$ million	Operating (loss)/profit		% increase/ (decrease)
	2020	2019 (Restated)	
<u>Continuing operations:</u>			
Property development and trading	-	(40)	(100.0%)
Property investment and holding	(84)	32	N/A
Securities business	(1)	(3)	(66.7%)
Ferrari dealership	(22)	16	N/A
Classic cars trading and logistics business	(9)	2	N/A
Classic cars investment	(14)	-	N/A
Film operations	(7)	(7)	-
Stage audio, lighting and engineering operations	(49)	3	N/A
Other operations	(25)	(53)	(52.8%)
Total for continuing operations	(211)	(50)	322.0%
<u>Discontinued operation:</u>			
Industrial Product Business	(3)	(6)	(50.0%)
Total	(214)	(56)	282.1%

CONTINUING OPERATIONS

Property business

Property development and trading

After we have re-classified the properties at No. 8 Russell Street from property held for sale to investment property since 1 January 2020, the property development and trading segment did not have any revenue or profit or loss in the current year.

Property investment and holding

In 2020, the property investment business generated rental income of HK\$11 million, down HK\$1 million or 8.3% from 2019, as a result of the coronavirus pandemic. A net operating loss of HK\$84 million (2019: operating profit of HK\$32 million), primarily from unrealised fair value losses on our investment property portfolio in the amount of HK\$84 million (2019: realised gain of HK\$83 million offset by the unrealised fair value losses of HK\$50 million). This change of result was mainly due to the absence of gains from disposal of property in the current year whereas a gain of HK\$83 million was realised from the disposal of 31st Floor, Fortis Tower, Wanchai in 2019.

Securities business

In 2020, we did not trade on GBA shares. However, we traded on some new IPO shares, which generated revenue of less than HK\$1 million. This business segment recorded a loss of HK\$1 million during the current year and HK\$3 million in the last corresponding year, from operating expenses.

Ferrari dealership

In 2020, the Ferrari dealership business recorded revenue of HK\$413 million, fell by 32.6%, primarily from reduced sales of new cars due to less shipments of new cars as a result of the negative impacts of the COVID-19 pandemic. However, the Ferrari service center in Kwai Chung continued to perform well and recorded modest increase in service revenue even during the pandemic. The dealership business recorded an operating loss of HK\$22 million in 2020 as opposed to an operating profit of HK\$16 million in 2019, primarily due to significant decrease in revenue.

Classic cars trading and logistics business

Given the current difficult times, the classic car and logistic segments incurred an operating loss of HK\$9 million (2019: operating profit of HK\$2 million), due mainly to significant reduction of revenue by 75% from HK\$104 million in 2019 to only HK\$26 million in 2020.

Classic cars investment

The current year's operating loss of HK\$14 million was partly driven by the unrealised fair value losses in the amount of HK\$7 million from fair value change on our collection of classic cars held for investment and partly by operating expenses.

Film operations

No revenue was recorded from our film operations in both 2020 and 2019 as no film was released during the years. The film segment recorded an operating loss of HK\$7 million in the year (2019: operating loss of HK\$7 million), mainly from operating expenses.

Stage audio, lighting and engineering operations

This business segment recorded revenue of HK\$20 million in 2020, represented 89.6% decrease from HK\$192 million in 2019. Operating loss was HK\$49 million (2019: operating profit of HK\$3 million), led by significant reduction of revenue, primarily due to adverse impacts from the coronavirus outbreak.

Other operations

Other operations comprise the classic car services center, the multimedia business, investment and trading of collectible precision devices, artist management and other new ventures which are in the development and start-up stage. This segment's revenue fell by 57.3% to HK\$35 million in 2020. This segment recorded an operating loss of HK\$25 million, decreased by 52.8% from HK\$53 million in 2019.

DISCONTINUED OPERATION

Industrial Product Business

In 2020, the revenue of the Industrial Product Business of HK\$11 million in 2020, was 87.9% lower than 2019, reflecting the negative impacts of the worsening operating environment and the termination of this business since 24 July 2020. Operating loss was HK\$3 million (2019: operating loss of HK\$6 million).

ANALYSIS BY GEOGRAPHICAL SEGMENT

HK\$ million	2020				Revenue				2019 (Restated)		
	Continuing operations	Discontinued operation	Total	Relative %	Continuing operations	Discontinued operation	Total	Relative %	% increase/ (decrease)		
Hong Kong, Macau and Mainland China	503	5	508	98.4%	978	14	992	90.4%	(48.8%)		
North America and other countries	2	6	8	1.6%	4	69	73	6.7%	(89.0%)		
Europe	-	-	-	-	24	8	32	2.9%	(100.0%)		
Total	505	11	516	100.0%	1,006	91	1097	100.0%	(53.0%)		

About 98.4% of our total revenue was generated in Hong Kong, Macau and the Mainland China, of which most of our revenue was generated in Hong Kong. The revenue from our major market regions was HK\$508 million, decreased by HK\$484 million or 48.8% as compared with 2019, due to adverse situation in 2020. The revenue from North America and other countries and Europe represented mainly sale of child products and classic cars to overseas markets. Sales of products to these regions decreased by 89.0% and 100.0% due mainly to termination of the Industrial Product Business and negative impacts from the adverse operating environment.

CAPITAL STRUCTURE AND GEARING RATIO

HK\$ million	2020		2019	
	Amount	Relative %	Amount	Relative %
Bank borrowings	1,648	42.6%	1,600	35.1%
Other borrowings	32	0.8%	53	1.2%
Lease liabilities	54	1.4%	87	1.9%
Total borrowings	<u>1,734</u>	<u>44.8%</u>	<u>1,740</u>	<u>38.2%</u>
Equity attributable to owners of the parent	<u>2,138</u>	<u>55.2%</u>	<u>2,814</u>	<u>61.8%</u>
Total capital employed	<u><u>3,872</u></u>	<u><u>100.0%</u></u>	<u><u>4,554</u></u>	<u><u>100.0%</u></u>

Equity attributable to owners of the parent as at 31 December 2020 stood at HK\$2,138 million, representing a decrease of HK\$676 million compared with HK\$2,814 million at the beginning of the year. This change was primarily attributable to the net loss attributable to owners of the parent for 2020.

The Group's gearing ratio increased from 38.2% as at 31 December 2019 to 44.8% as at 31 December 2020, driven mainly by the combined effect of net decrease in bank borrowings and the decrease in equity. The Group's gearing ratio continued to maintain at a relatively reasonable level under the current unprecedented difficult times.

Total outstanding bank and other borrowings were HK\$1,734 million (2019: HK\$1,740 million). Approximately 81.8% of these bank and other borrowings were of long-term nature, primarily representing mortgage loans on properties held by the Group.

As at 31 December 2020, the maturity profile of the bank and other borrowings of the Group falling due within one year, in the second to the fifth year and beyond five years amounted to HK\$316 million, HK\$933 million and HK\$485 million, respectively (2019: HK\$317 million, HK\$1,022 million and HK\$401 million, respectively). There was no material effect of seasonality on the Group's borrowing requirements.

LIQUIDITY AND FINANCIAL RESOURCES

HK\$ million	2020	2019
Current assets	1,694	2,089
Current liabilities	650	929
Current ratio	260.6%	224.9%

The Group derives its working capital mainly from cash on hand, net cash generated from operating activities, and bank borrowings. The Board expects that that the Group will rely on net cash from operating activities, and additional borrowings (if required) and sale of non-core assets to meet demand of working capital and capital expenditure, if any.

The Group's current ratio as at 31 December 2020 was 260.6% (2019: 224.9%), reflecting a high liquidity of the Group's assets.

The Group's cash balance at year end was HK\$48 million, decreased by HK\$23 million as compared with HK\$71 million one year earlier. This decrease was largely attributable to the application of funds for operating activities and working capital during the year.

CAPITAL COMMITMENTS

As at 31 December 2020, capital commitment of the Group amounted to approximately HK\$6 million (2019: HK\$6 million). The Group intends to finance the capital commitment by the internal resources.

TREASURY MANAGEMENT

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

During the financial year 2020, the Group's receipts were mainly denominated in HK\$ and US\$. Payments were mainly made in HK\$, US\$ and RMB. Cash was generally placed in short-term deposits denominated in HK\$ and RMB. In 2020, the Group's borrowings were mainly denominated in HK\$, and interest on the borrowings was principally determined on a floating rate basis.

The objective of the Group's treasury policies is to minimise risks and exposures due to the fluctuations in foreign currency exchange rates and interest rates. The Group does not have any significant interest rate risk at present as the interest rates currently remain at low level.

Our current exposure to foreign exchange risk is not significant. We will continue to monitor the currency exposure but we have no intention to enter into any high-risk exchange derivatives.

ACQUISITION AND DISPOSAL OF MATERIAL SUBSIDIARIES AND ASSOCIATES

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

SIGNIFICANT INVESTMENT

Save as the shares of GBA held by the Company, as elaborated in further details in the section headed “**BUSINESS REVIEW – Securities Business**” of this announcement, the Group did not hold any significant investment as at 31 December 2020.

PLEDGE OF ASSETS

As at 31 December 2020, certain of the Group’s assets with a net book value of approximately HK\$2,275 million (2019: HK\$2,377 million) and time deposits of HK\$43 million (2019: HK\$78 million) which were pledged to secure the Group’s bank loans.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group had following contingent liabilities:

- (a) in 2019, the Company had provided corporate guarantee in the amount of approximately HK\$30 million to secure banking facilities of certain members of the GBA Group of which approximately HK\$8 million was utilised by the GBA Group whereas no such corporate guarantee was provided by the Company as at 31 December 2020 as the banking facilities were fully repaid by the GBA Group during 2020; and
- (b) during 2017 and in or about August 2018, various property purchasers initiated legal proceedings against a subsidiary of the Company (the “**Relevant Subsidiary**”) concerning alleged misrepresentations on the part of the Relevant Subsidiary in relation to certain properties sold by the Relevant Subsidiary. In September 2018, the Court ordered that all individual legal proceedings against the Relevant Subsidiary were consolidated into one legal proceedings. Based on the existing legal documents and advice of the legal advisor of the Company, the directors of the Company are of the opinion that there is a reasonably good chance of success in the defence by the Relevant Subsidiary. In the opinion of the Directors, no provision is considered necessary for the claims arising from the legal proceedings at the end of the reporting period.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees of the Group as at 31 December 2020 was 318 (2019: 320). The Group’s remuneration policy is built on principle of equality, motivating, performance-oriented and market-competitive remuneration package to employees. Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance related bonuses. Share options may also be granted to eligible employees and persons of the Group. As at 31 December 2020, there were no outstanding share options issued by the Company (2019: nil).

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE

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

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

Code Provision A.2.1: 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; and

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

Detailed information of such deviations and their respective considered reasons as well as other information on the corporate governance practices of the Company have been disclosed in the interim report of the Company for the six months ended 30 June 2020 and will be disclosed in the corporate governance report contained in the 2020 annual report of the Company, which will be despatched to the Shareholders on or before 30 April 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

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

EVENTS AFTER THE REPORTING PERIOD

Particulars of events after the reporting period have been stated in Note 14 of this announcement.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) since 2000 with specific written terms of reference formulated in accordance with the requirements of the Listing Rules. The Audit Committee consists of three members who are the INEDs, namely Mr. Tam King Ching, Kenny (“**Mr. Kenny Tam**”), Mr. Chen Li and Mr. Chow Siu Ngor (“**Mr. Chow**”). The Audit Committee is currently chaired by Mr. Kenny Tam, who is a qualified accountant and has extensive experience in accounting and financial matters. The Audit Committee held three meetings during the financial year ended 31 December 2020.

The Audit Committee has reviewed and discussed the adopted accounting principles and practices and the auditing, internal control and financial reporting matters of the Group. The Audit Committee has also reviewed the consolidated financial statements of the Group for the financial year ended 31 December 2020.

Further information of the Audit Committee will be disclosed in the corporate governance report contained in the 2020 annual report of the Company, which will be despatched to the Shareholders on or before 30 April 2021.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the “**Remuneration Committee**”) since 2005 with specific written terms of reference formulated in accordance with the requirements of the Listing Rules. The Remuneration Committee consists of five members comprising three INEDs, namely Mr. Kenny Tam, Mr. Chen Li and Mr. Chow, and two executive Directors, namely Mr. Mak Shiu Tong, Clement (“**Mr. Mak**”) and Mr. Tam Ngai Hung, Terry (“**Mr. Terry Tam**”). The Remuneration Committee is currently chaired by Mr. Chow. The Remuneration Committee held one meeting during the financial year ended 31 December 2020.

Further information of the Remuneration Committee will be disclosed in the corporate governance report contained in the 2020 annual report of the Company, which will be despatched to the Shareholders on or before 30 April 2021.

NOMINATION COMMITTEE

The Company has established a nomination committee (the “**Nomination Committee**”) since 2012 with specific written terms of reference in line with the Code Provisions under the CG Code. The Nomination Committee consists of five members comprising three INEDs, namely Mr. Kenny Tam, Mr. Chen Li and Mr. Chow and two executive Directors, namely Mr. Mak and Mr. Terry Tam. The Nomination Committee is currently chaired by Mr. Mak. The Nomination Committee held one meeting during the financial year ended 31 December 2020.

Further information of the Nomination Committee will be disclosed in the corporate governance report contained in the 2020 annual report of the Company, which will be despatched to the Shareholders on or before 30 April 2021.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of three INEDs, namely Mr. Kenny Tam, Mr. Chen Li and Mr. Chow, has filed a written confirmation to the Company confirming his independence pursuant to Rule 3.13 of the Listing Rules and has undertaken to inform the Stock Exchange and the Company as soon as practicable if there is any subsequent change in circumstances which may affect his independence. As at the date of this announcement, all INEDs were considered to be independent.

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 and at least an INED with appropriate professional qualifications or accounting or related financial management expertise and the number of INEDs representing at least one-third of the Board throughout the financial year ended 31 December 2020.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT, ANNUAL REPORT AND CORPORATE GOVERNANCE REPORT

The results announcement of the Company for the year ended 31 December 2020 is published on the website of the Company at www.cct-fortis.com/eng/investor/announcements.php and that of the Stock Exchange at www.hkexnews.hk. The 2020 annual report and corporate governance report will be despatched to the Shareholders and made available on the website of the Company and that of the Stock Exchange on or before 30 April 2021.

BOARD OF DIRECTORS

As at the date of this announcement, the executive Directors are Mr. Mak Shiu Tong, Clement, Mr. Tam Ngai Hung, Terry and Ms. Cheng Yuk Ching, Flora; and the INEDs are Mr. Tam King Ching, Kenny, Mr. Chen Li and Mr. Chow Siu Ngor.

By Order of the Board of
CCT FORTIS HOLDINGS LIMITED
Mak Shiu Tong, Clement
Chairman

Hong Kong, 30 March 2021

ANNUAL RESULTS

The Board presents the consolidated annual results of the Group for the year ended 31 December 2020, together with the comparative amounts for the previous year as follows:

Consolidated Statement of Profit or Loss

For the year ended 31 December 2020

HK\$ million	<i>Notes</i>	2020	2019 (Restated)
CONTINUING OPERATIONS			
REVENUE	3,4	505	1,006
Cost of sales		(451)	(827)
Gross profit		54	179
Other income and gains, net	4	29	103
Selling and distribution costs		(8)	(12)
Administrative expenses		(221)	(261)
Other expenses		(461)	(105)
Finance costs	5	(76)	(94)
Share of (losses)/profits of a joint venture		(14)	12
Share of losses of an associate		(1)	(2)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS			
	6	(698)	(180)
Income tax credit	7	5	50
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS			
		(693)	(130)
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation		(3)	(11)
LOSS FOR THE YEAR			
		(696)	(141)

Consolidated Statement of Profit or Loss (Continued)*For the year ended 31 December 2020*

HK\$ million	<i>Note</i>	2020	2019 (Restated)
Attributable to:			
Owners of the parent			
Continuing operations		(686)	(130)
Discontinued operation		(3)	(11)
		<u>(689)</u>	<u>(141)</u>
Non-controlling interests			
Continuing operations		(7)	-
Discontinued operation		-	-
		<u>(7)</u>	<u>-</u>
		<u>(696)</u>	<u>(141)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
	<i>10</i>		
Basic and diluted			
For loss for the year		<u>(HK\$0.79)</u>	<u>(HK\$0.16)</u>
For loss from continuing operations		<u>(HK\$0.79)</u>	<u>(HK\$0.15)</u>

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2020

HK\$ million	2020	2019 (Restated)
LOSS FOR THE YEAR	<u>(696)</u>	<u>(141)</u>
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Reclassification adjustment for a joint venture disposed of during the year	5	-
Exchange differences on translation of foreign operations	<u>-</u>	<u>(6)</u>
Other comprehensive income/(loss) for the year	<u>5</u>	<u>(6)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(691)</u>	<u>(147)</u>
Attributable to:		
Owners of the parent		
Continuing operations	(684)	(147)
Discontinued operation	<u>-</u>	<u>-</u>
	<u>(684)</u>	<u>(147)</u>
Non-controlling interests		
Continuing operations	(7)	-
Discontinued operation	<u>-</u>	<u>-</u>
	<u>(7)</u>	<u>-</u>
	<u>(691)</u>	<u>(147)</u>

Consolidated Statement of Financial Position

31 December 2020

HK\$ million	Notes	2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	11	783	870
Investment properties		1,645	1,482
Goodwill		80	103
Intangible assets		10	17
Interest in a joint venture		-	607
Interest in an associate		1	2
Classic cars held for investment		100	107
Collectible precision devices held for investment		166	171
Other receivables		1	2
Deferred tax assets		1	-
Total non-current assets		<u>2,787</u>	<u>3,361</u>
Current assets			
Inventories		115	164
Stock of properties held for sale		-	237
Stock of classic cars held for sale		89	89
Trade receivables	12	238	283
Investment in films		80	86
Prepayments and other receivables		475	536
Financial assets at fair value through profit or loss		545	545
Pledged time deposits		43	78
Cash and cash equivalents		48	71
		<u>1,633</u>	<u>2,089</u>
Assets of a disposal group classified as held for sale		61	-
Total current assets		<u>1,694</u>	<u>2,089</u>
Total assets		<u><u>4,481</u></u>	<u><u>5,450</u></u>

Consolidated Statement of Financial Position (Continued)
31 December 2020

HK\$ million	<i>Note</i>	2020	2019
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Issued capital		87	87
Reserves		<u>2,051</u>	<u>2,727</u>
		2,138	2,814
Non-controlling interests		<u>13</u>	<u>20</u>
Total equity		<u>2,151</u>	<u>2,834</u>
Non-current liabilities			
Interest-bearing bank and other borrowings		1,418	1,423
Convertible bonds		240	237
Deferred tax liabilities		<u>22</u>	<u>27</u>
Total non-current liabilities		<u>1,680</u>	<u>1,687</u>
Current liabilities			
Trade payables	13	58	63
Tax payable		3	3
Other payables and accruals		236	546
Interest-bearing bank and other borrowings		<u>316</u>	<u>317</u>
		613	929
Liabilities directly associated with the assets classified as held for sale		<u>37</u>	<u>-</u>
Total current liabilities		<u>650</u>	<u>929</u>
Total liabilities		<u>2,330</u>	<u>2,616</u>
Total equity and liabilities		<u>4,481</u>	<u>5,450</u>
Net current assets		<u>1,044</u>	<u>1,160</u>
Total assets less current liabilities		<u>3,831</u>	<u>4,521</u>

Notes:

1. BASIS OF PREPARATION

As at 31 December 2020, the Group had cash and cash equivalents and pledged time deposits with an aggregate carrying amount of HK\$91 million. As at the same date, the Group had outstanding interest-bearing bank and other borrowings with an aggregate carrying amount of HK\$1,734 million, comprising current portion of HK\$316 million and non-current portion of HK\$1,418 million.

The financial statements were prepared on the basis that the Group can be operated as a going concern and the directors are of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from 31 December 2020, after taking into consideration the following:

- (i) the available banking facilities of the Group;
- (ii) the estimated cash flows of the Group for the next twelve months from the end of the reporting period; and
- (iii) the net proceeds from the disposal of certain properties held by the Group.

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, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, classic cars held for investment, collectible precision devices held for investment, investment in films and 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.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

- (a) *Conceptual Framework for Financial Reporting 2018* (the “Conceptual Framework”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

- (d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group's office premises have been reduced by the lessors as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended 31 December 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of HK\$4 million has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss.

- (e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

3. OPERATING SEGMENT INFORMATION

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

- (a) the property development and trading segment representing the development and trading of properties;
- (b) the property investment and holding segment which represents investment and holding of properties;
- (c) the securities business segment representing the trading in securities and holding of securities, financial assets and treasury products;
- (d) Ferrari dealership business segment representing the sale and distribution of Ferrari cars and provision of after-sale services as official dealer of Ferrari in Hong Kong and Macau;
- (e) classic cars trading and logistics segment representing the trading and sale of classic cars and car logistics business;
- (f) investment in classic cars segment which is the acquisition of classic cars for long-term investment purpose;
- (g) the film operations segment representing production, investment and distribution of films worldwide;
- (h) the stage audio, lighting and engineering operations segment representing the provision and leasing of audio and lighting equipment, services and provision of metal construction work and engineering services for production of concert, entertainment and other events;
- (i) other operations segment which is engaged in supportive business and start-up business including multimedia operations, classic car service centre, magazine publication, artist management and investment in collectible precision devices; and
- (j) the Industrial Product Business segment representing the manufacture of plastic components and trading of child products, which was discontinued on 24 July 2020.

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

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

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

3. OPERATING SEGMENT INFORMATION (Continued)

For the year ended 31 December 2020

HK\$ million	Continuing operations									Discontinued operation		Total
	Property investment and holding	Securities business	Ferrari dealership	Classic cars trading and logistics	Investment in classic cars	Film operations	Stage audio, lighting and engineering operations	Other operations	Total continuing operations	Industrial Product Business	Reconciliations	
Segment revenue:												
Sales to external customers	11	-	413	26	-	-	20	35	505	11	-	516
Other revenue	-	-	10	3	-	-	2	14	29	-	-	29
	11	-	423	29	-	-	22	49	534	11	-	545
Operating loss	(84)	(1)	(22)	(9)	(14)	(7)	(49)	(25)	(211)	(3)	-	(214)
Finance costs (other than interest on lease liabilities)									(73)	-	-	(73)
Reconciled items:												
Corporate and other unallocated expenses									(53)	-	-	(53)
Loss on disposal of a joint venture									(346)	-	-	(346)
Share of losses of a joint venture									(14)	-	-	(14)
Share of losses of an associate									(1)	-	-	(1)
Loss before tax									(698)	(3)	-	(701)
Income tax credit									5	-	-	5
Loss for the year									(693)	(3)	-	(696)

3. OPERATING SEGMENT INFORMATION (Continued)

For the year ended 31 December 2020 (continued)

HK\$ million	Continuing operations									Discontinued operation		Total
	Property investment and holding	Securities Business	Ferrari dealership	Classic cars trading and logistics	Investment in classic cars	Film operations	Stage audio, lighting and engineering operations	Other operations	Total continuing operations	Industrial Product Business	Reconciliations	
Other segment information:												
Expenditure for non-current assets	-	-	16	1	-	-	3	3	23	-	-	23
Depreciation and amortisation	(8)	(1)	(47)	(3)	-	(1)	(16)	(15)	(91)	(1)	-	(92)
Interest in an associate	-	-	-	-	-	-	-	-	-	-	1	1
Other material non-cash items:												
Fair value losses on investment properties, net	(84)	-	-	-	-	-	-	-	(84)	-	-	(84)
Fair value losses on classic cars held for investment	-	-	-	(7)	-	-	-	-	(7)	-	-	(7)
Fair value losses on collectible precision devices held for investment, net	-	-	-	-	-	-	-	(1)	(1)	-	-	(1)
Share of losses of a joint venture	-	-	-	-	-	-	-	-	-	-	(14)	(14)
Share of losses of an associate	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Loss on disposal of a joint venture	-	-	-	-	-	-	-	-	-	-	(346)	(346)
Impairment of goodwill	-	-	-	-	-	-	(9)	-	(9)	-	-	(9)
Segment assets	1,546	1,087	384	111	113	85	184	366	3,876	-	-	3,876
Reconciled items:												
Corporate and other unallocated assets	-	-	-	-	-	-	-	-	-	-	605	605
Total assets	1,546	1,087	384	111	113	85	184	366	3,876	-	605	4,481
Segment liabilities	862	398	456	12	-	-	94	94	1,916	-	-	1,916
Reconciled items:												
Corporate and other unallocated liabilities	-	-	-	-	-	-	-	-	-	-	414	414
Total liabilities	862	398	456	12	-	-	94	94	1,916	-	414	2,330

3. OPERATING SEGMENT INFORMATION (Continued)

For the year ended 31 December 2019 (Restated)

HK\$ million (Restated)	Continuing operations									Discontinued operation			
	Property development and trading	Property investment and holding	Securities business	Ferrari dealership	Classic cars trading and logistics	Investment in classic cars	Film operations	Stage audio, lighting and engineering operations	Other operations	Total continuing operations	Industrial Product Business	Reconciliations	Total
Segment revenue:													
Sales to external customers	3	12	-	613	104	-	-	192	82	1,006	91	-	1,097
Other revenue	-	-	-	6	6	-	-	1	-	13	1	3	17
	3	12	-	619	110	-	-	193	82	1,019	92	3	1,114
Operating profit/(loss)	(40)	32	(3)	16	2	-	(7)	3	(53)	(50)	(6)	-	(56)
Finance costs (other than interest on lease liabilities)										(90)	-	-	(90)
Reconciled items:													
Corporate and other unallocated expenses										(50)	(5)	-	(55)
Share of profits of a joint venture										12	-	-	12
Share of losses of an associate										(2)	-	-	(2)
Loss before tax										(180)	(11)	-	(191)
Income tax credit										50	-	-	50
Loss for the year										(130)	(11)	-	(141)

3. OPERATING SEGMENT INFORMATION (Continued)

For the year ended 31 December 2019 (Restated) (continued)

HK\$ million (Restated)	Continuing operations										Discontinued operation		Total
	Property development and trading	Property investment and holding	Securities business	Ferrari dealership	Classic cars trading and logistics	Investment in classic cars	Film operations	Stage audio, lighting and engineering operations	Other operations	Total continuing operations	Industrial Product Business	Reconciliations	
Other segment information:													
Expenditure for non-current assets	-	-	-	12	1	-	-	21	33	67	1	-	68
Depreciation and amortisation	-	(8)	(1)	(46)	(3)	-	(1)	(20)	(9)	(88)	(2)	-	(90)
Interest in a joint venture	-	-	-	-	-	-	-	-	-	-	-	607	607
Interest in an associate	-	-	-	-	-	-	-	-	-	-	-	2	2
Other material non-cash items:													
Fair value losses on investment properties, net	-	(50)	-	-	-	-	-	-	-	(50)	-	-	(50)
Fair value gain on collectible precision devices held for investment, net	-	-	-	-	-	-	-	-	2	2	-	-	2
Share of profits of a joint venture	-	-	-	-	-	-	-	-	-	-	-	12	12
Share of losses of an associate	-	-	-	-	-	-	-	-	-	-	-	(2)	(2)
Impairment loss on stock of properties	(42)	-	-	-	-	-	-	-	-	(42)	-	-	(42)
Segment assets	237	1,484	1,172	418	122	120	101	235	477	4,366	36	-	4,402
Reconciled items:													
Corporate and other unallocated assets	-	-	-	-	-	-	-	-	-	-	-	1,048	1,048
Total assets	237	1,484	1,172	418	122	120	101	235	477	4,366	36	1,048	5,450
Segment liabilities	90	811	738	409	3	-	-	114	65	2,230	19	-	2,249
Reconciled items:													
Corporate and other unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	367	367
Total liabilities	90	811	738	409	3	-	-	114	65	2,230	19	367	2,616

Geographical information

(a) Revenue from external customers

HK\$ million	2020	2019 (Restated)
Continuing operations		
Hong Kong, Mainland China and Macau	503	978
North America and other countries	2	4
Europe	-	24
	505	1,006
Discontinued operation		
Hong Kong, Mainland China and Macau	5	14
North America and other countries	6	69
Europe	-	8
	11	91
	516	1,097

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

(b) Non-current assets

HK\$ million	2020	2019
Hong Kong and Macau	2,735	2,700
Mainland China	1	609
Europe	49	50
	2,785	3,359

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

Information about major customers

For the years ended 31 December 2020 and 2019, no one single customer contributed 10% or more of the Group's total revenue from continuing operations.

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue, other income and gains from continuing operations is as follows:

HK\$ million	2020	2019 (Restated)
Revenue		
<i>Revenue from contracts with customers</i>		
Classic cars trading and logistics service income	26	104
Income from Ferrari dealership	413	613
Provision and leasing of stage audio, lighting equipment and engineering services	20	192
Income from other operations	35	82
	<u>494</u>	<u>991</u>
<i>Revenue from other sources</i>		
Gross rental income from investment properties, fixed payments	11	15
	<u>505</u>	<u>1,006</u>
Other income and gains, net		
Fair value gain on collectible precision devices held for investment, net	-	2
Gain on disposal of a subsidiary which held an office property	-	83
Gain on disposal of items of property, plant and equipment	-	1
Forfeited deposits for Ferrari vehicles	-	3
Government grants*	13	-
COVID-19 related rent concessions from lessors	4	-
Others	12	14
	<u>29</u>	<u>103</u>

*There are no unfulfilled conditions on contingencies relating to these grants.

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2020

HK\$ million	Continuing operations					Discontinued operation	Total
	Ferrari dealership	Classic cars trading and logistics	Stage audio, lighting and engineering operations	Other operations	Total Continuing operations	Industrial Product Business	
Type of goods or services							
Sale of classic cars	345	3	-	-	348	-	348
Sales of plastic components and child products	-	-	-	-	-	11	11
Sale of other goods	-	-	-	8	8	-	8
Sale and leasing of audio and lighting equipment	-	-	18	-	18	-	18
Provision of other services	68	23	2	27	120	-	120
Total revenue from contracts with customers	413	26	20	35	494	11	505
Geographical markets							
Hong Kong, Mainland China and Macau	413	24	20	35	492	5	497
North America and other countries	-	2	-	-	2	6	8
Total revenue from contracts with customers	413	26	20	35	494	11	505
Timing of revenue recognition							
Goods transferred at a point in time	345	3	-	8	356	11	367
Services transferred over time	68	23	20	27	138	-	138
Total revenue from contracts with customers	413	26	20	35	494	11	505

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (continued)

For the year ended 31 December 2019 (Restated)

HK\$ million (Restated)	Continuing operations				Total continuing operations	Discontinued operation	Total
	Ferrari dealership	Classic cars trading and logistics	Stage audio, lighting and engineering operations	Other operations		Industrial Product Business	
Type of goods or services							
Sale of classic cars	549	82	-	-	631	-	631
Sale of plastic components and child products	-	-	-	-	-	91	91
Sale of other goods	-	-	5	4	9	-	9
Sale and leasing of audio and lighting equipment	-	-	148	-	148	-	148
Provision of other services	64	22	39	78	203	-	203
Total revenue from contracts with customers	613	104	192	82	991	91	1,082
Geographical markets							
Hong Kong, Mainland China and Macau	613	76	192	82	963	14	977
North America and other countries	-	4	-	-	4	69	73
Europe	-	24	-	-	24	8	32
Total revenue from contracts with customers	613	104	192	82	991	91	1,082
Timing of revenue recognition							
Goods transferred at a point in time	549	82	5	4	640	91	731
Services transferred over time	64	22	187	78	351	-	351
Total revenue from contracts with customers	613	104	192	82	991	91	1,082

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (continued)

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

HK\$ million	2020	2019
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of Ferrari cars	<u>101</u>	<u>135</u>

(b) Performance obligations

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

Sale of Ferrari cars

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

Sale of classic cars

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

Provision of car towing and after-sale services

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

Sales of plastic and child products

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

Sale of audio and lighting equipment

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

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

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

Provision of advertising services under other operations

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

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

5. FINANCE COSTS

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

HK\$ million	2020	2019
Interest on bank loans	58	75
Interest on convertible bonds	15	15
Interest on lease liabilities	3	4
Total interest expense on financial liabilities not at fair value through profit or loss	<u>76</u>	<u>94</u>

6. LOSS BEFORE TAX

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

HK\$ million	2020	2019 (Restated)
Cost of classic cars sold	2	77
Cost of Ferrari dealership business	368	509
Cost of automotive services provided	13	11
Cost of sale and leasing of stage audio and lighting equipment and provision of stage technical engineering services	32	157
Cost of other operations	25	61
Depreciation of property, plant and equipment (including right-of-use assets)	74	83
Amortisation of intangible assets	7	7
Auditors' remuneration	3	3
Employee benefit expense (excluding directors' and chief executive's remuneration)		
Wages and salaries	80	86
Pension scheme contributions	3	3
	<u>83</u>	<u>89</u>
Foreign exchange differences, net	-*	1
Loss on disposal of a joint venture	346	-
Gain on disposal of a subsidiary which held an office property	-	(83)
Gain on disposal of items of property, plant and equipment	-	(1)
Impairment loss on stock of properties	-	42
Fair value losses on investment properties, net	84	50
Fair value losses/(gains) on collectible precision devices held for investment, net	1	(2)
Impairment of trade receivables	12	7
Impairment of investment in an associate	-	5
Impairment of goodwill	9	-
Fair value losses on classic cars held for investment	7	-

*Less than HK\$1 million

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2019:16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

HK\$ million	2020	2019 (Restated)
Current – Hong Kong		
Charge for the year	1	-
Overprovision in prior years	-	(53)
Current – Mainland China	-	2
Deferred	(6)	1
	<hr/>	<hr/>
Total tax credit for the year	(5)	(50)

8. DISCONTINUED OPERATION

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

The results of the discontinued operation:

HK\$ million	2020	2019
Revenue	11	91
Other income and gain, net	-	1
Expenses	(14)	(103)
Loss before tax from the discontinued operation	(3)	(11)
Income tax	-	-
	<hr/>	<hr/>
Loss for the year from the discontinued operation	(3)	(11)
	<hr/>	<hr/>
Loss attributable to:		
Owners of the parent	(3)	(11)
Non-controlling interests	-	-
	(3)	(11)
	<hr/>	<hr/>
Loss per share from discontinued operation:		
Basic and diluted	-	(HK\$0.01)

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

HK\$ million	2020	2019
Loss attributable to ordinary equity holders of the parent from a discontinued operation, used in basic and diluted loss per share calculation	<u>(3)</u>	<u>(11)</u>
	Number of Shares	
	2020	2019
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	<u>873,111,452</u>	<u>873,672,603</u>

9. DIVIDENDS

The Board did not recommend the payment of a final dividend for the year 2020 (2019: nil). The Board did not recommend and pay an interim dividend for 2020 (2019 interim dividend: nil). No dividend for the whole year of 2020 was recommended (2019: nil).

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

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

HK\$ million	2020	2019
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation:		
From continuing operations	(686)	(130)
From a discontinued operation	(3)	(11)
	<u>(689)</u>	<u>(141)</u>
Interest on convertible bonds	<u>15</u>	<u>15</u>
Loss attributable to ordinary equity holders of the parent before interest on convertible bonds	<u>(674)</u>	<u>(126)</u>
Attributable to:		
Continuing operations	(671)	(115)
Discontinued operation	(3)	(11)
	<u>(674)</u>	<u>(126)</u>
	Number of Shares	
	2020	2019
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	873,111,452	873,672,603
Effect of dilution – weighted average number of ordinary shares:		
Convertible bonds	347,500,000	347,500,000
	<u>347,500,000</u>	<u>347,500,000</u>
Weighted average number of ordinary shares used in the diluted loss per share calculation	<u>1,220,611,452</u>	<u>1,221,172,603</u>

Because the diluted loss per share amount is decreased when taking convertible bonds into account, the convertible bonds had an anti-dilutive effect on the basic loss per share for the year and were ignored in the calculation of diluted loss per share. Therefore, the diluted loss per share amounts are based on the loss for the year and the loss attributable to continuing operations of HK\$689 million (2019: HK\$141 million) and HK\$686 million (2019:HK\$130 million) respectively, and the weighted average number of ordinary shares of 873,111,452 (2019: 873,672,603) in issue during the year.

11. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2020, the Group acquired fixed assets and right-of-use assets of approximately HK\$19 million (2019: HK\$69 million) and disposed of fixed assets of HK\$18 million (2019: HK\$116 million).

12. TRADE RECEIVABLES

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

HK\$ million	2020		2019	
	Balance	Percentage	Balance	Percentage
Within 180 days	26	11	81	29
181 to 365 days	3	1	1	-
1 to 2 years	8	3	201	71
Over 2 years	201	85	-	-
	<u>238</u>	<u>100</u>	<u>283</u>	<u>100</u>

The credit term given by the Group to its customers is generally one month. The credit term granted to the customers of trading securities is up to 365 days (2019: 365 days). Each customer has a maximum credit limit.

13. 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	2020		2019	
	Balance	Percentage	Balance	Percentage
Current to 30 days	2	3	26	41
31 to 60 days	29	50	5	8
61 to 90 days	2	3	6	10
Over 90 days	25	44	26	41
	<u>58</u>	<u>100</u>	<u>63</u>	<u>100</u>

The trade payables were interest free, unsecured and were normally settled on a 60-day term.

14. EVENTS AFTER THE REPORTING PERIOD

On 27 July 2020, AHM Engineering Company Limited (“**AHM**”) (an indirect subsidiary in which the Company holds approximately 72% shareholding interest) and Mr. Lam Kong Ming (“**Mr. Lam**”) (an independent third party) entered into a share sale and purchase agreement (the “**Agreement**”), under which AHM agreed to sell and Mr. Lam agreed to purchase 91% shareholding interest in Golden Wish Enterprises Limited (the “**Target Company**”) and an assignment of a shareholder’s loan to Mr. Lam for a total consideration of HK\$30,000,000 (the “**Transaction**”), of which the first payment of HK\$5,000,000 would be payable on completion of the Transaction and the balance of the consideration of HK\$25,000,000 will be payable by 66 monthly instalments. The Target Company together with its subsidiary (the “**Target Group**”) is engaged in the sale and leasing of audio, lighting and stage equipment and production and provision of ancillary engineering services for live performance events in Macau. The Transaction was completed on 21 January 2021 and members of the Target Group ceased to be subsidiaries of the Company.

15. COMPARATIVE AMOUNTS

The comparative consolidated statement of profit or loss and the comparative consolidated statement of comprehensive income has been represented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period (note 8). In addition, certain comparative amounts have been reclassified to conform with the current year’s presentation.

GLOSSARY OF TERMS

General Terms

“AGM”	The annual general meeting of the Company
“Blackbird Concessionaires”	Blackbird Concessionaires Limited, a company incorporated in Hong Kong with limited liability, being a wholly-owned subsidiary of the Company under the Blackbird Group
“Blackbird Group”	The Blackbird group established by the Company, which is engaged in the multi-faceted automotive business including the Ferrari dealership, investment and trading of classic cars, car logistics operations and investment in collectible precision devices and other new business ventures
“Board”	The board of Directors
“CG Code”	The Corporate Governance Code as contained in Appendix 14 to the Listing Rules
“Chairman”	The chairman of the Company
“Child Products”	Feeding, health care, hygiene, safety, toy and other related products for infants and babies, which are the child products previously traded by the Group
“Child Products Trading Business”	The business of trading and sale of the Child Products previously engaged by the Group
“China” or “PRC”	The People’s Republic of China
“Company”	CCT Fortis Holdings Limited (stock code: 00138), a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the Shares are listed on the Main Board of the Stock Exchange
“Director(s)”	The director(s) of the Company
“GBA”	GBA Holdings Limited (stock code: 00261), a company incorporated in Bermuda with limited liability, the shares of which are listed in the Main Board of the Stock Exchange
“GBA Group”	GBA and its subsidiaries, from time to time
“Group”	The Company and its subsidiaries, from time to time
“HK” or “Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“IPO”	Initial public offering

“Industrial Product Business”	The businesses of manufacturing and sale of plastic components and the Child Products Trading Business, previously carried out by the Group, which was discontinued in July 2020
“INED(s)”	Independent non-executive Directors
“Joint Venture”	the joint venture in Xinjiang, China, in which the Company acquired an equity interest of 50.5% in 2018, and the joint venture is engaged in property development business in Xinjiang
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mainland China”	The mainland of the PRC
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“N/A”	Not applicable
“Share(s)”	Ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	Holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	US dollar(s), the lawful currency of the US
“US”	The United States of America
“RMB”	Renminbi, the lawful currency of China
“%”	Per cent.

Financial Terms

“Current Ratio”	Current assets divided by current liabilities
“Earnings Per Share”	Profit attributable to ordinary equity holders of the parent divided by weighted average number of ordinary shares in issue during the period
“Gearing Ratio”	Total borrowings (representing bank and other borrowings and lease liabilities) divided by total capital employed (i.e. total Shareholders’ fund plus total borrowings)
“Operating profit/(loss)”	Operating profit/(loss) before interest, tax and unallocated income and expenses