CCT FORTIS

中 建 富 通 集 團 有 限 公 司

Stock Code : 138

2015

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chairman's statement

On behalf of the Board of the Company, I am pleased to report the annual results of the Group for the year ended 31 December 2015.

The Group delivered another year of strong results in 2015. Reported revenue was HK$608 million, surged 207.1% compared with 2014. Profit attributable to owners of the parent was HK$369 million, representing an increase of 3.1% compared with the last corresponding year. The solid performance was primarily driven by the strong revenue and gains of the Group's securities business, arising from realised disposal gains and unrealised fair value gains of the Group's holdings in the shares and the Convertible Bonds of CCT Land.

PROPOSED FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK$0.035 per share for the year 2015 to the shareholders whose names appear on the register of members of the Company on Tuesday, 31 May 2016, subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company. The proposed final dividend will be payable from the Company's distributable reserve and the expected payment date will be Wednesday, 15 June 2016 following the shareholders' approval at the forthcoming annual general meeting of the Company. The total dividend per share for 2015 amounts to HK$0.065 (2014: HK$0.065).

BUSINESS REVIEW

Principal businesses of the Group during the year

During the year under review, the principal businesses of the Group continued to expand and comprised:

(a) property development and trading business in Hong Kong;

(b) property investment and holding;

(c) the securities business;

(d) manufacture and sale of plastic components;

(e) trading and sale of classic cars;

(f) investment in classic cars;

(g) automotive services; and

(h) cultural entertainment business.

Movement of the Group's shareholding interest in CCT Land

During the year, the Group disposed of its shareholding interest in CCT Land, which was classified as interest in associate and thereafter the Group no longer accounted for the results of the CCT Land Group under the equity basis of accounting. In December 2015, the Company's indirect wholly-owned subsidiary engaged in securities business, namely CCT Securities subscribed for the Convertible Bonds of CCT Land with the principal amount of HK$795,671,000, as settlement of the promissory notes with the same principal amount previously due by CCT Land to the Group. The Convertible Bonds are interest-free and are not redeemable. Subject to the terms and conditions of the Convertible Bonds, holder(s) of the Convertible Bonds has a right to convert the Convertible Bonds at the initial conversion price of HK$0.01 per conversion share (subject to adjustments pursuant to the terms and conditions of the Convertible Bonds). In December 2015, CCT Securities converted the Convertible Bonds with the principal amount of HK$90,000,000 into 9,000,000,000 the CCT Land Shares. The outstanding principal amount of the Convertible Bonds held by CCT Securities as at 31 December 2015 were HK$705,671,000, convertible into 70,567,100,000 CCT Land Shares at the initial conversion price of HK$0.01 (subject to adjustments pursuant to the terms and conditions of the Convertible Bonds). The above-mentioned CCT Land Shares, Convertible Bonds and the CCT Land Shares to be allotted and issue upon exercise of the conversion right of the Convertible Bonds are held by CCT Securities in the ordinary and usual course of its securities trading business and these securities are classified as financial assets at fair value through profit or loss, under the current assets category.

Property development and trading in Hong Kong

The residential market was robust until the fourth quarter of 2015 and sentiments have cooled down by fears of slowing global economy, further interest hike in the USA and fall in global commodity prices. These factors impacted most the small- to medium-sized flats, with transaction volumes declined considerably. Retail property market was also softened, led primarily by the fall in tourism, especially Chinese visitors. Office property market, however, stayed firm, as rental and price continue to rise modestly.

Since we acquired the two projects in 2014, of which one property is located in the Western District and the other in Causeway Bay, we did not acquire any additional project in 2015. The property in Western District represents the five street-level shops with all car parking spaces on ground floor of a retail property located at Kennedy Town, Sai Wan (the "Sai Wan Property"), facing the waterfront and near a MTR station of the newly opened West Island Line. The Sai Wan Property has a total gross floor area of approximately 7,820 square feet of which the five ground-level shops have a total gross floor area of approximately 3,469 square feet. With the opening of the West Island Line, public transportation access to the Western District has greatly improved. We are happy to see that the value of the property has appreciated since acquisition. The property has been fully let to new tenants at much higher rents. We are confident that the value of the Sai Wan Property will continue to rise in the future, albeit the rate of value appreciation is expected to be modestly.

The second project was the two floors of retail property (the "Russell Street Property") located in a 29-storey commercial building on No. 8 Russell Street, Causeway Bay. The building has been converted into a Ginza-type shopping center as the property is located in the busiest shopping and tourist area in Causeway Bay. Renowned large-scale shopping malls are clustered in the vicinity, such as Times Square and Hysan Place. The Russell Street Property acquired by us has a total gross floor area of approximately 9,436 square feet in total. In 2015, retail market in the Causeway Bay was impacted by the fall in tourism, especially Chinese visitors and as a result, retail property prices and rental rates in Causeway Bay have been softened.

In the absence of any disposal of property projects by the Group in the year, this business unit incurred an operating loss of HK$39 million, mainly attributable to salaries, operating and administration expenses and impairment loss on the properties.

The management is actively seeking successful restaurant operators or retailors to rent the Russell Street Property and expects to rent out the property at a satisfactory rental rate in 2016. The Company is confident in abovementioned property projects, given their excellent location and quality, which are expected to deliver satisfactory rental income and appreciation in prices in the future.

Property investment and holding

Our investment property portfolio is diversified and comprised luxury residential houses, office properties, retail properties and car parks. All of our investment properties are located in Hong Kong. The recent consolidation in the Hong Kong property market does not seem to have any significant impact on our rental property portfolio. The luxury properties are expected to outperform other types of properties because of their scarcity of supply. Recent transactions of luxury houses indicated that prices remained firm. Office property market is relatively stable as rents and prices continue to rise modestly. Although rental rates of retail market have been softened, this has little impact on our retail rental properties, as they have been rented to restaurant operators primarily catering for local demand instead of for tourists. In 2015, this segment delivered an operating profit of HK$20 million, led by fair value gains on the properties and rental income.

The management is confident in the Group's investment property portfolio and will capitalise its strength and innovative ideas in managing the properties. We believe this business segment will continue to deliver higher rental income and value appreciation in the future years to come.

Our trading property and investment property portfolio is subject to risks in relation to government policies on the property market, the Hong Kong economic outlook and potential interest rate hike. The retail properties in Causeway Bay are further subject to slowdown of Chinese visitors to Hong Kong. Our resilient management will monitor the situation closely and will take initiatives to counter all these challenges.

Securities business

The Hong Kong stock market experienced high volatility in 2015, with notable uplift in trading volume and share prices in the first half of 2015. The stock market then trended downward in the second half due to concerns over slowing global economy, pace of the US interest hike, fall in global commodity prices, devaluation of RMB and high volatility of the mainland stock market. It is the Company's policy to acquire and sell securities for value appreciation and any decision to deal in securities is made based on the market situation, expectation of future market trend, potential of price appreciation and availability of funds. CCT Securities, the security trading company of the Group, took the opportunity of the de-consolidation of CCT Land and have significantly expanded its trading securities portfolio by reclassification of approximately 16 billion CCT Land Shares into financial assets at fair value through profit or loss and by subscription for the Convertible Bonds with principal amount of HK$795,671,000 issued by CCT Land. Details of the subscription for the Convertible Bonds have been disclosed in the joint announcements of the Company and CCT Land dated 27 October 2015 and 10 November 2015. During the year, CCT Securities has disposed of all the 16 billion CCT Land Shares at a profit. Further, out of the Convertible Bonds held by CCT Securities, Convertible Bonds with principal amount of HK$90,000,000 have been converted into 9,000,000,000 CCT Land Shares. As at 31 December 2015, CCT Securities held 9,000,000,000 CCT Land Shares and the outstanding principal amount of HK$705,671,000 Convertible Bonds convertible into 70,567,100,000 CCT Land Shares at the initial conversion price of HK$0.01 per conversion share (subject to adjustments pursuant to terms and conditions of the Convertible Bonds).

The Company's securities department achieved excellent performance in the year. This segment was the key driver to the Group's results in terms of revenue and profit before tax as it contributed HK$404 million and HK$397 million in revenue and operating profit, respectively. The operating profit of HK$397 million comprised approximately HK$96 million realised gains from disposal of the 16 billion CCT Land Shares classified as trading securities and the balance of approximately HK$301 million represented unrealised fair value gains on year-end valuation of the 9,000,000,000 conversion shares and the Convertible Bonds with principal amount of HK$705,671,000.

The securities trading business is subject to risk of the volatility of the stock market, which is, in turn, affected by external financial and economic outlook. CCT Securities will closely monitor the stock market and will manage its trading securities portfolio and enter into any transaction in response to market situation and price movements. The management is optimistic in its holdings of CCT Land Shares and the Convertible Bonds and expect that this segment will continue to be key driver for the Group's future growth in revenue and profits. In view of the excellent performance of the security business unit, the Company may expand its securities portfolio if there is good opportunity arises.

Manufacturing of plastic components

The component manufacturing department supplies most its component products to the CCT Tech Group, the manufacturing sub-group of the CCT Land Group, for production of telecom products.

In 2015, revenue of the component department declined further to only HK$94 million, representing a year-on-year decrease of 23.0%, driven primarily by reduction in sales of telecom products of the CCT Tech Group to which this department supplied most of its component products. This year's revenue dropped below the break-even point of the component department and compounded with the increase in workers' wages and restructuring costs, the operating loss of this business unit surged to HK$84 million, representing an increase of 86.7% on a year-on-year basis.

This business unit will continue to be affected by the performance of the CCT Tech Group and the shortage of workers in China. The management continues to strive hard to restructure and reform this business unit. The operations will be further down-sized, and further measures will be implemented to improve labour efficiency and productivity together with endless efforts to save costs.

The Blackbird Automotive Group in multi-faceted automotive business

Incorporated in 2014, Blackbird Automotive is a multi-faceted automotive business that revolves around the restoration, trading investment and business of classic cars. Not only firmly engrossed in the commerce of collectible cars, the company celebrates and showcases these vehicles through their various channels. It also seeks to establish a worldwide reputation as a leading entity in the automotive region by combining these facets with their experienced eye for detail and branding.

Blackbird is positioned to be competitive globally with its unique structure and ability to provide a one-of-a-kind, truly all-service centre for clients and companies in the automotive realm. Blackbird's team of experienced valuators and representatives around the world source, inspect and facilitate the sale and trade of classic and historically important cars for customers, whether to simply add to their personal collections or if presented with unique investment opportunities. Blackbird also maintains its own carefully curated collection of rare and historic cars, lending it the credibility and reputation to access and acquire these vehicles for themselves or on behalf of their clients.

At the start of the new year, the company re-entered the market with the values of its current stock reappraised and adjusted upwards to reflect the continuing growth in classic car values globally. Furthermore, Blackbird Automotive has been party to the sourcing and supply of various collectible vehicles, including numerous high value classic Ferraris, during the full year and has achieved a good return from the transactions.

During the first half of 2015, Blackbird completed and opened their new body and paint facility, together with a custom-designed car storage space as part of its facilities expansion programme. In the meantime, Blackbird Heritage Motorworks continued to gain awareness amongst collectors of both modern and classic cars and witnessed good growth in service and maintenance income.

Blackbird Automotive also provides professional design and creative services for various car manufacturers — conceptualising and producing creative events and car launches and offering photography and videography services of the highest standard. These activities enabled Blackbird Automotive to continue to present itself as a leading vendor in this arena and discussions and presentations continue with other leading car retailers in the region.

The luxury classic car market is generally affected by the global economic environment. Despite the challenging business environment, the sports and luxury classic car segments proved to be resilient and maintained growth momentum in 2015. In recent years, the economic growth and wealth creation in certain emerging economies in Asian countries has led to an expansion of potential customer base for sports and luxury cars. The Blackbird Automotive Group remains focused on enhancing operational efficiency throughout the value chain and will seek for new investment opportunities. The Blackbird Group may go into new luxury car market in the future.

CULTURAL ENTERTAINMENT BUSINESS

The Company has announced in its 2015 interim report about its entry into the cultural entertainment business, initially in production and worldwide distribution of film, targeting the huge global cultural entertainment market, including the fast growing cultural industries in the PRC. The newly established Cultural Entertainment Group has invested in a film cast by popular artists, and the film production company provides us with guaranteed return of investment. The new venture is the process of forming a joint venture with a large cultural entertainment company in Hong Kong, of which we will take a leading management role in the production and distribution of a high-budget film in Chinese language, aiming at the huge Chinese market. The Company is optimistic in this new venture which has excellent potentials of growth and development. The Company is committed to grow its film business and intends to expand and diversify to other cultural and entertainment business.

OUTLOOK

Current market attention is focused on the slowing global economy and fall in commodity prices. US economy continues to expand in a modest pace since US raised its interest rate at the end of 2015. In China, the Chinese economy has entered into a new stage of slower growth amid its structural reform from export dependence to domestic consumption. Euro government is expected to introduce more policies to stimulate its weak economy. Geopolitical tensions and instability in the Middle East continue to cause risks and uncertainty to the global financial markets.

In 2015, the Company has achieved strong results in line with our strategic objectives, which are: (1) to further strengthen the Group's financial resources; (2) to continue to deliver strong performance and seek expansions in our core businesses including the securities business, the Hong Kong property development and trading business and property investment; (3) commit to build up and grow the new business ventures including the multi-faceted automotive business of the Blackbird Automotive Group and the cultural entertainment business; and (4) to capture new business opportunities.

We will continue to capitalise our competitive edges and our execution capability in each of our core businesses. Our core strategy is to achieve long term sustainable growth of the Group and create long term value to our shareholders. The Group will strive to deliver sustainable profits through strategic growth in the coming years.

APPRECIATION

On behalf of the Board, I wish to express our thanks and gratitude to the directors, the management and all our employees for their dedication, loyalty, and hard work to meet the challenges during the year. I also want to thank our shareholders, investors, bankers, customers and suppliers for their continued encouragement and strong support to the Group.

Mak Shiu Tong, Clement
Chairman

Hong Kong, 29 March 2016

directors and senior management

EXECUTIVE DIRECTORS

Mr. MAK Shiu Tong, Clement, aged 62, a substantial Shareholder, has been the Chairman, the CEO and the Executive Director since January 1994. Mr. Mak is a member of the Remuneration Committee and the chairman and a member of the Nomination Committee. He is responsible for the corporate planning and overall strategic direction of the Group and takes a leading role in managing the businesses of the Group. He has over 39 years of experience in the electronics manufacturing and distribution industry, and substantial experience in diversified businesses. In his many years in the businesses, he has demonstrated a keen understanding in the diversified businesses in which the Group is engaged. Mr. Mak is also the chairman, the chief executive officer and an executive director of CCT Land, whose shares are listed on the main board of the Stock Exchange, and a director of certain subsidiaries of the Company and CCT Land. Mr. Mak holds a Diploma in Electrical Engineering.

Mr. TAM Ngai Hung, Terry, aged 62, has been the Executive Director and the Group Finance Director since March 2001. He has been appointed as the Deputy Chairman of the Company since December 2005 and as the Company Secretary of the Company since May 2012. He is a member of the Remuneration Committee and the Nomination Committee. Mr. Tam is mainly responsible for the corporate finance, accounting and company secretarial functions of the Group. He has more than 38 years of experience in finance and accounting management, and management experience in diversified businesses. He also possesses substantial knowledge in corporate finance matters, mergers and acquisitions and company secretarial matters. He previously held a number of senior positions in several listed companies before he joined the Company. Mr. Tam is also an executive director of CCT Land and a director and company secretary of certain subsidiaries of the Company and CCT Land. Mr. Tam is a fellow of the Association of Chartered Certified Accountants and an associate of both the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and The Institute of Chartered Secretaries and Administrators.

Ms. CHENG Yuk Ching, Flora, aged 62, has been the Executive Director since February 1998. Ms. Cheng assists the CEO in overseeing the day-to-day management of the principal businesses of the Group. Ms. Cheng has over 36 years of experience in the electronics industry, and substantial experience in diversified businesses. She held senior positions in various well-known electronics companies before she joined the Company. Ms. Cheng is also an executive director of CCT Land and a director of certain subsidiaries of the Company and CCT Land. Ms. Cheng holds a Diploma in Business Administration.

Dr. William Donald PUTT, aged 78, has been the Executive Director since January 1997. Dr. Putt is responsible for overseas business development and advising the Chairman in strategic direction of the overseas business of the Group. Dr. Putt has over 43 years of experience in the telecom industry, and was the president and co-founder of TeleConcepts Corporation, which specialised in the design, production and distribution of telecom products. Dr. Putt also serves on the boards of several foundations and non-profit organisations in the US and is on the Leadership Council for the Public Service Center at the Massachusetts Institute of Technology. Dr. Putt holds PhD in Management from the Massachusetts Institute of Technology in the US. He was previously an executive director of CCT Land and resigned on 26 May 2015.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. TAM King Ching, Kenny, aged 66, has been an INED of the Company since December 1999. Mr. Tam is the chairman and a member of the Audit Committee, and a member of the Remuneration Committee and the Nomination Committee. Mr. Tam is also an INED of CCT Land. Mr. Tam serves as an INED of certain listed companies on the main board of the Stock Exchange, namely, BeijingWest Industries International Limited, Hong Kong Shanghai Alliance Holdings Limited, Kingmaker Footwear Holdings Limited, Shougang Concord Grand (Group) Limited, Starlite Holdings Limited and West China Cement Limited. He is also serving as a member of the Small and Medium Practitioners Committee and the Insolvency SD Vetting Committee in the HKICPA. Mr. Tam is also a council member of The Society of Chinese Accountants and Auditors. Mr. Tam is a practising Certified Public Accountant in Hong Kong. He holds a Bachelor's Degree in Commerce and is a fellow member of the HKICPA and a member of the Chartered Professional Accountants of Ontario, Canada.

Mr. CHEN Li, aged 51, has been an INED of the Company since February 2008. Mr. Chen is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. He is also an executive director of First China Financial Network Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange. He was previously the vice president of Global Digital Creations Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange and formerly a senior management in several reputable telecommunications companies and a conglomerate in China. Mr. Chen graduated from the faculty of physics in a university in China in 1985 with a profession in radio technology and has extensive experience in the Chinese telecommunications and management field. He was previously an INED of CCT Land and resigned on 17 June 2015.

Mr. CHOW Siu Ngor, aged 60, has been an INED of the Company since March 2013. Mr. Chow is the chairman and a member of the Remuneration Committee, and a member of the Audit Committee and the Nomination Committee. Mr. Chow is also on INED of CCT Land. Mr. Chow is an INED of REXLot Holdings Limited, whose shares are listed on the main board of the Stock Exchange. Mr. Chow is a practising solicitor in Hong Kong. He is currently a Partner with Messrs. King & Wood Mallesons. Mr. Chow graduated from The Chinese University of Hong Kong in 1981 with an Honours Degree in Social Science. He then obtained an Honours Degree in Laws from the University of Birmingham in 1987. Mr. Chow was admitted as a solicitor of the Supreme Court of Hong Kong in 1990 and has been in private practice since then. He was previously a non-executive director of REX Global Entertainment Holdings Limited, a company listed on the main board of the Stock Exchange, and resigned on 22 September 2015.

SENIOR MANAGEMENT

Mr. John Brian NEWMAN, aged 47, is the Chief Operating Officer of Blackbird Automotive. He has 27 years of senior management experience with blue chip sports and luxury car manufacturers, importers and retailers and was a director of a successful motor racing team in Europe. Experienced in sales, marketing, distribution, dealer development, media communications and customer relationship management, he has been with the company since 2014. He holds a Diploma in Business and Finance, is a qualified pilot and has worked in the motor industry in both the UK and Asia.

Mr. CHEUNG Chi Wah, **Patrick**, aged 45, joined the Group in October 1999, resigned in 2010 for his personal development and rejoined the Group in October 2015. He is mainly responsible for the accounting and financial management and business development matters of the Group. Besides his experience with the Group, he had worked at a leading international accounting firm for about 5 years and had served senior management position in another listed company for 5 years. He has over 20 years of professional experience in corporate finance, financial management, accounting and auditing. He holds an Honours Degree in Accountancy from The Hong Kong Polytechnic University and a Master Degree in Information Technology Management from The Chinese University of Hong Kong. He is an associate of the Hong Kong Institute of Certified Public Accountants.

Mr. CHAN Ka Chai, aged 51, joined the Group in September 2015. Mr. Chan currently holds the position of General Counsel of the Group. Mr. Chan is responsible for giving legal advice on all legal matters of the Group. Mr. Chan is a qualified solicitor in Hong Kong and a member of The Law Society of Hong Kong. Mr. Chan holds a Bachelor of Laws Degree from the University of London and the Postgraduate Certificate in Laws from The University of Hong Kong.

financial review

OVERVIEW OF 2015 FINANCIAL RESULTS AND OTHER COMPREHENSIVE INCOME

HK$ million	2015	2014	% increase/ (decrease)
Continuing operations			
Revenue	**608**	198	207.1%
Other income and gains	**175**	574	(69.5%)
Share of (loss)/profits of an associate	**(9)**	1	N/A
Profit before tax from continuing operations	**348**	397	(12.3%)
Income tax credit/(charge)	**21**	(2)	N/A
Profit for the year from continuing operations	**369**	395	(6.6%)
Discontinued operations			
Loss for the year from discontinued operations	**–**	(66)	N/A
Profit for the year	**369**	329	12.2%
Profit attributable to owners of the parent:			
Continuing operations	**369**	395	(6.6%)
Discontinued operations	**–**	(37)	N/A
	369	358	3.1%
Return on equity	**12.1%**	15.6%	(22.4%)
Basic and diluted earnings per share attributable to ordinary equity holders of the parent			
— For profit for the year	**HK$0.44**	HK$0.51	(13.7%)
— For profit from continuing operations	**HK$0.44**	HK$0.57	(22.8%)
Dividend per share	**HK$0.065**	HK$0.065	0.0%
Other comprehensive (loss)/income, net of tax	**–**	(13)	N/A

Discussion on 2015 Financial Results and Other Comprehensive Income

The Group's revenue increased by HK$410 million to reach HK$608 million, surged 207.1% compared with 2014, primarily due to contribution from the securities business arising from disposal gains and fair value gains in respect of the CCT Land Shares and the Convertible Bonds held by the Group.

Other income and gains for the year were HK$175 million, decreased by HK$399 million or 69.5% compared with the last corresponding year. The other income in 2014 included gains of HK$520 million mainly arising from disposal and deemed disposal of CCT Land, which was accounted for as a subsidiary of the Company until December of 2014. The other income in 2015 included a gain of HK$110 million arising from disposal of an associate, which represented shares in CCT Land classified as interest in associate. Share of loss of an associate was HK$9 million, represented the share of loss of the CCT Land Group until it ceased to be accounted for as an associate in July 2015. After taking into account a deferred tax credit of HK$21 million recognised in 2015, profit attributable to owners of the parent was HK$369 million, increased by 3.1% compared with the last corresponding year. The strong performance was primarily driven by disposal gains and revaluation fair value gain in respect of the CCT Land Shares and the Convertible Bonds held by CCT Securities for trading purpose.

Return on equity ("ROE"), representing profit attributable to owners of parent over average shareholder's equity, was 12.1%, reduced 3.5% compared with 15.6% for the last corresponding period. This decrease in ROE was attributable to the increase in average shareholders' equity higher than the increase in profit, due to issue of new shares in 2014 whereas no new shares were issued in 2015. This is the same reason that explains the decrease in earnings per share.

There was no other comprehensive (loss)/income for the year as compared with a other comprehensive loss of HK$13 million for the comparable year.

ANALYSIS BY BUSINESS SEGMENT

	Revenue of continuing operations				
	2015		2014		% increase/
HK$ million	**Amount**	**Relative %**	Amount	Relative %	(decrease)
Property development and trading in Hong Kong	**2**	**0.3%**	48	24.2%	(95.8%)
Property investment and holding	**13**	**2.1%**	14	7.1%	(7.1%)
Securities business	**404**	**66.5%**	(9)	(4.5%)	N/A
Component business	**94**	**15.5%**	122	61.6%	(23.0%)
Trading and sale of classic cars	**89**	**14.6%**	25	12.6%	256.0%
Investment in classic cars	**–**	**0.0%**	–	0.0%	N/A
Automotive service business	**10**	**1.6%**	1	0.5%	900%
Elimination of intersegment transactions	**(4)**	**(0.6%)**	(3)	(1.5%)	
Total	**608**	**100.0%**	198	100.0%	207.1%

	Operating profit/(loss) of continuing operations		
			% increase/
HK$ million	**2015**	2014	(decrease)
Property development and trading in Hong Kong	**(39)**	(23)	69.6%
Property investment and holding	**20**	18	11.1%
Securities business	**397**	(13)	N/A
Component business	**(84)**	(45)	86.7%
Trading and sale of classic cars	**(5)**	1	N/A
Investment in classic cars	**(1)**	(2)	(50.0%)
Automotive service business	**(11)**	(4)	175.0%
Total	**277**	(68)	N/A

The segmental operating (loss)/profit represented operating result of each segment before taking into account of finance costs and taxation.

In general, the securities business was the key driver for growth in revenue and earnings in 2015, primarily driven by the gains on the CCT Land Shares and the Convertible Bonds held by Group for trading purpose. This business segment delivered operating gains of HK$397 million, which comprised realised gains of HK$96 million arising from disposal of CCT Land Shares held as trading securities and aggregate unrealised fair value gains of HK$301 million in relation to its portfolio of CCT Land Shares and the Convertible Bonds held by the securities trading unit at year end.

In the absence of any sale of property project in the year, the property development and trading operations recorded loss of HK$39 million, representing increase in loss of HK$16 million compared with 2014. This year's operating loss comprised salaries, operating and administration expenses incurred and fair value loss on the properties recorded.

The property investment business contributed rental revenue of HK$13 million and operating profit of HK$20 million. The profit increased by HK$2 million from last corresponding year, primarily attributable to fair value gains on the investment properties portfolio.

The multi-faceted automotive business delivered strong revenue of HK$99 million, increased by HK$73 million or 280.8% compared with 2014, as it entered into its second year of operations. The pace of growth of the Blackbird Group is encouraging. Operating loss of HK$17 million, in total was recorded, largely attributable to the automotive service business, mainly as a result of depreciation and salaries.

The segmental revenue of the component business was HK$94 million, fell HK$28 million or 23.0% on a year-on-year basis, led by the decrease in sale of the plastic components to the CCT Tech Group. Loss increased by HK$39 million on a year-on-year basis as the revenue of this business segment fell below its break-even point, and the adverse impact was compounded by the increase in labour wages, impairment of fixed assets of approximately HK$10 million and the incurrence of certain restructuring costs.

ANALYSIS BY GEOGRAPHICAL SEGMENT

	Revenue of continuing operations				
	2015		2014		% increase/
HK$ million	**Amount**	**Relative %**	Amount	Relative %	(decrease)
Mainland China and Hong Kong	**569**	**93.6%**	173	87.4%	228.9%
USA	**21**	**3.4%**	–	–	
Europe	**18**	**3.0%**	25	12.6%	(28.0%)
Total	**608**	**100.0%**	198	100.0%	207.1%

Most of the Group's revenue was generated in the mainland of China and Hong Kong, in which its core businesses are operated. The revenue from USA and Europe represented sale of classic cars to the regions.

OVERVIEW ON SIGNIFICANT MOVEMENTS OF FINANCIAL POSITION

HK$ million	2015	2014	% increase/ (decrease)
NON-CURRENT ASSETS			
Property, plant and equipment	**454**	408	11.3%
Investment properties	**978**	958	2.1%
Goodwill	**17**	–	N/A
Interest in an associate	**–**	286	N/A
Promissory note receivables	**–**	986	N/A
Classic cars held for investment	**57**	21	171.4%
Pledged time deposits	**–**	50	N/A
Deferred tax assets	**21**	–	N/A
CURRENT ASSETS			
Stock of properties held for sale	**361**	381	(5.2%)
Stock of classic cars held for sale	**126**	139	(9.4%)
Prepayment, deposits and other receivables	**368**	81	354.3%
Financial assets at fair value through profit or loss	**1,097**	165	564.8%
Pledged time deposits	**47**	56	(16.1%)
Cash and cash equivalents	**355**	122	191.0%
CURRENT LIABILITIES			
Current interest-bearing bank and other borrowings	**443**	470	(5.7%)
EQUITY AND NON-CURRENT LIABILITIES			
Non-current interest-bearing bank and other borrowings	**527**	612	(13.9%)
Equity attributable to owners of the parent	**2,866**	2,551	12.3%

Discussions on Financial Position

The changes in property, plant and equipment balance during the year represented: the net effect of acquisition of properties in MP Industrial Centre, Chai Wan for use in the automotive business; offset partly by the depreciation charge for the year.

The investment properties balance was HK$978 million, increased by HK$20 million. This change was attributable to the unrealised fair value gains arising from revaluation of the investment properties.

Goodwill of HK$17 million arose from expansion of the multi-faceted automotive business.

Interest in associate reduced to zero balance as at 31 December 2015 as the Group disposed of the shareholding interest in CCT Land, which was accounted for as an associate. After the disposals, the Group ceased to share loss of the CCT Land Group on the equity basis of accounting.

Promissory note receivables of HK$986 million brought forward from 2014 were cancelled in settlement of consideration of the subscription for the Convertible Bonds in December 2015.

Increase in classic cars held for investment was primarily attributable to addition of a collectible classic car during the year.

Deferred tax assets of HK$21 million represented the tax credit recognised on those tax losses of the Group which are considered to be probable that taxable profits will be available against which the tax lossed can be utilised.

Pledged time deposits of HK$50 million as at 31 December 2014 was denominated in RMB. These RMB deposits were converted into Hong Kong dollar during the year to repay the related Hong Kong dollar loans and as a result, our exposure to RMB devaluation is not significant.

Stock of properties held for sale fell by HK$20 million, primarily driven by impairment on the value of Russell Street Property, as a result of reduction of Chinese tourists visiting Hong Kong which has dampened the retail market in tourist area like Causeway Bay. There was no acquisition or addition of property project during the year.

Stock of classic car cars held for sale decreased by HK$13 million, due to disposal of a trading classic car.

Prepayment, deposit and other receivables increased by 354.3% to HK$368 million at year end, primarily led by the receivable of HK$300 million due by Glory Merit in respect of the sale of the promissory notes to it, of which an aggregate of approximately HK$138 million has been received after the year end.

Balance of financial assets at fair value through profit or loss surged 564.8% year-on-year to reach HK$1,097 million, which represented the Group's holdings of 9,000,000,000 CCT Land Shares and the Convertible Bonds with the principal amount of HK$705,671,000, recorded at fair value at year end.

Cash and cash equivalents balance was HK$355 million, increased HK$233 million, representing the increase primarily attributable to proceeds from sale of CCT Land Shares, after application of funds for working capital and business expansion of the Group and dividend payment.

Equity attributable to owners of the parent at end of the year rose to HK$2,866 million, representing an increase of HK$315 million compared to HK$2,551 million at beginning of the year. This significant change was primarily attributable to the net profit of the Group for the year less the dividend paid during the year.

CAPITAL STRUCTURE AND GEARING RATIO

	2015		2014	
HK$ million	**Amount**	**Relative %**	Amount	Relative %
Bank borrowings	**967**	**25.2%**	1,080	29.7%
Finance lease payable	**3**	**0.1%**	2	0.1%
Total borrowings	**970**	**25.3%**	1,082	29.8%
Equity	**2,866**	**74.7%**	2,551	70.2%
Total capital employed	**3,836**	**100.0%**	3,633	100.0%

The Group's gearing ratio further improved from 29.8% as at 31 December 2014 to 25.3% as at 31 December 2015, driven by the reduction of bank borrowings through repayments and increase in equity by this year's net profit.

Total outstanding bank borrowings were HK$970 million (2014: HK$1,082 million). Approximately 54% of these bank borrowings were of long-term nature, primarily representing mortgage loans on properties held by the Group.

As at 31 December 2015, 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$443 million, HK$316 million and HK$211 million, respectively (2014: HK$470 million, HK$358 million and HK$254 million, respectively). There was no material effect of seasonality on the Group's borrowing requirements.

LIQUIDITY AND FINANCIAL RESOURCES

HK$ million	**2015**	2014
Current assets	**2,396**	1,012
Current liabilities	**601**	611
Current ratio	**398.7%**	165.6%

The Group's current ratio as at 31 December 2015 soared to 398.7% (2014: 165.6%), reflecting a strong financial position. The significant improvement was principally led by the additions of the trading securities, representing the CCT Land Shares and the Convertible Bonds held by CCT Securities, which are classified as financial assets at fair value through profit or loss.

The Group's cash balance (including pledged deposits) increased by HK$174 million to reach HK$402 million at year end (2014: HK$228 million). The increase was largely derived from proceeds from disposals of CCT Land Shares, after deduction for funds applied for working capital and acquisition of properties and expansion of the Group's business, and dividend payments. In view of the Group's current cash position and the banking facilities available, the Group continued to maintain a sound financial position and has sufficient resources to finance its operations and its future expansion plan.

CAPITAL COMMITMENTS

The Group did not have any capital commitments as at 31 December 2015 (2014: HK$40 million). The Group intends to finance the capital commitment partly by internal resources and balance by bank borrowings.

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 2015, the Group's receipts were mainly denominated in Hong Kong dollar, Euro and Pound Sterlings. Payments were mainly made in Hong Kong dollar, Euro, Pound Sterlings and RMB. Cash was generally placed in short-term deposits denominated in Hong Kong dollar, and RMB. In 2015, the Group's borrowings were mainly denominated in Hong Kong dollar, and interest on the borrowing 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.

The current devaluation of RMB benefits our component manufacturing business as the wages and overhead in our factory are paid in RMB. We have already unwound the previous arrangement of pledging RMB deposits for HK dollar loans in order to reduce exposure to RMB devaluation risk.

As for Euro and Pound Sterlings, these currencies have experienced certain devaluation against USD in 2015. However as most of the payments and receipts arising from purchase and sale of classic cars were transacted in Euro or Pound Sterlings, our exposure to the European currencies is not significant.

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

Save as disposal of CCT Land Shares classified as interest in an associate, during the year the Group did not acquire or dispose of any material subsidiaries and associates during the year under review.

SIGNIFICANT INVESTMENT

Save as disclosed in the other section of the financial review, the Group did not hold any significant investment as at 31 December 2015 (2014: Nil).

PLEDGE OF ASSETS

As at 31 December 2015, certain of the Group's assets with a net book value of approximately HK$1,812 million (2014: HK$1,757 million) and time deposits of approximately HK$47 million (2014: HK$106 million) were pledged to secure the Group's bank loans.

CONTINGENT LIABILITIES

As at 31 December 2015, the Group had contingent liabilities in terms of corporate guarantees of aggregate amount of approximately HK$147 million (2014: HK$157 million) given by the Company to guarantee trade facilities of certain members of CCT Land Group of which approximately HK$112 million of trade facilities were utilized by the CCT Land Group (2014: HK$157 million).

EMPLOYEES AND REMUNERATION POLICY

The total number of employees of the Group as at 31 December 2015 was 635 (2014: 1,043). The change was caused by the restructuring and downsizing of our component factory. 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. At 31 December 2015, there were no outstanding share options issued by the Company.

REMUNERATION OF SENIOR MANAGEMENT

The remuneration of the senior management of the Group by band and the respective number of employees for the year ended 31 December 2015 are set out below:

	Number of employees
Nil–$1,000,000	2
$1,000,001–$2,000,000	–
$2,000,001–$2,500,000	1
	3

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

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

sustainable operations and development

SUSTAINABILITY STRATEGY

We regard 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 process and products in order to maximise efficiency and productivity and minimize wastages. Our policy is to ensure that our operations comply with relevant environmental laws, rules and regulations. As for quality and safety of our component products and automotive services, we provide high quality products and services and comply fully with the relevant international and local health, quality and safety standards.

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 keep 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 has committed to produce and deliver premium products and services to customers to meet their satisfaction and expectation.

With regard to the Group's property business, we have established very good working relationship with the major property agents in Hong Kong, which facilitate sale, purchase and leasing of properties in the most efficient manner.

Although our classic car business was established in 2014, some of the key personnel have been working the automotive industry in Hong Kong for many years and possess significant and extensive experience of working with classic cars. Due to our extensive knowledge and expertise in this field, a professional service level and comprehensive relationships with customers and suppliers have been well-established.

With our 25 years' manufacturing experience, our component factory has a long history of working relationship with its major suppliers. We work closely with them in order to ensure that the component products will meet with customers' requirements at the competitive prices.

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. The key management personnel have worked with the Group for a long time.

We encourage staff training and development. Hong Kong employees are encourage to join external training in job-related courses, seminars and programmes. A comprehensive training programme is in place for new workers in China. In addition, training courses and seminars are organized for different grades of employees from time to time.

Our factory has provided various sport and recreational facilities for enjoyment of employees during their leisure time. A staff club has been established, which organize various recreational and social activities from time to time for the staff and workers.

WORKPLACE QUALITY

The Group has placed significant resources in providing a safe, healthy, clean and comfortable workplace for our employees, both in Hong Kong and in China. Also, a safety committee has been established in our factory to maintain and monitor safety of the production facilities and the quarters and living areas of workers.

CONTRIBUTION TO THE COMMUNITY

CCT has contributed its efforts and resources to support the community in which it operates for many years. The Group has donated schools in China and has participated and provided support to various charity activities, both in Hong Kong and China. In 2015, the Group has made charitable donations of approximately HK$1 million. 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.

corporate information

COMPANY NAME
CCT Fortis Holdings Limited

BOARD OF DIRECTORS

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

Independent Non-executive Directors
Tam King Ching, Kenny
Chen Li
Chow Siu Ngor

COMPANY SECRETARY
Tam Ngai Hung, Terry

PRINCIPAL BANKERS
Nanyang Commercial Bank, Limited
OCBC Wing Hang Bank Limited
Hang Seng Bank Limited

SOLICITORS
Sidley Austin

AUDITORS
Ernst & Young, Certified Public Accountants

FINANCIAL YEAR END
31 December

REGISTERED OFFICE
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
31/F., Fortis Tower
77–79 Gloucester Road
Hong Kong

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG
Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

TELEPHONE NUMBER
+852 2102 8138

FAX NUMBER
+852 2102 8100

COMPANY WEBSITE
www.cct-fortis.com

STOCK CODE
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corporate governance report

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 financial year ended 31 December 2015, except for the following minor deviations from the Code Provisions of the CG Code:

Code Provision A.2.1

The Code Provision A.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

There is no separation of the roles of chairman and chief executive officer of the Company and hence the Company has not complied with the Code Provision A.2.1 during the financial year ended 31 December 2015.

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

Code Provision A.4.2

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

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

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

DIRECTORS' SECURITIES TRANSACTIONS

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 contained in Appendix 10 to the Listing Rules. 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 2015.

THE BOARD

Responsibilities, accountabilities and contributions

The Board is charged with the responsibility for the promotion of the success of the Company by directing and supervising its affairs in a responsible and effective manner. Each Director has a duty to act in good faith and in the best interests of the Company.

Matters reserved for the Board's decision include those relating to:

— the strategic direction and policies of the Group;

— the objectives of the Group;

— monitoring the performance of the management of the Group;

— ensuring prudent and internal control and risk management systems are in place;

— material bank facilities arrangements;

— material acquisitions and disposals of assets and significant investments;

— material transactions with connected persons;

— material corporate finance transactions including but not limited to placing or sale of shares or Convertible Bonds, corporate restructuring, take-over, including approval of the announcements and the circulars;

— reviewing and approving interim and annual financial statements, declaration of dividends;

— appointment, re-appointment of auditors and determination of their remuneration;

— reviewing and determination of the terms and remuneration of the Directors; and

— performing the corporate governance duties 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 2015, the Board held 27 meetings.

THE BOARD *(continued)*

Responsibilities, accountabilities and contributions *(continued)*

The Board members have also attended the Shareholders' meeting to answer questions from Shareholders. During the financial year ended 31 December 2015, the Company held one Shareholders' meeting on 21 May 2015. The attendance of each of the Directors at the Board's meetings (either in person or by phone) and at the Shareholders' meeting is set out as follows:

	Number of Meetings Attended/Held	
Name of Directors	**Board**	**Shareholders**
Mak Shiu Tong, Clement	24/27	1/1
Tam Ngai Hung, Terry	27/27	1/1
Cheng Yuk Ching, Flora	27/27	0/1
William Donald Putt	26/27	0/1
Tam King Ching, Kenny	27/27	1/1
Chen Li	27/27	0/1
Chow Siu Ngor	26/27	0/1

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

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

THE BOARD *(continued)*

Board's composition

As at the date of the Annual Report, the Board was composed of four Executive Directors, namely Mr. Mak Shiu Tong, Clement (also acting as the Chairman and the CEO), Mr. Tam Ngai Hung, Terry (also acting as the deputy Chairman), Ms. Cheng Yuk Ching, Flora and Dr. William Donald Putt and three INEDs, namely Mr. Tam King Ching, Kenny, Mr. Chen Li and Mr. Chow Siu Ngor. 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. The biographies of the Directors are set out in the section headed "Directors and Senior Management" in this Annual Report, which demonstrate a diversity of skills, expertise, experience and qualifications.

All the Directors are appointed for a specific term of not more than three years. Save for the Chairman and the managing Director (both roles currently being assumed by Mr. Mak Shiu Tong, Clement) who shall not be subject to retirement by rotation nor shall he be taken into account in determining the number of Directors to retire in each year, all the other directors (including INEDs) are subject to retirement by rotation and re-election at the AGM of the Company in accordance with the bye-laws of the Company.

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, the number and the nature of offices held in public companies or organizations and other significant commitments with indications of the time involved.

The Company has received annual confirmation of independence for the year ended 31 December 2015 from Mr. Tam King Ching, Kenny, Mr. Chen Li and Mr. Chow Siu Ngor who are the three INEDs of the Company, in accordance with Rule 3.13 of the Listing Rules. The Board has assessed the independence of all INEDs and concluded that all INEDs of the Company are independent within the definition of the Listing Rules.

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 2015.

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

Directors' continuing professional development

A newly appointed Director is provided with necessary induction and information to ensure he/she has a proper understanding of the Group's operations and businesses as well as his/her responsibilities under the Listing Rules and the other applicable regulatory requirements. The Company also 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.

THE BOARD *(continued)*

Directors' continuing professional development *(continued)*

According to the records provided by the Directors, a summary of training received by the Directors for the year ended 31 December 2015 is as follows:

	Type of Continuous Professional Development	
Name of the Directors	**Receiving updates and briefings from the Company/self-study**	**Attending seminar(s)/ conference and/or forums organised by external parties**
Mak Shiu Tong, Clement	✓	
Tam Ngai Hung, Terry	✓	✓
Cheng Yuk Ching, Flora	✓	
William Donald Putt	✓	
Tam King Ching, Kenny	✓	✓
Chen Li	✓	
Chow Siu Ngor	✓	✓

The training participated by the Directors in 2015 is relevant to their duties and responsibilities as a director of the Company.

THE CHAIRMAN AND THE CEO

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

RE-ELECTION AND RETIREMENT OF THE DIRECTORS

The bye-laws of the Company provide that (i) each Director (except the Chairman and the managing Director) is required to retire by rotation at least once every three years and that one-third (or the number nearest to but not less than one-third) of the Directors shall retire from office by rotation and be eligible for re-election at each AGM of the Company; 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 only until the next following AGM of the Company and shall then be eligible for re-election at that meeting.

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 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.cct-fortis.com in the sub-section of "Corporate Governance" under the section of "Investor Information".

Remuneration Committee

The Remuneration Committee was established in 2005 with specific written terms of reference formulated in accordance with the requirements of the Listing Rules. The main responsibilities of the Remuneration Committee include, inter alia, (i) making recommendations to the Board on the policy and structure for the remuneration of the Directors and senior management of the Group; (ii) reviewing the management's remuneration proposals with reference to the Board's corporate goals and objectives; (iii) making recommendations to the Board on the remuneration package of individual Executive Directors and senior management of the Group (adopting the approach described under Code Provision B.1.2 (c) of the CG Code); (iv) reviewing and making recommendations to the Board the fees payable to the INEDs of the Company; and (v) reviewing and making recommendations to the Board the compensation, if any, payable to Executive Directors and senior management in connection with any loss or termination of office or appointment.

The Remuneration Committee is composed of five members who are the three INEDs, namely Mr. Tam King Ching, Kenny, Mr. Chen Li and Mr. Chow Siu Ngor and two executive Directors, namely Mr. Mak Shiu Tong, Clement and Mr. Tam Ngai Hung, Terry. The Remuneration Committee is currently chaired by Mr. Chow.

During the financial year ended 31 December 2015, the Remuneration Committee held three meetings and its main work during 2015 included:

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

(ii) reviewing the renewal of letters of appointment for the Directors; and

(iii) reviewing and recommending to the Board payment of the discretionary bonuses to executive 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 or her remuneration.

The attendance record of the members at meeting of the Remuneration Committee in 2015 is set out as follows:

Members of the Remuneration Committee	Number of meetings attended/held
Chow Siu Ngor	3/3
Tam King Ching, Kenny	3/3
Chen Li	3/3
Mak Shiu Tong, Clement	3/3
Tam Ngai Hung, Terry	3/3

BOARD COMMITTEES *(continued)*

Remuneration Committee *(continued)*

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 which include Directors and senior management.

Audit Committee

The Company has established the Audit Committee since 2000 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 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 is composed of three members who are the three INEDs, namely Mr. Tam King Ching, Kenny, Mr. Chen Li and Mr. Chow Siu Ngor. Mr. Tam King Ching, Kenny is a qualified accountant and has extensive experience in accounting and financial matters. The Audit Committee is currently chaired by Mr. Tam.

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

During the financial year ended 31 December 2015, the Audit Committee held four meetings and its main work during 2015 included reviewing:

(i) the 2014 annual report, including the Corporate Governance Report, Directors' Report and the Financial Statements, as well as the related results announcement;

(ii) the 2015 interim report and interim results announcement;

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

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

(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)*

The attendance record of the members at the meetings of the Audit Committee in 2015 is set out as follows:

Members of the Audit Committee	Number of meetings attended/held
Tam King Ching, Kenny	4/4
Chen Li	4/4
Chow Siu Ngor	4/4

Nomination Committee

The Company has established a Nomination Committee since 29 March 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 Board has adopted a Board Diversity Policy in August 2013 which sets out the approach to achieve diversity on the Board. The Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. As from the adoption of the Board Diversity Policy, the Company seeks to achieve Board diversity through a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee will review the Board Diversity Policy, as appropriate to ensure its continued effectiveness from time to time.

The Nomination Committee is composed of five members who are the three INEDs, namely Mr. Tam King Ching, Kenny, Mr. Chen Li and Mr. Chow Siu Ngor and two executive Directors, namely Mr. Mak Shiu Tong, Clement and Mr. Tam Ngai Hung, Terry. The Nomination Committee is currently chaired by Mr. Mak.

During the financial year ended 31 December 2015, the Nomination Committee held one meeting and its main work during 2015 included:

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

(ii) assessing the independence of the INED of the Company; and

(iii) reviewing the succession planning for the Board.

BOARD COMMITTEES *(continued)*

Nomination Committee *(continued)*

The attendance record of the members at the meeting of the Nomination Committee in 2015 is set out as follows:

Member of the Nomination Committee	Number of meeting attended/held
Mak Shiu Tong, Clement	1/1
Tam Ngai Hung, Terry	1/1
Tam King Ching, Kenny	1/1
Chen Li	1/1
Chow Siu Ngor	1/1

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 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 Directors; and (v) reviewing the Company's compliance with the code and disclosure in the Corporate Governance Report.

During the financial year ended 31 December 2015, the Board held one meeting 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 2015 is set out as follows:

Directors	Number of meeting attended/held
Mak Shiu Tong, Clement	1/1
Tam Ngai Hung, Terry	1/1
Cheng Yuk Ching, Flora	1/1
William Donald Putt	1/1
Tam King Ching, Kenny	1/1
Chen Li	1/1
Chow Siu Ngor	1/1

AUDITORS' REMUNERATION

The remuneration paid to the external auditors of the Company, Ernst & Young, for the year ended 31 December 2015 is set out as follows:

Services rendered	Fees paid/payable HK$'000
Audit services	2,000
Non-audit services:	
Tax compliance services	208
Other services	477
Total	2,685

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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

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 function.

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. The internal audit team 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.

COMPANY SECRETARY

Mr. Tam Ngai Hung, Terry who is the Executive Director and Deputy Chairman, has been appointed as the company secretary of the Company since 10 May 2012. The biographical details of Mr. Tam are set out under the section headed "Directors and Senior Management".

Mr. Tam has taken no less than 15 hours of relevant professional training during the financial year ended 31 December 2015.

SHAREHOLDERS' RIGHTS

Right to convene special general meeting

Shareholder(s) holding at the date of deposit of the requisition 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 at all times have the right, by written requisition 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; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda.

Right to put enquiries to the Board

Shareholders have the right to put enquiries to the Board and all such enquiries can be addressed to the Company Secretarial Department of the Company by mail to 31/F., Fortis Tower, 77–79 Gloucester Road, Hong Kong.

Right to put forward proposals at general meetings

Pursuant to Article 88 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 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 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 notices are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notices shall commence on the day after the despatch 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.

report of the directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries consist of (i) property development and property trading in Hong Kong; (ii) property investment and holding; (iii) the securities business; (iv) the manufacture and sale of plastic components; (v) investment in classic cars; (vi) sale and trading of classic cars; (vii) provision of automotive services; and (viii) cultural entertainment business. In December 2014, the Group disposed of approximately 9.94% of the then issued share capital of CCT Land by means of the placing (the "Placing"). Upon completion of the Placing, the Group no longer held a majority of voting rights in CCT Land, resulting in the members of CCT Land Group ceasing to be subsidiaries of the Company. As such, accounts of the CCT Land Group were consolidated into the Group's accounts up to completion of the Placing, and thereafter their accounts are no longer consolidated into the accounts of the Group. As a result, the principal activities of the CCT Land Group which comprise the manufacture and sale of telecom, electronic and infant and baby products, the trading and sale of child products and the development and sale of residential and commercial properties in Mainland China constituted discontinued operations of the Group in 2014. There were no significant changes in the nature of the Group's principal activities during the year.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2015 is set out on pages 2 to 6 and pages 10 to 19.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2015 and the Group's financial position at that date are set out in the financial statements on pages 47 to 139.

An interim dividend of HK$0.030 per ordinary share was paid on 2 October 2015.

The Directors have recommended the payment of a final dividend of HK$0.035 (2014: HK$0.035) per ordinary share in respect of the year to shareholders whose names appear on the register of members of the Company on 31 May 2016 subject to the approval of the shareholders of the Company at the forthcoming AGM. This recommendation has been incorporated in the financial statements as an allocation of distributable reserve within the equity section of the statement of financial position.

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and assets and liabilities and non-controlling interests 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 141. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENRT AND INVESTMENTS PROPERTIES

Details of movements in the property, plant and equipment and the investment properties of the Company and the Group during the year are set out in notes 14 and 15 to the financial statements, respectively.

SHARE CAPITAL

There were no movements in the Company's authorised and issued share capital during the year.

EQUITY-LINKED AGREEMENT

Other than the share option scheme disclosed in other section of this directors' report, 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.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 50 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2015, the Company's reserve available for distribution, calculated in accordance with the provisions of the Companies Act 1981 of Bermuda, amounted to HK$1,024 million, of which HK$29 million has been proposed as a final dividend for the year. In addition, the Company's share premium account, in the amount to HK$181 million, may be distributed in the form of fully paid bonus shares.

CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions totally HK$1 million (2014: HK$1 million).

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 is as follows:

	Percentage of the Group's total			
	Sales		Purchases	
	2015	2014	**2015**	2014
Largest customer	**12%**	26%		
Five largest customers in aggregate	**25%**	52%		
Five largest suppliers in aggregate			**65%**	<30%

None of the directors of the Company or any of their associates or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial 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
Tam Ngai Hung, Terry
Cheng Yuk Ching, Flora
William Donald Putt

Independent non-executive Directors:
Tam King Ching, Kenny
Chen Li
Chow Siu Ngor

In accordance with the bye-laws of the Company, Mr. Tam Ngai Hung, Terry and Mr. Chow Siu Ngor will retire and, being eligible, offer themselves for re-election at the forthcoming AGM of the Company.

In accordance with the bye-laws of the Company, save for the Chairman and the managing Director (both roles currently being assumed by Mr. Mak Shiu Tong, Clement), who is not subject to retirement by retirement and is not taken into account in determining the number of Director to retire, all Directors are subject to retirement by rotation and re-election at least once every three years at the AGM of the Company in accordance with the bye-laws of the Company.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 7 to 9 of this Annual Report.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

SHARE OPTION SCHEMES OF THE GROUP

Share option scheme of the Company

At the AGM of the Company held on 27 May 2011, the Shareholders approved the adoption of the 2011 Scheme which has become effective since 30 May 2011. This is the date on which the Listing Committee of the Stock Exchange granted approval for the listing of, and permission to deal in, any Shares on the Stock Exchange, which may fall to be allotted and issued by the Company pursuant to the exercise of the share options in accordance with the terms and conditions of the 2011 Scheme. Unless otherwise cancelled or amended, the 2011 Scheme will be valid for a period of 10 years from the date of its adoption.

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

SHARE OPTION SCHEMES OF THE GROUP *(continued)*

Share option scheme of the Company *(continued)*

Pursuant to the 2011 Scheme, the maximum number of Shares which may be issued upon exercise of all share options to be granted under the 2011 Scheme and any other share option scheme(s) of the Company must not exceed 10% of the total number of Shares in issue as at the date of adoption of the 2011 Scheme. Shares which would have been issuable pursuant to the share options which have lapsed or cancelled in accordance with the terms of such share option scheme(s) will not be counted for the purpose of the 10% limit. Notwithstanding the foregoing, Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the 2011 Scheme and any other share option scheme(s) of the Company at any time shall not exceed 30% of the total number of the Shares in issue from time to time. No share option shall be granted under any scheme(s) of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded. As at the date of this Annual Report, the total number of Shares available for issue under the 2011 Scheme is 60,614,490, which represents 7.28% of the total issued share capital of the Company as at the date of this Annual Report.

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

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to the approval in advance by the INEDs of the Company, excluding the INED(s) of the 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 the approval of the Shareholders in advance at a general meeting.

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

The exercise price of 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.

SHARE OPTION SCHEMES OF THE GROUP *(continued)*

Share option scheme of the Company *(continued)*

As at 31 December 2015, there was no share option outstanding under the 2011 Scheme. No share option was granted, exercised, cancelled or has lapsed under the 2011 Scheme during the year.

Share option scheme of CCT Land

At the AGM of CCT Land held on 27 May 2011, the shareholders of CCT Land approved the adoption of the CCT Land 2011 Scheme. The adoption of the CCT Land 2011 Scheme was also approved on 27 May 2011 by the shareholders of the Company, which was then the ultimate holding company of CCT Land. The CCT Land 2011 Scheme has become effective since 30 May 2011. This is the date on which the Listing Committee of the Stock Exchange granted approval for the listing of, and permission to deal in, any shares of CCT Land on the Stock Exchange, which may fall to be allotted and issued by CCT Land pursuant to the exercise of the share options in accordance with the terms and conditions of the CCT Land 2011 Scheme. Unless otherwise cancelled or amended, the CCT Land 2011 Scheme will be valid for a period of 10 years from the date of its adoption.

The purpose of the CCT Land 2011 Scheme is to enable CCT Land to grant share options to the eligible participants, as incentives and/or rewards for their contribution to the CCT Land Group and/or any CCT Land Invested Entity or the holding company of CCT Land (if applicable). Eligible participants of the CCT Land 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 CCT Land Group, any CCT Land Invested Entity or the holding company of CCT Land (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 CCT Land Group, any CCT Land Invested Entity or the holding company of CCT Land (if applicable), or any holder of any securities issued or proposed to be issued by any member of the CCT Land Group, any CCT Land Invested Entity or the holding company of CCT Land (if applicable), who, in the sole discretion of the board of directors of CCT Land, will contribute or has contributed to the CCT Land Group, the CCT Land Invested Entity or the holding company of CCT Land (if applicable); and

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

Pursuant to the CCT Land 2011 Scheme, the maximum number of shares which may be issued upon exercise of all share options to be granted under the CCT Land 2011 Scheme and any other share option scheme(s) of CCT Land must not exceed 10% of the total number of the shares of CCT Land in issue as at the adoption date of CCT Land 2011 Scheme. Shares of CCT Land 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 of CCT Land which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the CCT Land 2011 Scheme and any other share option scheme(s) of CCT Land at any time shall not exceed 30% of the total number of the shares of CCT Land in issue from time to time. No share option shall be granted under any scheme(s) of CCT Land or any of its subsidiaries if this will result in the 30% limit being exceeded. On 17 January 2014, CCT Land granted a total of 600,000,000 share options under the CCT Land 2011 Scheme to the directors and the eligible participant of CCT Land to subscribe for shares of CCT Land at an exercise price of HK$0.01 each. As such, as at the date of this Annual Report, the total number of shares of CCT Land available for issue under the CCT Land 2011 Scheme is 5,941,399,399, which represents approximately 5.54% of the total issued share capital of CCT Land as at the date of this Annual Report.

SHARE OPTION SCHEMES OF THE GROUP *(continued)*

Share option scheme of CCT Land *(continued)*

The total number of shares of CCT Land issued and which may fall to be issued upon exercise of the share options granted under the CCT Land 2011 Scheme and any other share option scheme(s) of CCT Land (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 of CCT Land 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 CCT Land (and so long as CCT Land remains a subsidiary of another company which is listed on the Stock Exchange, also by its listed holding company) and the approval of the shareholders of CCT Land (and so long as CCT Land remains a subsidiary of another company which is listed on the Stock Exchange, also to be approved by the shareholders of that listed holding company) at a general meeting with such eligible participant and his/her associates abstaining from voting and/or other requirements prescribed under the Listing Rules from time to time.

Share options granted to a director, chief executive or substantial shareholder of CCT Land, or to any of their respective associates, are subject to the approval in advance by the INEDs of CCT Land (and so long as CCT Land remains a subsidiary of another company which is listed on the Stock Exchange, also to be approved by the INEDs of that listed holding company), excluding the INED(s) of CCT Land 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 CCT Land, or to any of their respective associates, in excess of 0.1% of the total number of shares of CCT Land in issue as at the date of grant or with an aggregate value (based on the closing price of the shares of CCT Land 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 CCT Land (and so long as CCT Land remains a subsidiary of another company which is listed on the Stock Exchange, also by its listed holding company) and the approval of the shareholders of CCT Land (and so long as CCT Land remains a subsidiary of another company which is listed on the Stock Exchange, also to be approved by the shareholders of that listed holding company) in advance at a general meeting.

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

(i) the closing price of the shares of CCT Land 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 meeting of the board of directors of CCT Land at which it proposes to grant the share options);

(ii) the average closing price of the shares of CCT Land 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 of CCT Land.

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

SHARE OPTION SCHEMES OF THE GROUP *(continued)*

The CCT Land 2011 Scheme

A total of 600,000,000 share options were granted under the CCT Land 2011 Scheme on 17 January 2014. No options were granted during the year ended 31 December 2015. Details of the movements of the share options granted to the Directors and the other eligible participant under the CCT Land 2011 Scheme during the year were as follows:

	Number of share options								
Name or category of the participants	Outstanding as at 1 January 2015	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 31 December 2015	Date of grant of the share options	Exercise period of the share options	Exercise price of the share options HK$ per share	Fair value of the share options granted to each category of participants as at the date of grant HK$
Executive Directors									
Tam Ngai Hung, Terry (Note 1)	275,000,000	–	275,000,000	–	–	17/1/2014	17/1/2014–16/1/2024	0.01	
Cheng Yuk Ching, Flora (Note 1)	300,000,000	–	300,000,000	–	–	17/1/2014	17/1/2014–16/1/2024	0.01	
William Donald Putt	5,000,000	–	5,000,000	–	–	17/1/2014	17/1/2014–16/1/2024	0.01	
	580,000,000	–	580,000,000	–	–				2,321,000
Independent non-executive Directors									
Tam King Ching, Kenny (Note 2)	5,000,000	–	–	–	5,000,000	17/1/2014	17/1/2014–16/1/2024	0.01	
Chen Li	5,000,000	–	5,000,000	–	–	17/1/2014	17/1/2014–16/1/2024	0.01	
Chow Siu Ngor (Note 2)	5,000,000	–	–	–	5,000,000	17/1/2014	17/1/2014–16/1/2024	0.01	
	15,000,000	–	5,000,000	–	10,000,000				60,000
Other eligible participant									
Lau Ho Kit, Ivan (Note 3)	5,000,000	–	–	–	5,000,000	17/1/2014	17/1/2014–16/1/2024	0.01	
	5,000,000	–	–	–	5,000,000				20,000
Total	600,000,000	–	585,000,000	–	15,000,000				2,401,000

Notes:

1. Mr. Tam Ngai Hung, Terry and Ms. Cheng Yuk Ching, Flora are also executive directors of CCT Land.

2. Mr. Chow Siu Ngor is also an INED of CCT Land, and Mr. Tam King Ching, Kenny has been appointed as an INED of CCT Land since 29 February 2016.

3. Mr. Lau Ho Kit, Ivan is an INED of CCT Land.

Save as disclosed above, no share options was exercised, cancelled or lapsed under the CCT Land 2011 Scheme during the year ended 31 December 2015.

The closing market price of the shares of CCT Land immediately before the date of grant of the 600,000,000 share options (which were granted on 17 January 2014) as quoted in the Stock Exchange's daily quotation sheet was HK$0.01 a share of CCT Land.

SHARE OPTION SCHEMES OF THE GROUP *(continued)*

The CCT Land 2011 Scheme *(continued)*

The fair value of the equity-settled share options granted by CCT Land on 17 January 2014 was HK$2,401,000 which was estimated as at the date of grant, using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	0.00%
Expected volatility (%)	44.70%
Historical volatility (%)	44.70%
Risk-free interest rate (%)	1.37%
Expected life of share options (year)	5.00
Weighted average share price (HK$ per share)	0.01

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

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

The total number of shares of CCT Land available for issue upon exercise of the 600,000,000 granted on 17 January 2014 options under the CCT Land 2011 Scheme was 600,000,000 shares, which represented approximately 0.92% of the then total issued share capital of CCT Land as at 31 December 2015. The exercise in full of the share options in CCT Land would result in the issue of 600,000,000 additional ordinary shares and an additional share capital of HK$6,000,000 in CCT Land.

There were 15,000,000 share options outstanding under the CCT Land 2011 Scheme as at the date of this Annual Report, and the total number of CCT Land Shares available for issue is 15,000,000 which represented approximately 0.014% of the total issued share capital of CCT Land as at the date of this Annual Report.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2015, the Directors and 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) 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' INTERESTS IN SHARES AND UNDERLYING SHARES *(continued)*

Interests and short positions in the Shares and the underlying Shares as at 31 December 2015

Long positions in the Shares:

Name of the Directors	Number of the Shares interested and nature of interest Personal	 Corporate	 Total	Approximate percentage of the total issued share capital of the Company (%)
Mak Shiu Tong, Clement (Note)	10,073,652	446,025,079	456,098,731	54.79
Tam Ngai Hung, Terry	500,000	–	500,000	0.06
William Donald Putt	591,500	–	591,500	0.07

Note: Of the shareholding in which Mr. Mak Shiu Tong, Clement was interested, an aggregate of 446,025,079 Shares are held by Capital Force International Limited, New Capital Industrial Limited and Capital Winner Investments Limited, all of which are private corporations wholly-owned by Mr. Mak beneficially. Mr. Mak is deemed to be interested in 446,025,079 Shares under the SFO as he controls the exercise of all the voting power at general meetings of Capital Force International Limited, New Capital Industrial Limited and Capital Winner Investments Limited.

Save as disclosed above, as at 31 December 2015, none of the Directors and 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 of CCT Land" and "Directors' Interests in shares and underlying shares" above, at no time during the year was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors and chief executive of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2015, the following persons (not being the Directors or 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 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 in the Shares as at 31 December 2015:

Name of the Shareholders	Number of the Shares held	Approximate percentage of the total issued share capital of the Company (%)
Capital Force International Limited (Note)	96,868,792	11.64
New Capital Industrial Limited (Note)	171,357,615	20.59
Capital Winner Investments Limited (Note)	177,798,672	21.36

Note: Capital Force International Limited, New Capital Industrial Limited and Capital Winner Investments Limited are private corporations controlled by Mr. Mak Shiu Tong, Clement, whose interest in such Shares has also been disclosed under the section headed "Directors' Interests in shares and underlying shares" above.

Save as disclosed above, the Directors and chief executive of the Company are not aware that there is any party who, as at 31 December 2015, had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

CONNECTED TRANSACTIONS

During the two years ended 31 December 2015 and 2014, the Group had conducted the following connected transactions and continuing connected transactions under the Listing Rules:

	Year ended 31 December	
HK$ million	**2015**	2014
Purchase of shares in a property holding company (Note)	**–**	128.0

Note: On 9 May 2014, the Group entered into an agreement with registered holders of a company and the beneficial owner of the company, pursuant to which the registered holders, acting on behalf of the beneficial owner who is Mr. Mak Shiu Tong, Clement, the chairman, executive director, chief executive officer and controlling shareholder of the Company, agreed to sell and the Group agreed to acquire the entire equity interest and Mr. Mak agreed to assign the shareholder's loan in Cyber Profit (HK) Limited ("Cyber Profit"), at a consideration of HK$121,000,000 by way of issue of 151,250,000 new shares of the Company at $0.80 per share, credited as fully paid upon issue and cash consideration of HK$7,126,849 for the assignment of the shareholder's loan. Cyber Profit is engaged in investment and holding of properties which are the two workshops on Ground Floor of MP Industrial Centre, 18 Ka Yip Street, Chai Wan, in Hong Kong. The acquisition was completed on 19 June 2014. Details of the transaction have been disclosed by the Company in its announcement dated 9 May 2014 and circular dated 30 May 2014.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied with all the Code Provisions under CG Code throughout the year from 1 January 2015 to 31 December 2015, except for the minor deviations from Code Provisions A.2.1 and A.4.2 of the CG Code. Detailed information of such deviations and their respective considered reasons as well as other information on the corporate governance practices of the Company are set out in the section headed "Corporate Governance Report" in this Annual Report.

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

Mr. Chow Siu Ngor resigned as a non-executive director of REX Global Entertainment Holdings Limited (a company listed on the main board of the Stock Exchange) on 22 September 2015.

Mr. Tam King Ching, Kenny was appointed as an INED of CCT Land on 29 February 2016.

PERMITTED INDEMNITY

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

MANAGEMENT CONTRACTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

EVENT AFTER THE REPORTING PERIOD

Details of the significant event after the reporting period of the Group are set out in note 48 to the financial statements.

AUDITORS

The financial statements for the year ended 31 December 2015 have been audited by Ernst & Young, who will retire at the forthcoming AGM of the Company. A resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming AGM of the Company.

ON BEHALF OF THE BOARD

Mak Shiu Tong, Clement
Chairman

Hong Kong
29 March 2016

independent auditors' report

EY 安永

To the shareholders of CCT Fortis Holdings Limited
(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

We have audited the consolidated financial statements of CCT Fortis Holdings Limited (the "Company") and its subsidiaries set out on pages 47 to 139, which comprise the consolidated statement of financial position as at 31 December 2015, 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 a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the shareholders of CCT Fortis Holdings Limited
(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong
29 March 2016

consolidated statement of profit or loss

Year ended 31 December 2015

HK$ million	Notes	2015	2014
CONTINUING OPERATIONS			
REVENUE	5	**608**	198
Cost of sales		**(253)**	(229)
Gross profit/(loss)		**355**	(31)
Other income and gains	5	**175**	574
Selling and distribution costs		**(2)**	(2)
Administrative expenses		**(118)**	(77)
Other expenses		**(28)**	(50)
Finance costs	7	**(25)**	(18)
Share of profits and losses of an associate	17	**(9)**	1
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	6	**348**	397
Income tax credit/(expense)	10	**21**	(2)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**369**	395
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	11	**–**	(66)
PROFIT FOR THE YEAR		**369**	329
Attributable to:			
Owners of the parent		**369**	358
Non-controlling interests		**–**	(29)
		369	329
EARNINGS PER SHARE ATTRIBUTABLE TO			
ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic and diluted			
— For profit for the year		**HK$0.44**	HK$0.51
— For profit from continuing operations		**HK$0.44**	HK$0.57

consolidated statement of comprehensive income

Year ended 31 December 2015

HK$ million	2015	2014
PROFIT FOR THE YEAR	**369**	329
Other comprehensive loss to be reclassified to profit or loss in subsequent periods, net of tax:		
Exchange differences on translation of foreign operations	–	(20)
Release of exchange fluctuation reserve on disposal of subsidiaries	–	(29)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods, net of tax	–	(49)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax:		
Gains on property revaluation, net of tax	–	72
Reclassification on asset revaluation reserve on disposal of subsidiaries	–	(36)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax	–	36
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	–	(13)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**369**	316
Attributable to:		
Owners of the parent	**369**	345
Non-controlling interests	–	(29)
	369	316

consolidated statement of financial position

31 December 2015

HK$ million	Notes	2015	2014
ASSETS			
Non-current assets			
Property, plant and equipment	14	**454**	408
Investment properties	15	**978**	958
Prepayments for acquisition of property, plant and equipment		**–**	11
Goodwill	16	**17**	–
Interest in an associate	17	**–**	286
Promissory notes receivables	17	**–**	986
Classic cars held for investment	18	**57**	21
Available-for-sale investments	19	**14**	4
Held-to-maturity debt securities	20	**48**	52
Deposits and other receivables	25	**47**	24
Deferred tax assets	32	**21**	–
Pledged time deposits	27	**–**	50
Total non-current assets		**1,636**	2,800
Current assets			
Inventories	21	**10**	12
Stock of properties held for sale	22	**361**	381
Stock of classic cars held for sale	23	**126**	139
Trade receivables	24	**32**	56
Prepayments, deposits and other receivables	25	**368**	81
Financial assets at fair value through profit or loss	26	**1,097**	165
Pledged time deposits	27	**47**	56
Cash and cash equivalents	27	**355**	122
Total current assets		**2,396**	1,012
Total assets		**4,032**	3,812

HK$ million	Notes	2015	2014
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Issued capital	33	**83**	83
Reserves	35	**2,783**	2,468
Total equity		**2,866**	2,551
Non-current liabilities			
Interest-bearing bank and other borrowings	30	**527**	612
Deferred tax liabilities	32	**38**	38
Total non-current liabilities		**565**	650
Current liabilities			
Trade payables	28	**16**	23
Tax payable		**61**	63
Other payables and accruals	29	**81**	55
Interest-bearing bank and other borrowings	30	**443**	470
Total current liabilities		**601**	611
Total liabilities		**1,166**	1,261
Total equity and liabilities		**4,032**	3,812
Net current assets		**1,795**	401
Total assets less current liabilities		**3,431**	3,201

Mak Shiu Tong, Clement
Chairman

Tam Ngai Hung, Terry
Director

consolidated statement of changes in equity

Year ended 31 December 2015

		Attributable to owners of the parent												
HK$ million	Notes	Issued capital	Share premium account	Capital reserve (note 35)	Distributable reserve	Investment revaluation reserve	Asset revaluation reserve	Share option reserve	Exchange fluctuation reserve	Capital redemption reserve	(Accumulated losses)/ retained profits	Total	Non-controlling interests	Total equity
At 1 January 2014		61	12	745	1,122	2	–	–	78	24	(12)	2,032	164	2,196
Profit for the year		–	–	–	–	–	–	–	–	–	358	358	(29)	329
Other comprehensive income for the year:														
Gain on property revaluation, net of tax		–	–	–	–	–	54	–	–	–	–	54	18	72
Exchange differences on translation of foreign operations		–	–	–	–	–	–	–	(10)	–	–	(10)	(10)	(20)
Release of exchange fluctuation reserve on disposal of subsidiaries		–	–	–	–	–	–	–	(39)	–	–	(39)	10	(29)
Reclassification on asset revaluation reserve on disposal of subsidiaries		–	–	–	–	–	(18)	–	–	–	–	(18)	(18)	(36)
Total comprehensive income/(loss) for the year		–	–	–	–	–	36	–	(49)	–	358	345	(29)	316
Issue of shares for acquisition of a subsidiary	37	15	111	–	–	–	–	–	–	–	–	126	–	126
Top-up subscription of new shares	37	7	60	–	–	–	–	–	–	–	–	67	–	67
Share issue expenses	37	–	(2)	–	–	–	–	–	–	–	–	(2)	–	(2)
Share option expenses		–	–	–	–	–	–	1	–	–	–	1	1	2
Effect on disposal of subsidiaries due to the effect of the Placing		–	–	(4)	–	–	–	(1)	–	–	31	26	(136)	(110)
2013 final dividend	12	–	–	–	(21)	–	–	–	–	–	–	(21)	–	(21)
2014 interim dividend	12	–	–	–	(23)	–	–	–	–	–	–	(23)	–	(23)
At 31 December 2014		83	181*	741*	1,078#/*	2*	36*	–*	29*	24*	377*	2,551	–	2,551

		Attributable to owners of the parent										
HK$ million	Notes	Issued capital	Share premium account	Capital reserve (note 35)	Distributable reserve	Investment revaluation reserve	Asset revaluation reserve	Share option reserve	Exchange fluctuation reserve	Capital redemption reserve	Retained profits	Total equity
At 1 January 2015		83	181	741	1,078	2	36	–	29	24	377	2,551
Profit for the year		–	–	–	–	–	–	–	–	–	369	369
Total comprehensive income for the year		–	–	–	–	–	–	–	–	–	369	369
2014 final dividend	12	–	–	–	(29)	–	–	–	–	–	–	(29)
2015 interim dividend	12	–	–	–	(25)	–	–	–	–	–	–	(25)
At 31 December 2015		83	181*	741*	1,024*	2*	36*	–*	29*	24*	746*	2,866

* These reserve accounts comprise the consolidated reserves of HK$2,783 million (2014: HK$2,468 million) in the consolidated statement of financial position.

\# Distributable reserve has been adjusted for the proposed 2014 final dividend in accordance with the current year's presentation, which is described in note 2.4 to the financial statements.

consolidated statement of cash flows

Year ended 31 December 2015

HK$ million	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:			
From continuing operations		**348**	397
From discontinued operations	11	**–**	(52)
Adjustments for:			
Finance costs		**25**	39
Share of profits and losses of an associate		**9**	(1)
Gain on disposal of subsidiaries	38	**–**	(520)
Interest income		**(32)**	(8)
Depreciation	14	**26**	63
Amortisation of prepaid land lease payments		**–**	1
Impairment of trade receivables		**–**	1
Impairment of interest in an associate	17	**–**	17
Waiver of promissory notes receivables		**–**	27
Gain on disposal of investment in an associate		**(110)**	–
Loss on disposal of available-for-sale investments		**–**	4
Gain on disposal of investment properties		**–**	(1)
Loss on disposal of items of property, plant and equipment		**1**	1
Write-off of items of property, plant and equipment	14	**10**	1
Fair value gain on investment properties	15	**(20)**	(59)
Fair value gain on classic cars	18	**(2)**	–
Write down of properties held for sale to net realisable value		**21**	–
Share option expenses		**–**	2
(Gains)/losses from disposals and the change in fair value of trading securities, net		**(404)**	9
Gain on settlement of promissory notes	39	**(12)**	–
		(140)	(79)
Decrease in inventories		**2**	1
Increase in stock of properties held for trading		**(1)**	(367)
Decrease/(increase) in stock of classic cars held for trading		**13**	(139)
Decrease/(increase) in trade receivables		**24**	(35)
Increase in properties under development		**–**	(151)
Decrease in completed properties held for sale		**–**	57
(Increase)/decrease in prepayments, deposits and other receivables		**(1)**	36
Increase in trade payables, other payables and accruals		**14**	89
Decrease in receipts in advance		**–**	(47)
Net proceeds from disposal of financial assets at fair value through profit or loss		**377**	2
Cash flows from/(used in) operations		**288**	(633)

HK$ million	Notes	2015	2014
Interest received		**9**	9
Interest paid		**(25)**	(39)
Hong Kong profits tax paid		**(2)**	–
Mainland China tax paid		**–**	(1)
Net cash flows from/(used in) operating activities		**270**	(664)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(72)**	(35)
Purchases of classic cars held for investment		**(34)**	(21)
Proceeds from sales of investment properties		**–**	10
Proceeds from disposal of available-for-sale investments		**–**	4
Net proceeds from disposal of investment in an associate		**278**	–
Additions to investment properties		**–**	(2)
Acquisition of a subsidiary that is not a business	37	**–**	(7)
Acquisition of a business	36	**(17)**	–
Disposal of subsidiaries	38	**–**	(110)
Increase in an available-for-sale investment		**(5)**	–
Increase in promissory notes		**(70)**	–
Decrease in held-to-maturity debt securities		**4**	1
Decrease in pledged time deposits		**59**	1
(Increase)/decrease in prepayments, deposits and other receivables		**(14)**	19
Net cash flows from/(used in) investing activities		**129**	(140)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**45**	671
New trust receipt loans, net		**–**	84
Repayment of bank loans and trust receipt loans		**(159)**	(423)
Issue of share capital	33	**–**	65
Capital element of finance lease rental payments		**2**	1
Dividends paid		**(54)**	(105)
Net cash flows (used in)/from financing activities		**(166)**	293
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**233**	(511)
Cash and cash equivalents at beginning of year		**122**	643
Effect of foreign exchange rate changes, net		**–**	(10)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**355**	122
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	27	**355**	122
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows		**355**	122

notes to financial statements

31 December 2015

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands with limited liability and continued as an exempted company under the laws of Bermuda after the change of domicile from the Cayman Islands to Bermuda effective on 9 December 2005.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- development and trading of properties in Hong Kong;
- investment and holding of properties;
- trading in securities and holding of securities and treasury products;
- the manufacture and sale of plastic components;
- trading and sale of classic cars;
- investment in classic cars;
- automotive service business; and
- cultural entertainment 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 Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Blackbird Automotive Limited#	Hong Kong	HK$2 Ordinary	–	100	Trading of classic cars
Blackbird Classic Automobiles Limited#	Hong Kong	HK$2 Ordinary	–	100	Investment in classic cars
Blackbird Classics Limited#	Hong Kong	HK$1 Ordinary	–	100	Trading of classic cars
Blackbird Heritage Motorworks Limited#	Hong Kong	HK$1 Ordinary	–	100	Classic car restoration and maintenance service
Canford Holdings Limited#	Hong Kong	HK$2 Ordinary	–	100	Property investment

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Charter Base Development Limited#	Hong Kong	HK$1 Ordinary	–	100	Property investment and holding
CCT Telecom Securities Limited#	Hong Kong	HK$1 Ordinary	–	100	Securities business
CCT Plastics Limited#	Hong Kong	HK$1 Ordinary	–	100	Trading of components and products
Cyber Profit (HK) Limited#	Hong Kong	HK$2 Ordinary	–	100	Property investment and holding
Goldbay Capital Limited#	Hong Kong	HK$1 Ordinary	–	100	Property investment
Goldbay Development Limited#	Hong Kong	HK$1 Ordinary	–	100	Property investment
Goldbay Investments Limited#	Hong Kong	HK$2 Ordinary	–	100	Property investment and holding
Goldbay Property (China) Limited#	Hong Kong	HK$1 Ordinary	–	100	Property development and trading
Goldbay Property (HK) Limited#	Hong Kong	HK$1 Ordinary	–	100	Property investment
Goldbay Strategy Limited#	Hong Kong	HK$1 Ordinary	–	100	Property investment
Huiyang CCT Plastic Products Co., Ltd.#	PRC/ Mainland China	HK$48,600,000 Registered^	–	100	Manufacture of casings and parts
Ocean Investment Limited#	Hong Kong	HK$1 Ordinary	–	100	Property development and trading

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Rich Full International Industries Limited#	Hong Kong	HK$1 Ordinary	–	100	Property holding
Topcon Investments Limited#	Hong Kong	HK$1 Ordinary	–	100	Property investment
Victory Way Investments Limited#	Hong Kong	HK$1 Ordinary	–	100	Property development and trading
World Leader Properties Limited#	Hong Kong	HK$1 Ordinary	–	100	Property development and trading

^ Registered as a wholly-foreign-owned enterprise in the People's Republic of China (the "PRC")

Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

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, 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, certain available-for-sale investments 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.

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests 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 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 (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) 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 retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions
Annual Improvements to HKFRSs 2010–2012 Cycle
Annual Improvements to HKFRSs 2011–2013 Cycle

The nature and the impact of each amendment is described below:

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) The *Annual Improvements to HKFRSs 2010–2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 *Operating Segments:* Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets:* Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKAS 24 *Related Party Disclosures:* Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The *Annual Improvements to HKFRSs 2011–2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 *Business Combinations:* Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

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

(c) (continued)

- HKFRS 13 *Fair Value Measurement:* Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- HKAS 40 *Investment Property:* Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the Group did not acquire any investment properties during the year and so this amendment is not applicable.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the 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.

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
4 No mandatory effective date is determined but is available for early adoption

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

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group is currently assessing the adoption date and the impact of the standard.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

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

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% the equity voting rights and over which it is in position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies.

The Group has made an election to measure the investment in an associate held through a subsidiary with characteristics similar to an investment-related entity at fair value through profit or loss in accordance with HKAS 39, and the remaining portion of the investments in associates is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest in not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associates, the Group measures and recognises any retained investment at its fair value. Any difference between carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair value measurement

The Group measures its investment properties and financial assets at fair value through profit or loss at 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.

Impairment of non-financial assets

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets *(continued)*

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.

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;

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties *(continued)*

(b) (continued)

(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 or to the parent of the Group.

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:

Leasehold land and buildings	2%–6%
Plant and machinery	10%–20%
Tools, moulds and equipment	10%–33%
Furniture and office equipment	10%–20%
Motor vehicles	15%–30%

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Construction in progress represents buildings under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

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

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

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

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Classic cars held for investment

Classic cars held for long-term investment purposes and not traded in the ordinary course of business are initially measured at cost. Subsequent to initial recognition, classic cars held for long-term investment purposes are stated at fair value with gains and losses from the change in fair value recognised in the statement of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on the estimated selling prices less any estimated costs to be incurred to completion and disposal.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Stock of classic cars held for sale

Stock of classic cars held for sale 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.

Stock of properties held for sale

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

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

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased assets is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

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

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 fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends on these financial assets, which are recognised in accordance with the policy set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. 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 other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in other expenses.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for “Revenue recognition” below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 the asset. 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.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

Financial assets carried at amortised cost (continued)

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss — is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or loans and borrowings, as appropriate.

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

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

Subsequent measurement

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

Loans and borrowings

After initial recognition, interest-bearing 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.

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.

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 goodwill or 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 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, 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, 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 a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Share-based payments

Each of the Company and CCT Land Holdings Limited ("CCT Land") (a subsidiary of the Company during most time in 2014 until completion of the Placing in December 2014 after which it has become an associate of 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 for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes model, further details of which are given in note 34 to the financial statements.

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payments *(continued)*

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.

Foreign currencies

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

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

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

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

Borrowing costs

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

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, which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) rental income, on a time proportion basis over the lease terms;

(c) from the fair value gains in securities on the settlement dates when the securities are delivered, or the year end date when the securities are remeasured to fair value;

(d) interest income, 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 or a shorter period, when appropriate, to the net carrying amount of the financial asset;

(e) dividend income, when the shareholders' right to receive payment has been established;

(f) from the sale of completed properties, when the significant risks and rewards of ownership of the properties are transferred to the buyers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the completed properties, that is when the construction of the relevant properties has been completed and the properties have been delivered to the buyers pursuant to the sale agreement, and the collectability of related receivables is reasonably assured; and

(g) from the rendering of services, on the percentage of completion basis, as further explained in the accounting policy for "Contracts for services" below.

Contracts for services

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise labour and other costs of personnel directly engaged in providing the services and attributable overheads.

Revenue from the rendering of services and costs of rendering services is recognised on satisfaction of a performance obligation by transferring a promised service to a customer.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. In prior years, final dividends proposed by the directors were classified as a separate allocation of distributable reserve or capital reserve within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. Following the implementation of the Hong Kong Companies Ordinance (Cap. 622), proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim and special interim dividends are recognised immediately as a liability when they are proposed and declared.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Classification between classic cars held for investment and stock of classic cars held for sale

The Group has determined whether a classic car is held for long-term investment purposes and not traded in the ordinary course of business, or held for short-term investment purposes and traded in the ordinary course of business. Judgement is made on an individual classic car basis to determine whether the classic car is classified as held for investment or held for sale.

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

Judgements *(continued)*

Revenue recognition from the sale of properties

Revenue from the sale of properties is recognised when the significant risks and rewards of ownership of the properties are transferred to the buyers, where judgement is made by the Group when assessing the terms and conditions of the respective agreements.

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.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2015 was HK$17 million (2014: Nil). Further details are given in note 16 to the financial statements.

Impairment of non-financial assets (other than goodwill)

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

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised tax losses at 31 December 2015 was HK$245 million (2014: HK$756 million). Further details are contained in note 32 to the financial statements.

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

Estimation uncertainty *(continued)*

Impairment of available-for-sale investments

The Group classifies certain financial assets as available-for-sale and recognises movements of their fair values in equity. When the fair value declines, management makes assessment about the decline in value to determine whether there is an impairment that should be recognised in the statement of profit or loss. During the years ended 31 December 2015 and 31 December 2014, no impairment loss has been recognised for available-for-sale investments. The carrying amount of available-for-sale investments was HK$14 million (2014: HK$4 million) at the end of the reporting period.

Estimation of fair value of investment properties

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

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

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

The carrying amount of investment properties at 31 December 2015 was HK$978 million (2014: HK$958 million). Further details, including the key assumptions used for fair value measurements are given in note 15 to the financial statements.

4. 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 which is engaged in the development and trading of properties in Hong Kong;

(b) the property investment and holding segment which is engaged in the investment and holding of properties;

(c) the components segment which is engaged in the manufacture and sale of plastic components;

(d) the securities business segment which is engaged in the trading in securities and the holding of securities and treasury products;

(e) classic cars trading segment which is engaged in the trading and sale of classic cars;

(f) investment in classic cars segment which is engaged in the acquisition of classic cars for long-term investment purposes;

(g) the automotive service business segment which is engaged in the provision of services for classic and collectible cars and general business of classic cars; and

(h) the cultural entertainment business seniti which is engaged in production and distribution of film in worldwide.

4. OPERATING SEGMENT INFORMATION *(continued)*

The discontinued operations for the year ended 31 December 2014 represented the following business segments of the CCT Land Group, as the CCT Land Group has ceased to be consolidated into the accounts of the Group during the year ended 31 December 2014 (note 11):

(i) the property development segment which is engaged in the development and sale of properties in Mainland China;

(ii) the telecom and electronic products segment which is engaged in the manufacture and sale of telecom, electronic and other ODM and OEM products; and

(iii) the trading and sale of child products.

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 finance costs, head office and corporate expenses and gain/loss on disposal of an associate under equity accounting are excluded from such measurement.

Segment assets exclude deferred tax assets, investment in an associate and corporate and other unallocated assets as these assets are managed on a group basis.

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

4. OPERATING SEGMENT INFORMATION *(continued)*

For the year ended 31 December 2015

HK$ million	Property development and trading in Hong Kong	Property investment and holding	Securities business	Components	Trading and sale of classic cars	Investment in classic cars	Automotive service business	Cultural entertainment business	Reconciliations	Total
Segment revenue:										
Sales to external customers	2	10	404	94	89	–	9	–	–	608
Other revenue	–	–	–	2	1	–	–	–	2	5
Intersegment revenue	–	3	–	–	–	–	1	–	(4)	-
	2	13	404	96	90	–	10	–	(2)	613
Operating (loss)/profit	(39)	20	397	(84)	(5)	(1)	(11)	–		277
Finance costs										(25)
Reconciled items:										
Corporate and other unallocated expenses										(44)
Gain on disposal of an associate										110
Loss on disposal of items of property, plant and equipment										(1)
Gain on settlement of promissory notes										12
Interest income from promissory notes										28
Share of losses of an associate										(9)
Profit before tax										348
Income tax credit										21
Profit for the year										369
Other segment information:										
Interest income	–	–	–	4	–	–	–	–	–	4
Expenditure for non-current assets	–	–	–	–	17	34	66	–	–	117
Depreciation	–	(5)	–	(15)	–	–	(6)	–	–	(26)
Other material non-cash items:										
Fair value gains on investment properties	–	19	–	–	–	–	1	–	–	20
Fair value gains on classic cars	–	–	–	–	–	2	–	–	–	2
Gains/(losses) from the change in fair value of trading securities, net	–	–	404	–	–	–	–	–	–	404
Impairment of stock of properties held for trading	(21)	–	–	–	–	–	–	–	–	(21)
Share of losses of an associate	–	–	–	–	–	–	–	–	(9)	(9)
Segment assets	363	1,202	1,147	120	148	62	244	20	–	3,306
Reconciled items:										
Corporate and other unallocated assets	–	–	–	–	–	–	–	–	726	726
Total assets	363	1,202	1,147	120	148	62	244	20	726	4,032
Segment liabilities	72	452	205	111	24	–	57	6	–	927
Reconciled items:										
Corporate and other unallocated liabilities	–	–	–	–	–	–	–	–	239	239
Total liabilities	72	452	205	111	24	–	57	6	239	1,166

4. OPERATING SEGMENT INFORMATION *(continued)*

For the year ended 31 December 2014

HK$ million	Continuing operations: Property development and trading in Hong Kong	Property investment and holding	Securities business	Components	Trading and sale of classic cars	Investment in classic cars	Automotive service business	Total continuing operations	Discontinued operations: Property development in Mainland China	Telecom and electronic products	Trading of child products	Total discontinued operations	Reconciliations	Total
Segment revenue:														
Sales to external customers	48	11	(9)	122	25	–	1	198	65	798	171	1,034	(103)	1,129
Other revenue	–	5	–	2	–	–	–	7	5	28	2	35	3	45
Intersegment revenue	–	3	–	–	–	–	–	3	–	–	–	–	(3)	–
	48	19	(9)	124	25	–	1	208	70	826	173	1,069	(103)	1,174
Operating (loss)/profit	(23)	18	(13)	(45)	1	(2)	(4)	(68)	(15)	17*	3	5	(17)	(80)
Finance costs								(18)				(50)	29	(39)
Reconciled items:														
Corporate and other unallocated expenses								(16)				(6)	(12)	(34)
Gain on disposal of subsidiaries								520				–		520
Loss on disposal of items of property, plant and equipment								–				(1)		(1)
Impairment loss on interest in an associate								(17)				–		(17)
Loss on disposal of available-for-sale investments								(4)				–		(4)
Profit/(loss) before tax								397				(52)		345
Income tax expense								(2)				(14)		(16)
Profit/(loss) for the year								395				(66)		329
Other segment information:														
Interest income	–	–	–	4	–	–	–	4	–	5	–	5	–	9
Expenditure for non-current assets	–	165	–	2	–	21	11	199	–	9	–	9	–	208
Depreciation	–	(8)	–	(5)	–	–	(1)	(14)	–	(48)	(1)	(49)	–	(63)
Amortisation	–	–	–	–	–	–	–	–	–	(1)	–	(1)	–	(1)
Other material non-cash items:														
Impairment loss on interest in an associate	–	–	–	–	–	–	–	–	–	–	–	–	(17)	(17)
Fair value gains on investment properties	–	14	–	–	–	–	–	14	–	45	–	45	–	59
Fair value loss on financial assets at fair value through profit or loss	–	–	(10)	–	–	–	–	(10)	–	–	–	–	–	(10)
Share of profits of an associate	–	–	–	–	–	–	–	–	–	–	–	–	1	1
Segment assets	386	1,344	218	208	143	21	11	2,331					–	2,331
Reconciled items:														
Corporate and other unallocated assets	–	–	–	–	–	–	–	–					1,195	1,195
Interest in an associate accounted for under the equity method	–	–	–	–	–	–	–	–					286	286
Total assets	386	1,344	218	208	143	21	11	2,331					1,481	3,812
Segment liabilities	110	546	245	137	–	–	–	1,038					–	1,038
Reconciled items:														
Corporate and other unallocated liabilities	–	–	–	–	–	–	–	–					223	223
Total liabilities	110	546	245	137	–	–	–	1,038					223	1,261

* Taking into account an unrealised revaluation gains of HK$45 million on the Shenzhen office properties.

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) *Revenue from external customers*

HK$ million	2015	2014
Mainland China and Hong Kong	**569**	173
Europe	**18**	25
USA	**21**	–
	608	198

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	2015	2014
Hong Kong	**1,506**	1,659
Mainland China	**–**	25
	1,506	1,684

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

Information about major customers

For the year ended 31 December 2015, revenue from continuing operations of approximately HK$75 million and HK$26 million was derived from sales of the component segment to a single customer and sales of the classic car sale and trading segment to a single customer, respectively, representing 37% and 13%, respectively, of the Group's total revenue from continuing operations excluding the Group's gains from the change in fair value of securities investment at fair value through profit or loss.

For the year ended 31 December 2014, revenue from continuing operations of approximately HK$96 million and HK$25 million was derived from sales of the component segment to a single customer and sales of the classic car sale and trading segment to a single customer, respectively, representing 46% and 12%, respectively, of the Group's total revenue from continuing operations the Group's losses from the change in fair value of securities investment at fair value through profit or loss.

The Group's gains/(losses) from the change in fair value of securities investment at fair value through profit or loss are excluded from total revenue for the purpose of identifying major customers of the Group who accounted for over 10% of the Group's revenue.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, gross income from treasury investment which includes interest income on bank deposits and other financial assets, net gain or loss from the change in fair value of securities investment (which includes dividend income), proceeds from sale of properties (net of discounts and business tax), rental income from investment properties, trading of classic cars and provision of automotive service .

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

HK$ million	2015	2014
Revenue		
Manufacture and sale of plastics components	**91**	118
Gains/(losses) from disposal and the change in fair value of trading securities, net	**404**	(9)
Sale of properties	**–**	48
Sale of classic cars	**89**	25
Rental income from investment properties	**12**	11
Classic cars services income	**9**	1
Bank interest income	**3**	4
	608	198
Other income and gains		
Fair value gain on investment properties	**20**	14
Gain on disposal of subsidiaries (note 38)	**–**	520
Gain on disposal of investment properties	**–**	1
Interest income on promissory notes	**28**	29
Gain on disposal of an associate	**110**	–
Gain on settlement of promissory notes	**12**	–
Others	**5**	10
	175	574

6. PROFIT BEFORE TAX

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

HK$ million	Notes	2015	2014
Cost of inventories sold		**162**	145
Cost of properties sold		**–**	56
Cost of classic cars sold		**84**	24
Cost of automotive services provided		**7**	–
Depreciation		**26**	14
Minimum lease payments under operating leases		**6**	6
Auditors' remuneration		**2**	2
Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)):			
Wages and salaries		**22**	14
Pension scheme contributions[4]		**1**	1
		23	15
Foreign exchange differences, net[3]		**9**	5
(Gains)/losses from disposal and the change in fair value of trading securities, net[5]		**(404)**	9
Impairment loss on interest in an associate[1]	17	**–**	17
Impairment loss on stock of properties held for trading[1]		**21**	–
Gains on disposal of subsidiaries[2]	38	**–**	(520)
Loss on disposal of items of property, plant and equipment, net[1]		**1**	–
Loss on disposal of available-for-sale investments[1]		**–**	4
Write-off of property, plant and equipment[1][6]		**10**	1

(1) Included in "Other expenses" on the face of the consolidated statement of profit or loss.
(2) Included in "Other income and gains" on the face of the consolidated statement of profit or loss.
(3) Included in "Administrative expenses" on the face of the consolidated statement of profit or loss.
(4) The effect of forfeited contributions on the Group's contributions to the pension schemes for the year, and the amounts of forfeited contributions available to reduce contributions in future years, were not material.
(5) Included in "Revenue" on the face of the consolidated statement of profit or loss.
(6) Included in "Cost of sales" on the face of the consolidated statement of profit or loss.

7. FINANCE COSTS

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

HK$ million	2015	2014
Interest on bank loans	25	18
Total interest expense on financial liabilities not at fair value through profit or loss	25	18

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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	2015	2014
Fees:		
Executive directors and chief executive	–	–
Independent non-executive directors	–	1
	–	1
Executive directors' and chief executive's other emoluments:		
Salaries, allowances and benefits in kind	15	20
Discretionary bonuses	16	–
Equity-settled share option expense	–	2
Pension scheme contributions	1	1
	32	23
	32	24

During the year ended 31 December 2014, certain directors were granted share options in CCT Land, in respect of their services to the CCT Land Group, under the share option scheme of CCT Land. The fair value of these options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the year ended 31 December 2014 is included in the above directors' and chief executive's remuneration disclosures.

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

(a) Independent non-executive directors

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

	Fees HK$'000
2015	
Tam King Ching, Kenny	**240**
Chow Siu Ngor	**–**
Chen Li	**120**
	360
2014	
Tam King Ching, Kenny	240
Chow Siu Ngor	240
Chen Li	240
	720

There were no other emoluments payable to the independent non-executive directors during the year (2014: Nil).

(b) Executive directors and the chief executive

HK$ million	Salaries, allowances and benefits in kind	Discretionary bonuses	Equity-settled share option expense	Pension scheme contributions	Total remuneration
2015					
Executive directors:					
Tam Ngai Hung, Terry	**3**	**3**	**–**	**–**	**6**
Cheng Yuk Ching, Flora	**2**	**3**	**–**	**–**	**5**
William Donald Putt	**–**	**–**	**–**	**–**	**–**
	5	**6**	**–**	**–**	**11**
Chief executive:					
Mak Shiu Tong, Clement ("Mr. Mak")	**10**	**10**	**–**	**1**	**21**
	15	**16**	**–**	**1**	**32**

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

(b) Executive directors and the chief executive *(continued)*

HK$ million	Salaries, allowances and benefits in kind	Discretionary bonuses	Equity-settled share option expense	Pension scheme contributions	Total remuneration
2014					
Executive directors:					
Tam Ngai Hung, Terry	4	–	1	–	5
Cheng Yuk Ching, Flora	4	–	1	–	5
William Donald Putt	–	–	–	–	–
	8	–	2	–	10
Chief executive:					
Mr. Mak	12	–	–	1	13
	20	–	2	1	23

With effect from 1 July 2011, quarters have been provided to Mr. Mak free of charge and at the same time his remuneration receivable from the Company has been reduced by HK$200,000 per month. The amount of Mr. Mak's remuneration for 2015 and 2014 has included the estimated value of the housing benefit provided to him for the periods.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2014: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2014: three) directors (one (2014: one) of them is the chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2014: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

HK$ million	**2015**	2014
Salaries, allowances and benefits in kind	**3**	3

9. FIVE HIGHEST PAID EMPLOYEES *(continued)*

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

	Number of employees	
	2015	2014
HK$500,001 — HK$1,000,000	**1**	–
HK$1,000,001 — HK$1,500,000	**–**	1
HK$2,000,001 — HK$2,500,000	**1**	1
	2	2

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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	**2015**	2014
Current — Hong Kong		
Charge for the year	**–**	–
Underprovision in prior years	**–**	2
Current — Elsewhere		
Charge of the Mainland China income tax for the year	**–**	–
Overprovision in prior years	**–**	(1)
Deferred	**(21)**	1
Total tax (credit)/charge for the year from continuing operations	**(21)**	2

10. INCOME TAX *(continued)*

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the countries 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:

2015

HK$ million	Hong Kong	%	Mainland China	%	Total	%
Profit/(loss) before tax	**412.2**		**(63.8)**		**348.4**	
Tax at the statutory or appropriate tax rate	**68.0**	**16.5**	**(16.0)**	**25.0**	**52.0**	**15.0**
Adjustments in respect of deferred tax of previous periods	**(21.0)**	**(5.1)**	**–**	**–**	**(21.0)**	**(6.0)**
Income not subject to tax	**(32.7)**	**(7.9)**	**(0.3)**	**0.5**	**(33.0)**	**(9.5)**
Expenses not deductible for tax	**3.7**	**0.9**	**0.1**	**(0.1)**	**3.8**	**1.1**
Tax losses not recognised	**17.2**	**4.1**	**16.2**	**(25.4)**	**33.4**	**9.5**
Tax losses utilised from previous periods	**(56.2)**	**(13.6)**	**–**	**–**	**(56.2)**	**(16.1)**
Tax credit at the Group's effective rate	**(21.0)**	**(5.1)**	**–**	**–**	**(21.0)**	**(6.0)**

2014

HK$ million	Hong Kong	%	Mainland China	%	Total	%
Profit/(loss) before tax	419.0		(22.4)		396.6	
Tax at the statutory or appropriate tax rate	69.1	16.5	(5.6)	25.0	63.5	16.0
Adjustments in respect of current tax of previous periods	2.1	0.5	(0.8)	3.6	1.3	0.4
Income not subject to tax	(96.4)	(23.0)	–	–	(96.4)	(24.3)
Expenses not deductible for tax	12.2	2.9	0.6	(2.7)	12.8	3.2
Tax losses not recognised	18.6	4.5	4.9	(21.9)	23.5	5.9
Tax losses utilised from previous periods	(2.8)	(0.7)	–	–	(2.8)	(0.7)
Tax charge at the Group's effective rate	2.8	0.7	(0.9)	4.0	1.9	0.5

11. DISCONTINUED OPERATIONS

On 5 December 2014, the Company announced the appointment of Kingsway Financial Services Group Limited as the placing agent under the placing agreement dated 5 December 2014 (the "Placing Agreement") to place up to 6,500,000,000 existing shares in CCT Land on a best effort basis, at the placing price of HK$0.015 per placing share (the "Placing"). As at the date of the Placing Agreement, the Company held indirectly through wholly-owned subsidiaries an aggregate of 33,026,391,124 shares in CCT Land, representing approximately 50.49% of the then existing issued share capital of CCT Land. On 18 December 2014, the Company completed the placing of the first tranche of 3,250,000,000 existing shares of CCT Land. On 23 December 2014, the Company completed the placing of the second tranche of 3,250,000,000 existing shares of CCT Land and the shareholding interest of the Group in CCT Land was reduced to approximately 40.55% of the then existing issued share capital of CCT Land. Upon completion of the Placing, the Company has lost control in CCT Land as it no longer held a majority of the voting rights in CCT Land. As a result, members of the CCT Land Group have ceased to be accounted for as subsidiaries of the Company, upon completion of the Placing.

The CCT Land Group are principally engaged in the manufacture and trading of telecom, electronic and child products and property development in Mainland China and these business activities have been treated as discontinued operations of the Group upon completion of the Placing in December 2014.

As at 31 December 2014, of the balance of 26,526,391,124 shares in CCT Land that the Group held, the Group had classified 16,800,000,000 shares (representing approximately 25.68% of the then issued share capital of CCT Land) as interest in an associate under non-current assets and had accounted for the investment under the equity method in 2014. As for the remaining shareholding of 9,726,391,124 shares that the Group held (representing approximately 14.87% of the then issued share capital of CCT Land), the Group had classified these shares held for sale as financial assets at fair value through profit or loss under current assets in 2014. Details of the Placing and the resulting accounting treatments and classification have been disclosed in the Company's announcements and circular issued on 5 December 2014, 18 December 2014, 23 December 2014, 30 December 2014 and 9 January 2015.

11. DISCONTINUED OPERATIONS *(continued)*

The results of the CCT Land Group attributable to the Group for the period in 2014, up to the completion of the Placing are presented below:

HK$ million	From 1 January 2014 to 23 December 2014
Revenue	1,034
Cost of sales	(992)
Gross profit	42
Other income and gains	79
Selling and distribution costs	(29)
Administrative expenses	(84)
Other expenses	(10)
Finance costs	(50)
Loss before tax from the discontinued operations	(52)
Income tax expense	(14)
Loss for the period from the discontinued operations	(66)
Loss attributable to:	
Owners of the parent	(37)
Non-controlling interests	(29)
Loss for the period from the discontinued operations	(66)

The net cash flows incurred by the CCT Land Group are as follows:

HK$ million	From 1 January 2014 to 23 December 2014
Operating activities	(88)
Investing activities	(8)
Financing activities	(40)
Net cash outflow	(136)
Loss per share from the discontinued operations:	
Basic and diluted	HK$0.06

11. DISCONTINUED OPERATIONS *(continued)*

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

HK$ million	2014
Loss attributable to ordinary equity holders of the parent from the discontinued operations, used in the basic and diluted loss per share calculations	(37)

	Number of shares 2014
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculations (note 13)	695,788,743

12. DIVIDENDS

HK$ million	**2015**	2014
Paid interim — HK$0.030 (2014: HK$0.030) per ordinary share	**25**	23
Proposed final — HK$0.035 (2014: HK$0.035) per ordinary share	**29**	29
Total	**54**	52

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

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

HK$ million	2015	2014
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share share calculations		
From continuing operations	**369**	395
From discontinued operations	**–**	(37)
Total	**369**	358

	Number of shares	
	2015	2014
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	**832,394,907**	695,788,743

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2014 and 2015 in respect of a dilution as the impact of the outstanding share options granted by CCT Land had an anti-dilutive effect on the basic earnings per share amounts presented.

14. PROPERTY, PLANT AND EQUIPMENT

HK$ million	Leasehold land and buildings	Plant and machinery	Tools, moulds and equipment	Furniture and office equipment	Motor vehicles	Total
31 December 2015						
At 31 December 2014 and 1 January 2015:						
Cost	426	132	17	32	5	612
Accumulated depreciation	(60)	(114)	(16)	(12)	(2)	(204)
Net carrying amount	366	18	1	20	3	408
At 1 January 2015, net of accumulated depreciation	366	18	1	20	3	408
Additions	73	3	–	2	3	81
Disposals	–	–	(1)	–	–	(1)
Written off	(5)	(4)	–	–	(1)	(10)
Acquisition of a business (note 36)	–	–	–	–	2	2
Depreciation provided during the year	(9)	(14)	–	(2)	(1)	(26)
At 31 December 2015, net of accumulated depreciation	425	3	–	20	6	454
At 31 December 2015:						
Cost	495	121	17	35	9	677
Accumulated depreciation	(70)	(118)	(17)	(15)	(3)	(223)
Net carrying amount	425	3	–	20	6	454

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

HK$ million	Leasehold land and buildings	Plant and machinery	Tools, moulds and equipment	Furniture and office equipment	Motor vehicles	Construction in progress	Total
31 December 2014							
At 1 January 2014:							
Cost	923	353	175	136	18	3	1,608
Accumulated depreciation	(412)	(305)	(169)	(112)	(13)	–	(1,011)
Net carrying amount	511	48	6	24	5	3	597
At 1 January 2014, net of accumulated depreciation	511	48	6	24	5	3	597
Additions	11	5	–	4	4	–	24
Disposals	–	(1)	–	–	–	–	(1)
Written off	–	–	(1)	–	–	–	(1)
Surplus on revaluation	79	–	–	–	–	–	79
Transfer to investment properties	(117)	–	–	–	–	–	(117)
Acquisition of a subsidiary that is not a business (note 37)	123	–	–	–	–	–	123
Disposals of subsidiaries (note 38)	(199)	(21)	–	(6)	(4)	(3)	(233)
Depreciation provided during the year	(42)	(13)	(4)	(2)	(2)	–	(63)
At 31 December 2014, net of accumulated depreciation	366	18	1	20	3	–	408
At 31 December 2014:							
Cost	426	132	17	32	5	–	612
Accumulated depreciation	(60)	(114)	(16)	(12)	(2)	–	(204)
Net carrying amount	366	18	1	20	3	–	408

The net carrying amount of the Group's property, plant and equipment held under finance leases included in the total amount of motor vehicles as at 31 December 2015 was approximately HK$3 million (2014: HK$2 million).

At 31 December 2015, certain of the Group's leasehold land and buildings with an aggregate net carrying amount of approximately HK$425 million (2014: HK$366 million) were pledged to secure general banking facilities granted to the Group (note 30(b)(i)).

15. INVESTMENT PROPERTIES

HK$ million	2015	2014
Carrying amount at 1 January	**958**	881
Additions	**–**	2
Disposal	**–**	(9)
Transfer from property, plant and equipment (note 14)	**–**	117
Transfer from prepaid land lease payments	**–**	35
Acquisition of a subsidiary that is not a business (note 37)	**–**	28
Disposal of subsidiaries (note 38)	**–**	(155)
Fair value gain on investment properties	**20**	59
Carrying amount at 31 December	**978**	958

The Group's investment properties consist of eight commercial and two residential properties in Hong Kong. The directors of the Company have determined that the investment properties consist of two classes of assets, i.e., commercial and residential, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 December 2015 based on valuations performed by Grant Sherman Appraisal Limited, independent professionally qualified valuers. Each year, the Group's directors decide to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's finance director has discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

At 31 December 2015, the Group's investment properties with an aggregate carrying amount of HK$978 million (2014: HK$958 million) were pledged to secure banking facilities granted to the Group (note 30(b)(ii)).

Fair value hierarchy

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

	Fair value measurement as at 31 December 2015 using			
HK$ million	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Recurring fair value measurement for:				
Commercial properties	**–**	**–**	**580**	**580**
Residential properties	**–**	**–**	**398**	**398**
	–	**–**	**978**	**978**

15. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

HK$ million	Fair value measurement as at 31 December 2014 using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurement for:				
Commercial properties	–	–	567	567
Residential properties	–	–	391	391
	–	–	958	958

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2014: Nil).

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

HK$ million	**Commercial properties**	**Residential properties**
Carrying amount at 1 January 2014	485	396
Additions (from acquisition)	–	2
Disposal	–	(9)
Transfer from property, plant and equipment (note 14)	117	–
Transfer from prepaid land lease payments	35	–
Acquisition of a subsidiary that is not a business (note 37)	28	–
Disposal of subsidiaries (note 38)	(155)	–
Net gain from a fair value adjustment recognised in other income and gains in profit or loss	57	2
Carrying amount at 31 December 2014 and 1 January 2015	567	391
Net gain from a fair value adjustment recognised in other income and gains in profit or loss	**13**	**7**
Carrying amount at 31 December 2015	**580**	**398**

15. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range or weighted average	
			2015	2014
Commercial properties	Market comparison method	Adopted unit rate (per sq. ft.)	**HK$3,200 to HK$50,000**	HK$2,950 to HK$49,500
Residential properties	Market comparison method	Adopted unit rate (per sq. ft..)	**HK$46,000 to HK$53,000**	HK$45,100 to HK$52,000

Under the market comparison method, fair value is estimated using the unit rate of comparable transactions of similar properties and adjusted for the uniqueness of each property multiplied by the gross floor area of each property.

A significant increase/(decrease) in the adopted unit rate would result in a significant increase/(decrease) in the fair value of the investment properties.

16. GOODWILL

HK$ million	
At 1 January 2014:	
Cost	108
Accumulated impairment	(53)
Net carrying amount	55
Cost at 1 January 2014, net of accumulated impairment	55
Disposal of subsidiaries (note 38)	(55)
At 31 December 2014	–
At 31 December 2015:	
Cost	**17**
Accumulated impairment	**–**
Net carrying amount	**17**
Cost at 1 January 2015, net of accumulated impairment	**–**
Acquisition of a business (note 36)	**17**
At 31 December 2015	**17**

16. GOODWILL *(continued)*

Impairment testing of goodwill

For the year ended 31 December 2015, goodwill acquired through business combinations was allocated to cash-generating unit of the automotive service business for impairment testing. The recoverable amount of the cash-generating unit of the automotive service business was determined based on value in use calculations using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections of the automotive service business for 2015 was 15%. The cash flow projections of the automotive service business beyond the respective periods of financial budgets were extrapolated using a growth rate of 3%, which did not exceed the long term average growth rate of the industry.

The carrying amount of goodwill as at 31 December 2015 is as follows:

HK$ million	**2015**
Automotive service business	**17**

Assumptions were used in the value in use calculation of the automotive service business cash-generating unit for 31 December 2015. The following describes each key assumption on which management had based its cash flow projections to undertake impairment testing of goodwill:

Discount rate — The discount rate used is before tax and reflect specific risks relating to the relevant unit.

Business environment — There was no major change in the existing political, legal and economic conditions in the country with which and the country in which the cash-generating unit carries on its business.

17. INVESTMENT IN AN ASSOCIATE

The Group's shareholdings in the associate, CCT Land Holdings Limited ("CCT Land"), which is incorporated in Bermuda and whose principal place of business is in Hong Kong, were held through the wholly-owned subsidiaries of the Company. The principal business of CCT Land is investment holding. The principal activities of CCT Land's subsidiaries comprise the design and development, manufacture and sale of telecom, electronic and child products and property development in the Mainland China.

17. INVESTMENT IN AN ASSOCIATE *(continued)*

As at 31 December 2015, the Group held 9,000,000,000 shares in CCT Land (representing approximately 9.75% of the then issued share capital of CCT Land) and the convertible bonds of CCT Land with the principal amount of approximately HK$706 million through an indirect wholly-owned subsidiary of nature similar to venture capital. These shares and the convertible bonds of CCT Land held by the subsidiary have been classified as financial assets at fair value through profit or loss under current assets as the Group has intention to sell these securities of CCT Land.

As at 31 December 2014, the Group held 26,526,391,124 shares in CCT Land (representing approximately 40.55% of the then issued share capital of CCT Land), of which 16,800,000,000 shares in CCT Land (representing approximately 25.68% of the then issued share capital of CCT Land) were classified and accounted for by the Group as investment in an associate under non-current assets. The balance of 9,726,391,124 shares in CCT Land held by the Group as at 31 December 2014 (representing approximately 14.87% of the then issued share capital of CCT Land) through an indirect wholly-owned subsidiary of nature similar to venture capital, were classified as financial assets at fair value through profit or loss under current assets as the Group intended to sell these shares. During the year ended 31 December 2015, the Group disposed of 16,800,000,000 shares in CCT Land, classified and accounted for by the Group as investment in an associate and 9,726,391,124 shares in CCT Land classified as trading securities held for sale.

HK$ million	**2015**	2014
Listed shares in Hong Kong, at cost (note (i))	**–**	302
Share of profit of an associate	**–**	1
	–	303
Provision for impairment (note (ii))	**–**	(17)
	–	286
Market value of listed shares (note (iii))	**288**	165
Convertible bonds (note (iv))	**809**	–
Promissory notes receivables (note (v))	**–**	986

Notes:

(i) These shares represented the 16,800,000,000 shares in CCT Land, representing approximately 25.68% of the then issued capital of CCT Land, which were classified by the Group as investment in an associate accounted for under the equity method.

(ii) The provision for impairment represented the impairment of the investment in CCT Land resulting from the reduction in the amount of the higher of value in use and fair value less costs to sell as at 31 December 2014.

(iii) This represented the 9,000,000,000 shares (2014: 9,726,391,124 shares) in CCT Land as at 31 December 2015, classified as financial assets and measured at fair value through profit or loss, further details are given in note 26 to the financial statements.

(iv) This represented the convertible bonds in CCT Land with the principal amount of approximately HK$706 million as at 31 December 2015, classified as financial assets and measured at fair value through profit or loss, further details are given in note 26 to the financial statements.

17. INVESTMENT IN AN ASSOCIATE *(continued)*

Notes: (continued)

(v) The promissory notes receivables were unsecured, interest-free or interest-bearing and repayable on their respective maturity dates and they are listed as follows:

HK$ million	2015	2014
First Note (Note a)	–	67
Second Note (Note b)	–	860
Third Note (Note c)	–	–
Fourth Note (Note d)	–	38
Fifth Note (Note e)	–	13
Sixth Note (Note f)	–	8
Seventh Note (Note g)	–	–
Eighth Note (Note h)	–	–
Ninth Note (Note i)	–	–
Tenth Note (Note j)	–	–
	–	986

Notes:

(a) On 1 February 2012, the Company entered into an agreement with CCT Land for the sale of the entire shareholding interest and the shareholder's loan in Wiltec Industries Investment Limited ("WIIL"), for a total consideration of approximately HK$67 million, which was satisfied by the First Note issued to the Company by CCT Land. The First Note had a term of five years from the date of issue and carried interest at 3% per annum payable annually. The WIIL and its subsidiaries ("WIIL Group") are engaged in the manufacture and sale of child products. The purpose of the transaction was for CCT Land to acquire the entire interest in WIIL from the Company in order for CCT Land to expand and diversify into the child products business. After completion of the above acquisition at the end of March 2012, members of the WIIL Group have become wholly-owned subsidiaries of CCT Land. The balance of the promissory note was sold to an independent third party at par value during the year. Details of the disposal are set out in the announcement of the Company dated 25 September 2015.

(b) On 19 April 2013, the Company entered into an agreement with CCT Land and CCT Land (China) Holdings Limited ("Land Company") for the subscription of 99.995% of the new shares of the Land Company by CCT Land and the assignment of the shareholder's loan of HK$664 million in the Land Company to CCT Land at a total consideration of HK$900 million, which was satisfied by the Second Note issued to Jade Assets Company Limited (an indirect wholly-owned subsidiary of the Company) by CCT Land as deferred payment of the consideration. The Second Note was unsecured, interest-free and repayable on the maturity date of the Second Note, which fell on the third anniversary date of the Second Note. The carrying amount of the Second Note at each year end was computed by discounting the face value of the Second Note by imputed interest rate. There was no outstanding balance of the Second Note as at 31 December 2015 as HK$104 million of the Second Note was sold to an independent third party during the year and the balance of principal amount of HK$796 million was settled by the issuance of convertible bonds by CCT Land during the year (see note 26 for details of the convertible bonds). Details of the disposal are set out in the announcement of the Company dated 25 September 2015.

(c) On 23 December 2013, the Company entered into a loan agreement with CCT Land for a loan of HK$57 million which was satisfied by the Third Note issued to the Company by CCT Land. The Third Note had a term of three years from the date of issue and carried interest at 3% per annum payable annually. There was no outstanding balance of the Third Note as at 31 December 2014 as HK$30 million of the Third Note was repaid during the year and the balance of HK$27 million of the Third Note was waived by the Company during the prior year.

(d) On 3 March 2014, the Company entered into a loan agreement with CCT Land for a loan of HK$38 million which was satisfied by the Fourth Note issued to the Company by CCT Land. The Fourth Note had a term of three years from the date of issue and carried interest at 3% per annum payable annually. HK$4.8 million of the Fourth Note was repaid during the year and the balance of the promissory note was sold to an independent third party at par value during the year. Details of the disposal are set out in the announcement of the Company dated 25 September 2015.

(e) On 6 June 2014, the Company entered into a loan agreement with CCT Land for a loan of HK$12.5 million which was satisfied by the Fifth Note issued to the Company by CCT Land. The Fifth Note had a term of three years from the date of issue and carried interest at 3% per annum payable annually. The promissory note was sold to an independent third party at par value during the year. Details of the disposal are set out in the announcement of the Company dated 25 September 2015.

(f) On 4 September 2014, the Company entered into a loan agreement with CCT Land for a loan of HK$7.5 million which was satisfied by the Sixth Note issued to the Company by CCT Land. The Sixth Note has a term of three years from the date of issue and carried interest at 3% per annum payable annually. The promissory note was sold to an independent third party at par value during the year. Details of the disposal are set out in the announcement of the Company dated 25 September 2015.

17. INVESTMENT IN AN ASSOCIATE *(continued)*

Notes: (continued)

(v) (continued)

Notes: (continued)

(g) On 2 January 2015, the Company entered into a loan agreement with CCT Land for a loan of HK$20 million which was satisfied by the Seventh Note issued to the Company by CCT Land. The Seventh Note had a term of three years from the date of issue and carried interest at 3% per annum payable annually. The promissory note was sold to an independent third party at par value during the year. Details of the disposal are set out in the announcement of the Company dated 25 September 2015.

(h) On 12 May 2015, the Company entered into a loan agreement with CCT Land for a loan of HK$25 million which was satisfied by the Eighth Note issued to the Company by CCT Land. The Eighth Note had a term of three years from the date of issue and carried interest at 3% per annum payable annually. The promissory note was sold to an independent third party at par value during the year. Details of the disposal are set out in the announcement of the Company dated 25 September 2015.

(i) On 8 June 2015, the Company entered into a loan agreement with CCT Land for a loan of HK$10 million which was satisfied by the Ninth Note issued to the Company by CCT Land. The Ninth Note has a term of three years from the date of issue and carried interest at 3% per annum payable annually. The promissory note was sold to an independent third party at par value during the year. Details of the disposal are set out in the announcement of the Company dated 25 September 2015.

(j) On 3 July 2015, the Company entered into a loan agreement with CCT Land for a loan of HK$20 million which was satisfied by the Tenth Note issued to the Company by CCT Land. The Tenth Note had a term of three years from the date of issue and carried interest at 3% per annum payable annually. The promissory note was sold to an independent third party at par value during the year. Details of the disposal are set out in the announcement of the Company dated 25 September 2015.

The following tables illustrate the summarised financial information in respect of CCT Land adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

HK$ million	2015	2014
Current assets	**1,813**	2,041
Non-current assets, excluding goodwill	**528**	566
Gain arising from reclassification of investment in CCT Land to interest in an associate	**–**	194
Current liabilities	**(660)**	(1,032)
Non-current financial liabilities, excluding trade and other payables and provisions	**(68)**	(1,040)
Non-current liabilities	**(110)**	(115)
Net assets	**1,503**	614
Net assets, excluding goodwill and gain arising from reclassification of investment in CCT Land to interest in an associate in 2014	**1,503**	420
Reconciliation to the Group's interest in an associate:		
Proportion of the Group's ownership under equity accounting	**–**	25.68%

HK$ million	2015	2014
Group's share of net assets of an associate, excluding goodwill	**–**	108
Gain arising from reclassification of investment in CCT Land to interest in an associate (less cumulative impairment)	**–**	177
Share of profit of an associate	**–**	1
Carrying amount of the investment	**–**	286

17. INVESTMENT IN AN ASSOCIATE *(continued)*

HK$ million	**2015**	2014
Loss and total comprehensive income for the period	**35**	5

18. CLASSIC CARS HELD FOR INVESTMENT

HK$ million	**2015**	2014
Classic cars held for investment, at fair value	**57**	21

The following table illustrates the fair value measurement hierarchy of the Group's classic cars held for investment:

	Fair value measurement as at 31 December 2015 using			
HK$ million	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Recurring fair value measurement for:				
Classic cars held for investment	**–**	**–**	**57**	**57**

	Fair value measurement as at 31 December 2014 using			
HK$ million	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurement for:				
Classic cars held for investment	–	–	21	21

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2014: Nil).

18. CLASSIC CARS HELD FOR INVESTMENT *(continued)*

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

HK$ million	
Carrying amount at 1 January 2014	–
Additions (from acquisition)	21
Carrying amount at 31 December 2014 and 1 January 2015	21
Additions (from acquisition)	34
Net gain from a fair value adjustment recognised in other income and gains in profit or loss	2
Carrying amount at 31 December 2015	57

Below is a summary of the valuation techniques used and the key inputs to the valuation of classic cars held for investment:

	Valuation techniques	Significant unobservable inputs	Range or weighted average	
			2015	2014
Classic cars held for investment	Direct comparison method	Transaction price (per unit)	**HK$10 million to HK$34 million**	HK$8 million to HK$13 million

Under the direct comparison method, fair value is estimated using the market price of comparable transactions of similar classic cars held for investment and adjusted for the uniqueness of each classic car.

A significant increase/(decrease) in the transaction price would result in a significant increase/(decrease) in the fair value of the classic cars held for investment.

19. AVAILABLE-FOR-SALE INVESTMENTS

HK$ million	2015	2014
Unlisted equity investment, at cost	**10**	–
Other assets, at fair value	**4**	4
	14	4

The above unlisted investment and other assets consist of investments in equity securities and club debentures which are designated as available-for-sale investments and have no fixed maturity date or coupon rate. The Group's investment in equity investment is carried at cost as its fair value cannot be reliably measured.

20. HELD-TO-MATURITY DEBT SECURITIES

HK$ million	2015	2014
Unlisted bonds, at amortised cost	48	52

The held-to-maturity debt securities represented RMB denominated bonds which will mature in January 2017. At 31 December 2015, the held-to-maturity debt securities with an aggregate carrying amount of approximately HK$48 million (2014: HK$52 million) were pledged to secure general banking securities granted to the Group (note 30(b)(iii)).

21. INVENTORIES

HK$ million	2015	2014
Raw materials	7	6
Work in progress	2	3
Finished goods	1	3
	10	12

22. STOCK OF PROPERTIES HELD FOR SALE

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

At 31 December 2015, certain of the Group's stock of properties held for sale with an aggregate net carrying amount of approximately HK$361 million (2014: HK$381 million) were pledged to secure general banking facilities granted to the Group (note 30(b)(v)).

23. STOCK OF CLASSIC CARS HELD FOR SALE

HK$ million	2015	2014
Stock of classic cars held for sale, at lower of cost and net realisable value	126	139

24. TRADE RECEIVABLES

HK$ million	2015	2014
Trade receivables	**32**	60
Impairment	**–**	(4)
	32	56

The Group's trading terms with its customers of components operation are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally two months, extending up to three months for major customers. In respect of the Group's automotive service business, the credit period is generally one month. Each customer has a maximum credit limit. The Group seek to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. At the end of the reporting period, the Group had a certain concentration of credit risk as 75% (2014: 84%) and 95% (2014: 98%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively. The Group does not hold any collateral or other credit enhancement over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2015		2014	
HK$ million	Balance	Percentage	Balance	Percentage
Current to 30 days	**9**	**28**	11	20
31 to 60 days	**12**	**38**	11	20
61 to 90 days	**9**	**28**	11	20
Over 90 days	**2**	**6**	23	40
	32	**100**	56	100

The movements in provision for impairment of trade receivables are as follows:

HK$ million	2015	2014
At 1 January	**4**	8
Impairment losses recognised	**–**	1
Amount written off as uncollectible	**(4)**	–
Disposal of subsidiaries	**–**	(5)
At 31 December	**–**	4

As at 31 December 2014, included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$4 million with a carrying amount before provision of HK$4 million. The individually impaired trade receivables relate to customers that were in financial difficulties and only a portion of the receivables is expected to be recovered.

24. TRADE RECEIVABLES *(continued)*

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

HK$ million	2015	2014
Neither past due nor impaired	**29**	39
Past due but not impaired — within 6 months	**3**	17
	32	56

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

As at 31 December 2015, included in the Group's trade receivables are amounts due from the Group's associates of HK$24 million (2014: HK$50 million), which are repayable on credit terms similar to those offered to the major customers of the Group.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

HK$ million	2015	2014
Prepayments	**1**	1
Deposits and other receivables	**414**	104
	415	105
Current portion	**(368)**	(81)
Non-current portion	**47**	24

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

As at 31 December 2015, included in the Group's deposits and other receivables was an amount due from Glory Merit of HK$300 million (2014: Nil), arising from the disposal of promissory notes receivables of the Group during the year ended 31 December 2015. Details of the disposals are set out in the announcement of the Company dated 25 September 2015. The amount is interest-free and repayable on or before 30 June 2016. Glory Merit agreed to place the convertible bonds of HK$300 million that it held in custody of the Company and the convertible bonds were subject to certain lock-up undertakings until the amount due from Glory Merit has been fully repaid.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(continued)*

As at 31 December 2015, included in the Group's deposits and other receivables are amounts due from certain independent third parties of HK$65 million (2014: HK$82 million), which are secured by collateral provided to the Group on certain residential properties located in the PRC and certain commercial properties located in Hong Kong owned by the independent third parties.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

HK$ million	Notes	2015	2014
Listed shares, at market value	(i)	**288**	165
Convertible bonds, at fair value	(ii)	**809**	–
		1,097	165

Notes:

(i) The listed shares at the end of 2015 represented the 9,000,000,000 shares in CCT Land, which were held by the Group for sale and have been classified as financial assets under current assets. These shares were measured at year end based on the closing market price of HK$0.032 per share.

The listed shares at the end of 2014 represented the 9,726,391,124 shares in CCT Land, which were held by the Group for sale, after completion of the Placing (note 11) and have been classified as financial assets under current assets. These shares were measured at year end based on the closing market price of HK$0.017 per share. The 9,726,391,124 shares were disposed of during the year.

(ii) On 7 December 2015, CCT Telecom Securities Limited, an indirect wholly-owned subsidiary of the Company, subscribed for the zero-coupon convertible bonds with a principal value of HK$796 million from CCT Land as settlement of the promissory notes receivables held by the Group. The maturity date of the convertible bonds is on the third anniversary of the date of issue of the convertible bonds, i.e., 7 December 2018 (the "Maturity Date"). The convertible bonds bears no interest on the principal amount.

The bonds are convertible at the option of the bondholders into ordinary shares on the basis of one ordinary share at the initial conversion price of HK$0.01 (subject to adjustments pursuant to the terms and conditions of the convertible bonds) and the bonds shall not be redeemable at the option of CCT Land at any time on or before the Maturity Date. Any convertible bonds not converted will be automatically converted into ordinary shares of CCT Land at the above basis on the Maturity Date.

The Group recognised the convertible bonds as financial assets at fair value through profit or loss under current assets at the inception date and at the end of the reporting period.

During the year ended 31 December 2015, convertible bonds with a principal amount of HK$90 million were converted into 9,000,000,000 ordinary shares of CCT Land. As at 31 December 2015, the Group held convertible bonds with a principal value of HK$706 million. The conversion in full of the remaining convertible bonds held by the Group, assuming no other shares of CCT Land will be issued after the year end, the Group's shareholding interest in CCT Land would be increased to 48.86% of the total issued share capital of CCT Land as enlarged by the issue of the conversion shares, taking into account the Group's interest in existing issued shares in CCT Land. However, conversion of the convertible bonds is subject to restriction that the Group's shareholding interest in CCT Land cannot exceed 30% threshold which trigger any mandatory offer obligation under the Codes on Takeovers and Mergers and Share Buy-backs of the Securities and Futures Commission.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

Notes: (continued)

(ii) (continued)

The fair values of the convertible bonds were HK$796 million and HK$809 million, as at the date of initial recognition and 31 December 2015, respectively, which were estimated under risk-neutral valuation using the fair value of each share of CCT Land, taking into account the terms and conditions upon which the convertible bonds were received. The following table lists the inputs to the model used:

	At 7 December 2015 (date of initial recognition)	At 31 December 2015
Stock price (HK$)	**0.018**	0.032
Conversion price (HK$)	**0.01**	0.01
Time to maturity (year)	**3.0027**	2.9370
Cap rate (%)	**30.00**	30.00

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. Any changes in the major inputs into the model will result in changes in fair value of the convertible bonds.

No other feature of the convertible bonds acquired was incorporated into the measurement of fair value.

The market value of the Group’s listed shares at the date of approval of these financial statements was approximately HK$243 million.

27. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

HK$ million	**2015**	2014
Cash and bank balances	**355**	122
Time deposits	**47**	106
	402	228
Less: Time deposits pledged for banking facilities (note 30(b)(iv)):		
— included in current portion	**(47)**	(56)
— included in non-current portion	**–**	(50)
Cash and cash equivalents	**355**	122

At the end of the reporting period, the cash and cash equivalents and pledged time deposits of the Group denominated in Renminbi (“RMB”) amounted to HK$74 million (2014: HK$107 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 one day and one month depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

28. TRADE PAYABLES

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

	2015		2014	
HK$ million	**Balance**	**Percentage**	Balance	Percentage
Current to 30 days	**6**	**37**	10	44
31 to 60 days	**4**	**25**	7	30
61 to 90 days	**3**	**19**	3	13
Over 90 days	**3**	**19**	3	13
	16	**100**	23	100

The trade payables are non-interest-bearing, unsecured and are normally settled on 60-days term.

29. OTHER PAYABLES AND ACCRUALS

HK$ million	2015	2014
Other payables	**64**	43
Accruals	**17**	12
	81	55

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

30. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2015			2014		
	Effective interest rate (%)	**Maturity**	**HK$ million**	Effective interest rate (%)	Maturity	HK$ million
Current						
Finance lease payable (note 31)	**1.80–3.79**	**2016**	**1**	3.79	2015	1
Bank loans — unsecured	**–**	**–**	**–**	3.5	2015	2
Bank loans — secured	**1.21–2.96**	**2016 or on demand**	**442**	1.23–2.99	2015 or on demand	467
			443			470
Non-current						
Finance lease payable (note 31)	**1.80–3.79**	**2017–2019**	**2**	3.79	2016–2018	1
Bank loans — secured	**1.21–2.96**	**2017–2031**	**525**	1.23–2.99	2016–2031	611
			527			612
			970			1,082

HK$ million	**2015**	2014
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**442**	469
In the second year	**165**	91
In the third to fifth years, inclusive	**149**	266
Beyond five years	**211**	254
	967	1,080
Other borrowings repayable:		
Within one year or on demand	**1**	1
In the second year	**1**	1
In the third to fifth years, inclusive	**1**	–
	3	2
	970	1,082

30. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

(a) There was no trade line banking facility for the Group outstanding as at 31 December 2014 and 2015.

(b) Certain of the Group's bank loans were secured by:

(i) pledge of certain of the Group's leasehold land and buildings situated in Hong Kong, which had an aggregate carrying amount at the end of the reporting period of approximately HK$425 million (2014: HK$366 million) (note 14);

(ii) pledge of the Group's investment properties situated in Hong Kong, which had an aggregate carrying amount at the end of the reporting period of approximately HK$978 million (2014: HK$958 million) (note 15);

(iii) pledge of certain of the Group's held-to-maturity debt securities, which had a carrying amount at the end of the reporting period of approximately HK$48 million (2014: HK$52 million) (note 20);

(iv) pledge of certain of the Group's time deposits amounting to HK$47 million (2014: HK$106 million) (note 27); and

(v) pledge of certain of the Group's stock of properties held for sale situated in Hong Kong, which had an aggregate carrying amount at the end of the reporting period of approximately HK$361 million (2014: HK$381 million) (note 22).

(c) The Group's bank and other borrowings were denominated in Hong Kong dollars as at the end of the reporting periods.

31. FINANCE LEASE PAYABLES

The Group leased certain of its motor vehicles for business use. At 31 December 2015, these leases were classified as finance leases and had remaining leases of three years. The total future minimum lease payments under finance leases and their present values were as follows:

HK$ million	**Minimum lease payments 2015**	Minimum lease payments 2014	**Present value of minimum lease payments 2015**	Present value of minimum lease payments 2014
Amounts payable:				
Within one year	**1**	1	**1**	1
In the second year	**1**	1	**1**	1
In the third to fifth years	**1**	–	**1**	–
Total minimum finance lease payments	**3**	2	**3**	2
Future finance charges	**–**	–		
Total net finance lease payables	**3**	2		
Portion classified as current liabilities (note 30)	**(1)**	(1)		
Non-current portion (note 30)	**2**	1		

32. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

HK$ million	Depreciation allowance in excess of related depreciation	Revaluation of properties	Total
Gross deferred tax liabilities at 1 January 2014	2	37	39
Deferred tax (credited)/charged to the statement of profit or loss during the year	(2)	11	9
Deferred tax charged to other comprehensive income during the year	–	7	7
Disposal of subsidiaries (note 38)	–	(17)	(17)
Gross deferred tax liabilities at 31 December 2014, 1 January 2015 and 31 December 2015	–	38	38

Deferred tax assets

During the year ended 31 December 2015, the Group has recognised deferred tax asset of HK$21 million in respect of tax losses of HK$127 million as it is considered probable that taxable profits will be available against which the tax losses can be utilised.

At 31 December 2015, the Group has tax losses of HK$245 million (2014: HK$756 million), that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose, for which, no deferred tax assets have 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 jurisdiction of the foreign investors. The applicable rate for the Group is 5%. 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.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

33. SHARE CAPITAL

Shares

HK$ million	2015	2014
Authorised:		
2,000,000,000 (2014: 2,000,000,000) ordinary shares of HK$0.10 each	**200**	200
Issued and fully paid:		
832,394,907 (2014: 832,394,907) ordinary shares of HK$0.10 each	**83**	83

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

	Number of ordinary shares of HK$0.10 each in issue	Issued capital HK$ million	Share premium account HK$ million	Total HK$ million
At 1 January 2014	606,144,907	61	12	73
Issue of shares (note a)	151,250,000	15	111	126
Issue of shares (note b)	75,000,000	7	58	65
At 31 December 2014, 1 January 2015 and 31 December 2015	832,394,907	83	181	264

Notes:

(a) On 19 June 2014, the acquisition of a subsidiary was completed and the consideration of which was settled by way of allotment of a total of 151,250,000 new shares of the Company issued at HK$0.80 per share, credited as fully paid upon issue (note 37).

(b) In November 2014, Capital Force International Limited, a substantial shareholder of the Company placed 75,000,000 existing shares of the Company and then subscribed for 75,000,000 new shares issued by the Company. Both the placing and the subscription were conducted at the price of HK$0.90 per share. Details of this placing and the subscription have been disclosed in the Company's announcements dated 12 November 2014 and 21 November 2014.

Share options

Details of the Group's share option scheme are detailed in note 34 to the financial statements.

34. SHARE OPTION SCHEMES OF THE GROUP

Share option scheme of the Company

At the annual general meeting ("AGM") of the Company held on 27 May 2011, the Shareholders approved the adoption of the 2011 Scheme (the "2011 Scheme"). The 2011 Scheme has become effective since 30 May 2011, 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.

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. Shares which would have been issuable pursuant to the share options which have lapsed or cancelled in accordance with the terms of such share option scheme(s) will not be counted for the purpose of the 10% limit. Notwithstanding the foregoing, Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the 2011 Scheme and any other share option scheme(s) of the Company at any time shall not exceed 30% of the total number of the Shares in issue from time to time. No share option shall be granted under any scheme(s) of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded. As at the date of approval of this Annual Report, the total number of Shares available for issue under the 2011 Scheme is 60,614,490, which represents 7.28% of the total issued share capital of the Company as at the date of approval of these financial statements.

34. **SHARE OPTION SCHEMES OF THE GROUP** *(continued)*

Share option scheme of the Company *(continued)*

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

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to approval in advance by the independent non-executive director(s) ("INED(s)") of the Company, excluding the INED(s) of the 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 the approval of the Shareholders in advance at a general meeting.

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

The exercise price of 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 of the closing prices 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.

As at 31 December 2015, there was no share option outstanding under the 2011 Scheme. No share option was granted, exercised, cancelled or has lapsed under the 2011 Scheme during the year.

35. 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 51 of the financial statements.

The Group's capital reserve was created from the reduction of the Company's share capital which became effective on 7 August 2002.

36. BUSINESS COMBINATION

On 1 July 2015, the Group acquired the car towing business from an independent third party. The acquisition was made as part of the Group's strategy to expand its automotive service business in Hong Kong. The purchase consideration of HK$17 million for the acquisition was satisfied by cash, and the finance lease of the towing car of HK$2 million was also taken up by the Group.

The net assets and liabilities acquired by the Group in the above transaction are as follows:

HK$ million	**Fair value recognised on acquisition**
Net assets and liabilities acquired:	
Property, plant and equipment	2
Finance lease payable	(2)
	–
Goodwill on acquisition (note 16)	17
	17
Satisfied by:	
Cash consideration	(17)

An analysis of the net cash outflow of cash and cash equivalents in respect of the business acquisition is as follows:

Net outflow of cash and cash equivalents included in cash flows from investing activities	(17)

36. BUSINESS COMBINATION *(continued)*

The Group incurred transaction costs of HK$1 million for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

Included in the goodwill of HK$17 million recognised above is a customer list, which is not recognised separately. Because the list is subject to a confidentiality agreement, it is not separable and therefore it does not meet the criteria for recognition as an intangible asset under HKAS 38 *Intangible Assets*. None of the goodwill recognised is expected to be deductible for income tax purposes.

Since the acquisition, the automotive service business contributed HK$5 million to the Group's revenue and HK$1 million to the consolidated profit for the year ended 31 December 2015.

Had the combination taken place at the beginning of the year, the revenue from the continuing operations of the Group and the profit of the Group would have been HK$612 million and HK$370 million, respectively.

37. ACQUISITION OF A SUBSIDIARY THAT IS NOT A BUSINESS

On 9 May 2014, the Company entered into an agreement with registered holders of a company, pursuant to which the registered holders, acting on behalf of the beneficial owner who is Mr. Mak Shiu Tong, Clement, the chairman, executive director, chief executive officer and controlling shareholder of the Company, have agreed to sell and the Company agreed to acquire the entire equity interest and shareholder's loan in Cyber Profit (HK) Limited ("Cyber Profit"), at a consideration of HK$121,000,000 by way of issue of 151,250,000 new shares of the Company at HK$0.80 per share, credited as fully paid upon issue, and a cash consideration of HK$7,126,849 for the assignment of the shareholder's loan. Cyber Profit is engaged in investment and holding of properties which are the two workshops on the Ground Floor of MP Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong. The acquisition was completed on 19 June 2014. As Cyber Profit had not carried out any significant business activities except for holding two properties, the acquisition of Cyber Profit were accounted for by the Group as an asset acquisition in 2014.

The net assets acquired by the Group in the above transaction are as follows:

HK$ million	**2014**
Net assets acquired:	
Land and buildings (note 14)	123
Investment property (note 15)	28
Other receivables	5
Interest-bearing bank borrowings	(23)
	133

37. ACQUISITION OF A SUBSIDIARY THAT IS NOT A BUSINESS *(continued)*

HK$ million	**2014**
Satisfied by:	
Share consideration at fair value on the completion date of the acquisition	(126)
Cash consideration	(7)
	(133)

An analysis of the net cash outflow of cash and cash equivalents in respect of the asset acquisition is as follows:

Net outflow of cash and cash equivalents included in cash flows from investing activities	(7)

The Group incurred transaction costs of HK$1 million for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

38. DISPOSAL OF SUBSIDIARIES

The disposal of subsidiaries by the Group in 2014 primarily represented the disposal of the CCT Land Group as a result of the loss of control in CCT Land upon completion of the Placing (note 11).

HK$ million	Notes	**2014**
Net assets disposed of:		
Property, plant and equipment	14	233
Investment properties	15	155
Prepaid land lease payments		61
Goodwill	16	55
Inventories		65
Properties under development		266
Completed properties held for sale		641
Trade receivables		246
Prepayments, deposits and other receivables		225
Pledged time deposits		193
Cash and bank balances		208
Trade payables		(442)
Other payables and accruals		(109)
Tax payable		(7)
Promissory note payables		(1,013)
Interest-bearing bank borrowings		(530)
Deferred tax liabilities	32	(17)
Non-controlling interests		(136)
		94
Release of exchange fluctuation reserve upon disposal		(39)
Gain on disposal of subsidiaries	6	520
		575
Satisfied by:		
Cash		98
Reclassified to interest in an associate	17	302
Reclassified to financial assets at fair value through profit or loss		175
		575

38. DISPOSAL OF SUBSIDIARIES *(continued)*

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

HK$ million	**2014**
Cash consideration	98
Cash and bank balances disposed of	(208)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(110)

39. MAJOR NON-CASH TRANSACTION

On 7 December 2015, CCT Land issued zero-coupon convertible bonds with aggregate principal value of HK$796 million to CCT Telecom Securities Limited (an indirect wholly-owned subsidiary of the Company) as settlement of the promissory notes held by the Group. The transaction resulted in the recognition of a gain on settlement of promissory notes receivables of HK$12 million. Details of the convertible bonds are set out in note 26 to the financial statements.

40. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

HK$ million	**2015**	2014
Corporate guarantees given to banks in connection with facilities granted to the CCT Land Group	**147**	157

As at 31 December 2015, the banking facilities granted to the CCT Land Group subject to corporate guarantees given to the banks by the Company were utilised to the extent of approximately HK$112 million (2014: HK$157 million).

In determining whether financial liabilities should be recognised in respect of the Group's financial guarantee contracts, the Directors exercise judgement in the evaluation of the probability of resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation.

In the opinion of the Directors, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of the default of the parties involved is remote, and accordingly, no value has been recognised in the financial statements.

41. PLEDGE OF ASSETS

Details of the Group's bank loans which are secured by the assets of the Group are included in note 30 to the financial statements.

42. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties under operating lease arrangements with leases negotiated for terms ranging from two to three years.

The Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

HK$ million	**2015**	2014
Within one year	**6**	12
In the second to fifth years, inclusive	**5**	4
	11	16

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from two to three years.

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

HK$ million	**2015**	2014
Within one year	**3**	3

43. COMMITMENTS

In addition to the operating lease commitments detailed in note 42 above, the Group had the following commitments at the end of the reporting period:

Capital commitments

HK$ million	2015	2014
Contracted, but not provided for:		
Leasehold land and building	–	40

44. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the reporting period.

HK$ million	Notes	2015	2014
Sales of components to the CCT Land Group	(i)	76	–
Quality claim expenses charged by CCT Land Group	(ii)	24	–
Factory rental expenses paid to the CCT Land Group	(iii)	6	–
Office rental income from the CCT Land Group	(iv)	1	–
Management information system service expense paid to the CCT Land Group	(v)	6	–
Promissory notes receivable due by CCT Land	(vi)	75	–
Interest on promissory notes receivable from CCT Land	(vii)	5	–
Convertible bonds issued by CCT Land	(viii)	796	–
Waiver of promissory notes receivables from CCT Land	(ix)	–	27
Acquisition of a subsidiary that is not a business from a director of the Company	(x)	–	133
Office rental income from a company controlled by a key management personnel of the Group	(xi)	1	–
Consultancy fee paid to a company controlled by a key management personnel of the Group	(xii)	1	–

44. RELATED PARTY TRANSACTIONS *(continued)*

(a) *(continued)*

Notes:

(i) The components were sold by a wholly-owned subsidiary of the Company to the CCT Land Group. On 9 October 2012, the Company and CCT Land entered into a new manufacturing agreement (the "Component Manufacturing Agreement") to renew the terms and conditions set out in the Component Manufacturing Agreement which has a term of three years from 1 January 2013 to 31 December 2015, pursuant to which the Company agreed to manufacture certain plastic casings, components and any other component products and toolings for the production of telecom and electronic products for the CCT Land Group. The purchase prices of plastic casings, components and any other component products were determined based on the direct material costs plus a mark-up of no more than 250%. The tooling charges for the production of telecom and electronic products for the CCT Land Group were determined based on the total costs plus a mark-up of no more than 50%.

(ii) The quality claim expense was charged to CCT Plastic Limited ("CCT Plastic"), an indirect wholly-owned subsidiary of the Company, by CCT Tech (HK) Limited, an indirect wholly-owned subsidiary of the CCT Land Group, in relation to quality issues on plastic components supplied by CCT Plastic to CCT Tech (HK) Limited under the terms and conditions in the Component Manufacturing Agreement described in note (i) above during the year ended 31 December 2015. The quality claim expense was determined with reference to the selling price of the components supplied.

(iii) The factory rental expenses was charged to Shine Best Developments Limited ("Shine Best"), an indirect wholly-owned subsidiary of the Company, by CCT Enterprise Limited ("CCT Ent"), an indirect wholly-owned subsidiary of the CCT Land Group, for the provision of factory space in Huiyang, Mainland China, at rental determined in accordance with the terms and conditions set out in a tenancy agreement entered into between Shine Best and CCT Ent on 30 September 2011, which had a term of three years from 1 January 2012 to 31 December 2014. The agreement was renewed on 10 December 2014, for a term of three years from 1 January 2015 to 31 December 2017 with terms and conditions similar to the previous agreement.

(iv) The office rental income was charged to CCT Land by Goldbay Investments Limited ("Goldbay"), an indirect wholly-owned subsidiary of the Company, for the provision of office space in Hong Kong, at rental determined in accordance with the terms and conditions set out in the tenancy agreement entered into between CCT Land and Goldbay on 30 September 2011, which had a term of three years from 1 January 2012 to 31 December 2014. The agreement was renewed on 10 December 2014, for a term of three years from 1 January 2015 to 31 December 2017 with terms and conditions similar to the previous agreement.

(v) The management information system service fee was charged to the Company by CCT Land for the provision of general management information system support, network and software consultation and hardware maintenance services. The fee was determined in accordance with the terms and conditions set out in the agreement entered into between the Company and CCT Land on 30 September 2011, which had a term of three years from 1 January 2012 to 31 December 2014. The agreement was renewed on 10 December 2014, for a term of three years from 1 January 2015 to 31 December 2017 with terms and conditions similar to the previous agreement.

(vi) On 1 January 2015, 12 May 2015, 8 June 2015 and 3 July 2015, CCT Land entered into agreements with the Company for loans in cash of HK$20 million, HK$25 million, HK$10 million and HK$20 million, respectively, which were satisfied by the Seventh Note, the Eighth Note, the Ninth Note and the Tenth Note, respectively, issued by CCT Land. The terms of each of the Seventh Note, the Eighth Note, the Ninth Note and the Tenth Note have been summarised in note 17 to the financial statements.

(vii) During the year ended 31 December 2015, interest income of HK$5 million has been accrued for the promissory notes issued by CCT Land. Details of the promissory notes are set out in note 17 to the financial statements.

(viii) On 7 December 2015, CCT Land issued zero-coupon convertible bonds with aggregate principal value of HK$796 million to CCT Telecom Securities Limited, an indirect wholly-owned subsidiary of the Company. Details of the convertible bonds are set out in note 26 to the financial statements.

(ix) On 23 December 2013, CCT Land entered into an agreement with the Company for a loan of HK$57 million in cash, which was satisfied by the Third Note issued by CCT Land. The terms of the Third Note have been summarised in note 17(v)(c) to the financial statements. During the year ended 31 December 2014, HK$30 million of the Third Note was repaid and the remaining balance of HK$27 million has been waived by the Company.

(x) On 9 May 2014, the Company entered into an agreement to acquire a subsidiary that is not a business from the registered holders, acting on behalf of the beneficial owner who is Mr. Mak Shiu Tong, Clement ("Mr. Mak"), the chairman, executive director, chief executive officer and substantial shareholder of the Company. The amount of HK$133 million representing the fair value of the consideration of the transaction. Details of the agreement are included in note 37 to the financial statements.

(xi) The rental income was charged to Silly Thing Company Limited ("Silly Thing"), a company controlled by Mr. Mak Chun Kiu, son of Mr. Mak, by Cyber Profit, an indirect wholly-owned subsidiary of the Company, for the provision of office space in Hong Kong, at rental determined in accordance with the terms and conditions set out in a tenancy agreement entered into between Cyber Profit and Silly Thing on 19 June 2014, which has a term of three years from 19 June 2014 to 18 June 2017.

(xii) The consultancy fee was charged to Sino Famous (HK) Limited, an indirect wholly-owned subsidiary of the Company, by Silly Thing, for the provision of general administrative services. The charge was substantially in line with those offered by Silly Thing to its major customers.

(b) Compensation of key management personnel of the Group

HK$ million	**2015**	2014
Short term employee benefits	**35**	27

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

45. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2015

HK$ million

Financial assets

	Financial assets at fair value through profit or loss — held for trading	Loans and receivables	Available-for-sale investments	Held-to-maturity debt securities	Total
Available-for-sale investments	–	–	14	–	14
Held-to-maturity debt securities	–	–	–	48	48
Trade receivables	–	32	–	–	32
Financial assets included in prepayments, deposits and other receivables	–	404	–	–	404
Financial assets at fair value through profit or loss	1,097	–	–	–	1,097
Pledged time deposits	–	47	–	–	47
Cash and cash equivalents	–	355	–	–	355
	1,097	838	14	48	1,997

Financial liabilities

	Financial liabilities at fair value through profit or loss — designated as such upon recognition	Financial liabilities at amortised cost	Total
Trade payables	–	16	16
Other payables and accruals	–	81	81
Interest-bearing bank and other borrowings	–	970	970
	–	1,067	1,067

45. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

2014

HK$ million

Financial assets

	Financial assets at fair value through profit or loss — held for trading	Loans and receivables	Available–for-sale investments	Held-to-maturity debt securities	Total
Promissory notes receivables (note 17)	–	986	–	–	986
Available-for-sale investments	–	–	4	–	4
Held-to-maturity debt securities	–	–	–	52	52
Trade receivables	–	56	–	–	56
Financial assets included in prepayments, deposits and other receivables	–	104	–	–	104
Financial assets at fair value through profit or loss	165	–	–	–	165
Pledged time deposits	–	106	–	–	106
Cash and cash equivalents	–	122	–	–	122
	165	1,374	4	52	1,595

Financial liabilities

	Financial liabilities at fair value through profit or loss — designated as such upon recognition	Financial liabilities at amortised cost	TotalTotal
Trade payables	–	23	23
Other payables and accruals	–	55	55
Interest-bearing bank and other borrowings	–	1,082	1,082
	–	1,160	1,160

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

Management has assessed that the fair values of cash and cash equivalents, pledged time deposits, time deposits with original maturity of more than three months, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, 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.

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 fair values of the interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2015 was assessed to be insignificant.

The fair values of listed equity investments and held-to-maturity securities are based on quoted market prices. The fair values of unlisted available-for-sale equity investments have been estimated based on market prices of recent transactions of similar investments. The fair values of classic cars carried at fair value have been estimated based on market prices of recent transactions of similar investments. The directors believe that the estimated fair values resulting from the recent market prices, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

46. 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

	Fair value measurement using			
HK$ million	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value as at 31 December 2015:				
Available-for-sale investments:				
— Other assets, at fair value	**4**	**–**	**–**	**4**
Financial assets at fair value through profit or loss				
— Listed shares	**288**	**–**	**–**	**288**
— Convertible bonds	**–**	**809**	**–**	**809**
	292	**809**	**–**	**1,101**
Assets measured at fair value as at 31 December 2014:				
Available-for-sale investments:				
— Other assets, at fair value	4	–	–	4
Financial assets at fair value through profit or loss				
— Listed shares	165	–	–	165
	169	–	–	169

The Group did not have any financial liabilities measured at fair value as at 31 December 2015 and 2014.

During the year ended 31 December 2015, 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 (2014: Nil).

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

Fair value hierarchy *(continued)*

Assets for which fair values are disclosed:

HK$ million	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
As at 31 December 2015				
Other receivables	**–**	**36**	**–**	**36**
Held-to-maturity securities	**48**	**–**	**–**	**48**
	48	**36**	**–**	**84**
As at 31 December 2014				
Promissory notes receivables	–	986	–	986
Other receivables	–	24	–	24
Pledged time deposits	–	50	–	50
Held-to-maturity securities	52	–	–	52
	52	1,060	–	1,112

Liabilities for which fair values are disclosed:

HK$ million	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
As at 31 December 2015				
Interest-bearing bank and other borrowings	**–**	**970**	**–**	**970**
As at 31 December 2014				
Interest-bearing bank and other borrowings	–	1,082	–	1,082

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, comprise bank borrowings and finance leases and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade 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, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rates. The Group operates at a low gearing ratio and as the market interest rates are stable and are maintained at a relatively low level, the Group's interest rate risk is not significant.

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

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK$ million
2015		
HK$	100	(9)
HK$	(100)	9
2014		
HK$	100	(11)
HK$	(100)	11

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

Foreign currency risk

The Group has transactional currency exposures. These exposures arise 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.

A reasonably possible strengthening/(weakening) in the exchange rate of RMB against Hong Kong dollar of 5.92% (2014: 3.59%) would result in decrease/(increase) on the Group's profit before tax from continuing operations (due to changes in the fair value of monetary assets and liabilities) by HK$4 million in 2015 (2014: HK$4 million).

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.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, available-for-sale investments and held-to-maturity debt securities, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

For the Group's trade receivables, since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentration of credit risk is managed by counterparty.

Certain of the Group's deposits and other receivables are secured by collaterals provided by independent third parties, details of which are described in note 25 to the financial statements.

There is no significant concentration of credit risk in relation to the Group's financial assets, other than trade receivables. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 24 to the financial statements.

Liquidity risk

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

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

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

As at 31 December 2015

HK$ million	**Within one year or on demand**	**In the second year**	**In the third to fifth years, inclusive**	**Beyond five years**	**Total**
Trade payables	**16**	**–**	**–**	**–**	**16**
Other payables and accruals	**81**	**–**	**–**	**–**	**81**
Interest-bearing bank and other borrowings	**466**	**178**	**157**	**216**	**1,017**
	563	**178**	**157**	**216**	**1,114**

As at 31 December 2014

HK$ million	Within one year or on demand	In the second year	In the third to fifth years, inclusive	Beyond five years	Total
Trade payables	23	–	–	–	23
Other payables and accruals	55	–	–	–	55
Interest-bearing bank and other borrowings	495	106	278	260	1,139
	573	106	278	260	1,217

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

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as trading equity investments and available-for-sale investments as at 31 December 2015. The Group's listed investments are listed on the Stock Exchange and are valued at quoted market prices at the end of the reporting period.

The market equity index for the following stock exchange, at the close of business of the nearest trading day in the year to the end of the reporting period, and its respective highest and lowest points during the year were as follows:

	31 December 2015	**High/low 2015**	31 December 2014	High/low 2014
Hong Kong — Hang Seng Index	**21,914**	**28,589/20,368**	23,605	25,362/21,137

The following table demonstrates the sensitivity to a reasonably possible change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

	Carrying amounts of equity investments/ convertible bonds HK$ million	**Increase/ (decrease) in equity price %**	**Increase/ (decrease) in profit before tax HK$ million**	**Increase/ (decrease) in total equity HK$ million**
2015				
Investments listed in:				
Hong Kong — Held for trading	**288**	**34.95**	**101**	**101**
(note 26)	**288**	**(34.95)**	**(101)**	**(101)**
Convertible bonds	**809**	**34.95**	**283**	**283**
	809	**(34.95)**	**(283)**	**(283)**
2014				
Investments listed in:				
Hong Kong — Held for trading	165	19.52	32	32
(note 26)	165	(19.52)	(32)	(32)

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

Capital management

The primary objectives of the Group's capital management are to ensure that it maintains 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 2015 and 2014.

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

HK$ million	**2015**	2014
Interest-bearing bank and other borrowings	**970**	1,082
Total borrowings	**970**	1,082
Total capital	**2,866**	2,551
Total capital and borrowings	**3,836**	3,633
Gearing ratio	**25.3%**	29.8%

48. EVENTS AFTER THE REPORTING PERIOD

(a) On 20 January 2016, Billion Spread Limited, an indirectly wholly-owned subsidiary of the Company, entered into a provisional sales and purchase agreement with an independent third party vendor to acquire from the vendor the property at Units 1 to 15 on the third floor and parking spaces Nos. 20 and L20 on the first floor of Paramount Building, 12 Ka Yip Street, Hong Kong (the "Properties in Chai Wan") at total transaction costs (including purchase cost and stamp duty and other related costs) of approximately HK$120,000,000. The Properties in Chai Wan will be used by the Blackbird Automotive Group for its office premise. The transaction will be completed on 29 April 2016. Up to the date of approval of these financial statements, the sales and purchase has not been completed.

(b) On 26 January 2016, the Company and Jade Assets Company Limited, an indirect wholly-owned subsidiary of the Company, entered into an agreement with Glory Merit to give consent to Glory Merit to place 10,000,000,000 shares in CCT Land at HK$0.035 per share and to agree to the arrangements for Glory Merit to repay the debts of HK$300 million in aggregate due to the Company and Jade Assets Company Limited.

(c) On 27 January 2016, the Company entered into a conditional sale and purchase agreement with Mr. Mak Shiu Tong, Clement ("Mr. Mak") (the chairman, executive director, chief executive officer and controlling shareholder of the Company), to acquire from Mr. Mak, all the issued shares of Capital Top Industrial Limited and Next Capital Investments Limited (collectively the "Target Companies"), and the purchase and assignment of the loans due by subsidiaries of the Target Companies to Mr. Mak in the estimated amount of HK$26 million. The acquisition of the shares in the Target Companies will be satisfied by issue of the convertible bond of the Company with the aggregate principal value of HK$250 million, which has a term of eight years carries interest at 5% per annum. The convertible bond will entitle the holder of the convertible bond to convert into shares of the Company at the initial conversion price of HK$0.90 per conversion share (subject to adjustments of the conversion price pursuant to the terms and conditions of the convertible bond). The total consideration for the transaction is HK$276 million. Details of the transaction have been disclosed by the Company in its announcement dated 27 January 2016. The transaction was approved by the independent shareholders of the Company at the special general meeting held on 29 March 2016.

49. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the implementation of the Hong Kong Companies Ordinance (Cap. 622) during the current year, the presentation and disclosures of certain items and balances in the financial statements have been revised to comply with the new requirements. Certain comparative amounts have been restated to conform with the current year's presentation and disclosures.

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

HK$ million	2015	2014
ASSETS		
Non-current assets		
Investments in subsidiaries	603	1,168
Promissory notes receivables	–	126
Total non-current assets	603	1,294
Current assets		
Due from subsidiaries	1,930	899
Prepayments, deposits and other receivables	196	4
Cash and cash equivalents	277	110
Total current assets	2,403	1,013
Total assets	3,006	2,307
EQUITY AND LIABILITIES		
Issued capital	83	83
Reserves (note)	1,539	1,226
Total equity	1,622	1,309
Current liabilities		
Other payables and accruals	3	1
Due to subsidiaries	1,252	878
Interest-bearing bank and other borrowings	129	119
Total current liabilities	1,384	998
Total liabilities	1,384	998
Total equity and liabilities	3,006	2,307
Net current assets	1,019	15
Total assets less current liabilities	1,622	1,309

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

Note:

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

HK$ million	Capital redemption reserve	Share premium account	Capital reserve*	Distributable reserve#	Accumulated losses	Total
At 1 January 2014	24	12	741	1,122	(756)	1,143
Total comprehensive loss for the year	–	–	–	–	(42)	(42)
Issue of shares	–	111	–	–	–	111
Issue of shares	–	58	–	–	–	58
2013 final dividend	–	–	–	(21)	–	(21)
2014 interim dividend	–	–	–	(23)	–	(23)
At 31 December 2014 and 1 January 2015	**24**	**181**	**741**	**1,078**	**(798)**	**1,226**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**367**	**367**
2014 final dividend	**–**	**–**	**–**	**(29)**	**–**	**(29)**
2015 interim dividend	**–**	**–**	**–**	**(25)**	**–**	**(25)**
At 31 December 2015	**24**	**181**	**741**	**1,024**	**(431)**	**1,539**

* The Company's capital reserve was created from the reduction of share capital which became effective on 7 August 2002.

The distributable reserve has been adjusted for the proposed 2014 final dividend in accordance with the current year's presentation, which is described in note 2.4 to the financial statements.

51. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 March 2016.

other information

PARTICULARS OF THE GROUP'S INVESTMENT PROPERTIES AS AT 31 DECEMBER 2015

Location	Lot number	Use	Tenure	Attributable interest of the Group
House No. 37, Carpark 50 & 51, No. 56 Repulse Bay Road, Hong Kong	359/16,363th parts of Rural Building Lot No. 172	Residential	Long term lease	100%
House No. 7, Rosecliff, No. 20 Tai Tam Road, Hong Kong	2,310/26,070th parts of Rural Building Lot No. 147	Residential	Long term lease	100%
32nd Floor, Carpark 5, 6 & 11 Fortis Tower 77–79 Gloucester Road, Hong Kong	103/3,100th parts of Inland Lot No. 2782	Commercial	Long term lease	100%
Shop Nos. 297A, 297B, 297C, 297D, 298, 299, 300 and 301 which will be stratified from Unit Nos. 1-45 (inclusive) on the portion of the Basement of the podium of Blocks 1, 2 and 3, City Garden, Hong Kong	1,135/100,180th shares of Inland Lot No. 8580	Commercial	Medium term lease	100%
Shop A on Ground floor, Gramercy, No. 38 Caine Road, Hong Kong	2,150/89,772th of section A of Inland Lot No. 150	Commercial	Long term lease	100%
Shop B on Ground floor, Gramercy, No. 38 Caine Road, Hong Kong	945/89,772th of section A of Inland Lot No. 150	Commercial	Long term lease	100%
Shop A on first floor, Gramercy, No. 38 Caine Road, Hong Kong	2,504/89,772th of section A of Inland Lot No. 150	Commercial	Long term lease	100%
Shop B on first floor, Gramercy, No. 38 Caine Road, Hong Kong	853/89,772th of section A of Inland Lot No. 150	Commercial	Long term lease	100%
Workshop 8 on Ground Floor, MP Industrial Centre, No. 18 Ka Yip Street, Hong Kong	48/8,899th equal and undivided shares of and in Chai Wan Inland Lot No.: 139	Commercial	Long term lease	100%
18th Floor, CCT Telecom Building, No. 11 Wo Shing Street, Shatin, N.T., Hong Kong	14,427/289,200th equal and undivided shares of and in the Remaining Portion Of Sha Tin Town Lot No. 17	Commercial	Medium term lease	100%

five year financial summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and re-presented as appropriate, is set out below.

RESULTS

	Year ended 31 December				
HK$ million	**2015**	2014	2013	2012	2011
CONTINUING OPERATIONS					
REVENUE	**608**	198	690	140	245
PROFIT/(LOSS) BEFORE TAX	**348**	397	319	16	(120)
Income tax credit/(expense)	**21**	(2)	(58)	(21)	(3)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**369**	395	261	(5)	(123)
DISCONTINUED OPERATIONS					
Profit/(loss) for the year from discontinued operations	**–**	(66)	(60)	(62)	(153)
PROFIT/(LOSS) FOR THE YEAR	**369**	329	201	(67)	(276)
Profit/(loss) attributable to:					
Owners of the parent	**369**	358	232	(31)	(194)
Non-controlling interests	**–**	(29)	(31)	(36)	(82)
	369	329	201	(67)	(276)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
HK$ million	**2015**	2014	2013	2012	2011
TOTAL ASSETS	**4,032**	3,812	4,217	3,755	4,046
TOTAL LIABILITIES	**(1,166)**	(1,261)	(2,021)	(1,669)	(1,862)
	2,866	2,551	2,196	2,086	2,184
EQUITY:					
Equity attributable to owners of the parent	**2,866**	2,551	2,032	1,833	1,900
Non-controlling interests	**–**	–	164	253	284
	2,866	2,551	2,196	2,086	2,184

glossary of terms

GENERAL TERMS

"2011 Scheme"	The share option scheme conditionally adopted by the Company on 27 May 2011 which took effect on 30 May 2011
"AGM"	Annual general meeting
"Audit Committee"	The audit committee of the Company
"Board"	The board of Directors
"CCT Land"	CCT Land Holdings Limited, a company listed on the main board of the Stock Exchange and the Company's former subsidiary
"CCT Land Group"	CCT Land and its subsidiaries
"CCT Land Invested Entity"	Any entity in which any member of the CCT Land Group holds any equity interest
"CCT Land Shares"	Ordinary shares of HK$0.01 each in the share capital of CCT Land
"CCT Land 2011 Scheme"	The share option scheme conditionally adopted by CCT Land on 27 May 2011 which took effect on 30 May 2011
"CCT Securities"	CCT Telecom Securities Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company, which is principally engaged in the trading of securities
"CEO"	The chief executive officer of the Company
"CG Code"	The Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Chairman"	The chairman of the Company
"Company"	CCT Fortis Holdings Limited
"Convertible Bonds"	The zero coupon convertible bonds in the aggregate principal amount of HK$1,095,671,000 issued by CCT Land to CCT Securities and Glory Merit as full settlement of the promissory notes previously due by CCT Land, pursuant to the terms and conditions of the agreement dated 27 October 2015 (as amended by the supplemental agreement dated 10 November 2015) entered into by and among Jade Assets, CCT Securities, Glory Merit, CCT Land and the Company
"Director(s)"	The director(s) of the Company
"Executive Director(s)"	The executive director(s) of the Company
"Group"	The Company and its subsidiaries

"Glory Merit"	Glory Merit International Investment Limited, a company incorporated in the British Virgin Island with limited liability, which is a third party independent of the Company and CCT Land
"HK" or "Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"HK$" or "$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"INED(s)"	Independent non-executive director(s)
"Invested Entity"	Any entity in which any member of the Group holds any equity interest
"Jade Assets"	Jade Assets Company Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
"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 under the Listing Rules
"N/A"	Not applicable
"Nomination Committee"	The nomination committee of the Company
"ODM"	Original design manufacturing
"Percentage Ratios"	The assets ratio, the profits ratio, the revenue ratio, the consideration ratio and the equity capital ratio as defined under Rule 14.07 of the Listing Rules
"PRC" or "China"	The People's Republic of China
"Remuneration Committee"	The remuneration committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	The ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	Holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US"	The United States of America

"US$"	United States dollar(s), the lawful currency of the US
"%"	Per cent.

FINANCIAL TERMS

"Gearing Ratio"	Total borrowings (representing bank & other borrowings and finance lease payable) divided by total capital employed (i.e. total Shareholders' fund plus total borrowings)
"Earnings/(loss) Per Share"	Profit/(loss) for the year attributable to the ordinary equity holders of the parent divided by weighted average number of ordinary shares in issue during the year
"Current Ratio"	Current assets divided by current liabilities