Hong Kong Listed Limited

Illustrative Report of the Directors and Financial Statements for the year ended 31 December 2020

EY 安永

Building a better working world

This set of illustrative financial statements is for a fictitious company listed on the Main Board ("MB") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). For a company listed on GEM of the Stock Exchange ("GEM"), equivalent disclosure requirements are also included on the left-hand side of pages 1 to 187 for reference. The applicable disclosure requirements under the Hong Kong Companies Ordinance are also included on the left-hand side pages.

As Hong Kong Listed Limited has a 31 December year end, these financial statements disclose the effects of changes in accounting policies as a result of the revised Hong Kong Financial Reporting Standards ("HKFRSs") which are first effective for financial years beginning on or after 1 January 2020. These illustrative financial statements are "general purpose" financial statements and do not attempt to show all possible accounting and disclosure requirements, nor do they include particular disclosures required by the Stock Exchange or other regulatory bodies for specialist industries, such as banks (see Appendix 15 of the Listing Rules and the *Guideline on the Application of the Banking (Disclosure) Rules* issued by the Hong Kong Monetary Authority), financial conglomerates, insurance companies and biotech companies (see chapter 18A of the Listing Rules).

HKFRSs as at 31 October 2020

The Hong Kong Institute of Certified Public Accountants (the "HKICPA") has issued the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs, which are effective for the financial year ended 31 December 2020:

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

Hong Kong Listed Limited is an existing preparer of financial statements in accordance with HKFRSs and it is a corporate company which is not an investment entity as defined in HKFRS 10.27, so these financial statements do not reflect any additional requirements for first-time adopters under HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards,* and for investment entities under HKFRS 10 and HKFRS 12.

Except for the amendment to HKFRS 16, Hong Kong Listed Limited does not early adopt the following HKFRSs which were in issue as at 31 October 2020 but are not yet effective for the financial year ended 31 December 2020:

Amendments to HKFRS 3	*Reference to the Conceptual Framework* (apb 1 January 2022)
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform - Phase 2* (apb 1 January 2021)
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (apb 1 June 2020)
HKFRS 17	*Insurance Contracts* (apb 1 January 2023)**
Amendments to HKFRS 17	*Insurance Contracts* (apb 1 January 2023)**
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (apb 1 January 2023)***
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use* (apb 1 January 2022)
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract* (apb 1 January 2022)
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 (apb 1 January 2022)

"apb" means effective for annual periods beginning on or after

* No mandatory effective date yet determined but available for adoption

** As a consequence of the amendments to HKFRS 17 issued in October 2020, the effective date of HKFRS 17 was deferred to 1 January 2023, and HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

*** As a consequence of the amendments to HKAS 1 issued in August 2020, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

Please refer to pages 48 to 51, and 196 to 197 for further details about the recent developments of new HKFRSs. It is important to note that these financial statements will require **continual updates** as and when new or revised HKFRSs become effective.

In addition to those HKFRSs on page (ii), the following HKFRSs have not been dealt with in these illustrative financial statements:

HKAS 26	*Accounting and Reporting by Retirement Benefit Plans*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 29	*Financial Reporting in Hyperinflationary Economies*
HKAS 34	*Interim Financial Reporting*
HKAS 41	*Agriculture*
HKFRS 1	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 4	*Insurance Contracts*
HKFRS 6	*Exploration for and Evaluation of Mineral Resources*
HKFRS 14	*Regulatory Deferral Accounts*
HK(IFRIC)-Int 2	*Members' Shares in Co-operative Entities and Similar Instruments*
HK(IFRIC)-Int 5	*Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*
HK(IFRIC)-Int 6	*Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment*
HK(IFRIC)-Int 7	*Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies*
HK(IFRIC)-Int 12	*Service Concession Arrangements*
HK(IFRIC)-Int 14	*HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
HK(SIC)-Int 10	*Government Assistance – No Specific Relation to Operating Activities*
HK(SIC)-Int 25	*Income Taxes – Changes in the Tax Status of an Entity or its Shareholders*
HK(SIC)-Int 29	*Service Concession Arrangements: Disclosures*
HK(SIC)-Int 32	*Intangible Assets – Web Site Costs*

Narrative shown on the left-hand side of each page indicates the applicable HKFRS paragraphs, the Hong Kong Companies Ordinance and rules of the Stock Exchange or other regulatory bodies that describe the specific disclosure requirements. In certain cases, for the purpose of this document, the requirements have been paraphrased. Reference should be made to the source for the complete text. The information shown may not present every applicable disclosure requirement.

Certain additional illustrative disclosures which are not applicable to Hong Kong Listed Limited are highlighted in grey on the right-hand pages for reference.

A listed company needs to comply with the minimum disclosure requirements as specified in Appendix 16 of the Listing Rules (GEM Rules Chapter 18). A listed company which is not incorporated in Hong Kong is also required to comply with the disclosure requirements of the Hong Kong Companies Ordinance and subsidiary legislation (A16(28)) (GEM Rules 24.20 and 25.32). This publication does not include all the disclosures required by the Listing Rules and the Hong Kong Companies Ordinance.

The disclosures presented in these illustrative financial statements are examples only. Actual disclosures should reflect the particular circumstances of the entity concerned. In addition, there may be more than one way in which disclosures can be made whilst still complying with HKFRSs or other requirements. In case of doubt as to the disclosure requirements, reference should be made to the relevant source.

This publication does not include illustrative disclosures of the impact of the covid-19 pandemic, except for the covid-19-related rent concessions in the amendment to HKFRS 16. Entities need to carefully evaluate and consider the impact of the covid-19 pandemic on their financial reporting and, where applicable, provide relevant entity-specific disclosures.

HKAS 1 refers to a “statement of financial position” and a “statement of profit or loss and other comprehensive income” or a “statement of profit or loss”. HKAS 1 allows an entity to use titles for the statements other than those used in HKAS 1. For example, an entity may use the title “statement of comprehensive income” instead of “statement of profit or loss and other comprehensive income” (HKAS 1.10).

Concerning the use of the terms “Mainland China” and “People's Republic of China/PRC” in the main body (right-hand pages) of these financial statements, the term “People's Republic of China/PRC” has only been used when referring to a legal status, such as for a company “established/registered in the PRC”. Elsewhere in the financial statements, the term “Mainland China” has been used, as in “the subsidiary's operations are in Mainland China”. The purpose of this wording is to differentiate between Hong Kong and Mainland China, as both form part of the PRC. (Where the left-hand page disclosure requirements refer to the “PRC”, this has been left as it is, to accurately reflect the wording of the source document.)

Hong Kong Financial Reporting Standards

The term HKFRSs is defined in the Preface to Hong Kong Financial Reporting Standards to include "all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and HK(IFRIC) Interpretations, HK Interpretations and HK(SIC) Interpretations (collectively referred to as "Interpretations") approved by Council of the HKICPA and currently in issue". Therefore, when the financial statements are described as complying with HKFRSs, this means that they comply with the entire hierarchy of pronouncements issued by the HKICPA, including HKASs, Hong Kong Financial Reporting Standards and Interpretations.

Abbreviations:

AB	Accounting Bulletin issued by the HKICPA
A16	Appendix 16 of the Rules Governing the Listing of Securities on the MB of the Stock Exchange
BP	Best practice
C(DR)R.X	Section X of the Companies (Directors' Report) Regulation (Cap. 622D)
C(DIBD)R.X	Section X of the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G)
ChXX	Chapter XX of the Rules Governing the Listing of Securities on the MB of the Stock Exchange
CP	The Code Provisions on corporate governance practices contained in Appendix 14 of the Rules Governing the Listing of Securities on the MB of the Stock Exchange (Appendix 15 of GEM)
GEM	The Rules Governing the Listing of Securities on GEM of the Stock Exchange
HKAS	Hong Kong Accounting Standard issued by the HKICPA
HKAS 1.X	Paragraph X of Hong Kong Accounting Standard 1
HKAS X.AG	Application Guidance of HKAS X which is an integral part of the standard
HKFRS7.BX	Paragraph X of Appendix B of HKFRS 7 which is an integral part of the standard
HKFRS7.AppX	Appendix X of HKFRS 7 which is an integral part of the standard
HKAS X.BC	Basis for Conclusions of HKAS X but is not part of the standard
HKAS X.IG	Guidance on Implementing HKAS X but is not part of the standard[#]
HKFRS	Hong Kong Financial Reporting Standard(s) issued by the HKICPA
HKSA	Hong Kong Standard on Auditing issued by the HKICPA
HK-Int	Hong Kong Interpretation issued and locally developed by the HKICPA
HK(IFRIC)-Int	Hong Kong (IFRIC) Interpretation issued by the HKICPA
HK(SIC)-Int	Hong Kong (SIC) Interpretation issued by the HKICPA
IFRIC	International Financial Reporting Interpretations Committee
PN	Practice Note issued by the HKICPA
PN 5	Practice Note 5 to the Rules Governing the Listing of Securities on the MB of the Stock Exchange
SIC	Standing Interpretations Committee Interpretation
SchXXX	Schedule number to the Hong Kong Companies Ordinance
SXXX	Section number of the Hong Kong Companies Ordinance

[#] As stated in paragraph 9 of HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors,* only guidance that is identified as an integral part of HKFRSs is mandatory. Other guidance in HKFRSs is published to assist entities in applying HKFRSs, but is not mandatory.

For reference, the following is a list of the notes included in these illustrative financial statements.

HONG KONG LISTED LIMITED

CONTENTS

Report of the directors	
A listed issuer (whether or not it is incorporated in Hong Kong) shall include disclosures required under the following provisions of the Companies Ordinance and subsidiary legislation in the directors' report: 1. Section 390 – Contents of directors' report: general 2. Section 470 – Permitted indemnity provisions to be disclosed in directors' report 3. Section 543 – Disclosure of management contracts 4. Schedule 5 – Content of Directors' Report: Business Review 5. Companies (Directors' Report) Regulation (Cap. 622D)	A16(28)(2) /GEM18.07A(2)
Directors must prepare the directors' report which complies with section 388 of the Companies Ordinance	A16(28)(28.1) /GEM18.07A(Note 1)
If the company is a holding company in a financial year, and the directors prepare annual consolidated financial statements for the financial year, the directors must prepare for the financial year a consolidated directors' report that:	S388(2)
1. complies with sections 390 and 543(2) and Schedule 5	-(a)
2. contains the information prescribed by the Companies (Directors' Report) Regulation	-(b)
3. complies with other requirements prescribed by the Companies (Directors' Report) Regulation	-(c)
Principal activities and business review	
A directors' report for a financial year must contain the principal activities of the company in the course of the financial year	S390(1)(b)
A directors' report for a financial year must contain a business review that consists of:	Sch5.1
1. a fair review of the company's business	-(a)
2. a description of the principal risks and uncertainties facing the company	-(b)
3. particulars of important events affecting the company that have occurred since the end of the financial year	-(c)
4. an indication of likely future development in the company's business	-(d)
To the extent necessary for an understanding of the development, performance or position of the company's business, a business review must include:	Sch5.2
1. an analysis using financial key performance indicators	-(a)
2. a discussion on the company's environmental policies and performance and the company's compliance with the relevant laws and regulations that have a significant impact on the company	-(b)(i)&(ii)
3. an account of the company's key relationships with its employees, customers and suppliers and others that have a significant impact on the company and on which the company's success depends	-(c)
Commentary:	
1. Section 390 of the Companies Ordinance has effect in relation to a directors' report required to be prepared under section 388(2) as if a reference to the company in section 390(1) was a reference to the company and the subsidiary undertakings included in the annual consolidated financial statements for the financial year. So, the disclosure of the principal activities is required to include the principal activities of the company's subsidiaries	S390(3)(a)&(b)
2. Schedule 5 to the Companies Ordinance requires that a directors' report for a financial year must contain a business review. According to Question A8 of the HKICPA's Q&A "Location of business review", this requirement can be met by including a cross reference in the directors' report to where this review is located if it is included elsewhere in the annual report. For example, there are many similarities between the requirements already in A16(28)(2)(d) and A16(32)/GEM18.07A(2)(d) and 18.41 for companies listed on the Hong Kong Stock Exchange to include a Discussion and Analysis ("MD&A") disclosures in their annual reports and the prescribed contents of a business review set out in Schedule 5. The requirements of Schedule 5 can be met by including a cross reference in the directors' report to where the MD&A is found, provided that: a. the cross reference is clear and it is clearly stated that the cross referenced part of the annual report forms part of the directors' report b. the discussion and analysis found in that MD&A is sufficient to meet the minimum content requirements of Schedule 5 As a minimum, the MD&A disclosures should cover the points in A16(32)(1)-(12)/GEM18.41 and include an explanation of the basis on which the issuer generates or preserves value over the longer term (the business model) and the strategy for delivering the issuer's objectives. A16(52)/GEM18.83 also provides a list of recommended additional MD&A disclosures. If the information required in A16(32)/GEM18.41 and recommended additional disclosures has been disclosed in a business review in the directors' report as set out in A16(28)/GEM18.07A, no additional MD&A disclosure in respect of A16(32)/GEM18.41 is required	CP C.1.4 A16(32)(32.3) /GEM18.41(Note 3)

HONG KONG LISTED LIMITED

REPORT OF THE DIRECTORS

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

Change of company name

Pursuant to a special resolution passed at the annual general meeting of the Company held on 10 May 2020 and approved by the Registrars of Companies of Hong Kong, the name of the Company was changed from ABC Limited to Hong Kong Listed Limited.

The Chinese translation of the Company's name for identification purposes was changed from 甲乙丙有限公司 to 香港上市有限公司.

Or

The Company changed its Chinese name from 甲乙丙有限公司 to 香港上市有限公司 which is part of its legal name.

Principal activities and business review

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise the manufacture and sale of electronic and industrial products, infrastructure development, property investment and the provision of management services. On 1 September 2020, the board of directors announced its decision to sell the Group's electronic products business, DDD Company Limited. Other than this development, there were no significant changes in the nature of the Group's principal activities during the year.

Or

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year. During the year, the board of directors announced its decision to sell the Group's electronic products business, DDD Company Limited.

Include a business review as required by section 388(2) and Schedule 5 to the Hong Kong Companies Ordinance. Reference should be made to Accounting Bulletin 5 issued by the HKICPA for guidance for the preparation and presentation of a business review under the Hong Kong Companies Ordinance. Refer to page (2) for the summary of guiding principles provided in Accounting Bulletin 5

Or

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the Management Discussion and Analysis set out on pages … to … of this annual report. This discussion forms part of this directors' report.

Results and dividends

The Group's profit [loss] for the year ended 31 December 2020 and the Group's financial position at that date are set out in the financial statements on pages 24 to 185.

An interim dividend of HK1 cent per ordinary share was paid on 8 September 2020. The directors recommend the payment of a final dividend of HK1 cent per ordinary share in respect of the year to shareholders on the register of members on 6 May 2021.

Include particulars of any arrangement under which a shareholder has waived or agreed to waive any dividends

Principal activities business review (continued) *Commentary*: (continued) 3. The information about impending developments or matters in the course of negotiation is not required to be included in a business review if the disclosure would, in the directors' opinion, be seriously prejudicial to the company's interests 4. Schedule 5 has effect in relation of a directors' report required to be prepared under section 388(2) as if a reference to the company in a business review were a reference to the company and the subsidiary undertakings included in the annual consolidated financial statements for the financial year 5. "Key performance indicators" in Schedule 5 to the Companies Ordinance means factors by reference to which the development, performance or position of the company's business can be measured effectively 6. A business review prepared and presented for the purposes of compliance with Schedule 5 should be consistent with the following guiding principles: a. the review should set out an analysis of the business through the eyes of the board of directors b. the scope of the review should be consistent with the scope of the financial statements c. the review should complement as well as supplement the financial statements, in order to enhance the overall corporate disclosure d. the review should be understandable e. the review should be balanced and neutral, dealing even-handedly with both good and bad aspects Refer to the Accounting Bulletin 5 *Guidance for the Preparation and Presentation of a Business Review under the Hong Kong Companies Ordinance Cap. 622* issued by the HKICPA for further guidance for the preparation of a business review	Sch5.3 Sch5.4 Sch5.5 AB5(15) -(a) -(b) -(c) -(d) -(e)
Results and dividends A directors' report for a financial year must state the amount, if any, that the directors of the company recommend should be paid by way of dividend for the financial year	C(DR)R.7
Use of proceeds from the Company's initial public offering 1. In the case of any issue for cash of equity securities (including securities convertible into equity securities), a listed issuer shall disclose the total funds raised from the issue and details of the use of proceeds including: a. A detailed breakdown and description of the proceeds for each issue and the purposes for which they are used during the financial year b. If there is any amount not yet utilised, a detailed breakdown and description of the intended use of the proceeds for each issue and the purposes for which they are used and the expected timeline c. Whether the proceeds were used, or are proposed to be used, according to the intentions previously disclosed by the issuer, and the reasons for any material change or delay in the use of proceeds 2. To the extent that there are proceeds brought forward from any issue of equity securities (including securities convertible into equity securities) made in previous financial year(s), the listed issuer shall disclose the amount of proceeds brought forward and details of the use of such proceeds as set out in A16(11)(8) *Commentary*: Issuers are recommended to present the information required in A16(11)(8) above in tabular format to show separately the amounts used and the purposes for which they are used, and compare each of the actual or intended uses against the intention and expected timeframe previously disclosed by the issuer	A16(11)(8) -(a) -(b) -(c) A16(11A) A16(11)(8)(Note)
Summary financial information A listed issuer shall include a summary, in the form of a comparative table, of the published results and of the assets and liabilities of the group for the last five financial years. Where the published results and statement of assets and liabilities have not been prepared on a consistent basis this must be explained in the summary	A16(19) /GEM18.33

Use of proceeds from the Company's initial public offering

The proceeds from the Company's issue of new shares at the time of its listing on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) in February 2020, after deduction of related issuance expenses, amounted to approximately HK$... . These proceeds were fully applied during the year ended 31 December 2020 in accordance with the proposed applications set out in the Company's listing prospectus as follows:

	Amount disclosed in the Company’s listing prospectus HK$’000	Amount applied for the year ended 31 December 2020 HK$'000
Proceeds from the Company’s issue of new shares applied for:		
… purpose	…	…
… purpose	…	…
Additional working capital	…	…
	…	…

Disclose additional information, as applicable, as required by A16(11)(8)(b) and (c)

Summary financial information

A summary of the published results and assets, 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 187. This summary does not form part of the audited financial statements.

Share capital, share options, warrants and convertible bonds and purchase, redemption or sale of listed securities of the Company	
If, in any financial year of a company, the company has issued any shares, a directors' report for the financial year must state the reason for making the issue, the classes of shares issued and, for each class of shares, the number of shares issued and the consideration received by the company for the issue	C(DR)R.5
If, in any financial year of a company, the company has issued any debentures, a directors' report for the financial year must state the reason for making the issue, the classes of debentures issued and, for each class of debentures, the amount issued and the consideration received by the company for the issue	C(DR)R.5A
In relation to transactions in its securities, or securities of its subsidiaries during the financial year a listed issuer shall include:	A16(10) /GEM18.11-14
1. details of the classes, numbers and terms of any convertible securities, options, warrants or similar rights issued or granted by the listed issuer or any of its subsidiaries, together with the consideration received by the listed issuer or any of its subsidiaries therefor	-(1)
2. particulars of any exercise of any conversion or subscription rights under any convertible securities, options, warrants or similar rights issued or granted at any time by the listed issuer or any of its subsidiaries	-(2)
3. particulars of any redemption or purchase or cancellation by the listed issuer or any of its subsidiaries of its redeemable securities and the amount of such securities outstanding at the end of the relevant financial year	-(3)
Note: an annual report shall contain a monthly breakdown of purchases of shares under Rule 10.06(4)(b)	A16(6)(6.3) /GEM18.14
4. particulars of any purchase, sale or redemption by the listed issuer, or any of its subsidiaries, of its listed securities during the financial year, or an appropriate negative statement. Such statement must include the aggregate price paid or received by the listed issuer for such purchases, sales or redemptions and should distinguish between those securities purchased or sold:	A16(10) /GEM18.11-14 -(4)
a. on the Stock Exchange	-(4)(a)
b. on another stock exchange	-(4)(b)
c. by private arrangement	-(4)(c)
d. by way of a general offer	-(4)(d)
Any such statement must also distinguish between those listed securities which are purchased by the listed issuer (and, therefore, cancelled) and those which are purchased by a subsidiary of the listed issuer	-(4)
In the case of any issue for cash of equity securities made otherwise than shareholders in proportion to their shareholdings and which has not been specifically authorised by the shareholders, a listed issuer shall disclose:	A16(11) /GEM18.32
1. the reasons for making the issue	-(1)
2. the classes of equity securities issued	-(2)
3. as respect each class of equity securities, the number issued, their aggregate nominal value, if any	-(3)
4. the issue price of each security	-(4)
5. the net price to the listed issuer of each security	-(5)
6. the names of the allottees, if less than six in number, and, in the case of six or more allottees, a brief generic description of them	-(6)
7. the market price of the securities concerned on a named date, being the date on which the terms of the issue were fixed	-(7)
8. the use of the proceeds	-(8)
An issuer shall include in its annual report and accounts a monthly breakdown of purchases of shares made during the financial year under review showing the number of shares purchased each month (whether on the Stock Exchange or otherwise) and the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate price paid by the issuer for such purchases. The directors' report shall contain reference to the purchases made during the year and the directors' reasons for making such purchases	Ch10.06(4)(b) /GEM13.13(2) &GEM18.14
If, in any financial year of a company, the company has entered into an equity-linked agreement, a directors' report for the financial year must state:	C(DR)R.6(1)
1. the reason for entering into the agreement	-(a)
2. the nature and terms of agreement including, if applicable:	-(b)
a. the conditions that must be met before the company issues the shares	-(b)(i)
b. the conditions that must be met before a third party may require the company to issue any shares	-(b)(ii)
c. any monetary or other consideration that the company has received or will receive under the agreement	-(b)(iii)
3. the classes of shares issued under the agreement	-(c)
4. for each class of shares, the number of shares that have been issued under the agreement	-(d)

Share capital, share options, warrants and convertible bonds

Details of movements in the Company's share capital, share options, warrants and convertible bonds during the year are set out in notes 36, 37 and 33 to the financial statements.

Or

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

Details of the convertible bond agreements entered into during the year or subsisting at the end of the year are set out below:

On 1 January 2020, the Company issued 30,000,000 7% convertible bonds with a nominal value of HK$30,000,000 for financing the Group's operations. There was no movement in the number of these convertible bonds during the year. The bonds are convertible at the option of the bondholders into ordinary shares on 1 January 2022 on the basis of one ordinary share for every three HK$1 bonds held. The bonds are redeemable at the option of the bondholders at a price of HK$1.20 per bond on 1 January 2022. Any convertible bonds not converted will be redeemed on 31 December 2024 at a price of HK$1.20 per HK$1 bond. The bonds carry interest at a rate of 7% per annum, which is payable half-yearly in arrears on 30 June and 31 December.

Details of other equity-linked agreements are included in the section "Share option scheme" below.

Purchase, redemption or sale of listed securities of the Company

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

During the year, the Company purchased certain of its shares on the Hong Kong Stock Exchange and these shares were subsequently cancelled by the Company. The summary details of those transactions are as follows:

Month	Number of shares repurchased	Price per share Highest HK$	Price per share Lowest HK$	Total price paid HK$'000
January 2020	…	…	…	…
June 2020	…	…	…	…
July 2020	…	…	…	…
September 2020	…	…	…	…
October 2020	…	…	…	…
December 2020	…	…	…	…
	…			…

The purchased shares were cancelled during the year and the total amount paid for the purchases of HK$... was paid wholly out of retained profits.

The purchase of the Company's shares during the year was effected by the directors, pursuant to the mandate from shareholders received at the last annual general meeting, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

Except as disclosed above, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

Share capital, share options, warrants and convertible bonds and purchase, redemption or sale of listed securities of the Company (continued) If, at the end of a financial year of a company, there subsists an equity-linked agreement entered into by the company, a directors' report for the financial year must state: 1. the classes of shares that may be issued under the agreement 2. for each class of shares, the number of shares that may be issued under the agreement 3. any monetary or other consideration that the company has received or will receive under the agreement 4. any other conditions or terms that remain to be met before the shares are issued *Commentary*: An equity-linked agreement in C(DR)R.6: 1. means an agreement that will or may result in the company issuing shares; or an agreement requiring the company to enter into the agreement that will or may result in the company issuing shares 2. includes an option to subscribe for shares, an agreement for the issue of securities that are convertible into, or entitle the holder to subscribe for, shares in the company, an employee share scheme and a share option scheme 3. does not include an agreement to subscribe for shares in a company that is entered into pursuant to the company's offer of its shares to the public and an agreement to subscribe for shares in a company that is entered into pursuant to an offer made to the members of the company in proportion to their shareholdings	C(DR)R.6(2) -(a) -(b) -(c) -(d) C(DR)R.6(3) -(a) -(b) -(c)
Pre-emptive rights (applicable only to overseas and PRC incorporated companies) *Commentary*: An overseas issuer or a PRC issuer shall include a statement, where applicable, that no pre-emptive rights exist in the jurisdiction in which the listed issuer is incorporated or otherwise established	A16(20)
Distributable reserves A listed issuer shall include a statement of the reserves available for distribution to shareholders by the listed issuer as at the date of its statement of financial position: 1. in the case of a Hong Kong issuer, as calculated under the provisions of sections 291, 297 and 299 of the Companies Ordinance 2. in other cases, as calculated in accordance with any statutory provisions applicable in the listed issuer's place of incorporation or, in the absence of such provisions, with generally accepted accounting principles *Commentary*: For a company incorporated in Hong Kong, reference should be made to Accounting Bulletin 4 *Guidance on the Determination of Realised Profits and Losses in the Context of Distributions under the Hong Kong Companies Ordinance* issued by the HKICPA which provides guidance on the determination of distributable profits under the Companies Ordinance	A16(29)(1) /GEM18.37 A16(29)(2) /GEM25.33 &GEM24.21
Charitable contributions If a company (not being the wholly owned subsidiary of a company incorporated in Hong Kong) has no subsidiary undertakings and has in the financial year made donations for charitable or other purposes to a total amount of not less than $10,000, a directors' report for the financial year must state the total amount of those donations If a company (not being the wholly owned subsidiary of a company incorporated in Hong Kong) has subsidiary undertakings and the company has in a financial year made donations (whether on its own or by its subsidiary undertakings) for charitable or other purposes to a total amount of not less than $10,000, a directors' report for the financial year must state the total amount of those donations	C(DR)R.4(1) C(DR)R.4(2)

Pre-emptive rights (*applicable only to overseas and PRC incorporated companies*)
There are no provisions for pre-emptive rights under the Company's bye-laws/articles of association or the laws of [*name of country of incorporation*] which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Distributable reserves
At 31 December 2020, the Company's reserves available for distribution, calculated in accordance with the provisions of sections 291, 297 and 299 of the Hong Kong Companies Ordinance, amounted to HK$58,494,000, of which HK$6,510,000 has been proposed as a final dividend for the year. In addition, the amount of HK$95,678,000 previously included in the Company's share premium account may be distributed in the form of fully paid bonus shares.

Charitable contributions
During the year, the Group made charitable contributions totalling HK$1,250,000.

Major customers and suppliers
In the year under review, sales to the Group's five largest customers accounted for 36% of the total sales for the year and sales to the largest customer included therein amounted to 10.75%. Purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the year.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's share capital) had any beneficial interest in the Group's five largest customers.

Major customers and suppliers	
A listed issuer shall include information in respect of its major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and its major suppliers (meaning the ultimate suppliers of items which are not of a capital nature) as follows:	A16(31) /GEM18.40
1. a statement of the percentage of purchases attributable to the largest supplier	-(1)
2. a statement of the percentage of purchases attributable to the 5 largest suppliers combined	-(2)
3. a statement of the percentage of revenue from sales of goods or rendering of services attributable to the largest customer	-(3)
4. a statement of the percentage of revenue from sales of goods or rendering of services attributable to the 5 largest customers combined	-(4)
5. a statement of the interests of any of the directors; their associates; or any shareholder (which to the knowledge of the directors own more than 5% of the number of issued shares of the listed issuer) in the suppliers or customers disclosed under Appendix 16(31)(1) to Appendix 16(31)(4) of the Listing Rules above or if there are no such interests a statement to that effect	-(5)
6. in the event that the percentage which would fall to be disclosed under Appendix 16(31)(2) of the Listing Rules above is less than 30, a statement of that fact shall be given and the information required in Appendix 16(31)(1), Appendix 16(31)(2) and Appendix 16(31)(5) of the Listing Rules (in respect of suppliers) may be omitted	-(6)
7. in the event that the percentage which would fall to be disclosed under Appendix 16(31)(4) of the Listing Rules above is less than 30, a statement of that fact shall be given and the information required in Appendix 16(31)(3), Appendix 16(31)(4) and Appendix 16(31)(5) of the Listing Rules (in respect of customers) may be omitted	-(7)
Commentary:	
1. In relation to consumer goods, references to customers are to the ultimate wholesaler or retailer, except when the listed issuer's business incorporates the wholesaling or retailing operation. In all other cases references to customers are to ultimate customer	A16(31)(31.2)
2. References to suppliers are primarily to those who provide goods or services which are specific to a listed issuer's business and which are required on a regular basis to enable the listed issuer to continue to supply or service its customers. Suppliers of goods and services which are freely available from a range of suppliers at similar prices or which are otherwise freely available (such as utilities) are excluded. In particular, it is recognised that an obligation on listed issuers who are providers of financial services (such as banks and insurance companies) to give information about suppliers would be of limited or no value, and there is therefore no disclosure requirement in respect of suppliers to such listed issuers	A16(31)(31.3) /GEM18.40(Note 3)

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Directors	
A directors' report for a financial year must contain the name of every person who was a director of the company	S390(1)(a)
1. during the financial year; or	-(i)
2. during the period beginning with the end of the financial year and ending on the date of the report	-(ii)
In relation to an independent non-executive director appointed by a listed issuer during the financial year, the listed issuer shall disclose the reasons why such an independent non-executive director was and is considered to be independent if he has failed to meet any of the independence guidelines set out in Rule 3.13 of the Listing Rules	A16(12A) /GEM18.39A
A listed issuer must confirm whether it has received from each of its independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and whether it still considers the independent non-executive directors to be independent	A16(12B) /GEM18.39B
Where there is a change in any of the information required to be disclosed pursuant to Rule 13.51(2)(a) to (e) and Rule 13.51(2)(g) of the Listing Rules during the course of the director's, supervisor's or chief executive's term of office, the issuer must ensure that the change and the updated information regarding the director, supervisor or chief executive is set out in the next published annual or interim report of the listed issuer (whichever is the earlier)	Ch13.51B(1) /GEM17.50A(1)
Information required to be disclosed pursuant to Rule 13.51(2)(a) to (e) and Rule 13.51(2)(g) is as follows:	Ch13.51(2) /GEM17.50(2)
1. the full name (including any former name(s) and alias(es)) and age	-(a)
2. positions held with the issuer and other members of the issuer's group	-(b)
3. experience including (i) other directorships held in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas, and (ii) other major appointments and professional qualifications	-(c)
4. length or proposed length of service with the issuer	-(d)
5. relationships with any directors, senior management or substantial or controlling shareholders of the issuer	-(e)
6. amount of the director's, supervisor's or chief executive's emoluments and the basis of determining the director's, supervisor's or chief executive's emoluments (including any bonus payments, whether fixed or discretionary in nature, irrespective of whether the director, supervisor or chief executive has or does not have a service contract) and how much of these emoluments are covered by a service contract	-(g)
If a director of a company has in a financial year resigned from the office or refused to stand for re-election to the office and the company has received a notice in writing from the director specifying that the resignation or refusal is due to reasons relating to the affairs of the company (whether or not other reasons are specified), a directors' report for the financial year must contain a summary of the reasons relating to the affairs of the company	C(DR)R.8(1)&(2)

Directors

The directors of the Company during the year were:

Non-executive chairman:
Mr. F
Executive directors:
Mr. A
Mr. B
Mr. C
Mr. D (alternate director to Mr. A)
Mr. E (appointed on 1 January 2020)
Non-executive directors:
Mr. G*
Mr. H*
Mr. I*

* Independent non-executive directors

(For companies incorporated in Hong Kong) Include the names of any other persons who were directors of the subsidiaries of the Company

The persons who were directors of the subsidiaries of the Company during the year [(not including those directors listed above)] were:
… (appointed on [*date during the year*])
…
…

Or
The full list of the names of the directors of the Company's subsidiaries during the financial year and up to the date of the directors' report can be found on the Company's website at [*address of Company's website*] under the category "About us".

Subsequent to the end of the reporting period, on 5 January 2021, Mr. B resigned as a director of the Company and Mr. J was appointed as an executive director of the Company.

If any director of the Company has resigned from office or refused to stand for re-election for office due to reasons relating to the affairs of the Company, include a summary of reasons relating to the affairs of the Company

In accordance with articles 86(2) and 88(1) of the Company's articles of association, Messrs. A and E will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting. The non-executive directors and independent non-executive directors are appointed for periods of three years and one year, respectively.

Include details of any changes in any of the information required to be disclosed by Rules 13.51(2)(a) to (e) and (g) during the course of a director's or supervisor's term of office

The Company has received annual confirmations of independence from Messrs. G, H and I, and as at the date of this report still considers them to be independent.

Directors (continued) *Commentary*:	
1. An issuer must appoint independent non-executive directors representing at least one-third of the board of directors	Ch3.10A&3.11 /GEM5.05A&5.06
2. According to S390(3)(a)&(b) of the Companies Ordinance, the reference to the company in S390(1) refers to the company and the subsidiary undertakings included in the annual consolidated financial statements for the financial year. So, the names of any persons who are or were directors of any of the subsidiaries that are included in the consolidated financial statements during the financial year or during the period beginning with the end of the financial year and ending on the date of the directors' report are required to be disclosed. With effect from 1 February 2019, this requirement in section 390 of the Companies Ordinance has been amended. Pursuant to S390(4) to (7), the requirement to disclose the name of every director of a company's subsidiary undertakings in the directors' report of the company may be dispensed with if a list of the name of every person who was a director of the company's subsidiary undertakings during the financial year or during the period beginning with the end of the financial year and ending on the date of the directors' report is: a. kept at the company's registered office and made available for inspection by the members free of charge during business hours; or b. made available on the company's website The above does not affect the requirement to disclose the names of the directors of the company and other particulars required under section 390, and such information must be contained fully in the directors' report	
3. A listed issuer shall include disclosures required under section 390 of the Companies Ordinance in the directors' report. Notwithstanding with this requirement, a listed issuer not incorporated in Hong Kong is not required to disclose the name(s) of its subsidiaries' director(s)	A16(28)(28.2) /GEM18.07A
It is also recommended to:	
1. distinguish between executive, non-executive, and independent non-executive directors	BP
2. state which directors retire and which offer themselves for re-election at the forthcoming AGM	BP

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Directors' and senior management's biographies A listed issuer should provide brief biographical details of its directors and senior managers. Such details will include name, age, positions held with the listed issuer and other members of the listed issuer's group, length of service with the issuer and the group and such other information (which may include business experience) of which shareholders should be aware, pertaining to the ability or integrity of such persons. Where a director has any former name or alias, such information should be disclosed. Where any of the directors or senior managers are related, having with any other director or senior manager any one of the relationships set out below, that fact should be stated. The relationships are spouse; any person cohabiting with the director or senior manager as a spouse; and any relative meaning a child or step-child regardless of age, a parent or step-parent, a brother, sister, step-brother or step-sister, a mother-in-law, a father-in law, son-in-law, daughter-in-law, brother-in-law or sister-in-law. Where any director of the listed issuer is a director or employee of a company which has an interest in the shares and underlying shares of the listed issuer which would fall to be disclosed to the listed issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, that fact shall be stated	A16(12) /GEM18.39
Commentary: 1. It is the responsibility of the directors of the listed issuer to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries; heads of divisions, departments or other operating units within the group as, in the opinion of the listed issuer's directors, is appropriate 2. The purpose of this disclosure is to provide information concerning the directors who contributed to the operations during the year. Accordingly, directors who resigned during the year and shadow/alternate directors should also be included	A16(12)(12.1) /GEM18.39
Directors' service contracts A listed issuer shall include a statement as to the period unexpired of any service contract, which is not determinable by the employer within one year without payment of compensation (other than statutory compensation), of any director proposed for re-election at the forthcoming annual general meeting or, if there are no such service contracts, a statement of that fact	A16(14) /GEM18.24(1)
Directors' remuneration A listed issuer shall include the following information in respect of the group's emolument policy: 1. a general description of the emolument policy and any long-term incentive schemes of the group 2. the basis of determining the emolument payable to its directors	A16(24B) /GEM18.29A -(1) -(2)
Permitted indemnity provision If, when a directors' report prepared by the directors of the company is approved in accordance with section 391 of the Companies Ordinance or at any time during the financial year to which a directors' report prepared by the directors of the company relates, a permitted indemnity provision (whether made by the company or otherwise) is or was in force for the benefit of one or more directors of the company, the report must state the provision is or was in force	S470(1)&(2) &C(DR)R.9(1)
If, when a directors' report prepared by the directors of the company is approved in accordance with section 391 of the Companies Ordinance or at any time during the financial year to which a directors' report prepared by the directors of the company relates, a permitted indemnity provision made by the company is or was in force for the benefit of one or more directors of an associated company of the company or one or more persons who were then directors of an associated company of the company, the report must state the provision is or was in force	S470(3)&(4) &C(DR)R.9(2)
Commentary: Permitted indemnity provision means a provision that provides for indemnity against liability incurred by a director of the company to a third party; and the provision must not provide any indemnity against: 1. any liability of the director to pay a fine imposed in criminal proceedings or a sum payable by way of a penalty in respect of non-compliance with any requirement of a regulatory nature 2. any liability incurred by the director: a. in defending criminal proceedings in which the director is convicted b. in defending civil proceedings brought by the company, or an associated company of the company, in which judgement is given against the director c. in defending civil proceedings brought on behalf of the company by a member of the company or an associated company of the company, in which judgement is given against the director d. in defending civil proceedings brought on behalf of an associated company of the company by a member of the associated company or by a member of an associated company of the associated company, in which judgement is given against the director e. in connection with an application for relief under section 358 of the predecessor Ordinance or section 903 or section 904 of the Companies Ordinance in which the court refuses to grant the director relief	C(DR)R.9(3)(a) S469(2) -(a) -(b) -(b)(i) -(b)(ii) -(b)(iii) -(b)(iv) -(b)(v)

Directors' and senior management's biographies
Biographical details of the directors of the Company and the senior management of the Group are set out on pages … to … of the annual report.

Directors' service contracts
Mr. A has a service contract with the Company for a term of three years which commenced on 1 July 2018 and is subject to termination by either party giving not less than six months' written notice.

Mr. E has entered into a service contract with the Company for a term of four years which commenced on 1 January 2020 and is subject to termination by either party giving not less than six months' written notice.

Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has 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' remuneration
The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

Include further information as applicable, e.g., reference to the remuneration committee

Permitted indemnity provision
During the year ended 31 December 2020, a permitted indemnity provision as defined in the Hong Kong Companies Ordinance was in force for an indemnity against a liability incurred by Mr. B, director of the Company, to a third party.

Directors' interests in transactions, arrangements or contracts
Mr. A, being a beneficial shareholder of Industrial Limited, was interested in a contract for the supply of raw materials to the Group. Further details of the transactions undertaken in connection therewith are included in notes 46(a)(v) and 46(c) to the financial statements.

Include details of transactions, arrangements or contracts of significance to the business of the Group entered into by the Company's directors or their connected entities with the Company's parent, subsidiaries or fellow subsidiaries

Note: Details of transactions, arrangements or contracts of significance that involve the Company are disclosed in the notes to the financial statements rather than in the report of the directors (see commentary on page (9)). If there have been no such transactions, arrangements or contracts that involve the Company, it is best practice to include a negative statement in the report of the directors

Save as disclosed above [and the details disclosed in note … to the financial statements], no director nor a connected entity of a director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, the holding company of the Company, or any of the Company's subsidiaries or fellow subsidiaries was a party during the year.

Management contracts
Pursuant to an agreement dated 1 October 2016 between the Company and its ultimate holding company, Prosperous Future Limited ("Prosperous"), Prosperous provides management services to the Company. The agreement may be terminated by either party, subject to not less than three months' written notice. During the year, the Company paid a management service fee of HK$150,000 under this agreement.

Pursuant to an agreement dated … between the Company and Company X of which Mr. P is the sole shareholder, Company X provides management and administrative services to the Company. The agreement may be terminated by either party, subject to not less than two months' written notice. During the year, the Company paid a management service fee of HK$... under this agreement.

Directors' interests in transactions, arrangements or contracts	
A listed issuer shall include particulars (nature and extent) of any transaction, arrangement or contract of significance (as defined under Rule 14.04(9) of the Listing Rules or if the omission of the information relating to that transaction, arrangement or contract would have changed or influenced the judgement or decision of a person relying on the relevant information) subsisting during or at the end of the financial year in which a director of the listed issuer or an entity connected with a director (as defined in section 486 of the Companies Ordinance) is or was materially interested, either directly or indirectly, or, if there has been no such transaction, arrangement or contract, a statement of that fact	A16(15) /GEM18.25
A directors' report for a financial year of a company must state the particulars of any transaction, arrangement or contract entered into by a specified undertaking of the company and in which a person who at any time in the financial year of the company was a director of the company had, directly or indirectly, a material interest. The particulars referred to above are:	C(DR)R.10(1) C(DR)R.10(2)
1. the principal terms of the transaction, arrangement or contract	-(a)
2. the fact that the transaction, arrangement or contract was entered into or subsisted in the financial year	-(b)
3. the names of the parties to the transaction, arrangement or contract	-(c)
4. the name of the director having the material interest and the nature of that interest	-(d)
5. (if the director is treated as having the material interest by virtue of C(DR)R.10(3)) the name of the director's connected entity and the nature of the connection	-(e)
Commentary: The references in C(DR)R.10(1)&(2) above to a transaction, arrangement or contract do not include references to a director's contract of service or to a transaction, arrangement or contract between the company and its specified undertaking in which a director of the company has a material interest	C(DR)R.10(7)(c) &(d)
1. Specified undertaking, in relation to a company, in C(DR)R means:	
a. a parent company of the company	
b. a subsidiary undertaking of the company; or	
c. a subsidiary undertaking of the company's parent company	C(DR)R.2
2. A reference to a transaction, arrangement or contract under C(DR)R.10 is a reference to a transaction, arrangement or contract that is significant to the company's business	C(DR)R.10(4)
3. For the purpose of C(DR)R.10, a director of a public company is treated as having a material interest in a transaction, arrangement or contract entered into by a specified undertaking of the company if a connected entity (as defined in section 486 of the Companies Ordinance) of that director has a material interest in that transaction, arrangement or contract	C(DR)R.10(3)
4. For the purpose of C(DR)R.10, a reference to a director includes a shadow director	C(DR)R.10(8)(a)
5. For transactions, arrangements or contracts entered into by the company and a director of the company (or a connected entity of a director of a public company as specified in C(DIBD)R.22(4)), the information about material interests of directors in those transactions, arrangements or contracts is now required to be disclosed in the notes to the financial statements instead of the directors' report in accordance with C(DIBD)R.22	C(DIBD)R.22(1) &(2)
Commentary: The definition of shadow director is provided in section 2(1) of the Companies Ordinance	
Management contracts	
If a company enters into contract, other than a contract of service with any director of the company or any person engaged in the full-time employment of the company, by which a person undertakes the management and administration of the whole or any substantial part of any business of the company, the directors' report for any year in which the contract is in force must include:	S543(1) S543(2)
1. a statement of the existence and duration of the contract	-(a)
2. the name of every director and shadow director interested in the contract and the nature and extent of the interest	-(b)

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Directors' and chief executive's interests and short positions in shares and underlying shares and debentures	
A listed issuer shall include the information relating to interests of directors, the chief executive and others as follows:	
1. subject to Appendix 16(13)(2) of the Listing Rules, a statement as at the end of the relevant financial year showing the interests and short positions of each director and chief executive of the listed issuer in the shares, underlying shares and debentures of the listed issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance):	A16(13)(1) /GEM18.15(1)
a. as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance	-(a)
b. as otherwise notified to the listed issuer and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (which shall be deemed to apply to the PRC Issuer's supervisors to the same extent as it applies to directors); or	-(b)
c. if there is no such interest or right that has been granted or exercised, a statement of that fact provided that the Stock Exchange may agree, in its sole discretion, that compliance with Appendix 16(13)(1) of the Listing Rules may be modified or waived in respect of any associated corporation if, in the opinion of the Stock Exchange, the number of associated corporations in respect of which each director and chief executive is taken or deemed to have an interest or short position under Part XV of the Securities and Futures Ordinance is such that compliance would result in particulars being given which are not material in the context of the group and are of excessive length	-(c) A16(13)(1) /GEM18.15(1)
2. the statement required by Appendix 16(13)(1) of the Listing Rules above must specify the company in which the interests or short positions are held, the class to which those securities belong and the number of such securities held and particulars should be given of the extent of any duplication which occurs. The statement need not disclose:	A16(13)(2)&(13.2) /GEM18.15(2)
a. the interests of a director in the shares of the listed issuer or any of its subsidiaries if such interest is held solely in a non-beneficial capacity and is for the purpose of holding the requisite qualifying shares	-(a)
b. the non-beneficial interests of directors in the shares of any subsidiary of the listed issuer in so far as that interest comprises the holding of shares subject to the terms of a written, valid and legally enforceable declaration of trust in favour of the parent company of that subsidiary or the listed issuer and such interest is held solely for the purpose of ensuring that the relevant subsidiary has more than one member	-(b)
3. where interests in securities arising from the holding of such securities as qualifying shares are not disclosed pursuant to the exception provided in Appendix 16(13)(2) of the Listing Rules, a general statement should nevertheless be made to indicate that the directors hold qualifying shares	A16(13.1) /GEM18.15(2) (Note)
Statements disclosing interests and short positions in shares, underlying shares and debentures have to separately refer to three categories of persons, namely, directors and chief executives, substantial shareholders, and other persons who are required to disclose their interests pursuant to Part XV of the Securities and Futures Ordinance	PN5(3.1) /GEM18.17
Statements disclosing interests and short positions in shares, underlying shares and debentures should describe the capacity in which such interests and short positions are held and the nature of such interests and short positions. Where interests or short positions are attributable on account of holdings through corporations that are not wholly-owned by the person making disclosure, the percentage interests held by such person in such corporations should be disclosed	PN5(3.2) /GEM18.17

Directors' and chief executive's interests and short positions in shares and underlying shares and debentures

At 31 December 2020, the interests and short positions of the directors and chief executive in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long positions in ordinary shares of the Company:

		Number of shares held, capacity and nature of interest					
Name of director	Notes	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust	Total	Percentage of the Company's share capital
Mr. A	(a)	83,200,000	-	-	4,000,000	87,200,000	13.4
Mr. B	(b)	-	-	-	2,500,000	2,500,000	0.4
Mr. C	(c)	-	1,230,000	2,460,000	-	3,690,000	0.6
Mr. E		2,000,000	-	-	-	2,000,000	0.3
		85,200,000	1,230,000	2,460,000	6,500,000	95,390,000	14.7

Long positions in warrants of the Company:

		Number of warrants held, capacity and nature of interest			
Name of director	Notes	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust
Mr. A		1,000,000	-	-	-
Mr. B	(b)	-	-	-	1,000,000
Mr. C	(c)	-	-	500,000	-
		1,000,000	-	500,000	1,000,000

Long positions in share options of the Company:

Name of director	Number of options directly beneficially owned
Mr. A	5,000,000
Mr. B	5,000,000
	10,000,000

Long positions in debentures of the Company:

		Number of debentures held, capacity and nature of interest			
Name of director	Notes	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Others
Mr. B	(b)	…	…	…	…
Mr. C	(c)	…	…	…	…
		…	…	…	…

Directors' and chief executive's interests and short positions in shares and underlying shares and debentures (continued)	
For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the SFO:	
1. aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:	PN5(3.3)(1) /GEM18.17A(1)
a. interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds)	-(a)
b. interests in debentures	-(b)
c. interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:	-(c)
i. physically settled equity derivatives	-(c)(i)
ii. cash settled equity derivatives	-(c)(ii)
iii. other equity derivatives	-(c)(iii)
Commentary:	
a. In the case of issuers and associated corporations, the statements should include the percentage which the aggregate long position in shares represents to the issued voting shares of the issuer or associated corporation	-Note(1)
b. A long position arises where a person is a party to an equity derivative, by virtue of which the person:	
i. has a right to take the underlying shares	-Note(2)(i)
ii. is under an obligation to take the underlying shares	-Note(2)(ii)
iii. has a right to receive money if the price of the underlying shares increases; or	-Note(2)(iii)
iv. has a right to avoid or reduce a loss if the price of the underlying shares increases	-Note(2)(iv)
c. For Practice Note 5(3.3)(1)(c)(i) above, in respect of options granted to directors or chief executives pursuant to share option schemes under Chapter 17 of the Listing Rules, the statements should show such details as are required to be disclosed under Rule 17.07(1) of the Listing Rules	-Note(3)
2. aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:	PN5(3.3)(2) /GEM18.17A(2)
a. short positions in respect of shares arising under a stock borrowing and lending agreement	-(a)
b. short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:	-(b)
i. physically settled equity derivatives	-(b)(i)
ii. cash settled equity derivatives	-(b)(ii)
iii. other equity derivatives	-(b)(iii)
Commentary:	
a. In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares of the issuer or associated corporation	-Note(1)
b. A short position arises:	
i. where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares	-Note(2)(i)
ii. where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person:	
A. has a right to require another person to take the underlying shares of the equity derivatives	-Note(2)(ii)(a)
B. is under an obligation to deliver the underlying shares of the equity derivatives to another person	-Note(2)(ii)(b)
C. has a right to receive from another person money if the price of the underlying shares declines	-Note(2)(ii)(c)
D. has a right to avoid a loss if the price of the underlying shares declines	-Note(2)(ii)(d)
Every statement showing the interests of directors, chief executives or other persons in an annual report must clearly indicate the extent to which there is duplication between the interests of each director, chief executive or such other person	PN5(4) /GEM18.16

Directors' and chief executive's interests and short positions in shares and underlying shares and debentures (continued)

Long positions in shares and underlying shares of associated corporations:

Name of director	Name of associated corporation	Relationship with the Company	Shares/ equity derivatives	Numbers of shares/equity derivatives held	Capacity and nature of interest	Percentage of the associated corporation's share capital
Mr. A	BBB (Far East) Limited	Company's subsidiary	Ordinary shares	500,000	Directly beneficially owned	10.0
Mr. A	CCC (Far East) Limited	Fellow subsidiary	Share options	100,000	Directly beneficially owned	N/A (Note (d))
Mr. B	Prosperous Limited	Fellow subsidiary	Ordinary shares	100,000	Directly beneficially owned	2.5

Disclose short positions in shares of the Company and its associated corporations and the percentage of the aggregate short position in shares to the share capital for each such director

Notes:

(a) The interest of Mr. A in the 4,000,000 shares of the Company is beneficially owned by a discretionary trust, the beneficiaries of which include Mr. A and his family members.

(b) T. Limited owns 2,500,000 shares and 1,000,000 warrants of the Company and is associated with a family trust, the beneficiaries of which are Mr. B and his family members.

(c) Both the 2,460,000 shares and 500,000 warrants of the Company are held by S. Limited, a company beneficially owned by Mr. C.

(d) On 30 March 2020, Mr. A was granted options to subscribe for 100,000 ordinary shares at an exercise price of HK$0.80 per share, in CCC (Far East) Limited ("CCC"). *(Disclose only if the shares of CCC are listed on the Stock Exchange)* The Hong Kong Stock Exchange closing price of CCC's shares on the trading day immediately prior to 30 March 2020 was HK$0.80 per share. The options were granted free of consideration. The exercise period is 10 years which commenced from 30 March 2020. No options have been exercised or cancelled during the year.

In accordance with the bye-laws of the Company, each of the directors is required to have registered in his name at least one qualification share. All directors of the Company have complied with this requirement. In addition to the above, certain directors have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at 31 December 2020, none of the directors and chief executive had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Share option scheme	
In relation to each scheme of a listed issuer or any of its subsidiaries, the listed issuer must disclose in its annual report the following information in relation to: (i) each of the directors, chief executive or substantial shareholders of the listed issuer, or their respective associates; (ii) each participant with options granted in excess of the individual limit; (iii) aggregate figures for employees working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance; (iv) aggregate figures for suppliers of goods or services; and (v) all other participants as an aggregate whole:	Ch17.07 /GEM18.28(7)& 23.07
1. particulars of outstanding options at the beginning and at the end of the financial year, including number of options, date of grant, vesting period, exercise period and exercise price	-(1)
2. particulars of options granted during the financial year, including number of options, date of grant, vesting period, exercise period, exercise price and (for options over listed securities) the closing price of the securities immediately before the date on which the options were granted	-(2)
3. the number of options exercised during the financial year with the exercise price and (for options over listed securities) the weighted average closing price of the securities immediately before the dates on which the options were exercised	-(3)
4. the number of options cancelled during the financial year together with the exercise price of the cancelled options	-(4)
5. the number of options which lapsed in accordance with the terms of the scheme during the financial year	-(5)
Commentary: The disclosures required by the Listing Rules are, in general, similar to those required by HKFRS 2. The presentation adopted in Hong Kong Listed Limited is that the disclosures required under HKFRS 2 are made in the notes to the financial statements whereas disclosures not specifically required by HKFRS 2, including details of share options held by each director and substantial shareholder required only under the Listing Rules, are made in the report of the directors	
If, in any financial year of a company, the company has entered into an equity-linked agreement, a directors' report for the financial year must state:	C(DR)R.6(1)
1. the reason for entering into the agreement	-(a)
2. the nature and terms of agreement including, if applicable:	-(b)
a. the conditions that must be met before the company issues the shares	-(b)(i)
b. the conditions that must be met before a third party may require the company to issue any shares	-(b)(ii)
c. any monetary or other consideration that the company has received or will receive under the agreement	-(b)(iii)
3. the classes of shares issued under the agreement	-(c)
4. for each class of shares, the number of shares that have been issued under the agreement	-(d)
If, at the end of a financial year of a company, there subsists an equity-linked agreement entered into by the company, a directors' report for the financial year must state:	C(DR)R.6(2)
1. the classes of shares that may be issued under the agreement	-(a)
2. for each class of shares, the number of shares that may be issued under the agreement	-(b)
3. any monetary or other consideration that the company has received or will receive under the agreement	-(c)
4. any other conditions or terms that remain to be met before the shares are issued	-(d)

Share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details of the Scheme are disclosed in note 37 to the financial statements.

The following table discloses movements in the Company's share options outstanding during the year:

Name or category of participant	Number of share options: At 1 January 2020	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	At 31 December 2020	Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK$ per share
Directors, chief executive and a substantial shareholder and their associates									
Mr. A	4,000,000	-	(4,000,000)	-	-	-	1-7-19	2-7-20 to 1-7-21	0.295
	-	5,000,000	-	-	-	5,000,000	31-5-20	1-12-21 to 30-11-23	0.32
	4,000,000	5,000,000	(4,000,000)	-	-	5,000,000			
Mr. B	4,000,000	-	(3,500,000)	(500,000)	-	-	1-7-19	2-7-20 to 1-7-21	0.295
	-	5,000,000	-	-	-	5,000,000	31-5-20	1-12-21 to 30-11-23	0.32
	4,000,000	5,000,000	(3,500,000)	(500,000)	-	5,000,000			
Prosperous Future Limited	-	200,000	-	-	-	200,000	31-5-20	1-12-21 to 30-11-23	0.32
Options granted in excess of the individual limit									
Mr. T	-	7,500,000	-	-	-	7,500,000	31-5-20	1-12-21 to 30-11-23	0.32
Other employees									
In aggregate	34,400,000	-	(18,400,000)	-	(1,000,000)	15,000,000	31-10-18	1-11-19 to 22-12-20	0.295
	-	36,800,000	-	-	-	36,800,000	31-5-20	1-12-21 to 30-11-23	0.32
	34,400,000	36,800,000	(18,400,000)	-	(1,000,000)	51,800,000			
Suppliers of goods or services									
In aggregate	3,500,000	-	(2,500,000)	-	-	1,000,000	31-10-18	1-11-19 to 22-12-22	0.295
Others									
In aggregate	-	…	-	-	-	…	31-5-20	1-12-21 to 30-11-23	0.32
	45,900,000	54,500,000	(28,400,000)	(500,000)	(1,000,000)	70,500,000			

Share option scheme (continued) In respect of options granted during the financial year/period over listed securities, the listed issuer is encouraged to disclose in its annual report the value of options granted to participants set out in Rule 17.07(i) to (v) of the Listing Rules during the financial year, and the accounting policy adopted for the share options. Where the listed issuer considers that disclosure of value of options granted during the financial year is not appropriate, it must state the reason for such non-disclosure in its annual report	Ch17.08 /GEM23.08
In respect of the disclosure of the value of options in the annual report, the listed issuer should use the Black-Scholes option pricing model, the binomial model or a comparable generally accepted methodology to calculate the value of options. The listed issuer should also disclose the following information:	Ch17.08 Note /GEM23.08
1. a description of the model and significant assumptions used to estimate the value of the option, taking into account factors such as risk-free interest rate, expected life, expected volatility and expected dividend, if applicable:	-(1)
a. where the calculation of the value is referable to a risk-free interest rate, such rate should be the rate prevailing on debt securities issued by the state, such as the Exchange Fund Notes in the case of Hong Kong based entities	-(1)(i)
b. the listed issuer should set out the expected volatility used in calculating the value, with an explanation of any deviations from the historical volatility of the securities. The listed issuer may choose the period of time that it considers appropriate for calculating such historical volatility. However, such period may not be less than one year or, where securities have been listed for less than one year from the date of commencement of dealings in such securities, such period is to be from the date of commencement of such dealings to the date of the calculation	-(1)(ii)
c. expected dividends should be based on historical dividends, with an explanation of any adjustments made for publicly available information indicating that future performance is reasonably expected to differ from past performance	-(1)(iii)
2. the measurement date which should be the date on which the options were granted	-(2)
3. the treatment of forfeiture prior to the expiry date	-(3)
4. a warning statement with regard to the subjectivity and uncertainty of the values of options to the effect that such values are subject to a number of assumptions and with regard to the limitation of the model	-(4)
5. if, at the end of a financial year of a company, there subsists an equity-linked agreement entered into by the company, a directors' report for the financial year must state any monetary or other consideration that the company has received or will receive under the agreement	C(DR)R.6(2)(c)
Directors' rights to acquire shares or debentures If, at the end of the financial year, there subsist arrangements to which the company or a specified undertaking of the company is a party, and whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate, or at any time in the financial year there have subsisted arrangements to which the company or a specified undertaking of the company was a party, and whose objects were, or one of whose objects was, to enable directors of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate, a directors' report for a financial year must contain a statement explaining the effect of the arrangements and giving the names of the persons who at any time in that financial year were directors of the company and held, or whose nominees held, shares or debentures acquired under the arrangements	C(DR)R.3(1)-(3)
Commentary: Refer to page (9) for definition of specified undertaking	

Share option scheme (continued)
Notes to the table of share options outstanding during the year:

* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

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

*** The weighted average closing price of the Company's shares immediately before the exercise dates of the share options was HK$0.338 per share. The closing price of the Company's shares immediately before the date on which the options were granted during the year was HK$0.32 per share.

The directors have estimated the values of the share options granted during the year, calculated using the binomial option pricing model as at the date of grant of the options:

Grantee	Number of options granted during the year	Theoretical value of share options HK$
Mr. A	5,000,000	257,000
Mr. B	5,000,000	257,000
Mr. T#	7,500,000	385,000
Other employees	36,800,000	1,891,000
Prosperous Future Limited	200,000	10,000
	54,500,000	2,800,000

The number of share options granted during the year to Mr. T, a director of a major operating subsidiary of the Company, exceeded the individual limit of 1% of the shares of the Company then in issue. The grant of the excess 1,000,000 share options over the limit is therefore subject to approval by the shareholders at the forthcoming annual general meeting. Accordingly, the fair value of the excess options was estimated for the purpose of recognising the services received during the period from the service commencement date (which is the date when Mr. T began to render the services necessary to become entitled to the share options) to the end of the reporting period. This fair value will be revised once the grant of the excess options is approved by the shareholders based on the data available at that date.

The binomial option pricing model is a generally accepted method of valuing options. The significant assumptions used in the calculation of the values of the share options were… .
Description of assumptions, including those relating to factors such as the risk-free interest rate, expected life, expected volatility and expected dividend. Such description should be consistent with that disclosed in note 37
The measurement dates used in the valuation calculations were the dates on which the options were granted.

The values of share options calculated using the binomial model are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself. The value of an option varies with different variables of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair value of an option.

As at 31 December 2020, the Company had 70,500,000 share options outstanding under the Scheme. Should they be fully exercised, the Company will receive HK$22,160,000 (before issue expenses). The fair value of these unexercised options measured in accordance with the Group's accounting policy (note 2.4 to the financial statements) amounted to HK$3,622,000.

Save as disclosed above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Contract of significance	
A listed issuer shall include particulars of any contract of significance between the listed issuer, or one of its subsidiary companies, and a controlling shareholder or any of its subsidiaries	A16(16)(1) /GEM18.26
Particulars of any contract of significance for the provision of services to the listed issuer or any of its subsidiaries by a controlling shareholder or any of its subsidiaries	A16(16)(2) /GEM18.27
Substantial shareholders' and other persons' interests and short positions in shares and underlying shares	
A statement as at the end of the relevant financial year, showing the interests or short positions of every person, other than a director or chief executive of the listed issuer, in the shares and underlying shares of the listed issuer as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance and the amount of such interests and short positions, or if there is no such interests and short positions recorded in the register, a statement of that fact	A16(13)(3) /GEM18.16-17, GEM18.17B&C
For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the SFO:	
1. aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:	PN5(3.4)(1) /GEM18.17B(1)
a. interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds)	-(a)
b. interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:	-(b)
i. physically settled equity derivatives	-(b)(i)
ii. cash settled equity derivatives	-(b)(ii)
Commentary:	
a. the term “substantial shareholder” has the same meaning as defined in Chapter 1 of the Listing Rules	-Note(1)
b. the statements should include the percentage which the aggregate long position in shares represents to the issued voting shares of the issuer	-Note(2)
c. a long position arises where a person is a party to an equity derivative, by virtue of which the person:	-Note(3)
i. has a right to take the underlying shares	-Note(3)(i)
ii. is under an obligation to take the underlying shares	-Note(3)(ii)
iii. has a right to receive money if the price of the underlying shares increases	-Note(3)(iii)
iv. has a right to avoid or reduce a loss if the price of the underlying shares increases	-Note(3)(iv)
d. for Practice Note 5(3.4)(b)(i) above, in respect of options granted to substantial shareholders pursuant to share option schemes under Chapter 17 of the Listing Rules, the statements should show such details as are required to be disclosed under Rule 17.07(1) of the Listing Rules	-Note(4)
2. aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:	PN5(3.4)(2) /GEM18.17B(2)
a. short positions in respect of shares arising under a stock borrowing and lending agreement	-(a)
b. short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:	-(b)
i. physically settled equity derivatives	-(b)(i)
ii. cash settled equity derivatives	-(b)(ii)
Commentary:	
a. The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares of the issuer	-Note(1)
b. A short position arises:	
i. where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares	-Note(2) -Note(2)(i)
ii. where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person:	-Note(2)(ii)
A. has a right to require another person to take the underlying shares of the equity derivatives	-Note(2)(ii)(a)
B. is under an obligation to deliver the underlying shares of the equity derivatives to another person	-Note(2)(ii)(b)
C. has a right to receive from another person money if the price of the underlying shares declines	-Note(2)(ii)(c)
D. has a right to avoid a loss if the price of the underlying shares declines	-Note(2)(ii)(d)

Contract of significance

The Company has a contract with Rochet Limited, a subsidiary of the Company's ultimate holding company, for the provision of worldwide distribution services to the Company. Further details of the transactions undertaken in connection with this contract during the year are included in note 46(a)(iv) to the financial statements.

The contract terms have been reviewed by the independent non-executive directors, who confirmed that the transactions were: (i) conducted in the ordinary course of business of the Group; (ii) entered into in accordance with the terms of the agreement governing such transactions; and (iii) fair and reasonable as far as the shareholders of the Company are concerned.

Or

No contracts of significance in relation to the Group's business in which the Company, any of its subsidiaries or fellow subsidiaries, or its parent company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

Substantial shareholders' and other persons' interests and short positions in shares and underlying shares

At 31 December 2020, the following interests and short positions of 5% or more of the share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's share capital	Number of share options held
FGH Limited	(a)	Directly beneficially owned	32,548,000	5	100,000
CDE Limited	(a)	Through a controlled corporation	32,548,000	5	100,000
Prosperous Future Limited	(b)	Directly beneficially owned	364,534,000	56	200,000

Disclose short positions

Notes:

(a) The ordinary shares and share options are held by FGH Limited, which is wholly owned by CDE Limited.

(b) The details of the share options outstanding during the year are separately disclosed in the section "Share option scheme".

There is a duplication of interests of … shares in the Company between … and … .

Save as disclosed above, as at 31 December 2020, no person, other than the directors and chief executive of the Company, whose interests are set out in the section "Directors' and chief executive's interests and short positions in shares and underlying shares and debentures" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

Substantial shareholders' and other persons' interests and short positions in shares and underlying shares (continued)	
For other persons whose interests are recorded (or, in the case of a new listing, are required to be recorded) in the register required to be kept under section 336 of the SFO, the statements should show details of the following matters as recorded in such register:	
1. Aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:	PN5(3.5)(1) /GEM18.17C
a. interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds)	-(a)
b. interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:	-(b)
i. physically settled equity derivatives	-(b)(i)
ii. cash settled equity derivatives	-(b)(ii)
Commentary:	
a. The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares of the issuer	-Note(1)
b. A long position arises where a person is a party to an equity derivative, by virtue of which the person:	-Note(2)
i. has a right to take the underlying shares	-Note(2)(i)
ii. is under an obligation to take the underlying shares	-Note(2)(ii)
iii. has a right to receive money if the price of the underlying shares increases	-Note(2)(iii)
iv. has a right to avoid or reduce a loss if the price of the underlying shares increases	-Note(2)(iv)
2. Aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:	PN5(3.5)(2) /GEM18.17C
a. short positions in respect of shares arising under a stock borrowing and lending agreement	-(a)
b. short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:	-(b)
i. physically settled equity derivatives	-(b)(i)
ii. cash settled equity derivatives	-(b)(ii)
Commentary:	
a. The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares of the issuer	-Note(1)
b. A short position arises:	-Note(2)
i. where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares	-Note(2)(i)
ii. where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person:	-Note(2)(ii)
a. has a right to require another person to take the underlying shares of the equity derivatives	-Note(2)(ii)(a)
b. is under an obligation to deliver the underlying shares of the equity derivatives to another person	-Note(2)(ii)(b)
c. has a right to receive from another person money if the price of the underlying shares declines	-Note(2)(ii)(c)
d. has a right to avoid a loss if the price of the underlying shares declines	-Note(2)(ii)(d)
Statements disclosing interests and short positions in shares, underlying shares and debentures have to separately refer to three categories of persons, namely, directors and chief executives, substantial shareholders, and other persons who are required to disclose their interests pursuant to Part XV of the Securities and Futures Ordinance	PN5(3.1) /GEM18.17
Statements disclosing interests and short positions in shares, underlying shares and debentures should describe the capacity in which such interests and short positions are held and the nature of such interests and short positions. Where interests or short positions are attributable on account of holdings through corporations that are not wholly-owned by the person making disclosure, the percentage interests held by such person in such corporations should be disclosed	PN5(3.2) /GEM18.17

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Connected transactions For connected transactions (including continuing connected transactions) that are not exempt from the annual reporting requirement in Chapter 14A, a listed issuer's annual report must contain the following information on the transactions conducted during the financial year: 1. the transaction date 2. the parties to the transaction and a description of their connected relationship 3. a brief description of the transaction and its purpose 4. the total consideration and terms 5. the nature of the connected person's interest in the transaction	A16(8)(1), Ch14A.9&71 /GEM18.09 (1), GEM20.47&69
When an issuer enters into a continuing connected transaction not falling under Rule 14A.73 of the Listing Rules, the listed issuer's independent non-executive directors must review the continuing connected transactions every year and confirm in the annual report whether the transactions have been entered into: 1. in the ordinary and usual course of business of the listed issuer's group 2. on normal commercial terms or better 3. according to the agreement governing them on terms that are fair and reasonable and in the interests of the listed issuer's shareholders as a whole	Ch14A.55 /GEM20.53 -(1) -(2) -(3)
When an issuer enters into a continuing connected transaction not falling under Rule 14A.73 of the Listing Rules, each year the auditors must provide a letter to the listed issuer's board of directors confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions: 1. have not been approved by the listed issuer's board of directors 2. were not, in all material respects, in accordance with the pricing policies of the listed issuer's group if the transactions involve provision of goods or services by the listed issuer's group 3. were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions 4. have exceeded the cap	Ch14A.56 /GEM20.54 -(1) -(2) -(3) -(4)
An annual report shall contain information required under Rule 14.36B and/or Rule 14A.63 about any guarantee regarding the financial performance of a company or business acquired	A16(6)(6.3)(i) /GEM18.07(Note 4)(h)
The listed issuer's annual report must contain a statement from the listed issuer's board of directors whether the auditors have confirmed the matters set out in Rule 14A.56 of the Listing Rules	Ch14A.71(6)(b) /GEM20.69(6)(b)
Rule 14A.71(6)(b) of the Listing Rules requires that the listed issuer's board of directors must state in the annual report whether its auditor has confirmed the matters stated in Rule 14A.56 of the Listing Rules. In this respect, given the nature of the engagement and for better clarity as to the work performed with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules", generally a suitable disclosure in this respect would be for the listed issuer to include appropriate references in the annual report to the work performed by the auditor	PN740.102
When the listed issuer discloses in its annual report information of any related party transaction under the accounting standards for preparing its annual financial statements, it must specify whether the transaction is a connected transaction or continuing connected transaction (as the case may be) under Chapter 14A of the Listing Rules and whether it has complied with the requirements in Chapter 14A of the Listing Rules	A16(8)(2) &Ch14A.72 /GEM18.09(2) &GEM20.70

Connected transactions

During the year, the Company and the Group had the following connected and continuing connected transactions, certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Connected transactions

On 30 September 2020, in accordance with the terms of a sale and purchase agreement of the same date, AAA Limited, a subsidiary of the Company, acquired from Good Future Limited, a subsidiary of the Company's ultimate holding company, the entire share capital of FFF Limited at a cash consideration of HK$2,530,000. Further details of the transaction are included in notes 40 and 46(b)(ii) to the financial statements.

Continuing connected transactions

Include details of the continuing connected transactions as appropriate

The independent non-executive directors of the Company have reviewed the continuing connected transactions set out above and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

In instances where the auditor's letter is proposed to be modified or qualified, details of the modification or qualification should be disclosed in the annual report (Refer to Rule 14A.59 of the Listing Rules or GEM 20.57 and PN740.102 for details)

Disclosures pursuant to Rules 13.21 and 13.22 of the Listing Rules

In accordance with the disclosure requirements of Rule 13.21 of the Listing Rules, the following disclosures are included in respect of one of the Company's loan agreements, which contain covenants requiring performance obligations of the controlling shareholder of the Company. Pursuant to a loan agreement dated 25 August 2020 between the Company and HBCS Bank relating to a five-year loan facility of HK$..., a termination event would arise if Prosperous Future Limited, the Company's ultimate holding company, ceased to own beneficially, directly or indirectly, at least 51% of the shares in the Company's share capital.

Disclosures pursuant to Rules 13.21 and 13.22 of the Listing Rules Where the circumstances giving rise to a disclosure under Rule 13.13 of the Listing Rules in respect of advance to an entity continue to exist at the issuer's annual financial year end, the information specified under Rule 13.15 of the Listing Rules (details of the balances, the nature of events or transactions giving rise to the amounts, the identity of the debtor group, interest rate, repayment terms and collateral), as at the year end, shall be included in the annual report	Ch13.13-15&20 /GEM17.15-17 &22
Where the issuer's controlling shareholder has pledged all or part of its interest in the issuer's shares to secure the issuer's debts or to secure guarantees or other support of its obligations, the issuer must announce the following information as soon as reasonably practicable and the disclosures should also be included in subsequent annual reports for so long as circumstances giving rise to the obligation continue to exist: 1. the number and class of shares being pledged 2. the amounts of debts, guarantees or other support for which the pledge is made 3. any other details that are considered necessary for an understanding of the arrangements	Ch13.17&21 /GEM17.19&23
Where an issuer (or any of its subsidiaries) enters into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholder (e.g., a requirement to maintain a specified minimum holding in the share capital of the issuer) and breach of such an obligation will cause a default in respect of loans that are significant to the issuer's operations, the issuer must announce the following information as soon as reasonably practicable and the disclosures should also be included in subsequent annual reports for so long as circumstances giving rise to the obligation continue to exist: 1. the aggregate level of the facilities that may be affected by such breach 2. the life of the facility 3. the specific performance obligation imposed on any controlling shareholder	Ch13.18&21 /GEM17.20&23
When an issuer breaches the terms of its loan agreements, for loans that are significant to its operations, such that the lenders may demand their immediate repayment and where the lenders have not issued a waiver in respect of the breach, the issuer must announce such information as soon as reasonably practicable and the disclosures should also be included in subsequent annual reports for so long as circumstances giving rise to the obligation continue to exist	Ch13.19&21 /GEM17.21&23
Where the financial assistance to affiliated companies of an issuer, and guarantees given for facilities granted to affiliated companies of an issuer, together in aggregate exceeds 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules, the issuer must announce as soon as reasonably practicable the following information: 1. analysis by company of the amount of financial assistance given to, committed capital injection to, and guarantees given for facilities granted to affiliated companies 2. terms of the financial assistance, including interest rate, method of repayment, maturity date, and the security therefor, if any 3. source of funding for the committed capital injection; and 4. banking facilities utilised by affiliated companies which are guaranteed by the issuer	Ch13.16&22 /GEM17.18&24
Where the circumstances giving rise to a disclosure under Rule 13.16 of the Listing Rules continue to exist at the issuer's annual financial year end, its annual report must include a combined balance sheet of affiliated companies as at the latest practicable date. The combined balance sheet of affiliated companies should include significant balance sheet classifications and state the issuer's attributable interest in the affiliated companies. In cases where it is not practicable to prepare the combined balance sheet of affiliated companies, the Stock Exchange on the issuer's application may consider accepting, as an alternative, a statement of the indebtedness, contingent liabilities and capital commitments as at the end of the period reported on by affiliated companies	Ch13.16&22 /GEM17.18&24
Sufficiency of public float A listed issuer shall include a statement of sufficiency of public float. The statement should be based on information that is publicly available to the listed issuer and within the knowledge of its directors as at the latest practicable date prior to the issue of the annual report	A16(34A) /GEM18.08B
Directors' interests in a competing business Where any of the directors of a listed issuer is interested in any business apart from the listed issuer's business, which competes or is likely to compete, either directly or indirectly, with the listed issuer's business, the directors (including any director appointed after listing) must prominently disclose the following details of any such interests (including any interests acquired after listing) in the annual reports: 1. a description of the excluded business and its management, to enable investors to assess the nature, scope and size of such business, with an explanation as to how such business may compete with the listed issuer's business 2. facts demonstrating that the applicant is capable of carrying on its business independently of, and at arm's length from the excluded business 3. any other information considered necessary by the Stock Exchange (Rule 8.10(1)(a)(v))	Ch8.10(2)(a) &(b), Ch8.10(1)(a) (ii), (iii)&(v) /GEM11.04& GEM18.45
The directors must also prominently disclose in the annual reports any change as required by Rule 8.10(2)(b) of the Listing Rules above in details previously so disclosed in the listing document or annual reports	Ch8.10(2)(c)

Disclosures pursuant to Rules 13.21 and 13.22 of the Listing Rules (continued)

In accordance with the disclosure requirements of Rule 13.22 of the Listing Rules, the following disclosures are included in respect of financial assistance and guarantees to affiliated companies. As at 31 December 2020, the Group had provided to affiliated companies financial assistance and guarantees amounting, in aggregate, to HK$... which exceeded 8% of the assets ratio of the Company, as defined under Rule 14.07(1) of the Listing Rules. Further details of such financial assistance and guarantees are disclosed in the announcement of the Company dated 12 December 2020. The combined statement of financial position of these affiliated companies as at 31 December 2020 and the Group's attributable interest therein are as follows:

	Combined statement of financial position HK$'000	The Group's attributable interest HK$'000
Non-current assets	…	…
Current assets	…	…
Current liabilities	(…)	(…)
Net current assets	…	…
Total assets less current liabilities	…	…
Non-current liabilities	(…)	(…)
Net assets	…	…
Share capital	…	
Reserves	…	
Equity	…	

In cases where it is not practicable to prepare the combined statement of financial position of affiliated companies, the Stock Exchange on application from the Company may accept, as an alternative, a statement of the indebtedness, contingent liabilities and capital commitments

Sufficiency of public float

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total number of issued shares were held by the public as at the date of this report.

Or

Based on information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained the prescribed public float under the Listing Rules as at 8 March 2021, being the latest practical date prior to the date of this report.

Directors' interests in a competing business

During the year and up to the date of this report, the following directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules, as set out below:

Messrs. E and C are also directors of Quality Management Limited, which is also involved in the provision of management services.

As the board of directors of the Company is independent from the board of directors of Quality Management Limited and the above directors do not control the board of the Company, the Group is capable of carrying on its businesses independently of, and at arm's length from, the business of Quality Management Limited.

Events after the reporting period

Details of the significant events of the Group after the reporting period are set out in note 50 to the financial statements.

Other matters A directors' report must contain particulars of any other matter that is material for the members' appreciation of the state of the company's and its subsidiaries' affairs, and the disclosure of which will not, in the directors' opinion, be harmful to the business of the company or of any of the subsidiary undertakings included in the annual consolidated financial statements for the financial year	S390(2)&(3)
Auditors A listed issuer shall include details of any change in its auditors in any of the preceding three years	A16(30)/GEM18.42
Commentary: 1. The Group should also disclose the appointment and removal of auditors 2. Effective from 1 January 2012, an issuer must at each annual general meeting appoint an auditor to hold office from the conclusion of that meeting until the next annual general meeting. The issuer must not remove its auditor before the end of the auditor's term of office without first obtaining shareholders' approval at a general meeting 3. An auditor must be appointed for each financial year of a company under the Companies Ordinance 4. The Code Provisions of the Corporate Governance Code require that an audit committee must meet the issuer's auditor at least twice a year 5. On 1 October 2019, the amendments to the Financial Reporting Council Ordinance (Cap. 588) took effect and the Financial Reporting Council became Hong Kong's independent regulator of listed entity auditors. Starting from 1 October 2019, all audit firms intending to carry out a public interest entity ("PIE") engagement as specified in the ordinance are subject to a system of registration (for Hong Kong audit firms) and recognition (for non-Hong Kong audit firms) as PIE auditors Note: A PIE is either a listed corporation whose listed securities comprise at least shares or stocks, or a listed collective investment scheme. An entity with only listed debt without listed shares or stocks is not a PIE under Cap. 588 According to the FAQ published by the Stock Exchange on 6 September 2019, an issuer shall, for clarity, disclose the fact that its auditors for a PIE engagement are the registered or recognised PIE auditors	 Ch13.88 /GEM17.100 S394(1) CP C.3.3(e)(i)
Signing and approval of the report of the directors A directors' report must be approved by the directors and must be signed on the directors' behalf by a director or by the company secretary	S391(1)
Every copy of a directors' report laid before a company in general meeting under section 429 of the Companies Ordinance, or sent to a member under section 430 of the Companies Ordinance or otherwise circulated, published or issued by the company, must state the name of the person who signed the report on the directors' behalf	S391(2)
The directors' report must be approved and signed, which complies with section 391 of the Companies Ordinance	A16(28)(28.1) /GEM18.07A(Note1)

Other matters

Consider matters that are material for the appreciation of the state of affairs of the Company/Group, for example:

(a) significant events occurring during the year which have had an effect on the trading results in specific areas; and

(b) reasons for departures from applicable standard accounting practices in Hong Kong

Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

During the year, XY & Z Co. resigned as auditors of the Company and Ernst & Young were appointed by the directors to fill the casual vacancy so arising. There have been no other changes of auditors in the past three years. A resolution for the reappointment of Ernst & Young as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

.....

Name of chairman*/company secretary*

Chairman**/Company Secretary**

Hong Kong

12 March 2021

(* Insert the name as appropriate)

(** Delete as appropriate)

Other disclosure requirements not covered in the illustrative report of the directors		
The following disclosure requirements of the Listing Rules have not been addressed in this illustrative report of the directors and should be considered according to the circumstances:		
1.	explanation of reasons why results differ materially from forecast	A16(18)/GEM18.18
2.	waiver of dividends by a shareholder	A16(17)/GEM18.31
3.	issue of shares for cash not proportionate to existing shareholders if not previously authorised by them	A16(11)/GEM18.32
4.	MD&A disclosures – a discussion and analysis of the Group's performance during the financial year and the material factors underlying their results and financial position and the recommended additional disclosures Note: If the information required in A16(32)/GEM18.41 [and recommended additional disclosures] has been disclosed in a business review as set out in A16(28)/GEM18.07A, no additional disclosure is required	A16(32)(1)-(12) /GEM18.41 &CP C.1.4 A16(52)/GEM18.83
5.	for an overseas or PRC company, information necessary to enable holders of the Company's listed securities to obtain any relief from taxation to which they are entitled by reason of their holding of such securities	A16(21) /GEM24.19 &GEM25.31
6.	general description of the emolument policy and any long term incentive scheme of the Group	A16(24B)(1) /GEM18.29A
7.	reasons why an independent non-executive director appointed during the year was and is considered to be independent if he has failed to meet any of the independence guidelines set out in Rule 3.13 of the Listing Rules	A16(12A) /GEM18.39A
8.	a separate Corporate Governance Report prepared by the board on its corporate governance practices	A16(34) /GEM18.44(2)
9.	Environmental, Social and Governance ("ESG") information as required in Appendix 27 of the Listing Rules Note: In December 2019, the Stock Exchange announced amendments to the Listing Rules in relation to ESG reporting, to update certain disclosure requirements and shorten the deadline for the publication of ESG reports to within five months after the financial year-end. The amendments apply to issuers' ESG reports for financial years commencing on or after 1 July 2020	A16(53) /GEM18.84
10.	for a Qualified Aircraft Lessor (as defined in Rule 14.04 of the Listing Rules), information of qualified aircraft leasing activities	Ch14.33D(2)
11.	information in relation to the shares of an issuer with a weighted voting right structure as required in Rule 8A.37-41 of the Listing Rules	Ch8A.37-41

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Auditor's report A company's auditor must prepare a report for the members on any financial statements prepared by the directors, a copy of which is laid before the company in a general meeting under section 429 of the Companies Ordinance, or is sent to a member under section 430 of the Companies Ordinance or otherwise circulated, published or issued by the company, during the auditor's term of office See Appendix 1 for an illustrative auditor's report for a company incorporated in Bermuda/the Cayman Islands/the PRC	S405

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Independent auditor's report
To the members of Hong Kong Listed Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the consolidated financial statements of Hong Kong Listed Limited (the "Company") and its subsidiaries (the "Group") set out on pages 24 to 185, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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

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

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

[*Description of each key audit matter in accordance with HKSA 701*]

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

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

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

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Independent auditor's report (continued)
To the members of Hong Kong Listed Limited
(Incorporated in Hong Kong with limited liability)

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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Independent auditor's report (continued)
To the members of Hong Kong Listed Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is [*insert name*].

Ernst & Young
Certified Public Accountants
Hong Kong
12 March 2021

General drafting considerations An entity may use titles for the statements other than those used in HKAS 1	HKAS1.10
An entity shall clearly identify the financial statements and distinguish them from other information in the same published document	HKAS1.49
If the financial statements do not give a true and fair view of the state of affairs of the listed issuer and of the results of its operations and its cashflows, more detailed and/or additional information must be provided	A16(3) /GEM18.47
A listed issuer (whether or not it is incorporated in Hong Kong) shall include disclosures required under the following provisions of the Companies Ordinance and subsidiary legislation in financial statements:	A16(28)(1) /GEM18.07A(1)
1. Section 383 – Notes to financial statements to contain information on directors' emoluments etc	-(a)
2. Schedule 4 – Accounting Disclosures relating to:	-(b)
a. Part 1(1) Aggregate amount of authorised loans	-(b)(i)
b. Part 1(2) Statement of financial position to be contained in notes to annual consolidated financial statements	-(b)(ii)
c. Part 1(3) Subsidiary's financial statements must contain particulars of ultimate parent undertaking	-(b)(iii)
d. Part 2(1) Remuneration of auditor	-(b)(iv)
3. Companies (Disclosure of Information about Benefits of Directors) Regulation	-(c)
General drafting considerations – comparative amounts A complete set of financial statements comprises comparative information in respect of the preceding period as specified in HKAS 1.38 and HKAS 1.38A	HKAS1.10(ea)
Except when HKFRSs permit or require otherwise, an entity shall present comparative information in respect of the preceding period for all amounts reported in the current period's financial statements	HKAS1.38
Commentary: An entity may present comparative information in addition to the minimum comparative financial statements required by HKFRSs, as long as that information is prepared in accordance with HKFRSs. This comparative information may consist of one or more statements referred to in HKAS 1.10, but need not comprise a complete set of financial statements. When this is the case, the entity shall present related note information for those additional statements	HKAS1.38C
Refer also to page (183) for further details about disclosure requirements for comparative amounts	
General drafting considerations – materiality, offsetting and consistency An entity shall present separately each material class of similar items	HKAS1.29
Some HKFRSs specify information that is required to be included in the financial statements, which include the notes. An entity need not provide a specific disclosure required by an HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contains a list of specific requirements or describes them as minimum requirements. An entity shall also consider whether to provide additional disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance	HKAS1.31
An entity shall not offset income and expenses, unless required or permitted by an HKFRS	HKAS1.32
An entity shall retain the presentation and classification of items in the financial statements from one period to the next unless (i) it is apparent, following a significant change in the nature of the entity's operations or a review of its financial statements, that another presentation or classification would be more appropriate or (ii) an HKFRS requires a change in presentation	HKAS1.45
Statement of profit or loss or statement of profit or loss and other comprehensive income An entity may present a single statement of profit or loss and other comprehensive income, with profit or loss and other comprehensive income presented in two sections. The sections shall be presented together, with the profit or loss section presented first followed directly by the other comprehensive income section. An entity may present the profit or loss section in a separate statement of profit or loss. If so, the separate statement of profit or loss shall immediately precede the statement presenting comprehensive income, which shall begin with profit or loss	HKAS1.10A
Commentary: For illustrative purposes, Hong Kong Listed Limited adopts the two-statement approach while the single statement approach has been included in Appendix 1. Therefore, the term "statement of profit or loss" is used throughout the notes to the illustrative financial statements and in the auditor's report. Where the single statement approach is adopted, the references should be tailored (e.g., to profit or loss instead of to the statement of profit or loss)	

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Presentation of statement of profit or loss/statement of profit or loss and other comprehensive income	
A complete set of financial statements comprises a statement of profit or loss and other comprehensive income	HKAS1.10(b)
An entity shall present, as a minimum, two statements of profit or loss and other comprehensive income and two separate statements of profit or loss (if presented), and related notes	HKAS1.38A
An entity shall present additional line items (including by disaggregating the line items listed in HKAS 1.82), headings and subtotals in the statement(s) presenting profit or loss and other comprehensive income when such presentation is relevant to an understanding of the entity's financial performance	HKAS1.85
When an entity presents subtotals in accordance with HKAS 1.85, those subtotals shall:	HKAS1.85A
1. be comprised of line items made up of amounts recognised and measured in accordance with HKFRS	-(a)
2. be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable	-(b)
3. be consistent from period to period, in accordance with HKAS 1.45	-(c)
4. not be displayed with more prominence than the subtotals and totals required in HKFRS for the statement(s) presenting profit or loss and other comprehensive income	-(d)
An entity shall present the line items in the statement(s) presenting profit or loss and other comprehensive income that reconcile any subtotals presented in accordance with HKAS 1.85 with the subtotals or totals required in HKFRS for such statement(s)	HKAS1.85B
An entity includes additional line items in the statement(s) presenting profit or loss and other comprehensive income and it amends the descriptions used and the ordering of items when this is necessary to explain the elements of financial performance. An entity considers factors including materiality and the nature and function of the items of income and expense	HKAS1.86
An entity shall not present any items of income or expense as extraordinary items, in the statement(s) presenting profit or loss and other comprehensive income or in the notes	HKAS1.87
An entity shall present an analysis of expenses recognised in profit or loss using a classification based on either their nature or their function within the entity, whichever provides information that is reliable and more relevant	HKAS1.99
An entity shall cross-reference each item in the statement(s) of profit or loss and other comprehensive income to any related information in the notes	HKAS1.113
Notes on terminology	
1. Although this Standard uses the terms "other comprehensive income", "profit or loss" and "total comprehensive income", an entity may use other terms to describe the totals as long as the meaning is clear. For example, an entity may use the term "net income" to describe profit or loss	HKAS1.8
2. An entity may use titles for the statements other than those used in HKAS 1. For example, an entity may use the title "statement of comprehensive income" instead of "statement of profit or loss and other comprehensive income"	HKAS1.10
3. An entity may elect to disclose the results of operating activities, or a similar line item, even though this term is not defined. The entity should ensure that the amount disclosed is representative of activities that would normally be regarded as "operating"	HKAS1.BC56
4. For illustrative purposes, except for terms related to earnings or loss per share (where HKAS 33 continues to use the term "equity holder"), Hong Kong Listed Limited adopts the term "owner" instead of "equity holder" to align with the terminology used in HKAS 1. However, alternative terminology may also be used as long as the meaning is clear	
5. The term "parent" is that used in HKAS 1 and refers to the parent of the reporting group (i.e., the "Company" in the context of consolidated financial statements). An entity may alternatively use the wording "profit or loss attributable to owners of the Company" in the statement of profit or loss and other comprehensive income, or the separate statement of profit or loss (if presented); or "equity attributable to owners of the Company" in the statement of financial position	
Dividends	
Dividends are distributions to owners in their capacity as owners. The Board concluded that an entity should not present dividends in the statement of comprehensive income because that statement presents non-owner changes in equity	HKAS1.BC75
Commentary:	
Dividends classified as an expense may be presented in the statement(s) of profit or loss and other comprehensive income either with interest on other liabilities or as a separate item	HKAS32.40

HONG KONG LISTED LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
CONTINUING OPERATIONS			
REVENUE	5	692,986	601,105
Cost of sales		(520,355)	(443,727)
Gross profit		172,631	157,378
Other income and gains	5	6,892	7,079
Selling and distribution expenses		(65,357)	(56,220)
Administrative expenses		(73,426)	(63,604)
Impairment losses on financial and contract assets[, net]	…	(…)	(…)
Gain[/(loss)] on disposal of financial assets measured at amortised cost		…	…
Other expenses		(7,280)	(2,702)
Finance costs	7	(19,353)	(18,666)
Share of profits and losses of:			
Joint ventures		988	807
Associates		7,129	8,682
PROFIT[/(LOSS)] BEFORE TAX FROM CONTINUING OPERATIONS	6	22,224	32,754
Income tax credit/(expense)	10	833	(5,475)
PROFIT[/(LOSS)] FOR THE YEAR FROM CONTINUING OPERATIONS		23,057	27,279
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation	11	9,178	7,970
PROFIT[/(LOSS)] FOR THE YEAR		32,235	35,249
Attributable to:			
Owners of the parent		28,123	32,165
Non-controlling interests		4,112	3,084
		32,235	35,249
EARNINGS[/(LOSS)] PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic			
- For profit[/(loss)] for the year		HK5.0 cents	HK6.9 cents
- For profit[/(loss)] from continuing operations		HK3.4 cents	HK5.2 cents
Diluted			
- For profit[/(loss)] for the year		HK4.8 cents	HK6.7 cents
- For profit[/(loss)] from continuing operations		HK3.2 cents	HK5.1 cents

Items presented in the statement of profit or loss/statement of comprehensive income	
In addition to items required by other HKFRSs, the profit or loss section or the statement of profit or loss shall include line items that present the following amounts for the period:	HKAS1.82
1. revenue, presenting separately interest revenue calculated using the effective interest method	-(a)
2. gains and losses arising from the derecognition of financial assets measured at amortised cost	-(aa)
3. finance costs	-(b)
4. impairment losses (including reversals of impairment losses or impairment gains) determined in accordance with HKFRS 9.5.5	-(ba)
5. share of the profit or loss of associates and joint ventures accounted for using the equity method	-(c)
6. if a financial asset is reclassified out of the amortised cost measurement category so that it is measured at fair value through profit or loss, any gain or loss arising from a difference between the previous amortised cost of the financial asset and its fair value at the reclassification date (as defined in HKFRS 9)	-(ca)
7. if a financial asset is reclassified out of the fair value through other comprehensive income measurement category so that it is measured at fair value through profit or loss, any cumulative gain or loss previously recognised in other comprehensive income that is reclassified to profit or loss	-(cb)
8. tax expense	-(d)
9. a single amount for the total of discontinued operations (see HKFRS 5)	-(ea)
This comprises the total of:	
a. the post-tax profit or loss of discontinued operations; and	
b. the post-tax gain or loss recognised on:	
i. the measurement to fair value less costs to sell; or	
ii. disposal of the assets or disposal group(s) constituting the discontinued operation	HKFRS5.33(a)
Profit or loss for the period attributable to:	HKFRS10.B94& HKAS1.81B(a)
1. non-controlling interests	-(i)
2. owners of the parent	-(ii)
The tax expense (income) related to profit or loss from ordinary activities shall be presented as part of profit or loss in the statement(s) of profit or loss and other comprehensive income	HKAS12.77
Commentary:	
1. HKAS 1.82(a) requires an entity to present interest revenue calculated using the effective interest method separately in the profit or loss section or the statement of profit or loss. Since interest income does not arise from the course of ordinary activities of Hong Kong Listed Limited, interest income is included in other income and gains	
2. HKAS 1.82(ba) requires the impairment losses (including reversals of impairment losses or impairment gains) determined in accordance with HKFRS 9.5.5 to be presented as a line item in the statement of profit or loss. For Hong Kong Listed Limited, since the amount of impairment losses determined in accordance with HKFRS 9 is not material, the amount is disclosed in the notes to the financial statements instead	
3. HKFRS 16.49 requires a lessee to present interest expense on the lease liability separately from the depreciation charge for the right-of-use asset in the profit or loss section or the statement of profit or loss. Interest expense on the lease liability is a component of finance costs, which HKAS 1.82(b) requires to be presented separately in the statement of profit or loss and other comprehensive income. Hong Kong Listed Limited has presented interest expense on lease liabilities under “finance costs” and the depreciation charge on the right-of-use assets is included in “cost of sales” and “administrative expenses”	
Earnings per share	
An entity shall present in the statement of comprehensive income basic and diluted earnings per share for profit or loss from continuing operations attributable to the ordinary equity holders of the parent entity and for profit or loss attributable to the ordinary equity holders of the parent entity for the period for each class of ordinary shares that has a different right to share in profit for the period. An entity shall present basic and diluted earnings per share with equal prominence for all periods presented	HKAS33.66
If an entity presents items of profit or loss in a separate statement as described in HKAS 1.10A, it presents earnings per share only in that separate statement	HKAS33.4A

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Items presented in the statement of comprehensive income	
The other comprehensive income section shall present line items for the amounts for the period of:	HKAS1.82A
1. items of other comprehensive income (excluding amounts in HKAS 1.82A(b)), classified by nature and grouped into those that, in accordance with other HKFRSs:	-(a)
a. will not be reclassified subsequently to profit or loss	-(a)(i)
b. will be reclassified subsequently to profit or loss when specific conditions are met	-(a)(ii)
2. the share of the other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that, in accordance with other HKFRSs:	-(b)
a. will not be reclassified subsequently to profit or loss	-(b)(i)
b. will be reclassified subsequently to profit or loss when specific conditions are met	-(b)(ii)
The statement of profit or loss and comprehensive income shall present in addition to the profit or loss and other comprehensive income sections:	HKAS1.81A
1. profit or loss	-(a)
2. total other comprehensive income	-(b)
3. comprehensive income for the period, being the total of profit or loss and other comprehensive	-(c)
Refer to Appendix 2 for an illustration of the statement of profit or loss and other comprehensive income	
Total comprehensive income for the period attributable to:	HKFRS10.B94& HKAS1.81B(b)
1. non-controlling interests	-(i)
2. owners of the parent	-(ii)
An entity shall disclose the amount of income tax relating to each item of other comprehensive income, including reclassification adjustments, either in the statement of profit or loss and other comprehensive income or in the notes	HKAS1.90
An entity may present items of other comprehensive income either:	HKAS1.91
1. net of related tax effects; or	-(a)
2. before related tax effects with one amount shown for the aggregate amount of income tax relating to those items	-(b)
If an entity elects alternative 2, it shall allocate the tax between the items that might be reclassified subsequently to the profit or loss section and those that will not be reclassified subsequently to the profit or loss section	HKAS1.91
An entity shall disclose reclassification adjustments relating to components of other comprehensive income	HKAS1.92
An entity may present reclassification adjustments in the statement(s) of profit or loss and other comprehensive income or in the notes. An entity presenting reclassification adjustments in the notes presents the items of other comprehensive income after any related reclassification adjustments	HKAS1.94
Commentary:	
1. The components of other comprehensive income include:	HKAS1.7
a. changes in revaluation surplus	-(a)
b. remeasurements of defined benefit plans	-(b)
c. gains and losses arising from translating the financial statements of a foreign operation	-(c)
d. gains and losses from investments in equity instruments designated at fair value through other comprehensive income in accordance with HKFRS 9.5.7.5	-(d)
e. gains and losses on financial assets measured at fair value through other comprehensive income in accordance with HKFRS 9.4.1.2A	-(da)
f. the effective portion of gains and losses on hedging instruments in a cash flow hedge and the gains and losses on hedging instruments that hedge investments in equity instruments measured at fair value through other comprehensive income in accordance with HKFRS 9.5.7.5	-(e)
g. for particular liabilities designated as at fair value through profit or loss, the amount of the change in fair value that is attributable to changes in the liability's credit risk	-(f)
h. changes in the value of the time value of options when separating the intrinsic value and time value of an option contract and designating as the hedging instrument only the changes in the intrinsic value	-(g)
i. changes in the value of the forward elements of forward contracts when separating the forward element and spot element of a forward contract and designating as the hedging instrument only the changes in the spot element, and changes in the value of the foreign currency basis spread of a financial instrument when excluding it from the designation of that financial instrument as the hedging instrument	-(h)
2. Reclassification adjustments are amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in the current or previous periods	HKAS1.7

HONG KONG LISTED LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
PROFIT[/(LOSS)] FOR THE YEAR		32,235	35,249
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Debt investments at fair value through other comprehensive income:			
Changes in fair value		…	…
Reclassification adjustments for gains[/(losses)] included in the consolidated statement of profit or loss			
- gain on disposal		…	…
- impairment losses		…	…
Income tax effect		…	…
		…	…
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments arising during the year	31	878	-
Reclassification adjustments for gains included in the consolidated statement of profit or loss		(151)	-
Income tax effect		(239)	-
		488	-
Exchange differences:			
Exchange differences on translation of foreign operations		(570)	3,432
Reclassification adjustments for a foreign operation disposed of during the year	41	-	(…)
		(570)	3,432
Share of other comprehensive income of joint ventures		…	…
Share of other comprehensive income of associates		…	…
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		(82)	3,432

continued/…

Items presented in the statement of comprehensive income (continued) *Commentary*: (continued) 3. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the entity shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or the liability. This is not a reclassification adjustment and hence it does not affect other comprehensive income	HKFRS9.6.5.11(d) -(i)
Other disclosure requirements related to items in the statement of comprehensive income An entity shall disclose the net gains or net losses on:	HKFRS7.20(a)
1. investments in equity instruments designated at fair value through other comprehensive income in accordance with HKFRS 9.5.7.5	-(vii)
2. financial assets measured at fair value through other comprehensive income in accordance with HKFRS 9.4.1.2A showing separately the amount of gain or loss recognised in other comprehensive income during the period and the amount reclassified upon derecognition from accumulated other comprehensive income to profit or loss for the period	-(viii)
An entity shall disclose an analysis of the gain or loss recognised in the statement of comprehensive income arising from the derecognition of financial assets measured at amortised cost, showing separately gains and losses arising from derecognition of those financial assets. This disclosure shall include the reasons for derecognising those financial assets	HKFRS7.20A
The change in the revaluation surplus arising from a change in the decommissioning, restoration and similar liability shall be separately identified and disclosed	HK(IFRIC)-Int1.6(d)
For each class of assets, an entity shall disclose:	HKAS36.126
1. the amount of impairment losses on revalued assets recognised in other comprehensive income during the period	-(c)
2. the amount of reversals of impairment losses on revalued assets recognised in other comprehensive income during the period	-(d)
An entity shall disclose net exchange differences recognised in other comprehensive income and accumulated in a separate component of equity, and a reconciliation of the amount of such exchange differences at the beginning and end of the period	HKAS21.52(b)
An entity shall present separately any cumulative income or expense recognised in other comprehensive income relating to a non-current asset (or disposal group) classified as held for sale	HKFRS5.38

HONG KONG LISTED LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

Year ended 31 December 2020

	2020 HK$'000	2019 HK$'000
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	550	850
Income tax effect	…	…
	550	850
Gains on property revaluation	…	…
Income tax effect	…	…
	…	…
Share of other comprehensive income of joint ventures	…	…
Share of other comprehensive income of associates	…	…
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	550	850
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	468	4,282
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	32,703	39,531
Attributable to:		
Owners of the parent	28,591	33,641
Non-controlling interests	4,112	5,890
	32,703	39,531

Presentation of the statement of financial position	
A complete set of financial statements includes a statement of financial position:	HKAS1.10
1. as at the end of the period	-(a)
2. as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with HKAS 1.40A-40D	-(f)
An entity shall present, as a minimum, two statements of financial position and related notes	HKAS1.38A
An entity shall present a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements required in HKAS 1.38A if:	HKAS1.40A
1. it applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements; and	-(a)
2. the retrospective application, retrospective restatement or the reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period	-(b)
When an entity is required to present an additional statement of financial position in accordance with HKAS 1.40A, it must disclose the information required by HKAS 1.41-44 and HKAS 8. However, it need not present the related notes to the opening statement of financial position as at the beginning of the preceding period	HKAS1.40C
In the circumstances described in HKAS 1.40A, an entity shall present three statements of financial position as at:	HKAS1.40B
1. the end of the current period	-(a)
2. the end of the preceding period	-(b)
3. the beginning of the preceding period	-(c)
Commentary: Please refer to page (23) for general drafting considerations relating to comparative amounts	
An entity shall present additional line items (including by disaggregating the line items listed in HKAS 1.54), headings and subtotals in the statement of financial position when such presentation is relevant to an understanding of the entity's financial position	HKAS1.55
When an entity presents subtotals in accordance with HKAS 1.55, those subtotals shall:	HKAS1.55A
1. be comprised of line items made up of amounts recognised and measured in accordance with HKFRS	-(a)
2. be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable	-(b)
3. be consistent from period to period, in accordance with HKAS 1.45	-(c)
4. not be displayed with more prominence than the subtotals and totals required in HKFRS for the statement of financial position	-(d)
The descriptions used and the ordering of items or aggregation of similar items may be amended according to the nature of the entity and its transactions, to provide information that is relevant to an understanding of the entity's financial position	HKAS1.57(b)
An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position except when a presentation based on liquidity provides information that is reliable and more relevant. When that exception applies, an entity shall present all assets and liabilities in order of liquidity	HKAS1.60
In applying HKAS 1.60, an entity is permitted to present some of its assets and liabilities using a current/non-current classification and others in order of liquidity when this provides information that is reliable and more relevant. The need for a mixed basis of presentation might arise when an entity has diverse operations	HKAS1.64
An entity shall disclose, either in the statement of financial position or in the notes, further subclassifications of the line items presented, classified in a manner appropriate to the entity's operations	HKAS1.77
An entity shall cross-reference each item in the statement of financial position to any related information in the notes	HKAS1.113

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Items presented in the statement of financial position	
The statement of financial position shall include line items that present the following amounts:	HKAS1.54
1. property, plant and equipment	-(a)
2. investment property	-(b)
3. intangible assets	-(c)
4. financial assets (excluding amounts shown under HKAS 1.54(e), (h) and (i))	-(d)
5. investments accounted for using the equity method	-(e)
6. biological assets	-(f)
7. inventories	-(g)
8. trade and other receivables	-(h)
9. cash and cash equivalents	-(i)
10. the total of assets classified as held for sale and assets included in disposal groups classified as held for sale	-(j)
11. trade and other payables	-(k)
12. provisions	-(l)
13. financial liabilities (excluding amounts shown under HKAS 1.54(k) and (l))	-(m)
14. liabilities and assets for current tax, as defined in HKAS 12 *Income Taxes*	-(n)
15. deferred tax liabilities and deferred tax assets	-(o)
16. liabilities included in disposal groups classified as held for sale	-(p)
17. non-controlling interests, presented within equity	-(q)
18. issued capital and reserves attributable to owners of the parent	-(r)
Financial statements (statement of financial position) shall include the disclosures required under the relevant accounting standards adopted and the information set out below. This information may be included in the notes to the financial statements:	A16(4)(2) /GEM18.50B(2)
1. ageing analysis of accounts receivable	-(a)
2. ageing analysis of accounts payable	-(b)
A lessee shall either present in the statement of financial position, or disclose in the notes:	HKFRS16.47
1. right-of-use assets separately from other assets. If a lessee does not present right-of-use assets separately in the statement of financial position, the lessee shall:	-(a)
a. include right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned	-(a)(i)
b. disclose which line items in the statement of financial position include those right-of-use assets	-(a)(ii)
2. lease liabilities separately from other liabilities. If the lessee does not present lease liabilities separately in the statement of financial position, the lessee shall disclose which line items in the statement of financial position include those liabilities	-(b)
The requirement in HKFRS 16.47(a) does not apply to right-of-use assets that meet the definition of investment property, which shall be presented in the statement of financial position as investment property	HKFRS16.48
Commentary:	
1. HKFRS 15.105 requires that when either party to a contract has performed, an entity shall present the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. An entity shall present any unconditional rights to consideration separately as a receivable	HKFRS15.105
2. The standard does not specify whether contract assets and contract liabilities should be presented as separate line items on the statement of financial position. Accordingly, entities should apply the general principles in HKAS 1 for presenting and classifying these assets and liabilities. Hong Kong Listed Limited has presented contract assets as a separate line item on the statement of financial position as the amount is material	HKFRS15.BC320
3. An entity could use different descriptions of contract assets, contract liabilities and receivables, and could use additional line items to present those assets and liabilities if the entity also provides sufficient information for users of financial statements to be able to distinguish them	HKFRS15.BC321
4. Similar judgement shall be made if certain other items arising from HKFRS 15 should be presented separately on the face of the statement of financial position (e.g., refund liability, right to recover returned goods, costs to obtain/fulfil a contract)	HKAS1.29, 30, 55 &77
5. Hong Kong Listed Limited has presented right-of-use assets separately on the face of the statement of financial position except that the right-of-use assets held for sublease purposes are presented within investment properties (as required by HKFRS 16.48). Alternatively, an entity may elect to present right-of-use assets within the same line item of the corresponding underlying assets of the same nature that it owns (e.g., property, plant and equipment for leases of properties and machinery) and disclose the line items in the statement of financial position in which the right-of-use assets are included	

HONG KONG LISTED LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	180,943	188,784
Investment properties	15	40,000	40,000
Right-of-use assets	16(a)	38,588	23,144
Goodwill	17	245	1,000
Other intangible assets	18	9,614	9,134
Investments in joint ventures	19	6,420	5,432
Investments in associates	20	28,260	19,751
Equity investments designated at fair value through other comprehensive income	21	15,568	5,575
Debt investments at fair value through other comprehensive income	…	…	…
Deferred tax assets	…	…	…
Pledged deposits	28	25,500	25,500
Total non-current assets		345,138	318,320
CURRENT ASSETS			
Inventories	22	116,531	146,347
Trade receivables	23	100,388	104,091
Contract assets	25	29,261	27,806
Prepayments, other receivables and other assets	24	36,021	31,579
Financial assets at fair value through profit or loss	27	20,100	5,000
Derivative financial instruments	31	1,444	-
Pledged deposits	28	10,500	-
Cash and cash equivalents	28	73,053	30,032
		387,298	344,855
Assets of a disposal group classified as held for sale	11	59,387	-
Total current assets		446,685	344,855
CURRENT LIABILITIES			
Trade and bills payables	29	73,146	64,817
Other payables and accruals	30	46,768	18,432
Derivative financial instruments	31	947	-
Interest-bearing bank and other borrowings	32	134,534	181,636
Lease liabilities	…	…	…
Loans from associates	20	500	500
Tax payable		6,012	11,080
Provision	34	2,503	2,408
		264,410	278,873
Liabilities directly associated with the assets classified as held for sale	11	15,227	-
Total current liabilities		279,637	278,873

continued/…

Items presented in the statement of financial position (continued) *Commentary*: (continued) 6. Hong Kong Listed Limited has presented lease liabilities within "interest-bearing bank and other borrowings". Alternatively, an entity may present lease liabilities separately from other liabilities in the statement of financial position 7. The disclosure requirements of net current assets (liabilities) and total assets less current liabilities have been removed from A16(4)(2). The change is applicable to accounting periods ending on or after 31 December 2015 (unless early adopted). Although Hong Kong Listed Limited continues to disclose the net current assets (liabilities) and total assets less current liabilities on the statement of financial position, companies are required to disclose the items as required by HKAS1.54 on the statement of financial position 8. The annual consolidated financial statements for a financial year must contain, in the notes to the statements, the holding company's statement of financial position for the financial year and must include a note disclosing the movement in the holding company's reserves. The holding company's statement of financial position to be contained in the notes to the annual consolidated financial statements for a financial year is not required to contain any other notes 9. A listed issuer (whether or not it is incorporated in Hong Kong) shall include the statement of financial position (in respect of the Company) in the notes to the annual consolidated financial statements as required by Schedule 4 Part 1(2) of the Companies Ordinance	Sch4.Part1.2 (1)(a)&(b)&(2) A16(28)(1)(b)(ii) /GEM18.07A(1)(b)(ii)

HONG KONG LISTED LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
NET CURRENT ASSETS		167,048	65,982
TOTAL ASSETS LESS CURRENT LIABILITIES		512,186	384,302
NON-CURRENT LIABILITIES			
Convertible bonds	33	26,429	-
Interest-bearing bank and other borrowings	32	77,492	79,912
Lease liabilities	…	…	…
Deferred tax liabilities	35	1,688	1,490
Provision	34	5,542	4,840
Other liabilities	…	…	…
Total non-current liabilities		111,151	86,242
Net assets		401,035	298,060
EQUITY			
Equity attributable to owners of the parent			
Share capital	36	280,187	199,437
Treasury shares		…	…
Equity component of convertible bonds	33	3,852	-
Other reserves	38	92,798	75,010
		376,837	274,447
Non-controlling interests		24,198	23,613
Total equity		401,035	298,060

....

Name of director* Name of director*

Director Director

(*Insert the name as appropriate)

Classification of current versus non-current	
An entity shall disclose the amount expected to be recovered or settled after more than 12 months for each asset and liability line item that combines amounts expected to be recovered or settled:	HKAS1.61
1. no more than 12 months after the reporting period	-(a)
2. more than 12 months after the reporting period	-(b)
An entity shall classify an asset as current when at least one of the following is met:	HKAS1.66
1. it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle	-(a)
2. it holds the asset primarily for the purpose of trading	-(b)
3. it expects to realise the asset within twelve months after the reporting period; or	-(c)
4. the asset is cash or a cash equivalent (as defined in HKAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period	-(d)
An entity shall classify all other assets as non-current	HKAS1.66
An entity shall classify a liability as current when at least one of the following is met:	HKAS1.69
1. it expects to settle the liability in its normal operating cycle	-(a)
2. it holds the liability primarily for the purpose of trading	-(b)
3. the liability is due to be settled within twelve months after the reporting period	-(c)
it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification	-(d)
An entity classifies its financial liabilities as current when they are due to be settled within twelve months after the reporting period, even if the original term was for a period longer than twelve months, and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorised for issue	HKAS1.72
Commentary:	
1. The "held for trading" category in HKFRS 9 is for measurement purposes and includes financial assets and liabilities that may not be held primarily for trading purposes	HKAS1.BC38I
2. A financial liability that is not held for trading purposes, such as a derivative that is not a financial guarantee contract or a designated hedging instrument, should be presented as current or non-current on the basis of its settlement date. For example, derivatives that have a maturity of more than twelve months and are expected to be held for more than twelve months after the reporting period should be presented as non-current assets or liabilities	HKAS1.BC38J
3. If an entity expects, and has the discretion, to refinance or roll over an obligation for at least twelve months after the reporting period under an existing loan facility, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period. However, when refinancing or rolling over the obligation is not at the discretion of the entity, the entity does not consider the potential to refinance the obligation and classifies the obligation as current	HKAS1.73
4. When an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it classifies the liability as current, even if the lender agreed, after the reporting period and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach	HKAS1.74
5. An entity classifies the liability as non-current if the lender agreed by the end of the reporting period to provide a period of grace ending at least twelve months after the reporting period, within which the entity can rectify the breach and during which the lender cannot demand immediate repayment	HKAS1.75
Other disclosure requirements related to items in the statement of financial position	
When an entity presents current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position, it shall not classify deferred tax assets (liabilities) as current assets (liabilities)	HKAS1.56
An entity shall present a non-current asset classified as held for sale and the assets of a disposal group classified as held for sale separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the statement of financial position. Those assets and liabilities shall not be offset and presented as a single amount	HKFRS5.38
Unless an investment, or a portion of an investment, in an associate or a joint venture is classified as held for sale in accordance with HKFRS 5, the investment, or any retained interest in the investment not classified as held for sale, shall be classified as a non-current asset	HKAS28.15
(Continued on page (32))	

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Other disclosure requirements related to items in the statement of financial position (continued)	
The carrying amounts of each of the following categories, as defined in HKFRS 9, shall be disclosed either in the statement of financial position or in the notes:	HKFRS7.8
1. financial assets measured at fair value through profit or loss, showing separately (i) those designated as such upon initial recognition or subsequently in accordance with HKFRS 9.6.7.1 and (ii) those mandatorily measured at fair value through profit or loss in accordance with HKFRS 9	-(a)
2. financial liabilities at fair value through profit or loss, showing separately (i) those designated as such upon initial recognition or subsequently in accordance with HKFRS 9.6.7.1 and (ii) those that meet the definition of held for trading in HKFRS 9	-(e)
3. financial assets measured at amortised cost	-(f)
4. financial liabilities measured at amortised cost	-(g)
5. financial assets measured at fair value through other comprehensive income, showing separately (i) financial assets that are measured at fair value through other comprehensive income in accordance with HKFRS 9.4.1.2A; and (ii) investments in equity instruments designated as such upon initial recognition in accordance with HKFRS 9.5.7.5	-(h)
Commentary:	
Examples of financial assets mandatorily measured at fair value through profit or loss in accordance with HKFRS 9 include:	
1. financial assets with contractual terms that do not give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding, such as financial assets with embedded derivatives introducing exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement (e.g., exposure to changes in equity prices or commodity prices)	
2. financial assets which are not held within a business model whose objective is to hold financial assets in order to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, such as those held for trading	HKFRS9.4.1.4
A parent shall present non-controlling interests in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent	HKFRS10.22
The amount of treasury shares held is disclosed separately either in the statement of financial position or in the notes	HKAS32.34
Approval and signing of the statement of financial position	
A statement of financial position that forms part of any financial statements must be approved by the directors and must be signed by 2 directors on the directors' behalf or in the case of a company having only one director, by the director	S387(1)
Every copy of a statement of financial position that forms part of any financial statements laid before a company in general meeting under section 429 of the Companies Ordinance, or sent to a member under section 430 of the Companies Ordinance or otherwise circulated, published or issued by the company, must state the name of the person who signed the statement on the directors' behalf	S387(2)

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Presentation of the statement of changes in equity A complete set of financial statements includes a statement of changes in equity for the period	HKAS1.10(c)
An entity shall present, as a minimum, two statements of changes in equity and related notes	HKAS1.38A
An entity shall cross-reference each item in the statements of changes in equity to any related information in the notes	HKAS1.113
Commentary: The statement of changes in equity is normally presented using the "portrait" page layout. This has not been possible in these illustrative financial statements, because of the number of different reserve accounts illustrated	
Items in the statement of changes in equity An entity shall present a statement of changes in equity as required by HKAS 1.10. The statement of changes in equity includes the following information:	HKAS1.106
1. total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to non-controlling interests	-(a)
2. for each component of equity, the effects of retrospective application or retrospective restatement recognised in accordance with HKAS 8	-(b)
3. for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately (as a minimum) disclosing changes resulting from:	
a. profit or loss	-(d)(i)
b. other comprehensive income	-(d)(ii)
c. transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control	-(d)(iii)
For each component of equity an entity shall present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item	HKAS1.106A
An entity shall present, either in the statement of changes in equity or in the notes, the amount of dividends recognised as distributions to owners during the period, and the related amount of dividends per share	HKAS1.107
An entity shall disclose net exchange differences recognised in other comprehensive income and accumulated in a separate component of equity, and a reconciliation of the amount of such exchange differences at the beginning and end of the period	HKAS21.52(b)
An entity shall present a schedule that shows the effects on the equity attributable to owners of the parent of any changes in its ownership interest in a subsidiary that do not result in a loss of control	HKFRS12.18
The amount of transaction costs accounted for as a deduction from equity in the period is disclosed separately	HKAS32.39
If the entity has designated a financial liability as at fair value through profit or loss in accordance with HKFRS 9.4.2.2 and is required to present the effects of changes in that liability's credit risk in other comprehensive income, it shall disclose any transfers of the cumulative gain or loss within equity during the period including the reason for such transfers	HKFRS7.10(c)
If an entity has reclassified 1. a puttable financial instrument classified as an equity instrument; or 2. an instrument that imposes on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and is classified as an equity instrument between financial liabilities and equity, it shall disclose the amount reclassified into and out of each category (financial liabilities or equity), and the timing and reason for that reclassification	HKAS1.80A
Commentary: 1. For illustrative purposes, Hong Kong Listed Limited adopts the approach of presenting each component of equity in the statement of changes in equity 2. An entity shall make no subsequent adjustment to total equity in respect of share options after the vesting date. However, this requirement does not preclude the entity from recognising a transfer within equity, i.e., a transfer from one component of equity to another. For share options exercised, forfeited or lapsed that had previously vested, the attributable share option reserve would normally be transferred to the share premium or retained profits account after considering any requirements under the local statutory law	HKFRS2.23

HONG KONG LISTED LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

		Attributable to owners of the parent										
	Notes	Share capital HK$'000 (note 36)	Treasury shares HK$'000 (note …)	Share option reserve HK$'000 (note 37)	Asset revaluation reserve[#] HK$'000	Fair value reserve of financial assets at fair value through other comprehensive income HK$'000	Reserve funds HK$'000 (note 38)	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2019		199,437	…	1,820	3,000	461	195	(3,185)	38,663	240,391	19,067	259,458
Profit for the year		-	-	-	-	-	-	-	32,165	32,165	3,084	35,249
Other comprehensive income for the year:												
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax		-	-	-	-	850	-	-	-	850	-	850
Exchange differences related to foreign operations		-	-	-	-	-	-	626	-	626	2,806	3,432
Total comprehensive income for the year		-	-	-	-	850	-	626	32,165	33,641	5,890	39,531
Disposal of a subsidiary	41	-	-	-	-	-	-	-	-	-	(1,344)	(1,344)
Equity-settled share option arrangements	37	-	-	415	-	-	-	-	-	415	-	415
Transfer from retained profits		-	-	-	-	-	135	-	(135)	-	-	-
At 31 December 2019		199,437	…	2,235	3,000	1,311	330	(2,559)	70,693	274,447	23,613	298,060

[#] The asset revaluation reserve arose from a change in use from an owner-occupied property to an investment property carried at fair value before 1 January 2019.

continued/…

Refer to disclosure requirements regarding the statement of changes in equity on page (33)	
Asset revaluation reserve *Commentary*: Hong Kong Listed Limited has applied HKAS 16 for its owned property up to the date of change in use and treated any difference at that date between the then carrying amount of the property in accordance with HKAS 16 and its fair value in the same way as a revaluation in accordance with HKAS 16. This also applies for a change of use when the property is held by a lessee as a right-of-use asset under HKFRS 16 before becoming an investment property that will be accounted for at fair value	HKAS40.61
Fair value reserve of financial assets at fair value through other comprehensive income *Commentary*: If an entity has financial assets (or debt investments) measured at fair value through other comprehensive income in accordance with HKFRS 9.4.1.2A, the fair value reserve is reclassified subsequently to profit or loss upon disposal as required by HKFRS 9.5.7.10. In comparison, the fair value reserve of equity investments designated at fair value through other comprehensive income in accordance with HKFRS 9.5.7.5 is not so reclassified, pursuant to HKFRS 9.5.7.1(b). For these illustrative financial statements, the two reserves are combined, as illustrated on page 34. If an entity has both debt investments at fair value through other comprehensive income and equity investments at fair value through other comprehensive income, and the reserves are material, presenting the two fair value reserves separately (e.g., fair value reserve (recycling) for debt investments and fair value reserve (non-recycling) for equity investments) would normally be appropriate	

HONG KONG LISTED LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year ended 31 December 2020

		Attributable to owners of the parent												
	Notes	Share capital HK$'000 (note 36)	Treasury shares HK$'000 (note …)	Equity component of convertible bonds HK$'000 (note 33)	Share option reserve HK$'000 (note 37)	Asset revaluation reserve HK$'000	Cash flow hedge reserve HK$'000	Fair value reserve of financial assets at fair value through other comprehensive income HK$'000	Reserve funds HK$'000 (note 38)	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2020		199,437	…	-	2,235	3,000	-	1,311	330	(2,559)	70,693	274,447	23,613	298,060
Profit for the year		-	-	-	-	-	-	-	-	-	28,123	28,123	4,112	32,235
Other comprehensive income for the year:														
Change in fair value of equity investments at fair value through other comprehensive income, net of tax		-	-	-	-	-	-	550	-	-	-	550	-	550
Changes in fair value of debt investments at fair value through other comprehensive income, net of tax		-	-	-	-	-	-	…	-	-	-	…	-	…
Cash flow hedges, net of tax		-	-	-	-	-	488	-	-	-	-	488	-	488
Exchange differences on translation of foreign operations		-	-	-	-	-	-	-	-	(570)	-	(570)	-	(570)
Total comprehensive income for the year		-	-	-	-	-	488	550	-	(570)	28,123	28,591	4,112	32,703
Acquisition of a subsidiary	40	-	-	-	-	-	-	-	-	-	-	-	…	…
Acquisition of non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	(1,900)	(1,900)
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	(1,627)	(1,627)
Transfer of cash flow hedge reserve to inventories		-	-	-	-	-	(137)	-	-	-	-	(137)	-	(137)
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income		-	-	-	-	-	-	(120)	-	-	120	-	-	-
Final 2019 dividend declared		-	-	-	-	-	-	-	-	-	(4,150)	(4,150)	-	(4,150)
Issue of shares	36	84,467	-	-	(1,382)	-	-	-	-	-	-	83,085	-	83,085
Share issue expenses	36	(3,717)	-	-	-	-	-	-	-	-	-	(3,717)	-	(3,717)
Issue of convertible bonds	33	-	-	3,852	-	-	-	-	-	-	-	3,852	-	3,852
Deferred tax on convertible bonds	…	-	-	…	-	-	-	-	-	-	-	…	-	…
Shares repurchased	36	-	-	-	-	-	-	-	-	-	(…)	(…)	-	(…)
Equity-settled share option arrangements	37	-	-	-	1,090	-	-	-	-	-	-	1,090	-	1,090
Transfer of share option reserve upon the forfeiture or expiry of share options		-	-	-	(73)	-	-	-	-	-	73	-	-	-
Interim 2020 dividend	12	-	-	-	-	-	-	-	-	-	(6,224)	(6,224)	-	(6,224)
Transfer from retained profits		-	-	-	-	-	-	-	390	-	(390)	-	-	-
At 31 December 2020		280,187	…	3,852	1,870*	3,000*	351*	1,741*	720*	(3,129)*	88,245*	376,837	24,198	401,035

* These reserve accounts comprise the consolidated other reserves of HK$92,798,000 (2019: HK$75,010,000) in the consolidated statement of financial position.

Presentation of the statement of cash flows A complete set of financial statements includes a statement of cash flows for the period	HKAS1.10(d)
An entity shall present, as a minimum, two statements of cash flows and related notes	HKAS1.38A
An entity shall cross-reference each item in the statements of cash flows to any related information in the notes	HKAS1.113
The statement of cash flows shall report cash flows during the period classified by operating, investing and financing activities	HKAS7.10
When a contract is accounted for as a hedge of an identifiable position, the cash flows of the contract are classified in the same manner as the cash flows of the position being hedged	HKAS7.16
Additional information may be relevant to users in understanding the financial position and liquidity of an entity. Disclosure of this information, together with a commentary by management, is **encouraged** and may include:	HKAS7.50
1. the amount of undrawn borrowing facilities that may be available for future operating activities and to settle capital commitments, indicating any restrictions on the use of these facilities	-(a)
2. the aggregate amounts of the cash flows from each of operating, investing and financing activities related to interests in joint ventures reported using proportionate consolidation	-(b)
3. the aggregate amount of cash flows that represent increases in operating capacity separately from those cash flows that are required to maintain operating capacity	-(c)
4. the amount of the cash flows arising from the operating, investing and financing activities of each reportable segment	-(d)
Gross versus net presentation An entity shall report separately major classes of gross cash receipts and gross cash payments arising from investing and financing activities, except to the extent that cash flows described in HKAS 7.22 and HKAS 7.24 (related to a financial institution) are reported on a net basis	HKAS7.21
Cash flows arising from the following operating, investing or financing activities may be reported on a net basis:	HKAS7.22
1. cash receipts and payments on behalf of customers when the cash flows reflect the activities of the customer rather than those of the entity	-(a)
2. cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short	-(b)
Interest and dividends received and paid Cash flows from interest and dividends received and paid shall each be disclosed separately. Each shall be classified in a consistent manner from period to period as either operating, investing or financing activities	HKAS7.31
The total amount of interest paid during a period is disclosed in the statement of cash flows whether it has been recognised as an expense in profit or loss or capitalised in accordance with HKAS 23	HKAS7.32
Interest paid and interest and dividends received may be classified as operating cash flows because they enter into the determination of profit or loss. Alternatively, interest paid and interest and dividends received may be classified as financing cash flows and investing cash flows respectively, because they are costs of obtaining financial resources or returns on investments	HKAS7.33
Dividends paid may be classified as a financing cash flow because they are a cost of obtaining financial resources. Alternatively, dividends paid may be classified as a component of cash flows from operating activities in order to assist users to determine the ability of an entity to pay dividends out of operating cash flows	HKAS7.34
Commentary: In the statement of cash flows, a lessee shall classify cash payments for the interest portion of the lease liability applying the requirements in HKAS 7 for interest paid	HKFRS16.50(b)
Hong Kong Listed Limited has elected to present cash outflows for interest paid as operating activities and accordingly the interest paid presented therein includes the cash payments for the interest portion of the lease liabilities. Refer to HKAS 7.33 for details about the classification of interest paid in the statement of cash flows	

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Taxes Cash flows arising from taxes on income shall be separately disclosed and shall be classified as cash flows from operating activities unless they can be identified with financing and investing activities	HKAS7.35
Taxes paid are usually classified as cash flows from operating activities. However, when it is practicable to identify the tax cash flow with an individual transaction that gives rise to cash flows that are classified as investing or financing activities the tax cash flow is classified as an investing or financing activity as appropriate. When tax cash flows are allocated over more than one class of activity, the total amount of taxes paid is disclosed	HKAS7.36
Reporting cash flows from operating activities An entity shall report cash flows from operating activities using either one of the following methods:	HKAS7.18
1. the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed; or	-(a)
2. the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows	-(b)
Cash flows from operating activities are primarily derived from the principal revenue-producing activities of the entity. Therefore, they generally result from the transactions and other events that enter into the determination of profit or loss. Examples of cash flows from operating activities are included in HKAS 7.14	HKAS7.14
Cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale as described in HKAS 16.68A are cash flows from operating activities. The cash receipts from rents and subsequent sales of such assets are also cash flows from operating activities	HKAS7.14
An entity may hold securities and loans for dealing or trading purposes, in which case they are similar to inventory acquired specifically for resale. Therefore, cash flows arising from the purchase and sale of dealing or trading securities are classified as operating activities. Similarly, cash advances and loans made by financial institutions are usually classified as operating activities since they relate to the main revenue-producing activity of that entity	HKAS7.15
In the statement of cash flows, a lessee shall classify short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability within operating activities	HKFRS16.50(c)

HONG KONG LISTED LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit[/(loss)] before tax:			
From continuing operations		22,224	32,754
From a discontinued operation	11	10,117	8,138
Adjustments for:			
Finance costs	7, 11	19,782	18,790
Share of profits and losses of joint ventures and associates		(8,117)	(9,489)
Interest income		(5,263)	(3,261)
Dividend income from equity investments at fair value through other comprehensive income		(104)	(70)
Gain on disposal of items of property, plant and equipment		-	(801)
Gain on disposal of a subsidiary		-	(950)
Fair value gains, net:			
Cash flow hedges (transfer from equity)		(151)	-
Derivative instruments – transactions not qualifying as hedges		332	-
Equity investments at fair value through profit or loss		…	…
Debt investments at fair value through other comprehensive income (transfer from equity on disposal)		…	-
Loan hedged by an interest rate swap		…	…
Fair value adjustment of contingent consideration	40	…	…
Loss on derecognition of financial assets measured at amortised cost		…	…
Covid-19-related rent concessions from lessors	16	(720)	-
Depreciation	14	41,718	37,505
Changes in fair value of investment properties		3,500	(1,700)
Depreciation of right-of-use assets	16	5,807	4,358
Amortisation of patents and licences	18	759	852
Amortisation of deferred development costs	18	788	743
Impairment of goodwill		-	400
Equity-settled share option expense	37	1,090	415
		91,762	87,684
(Increase)/decrease in inventories		19,274	(21,889)
Decrease in trade receivables		4,921	18,063
Increase in contract assets		(1,455)	(1,039)
(Increase)/decrease in prepayments and other assets		(3,337)	194
Increase in deposits and other receivables		(2,094)	(22,535)
Increase in financial assets at fair value through profit or loss		(15,100)	-
Increase/(decrease) in trade and bills payables		16,455	(11,444)
Increase in other payables and accruals		33,679	3,637
Increase in derivative financial assets		(1,042)	-
Increase in derivative financial liabilities		715	-
Decrease in provision for product warranties		(235)	(337)
Cash generated from operations		143,543	52,334
Interest received		…	…
Interest paid		(20,846)	(20,765)
Hong Kong profits tax paid		(189)	(15)
Overseas taxes paid		(3,469)	(5,109)
Net cash flows from operating activities		119,039	26,445

continued/...

Reporting cash flows from investing activities Only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as investing activities. Examples of cash flows arising from investing activities are included in HKAS 7.16	HKAS7.16
The aggregate cash flows arising from obtaining or losing control of subsidiaries or other businesses shall be presented separately and classified as investing activities	HKAS7.39
The aggregate amount of the cash paid or received as consideration for obtaining or losing control of subsidiaries or other businesses is reported in the statement of cash flows net of cash and cash equivalents acquired or disposed of as part of such transactions, events or changes in circumstances	HKAS7.42
The purchase of assets and the receipt of related grants can cause major movements in the cash flow of an entity. For this reason and in order to show the gross investment in assets, such movements are often disclosed as separate items in the statement of cash flows regardless of whether or not the grant is deducted from the related asset for presentation purposes in the statement of financial position	HKAS20.28
Commentary: For lease payments made on or before the commencement date of a lease not within the scope of HKFRS 16.50(c), e.g., lump sum prepaid land lease payments, we consider it appropriate to classify the related cash flows within investing activities	
Reporting cash flows from financing activities Examples of cash flows arising from financing activities are included in HKAS 7.17	HKAS7.17
Cash flows arising from changes in ownership interests in a subsidiary that do not result in a loss of control shall be classified as cash flows from financing activities, unless the subsidiary is held by an investment entity, as defined in HKFRS 10, and is required to be measured at fair value through profit or loss	HKAS7.42A
In the statement of cash flows, a lessee shall classify cash payments for the principal portion of the lease liability within financing activities	HKFRS16.50(a)
Unrealised gains and losses arising from changes in foreign currency exchange Unrealised gains and losses arising from changes in foreign currency exchange rates are not cash flows. However, the effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency is reported in the statement of cash flows in order to reconcile cash and cash equivalents at the beginning and the end of the period. This amount is presented separately from cash flows from operating, investing and financing activities and includes the differences, if any, had those cash flows been reported at end of period exchange rates	HKAS7.28

HONG KONG LISTED LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Net cash flows from operating activities		119,039	26,445
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		5,263	3,261
Dividends received from listed investments		104	70
Hong Kong profits tax paid on investing activities		(…)	(…)
Overseas taxes paid on investing activities		(…)	(…)
Purchases of items of property, plant and equipment		(71,217)	(19,643)
Proceeds from disposal of items of property, plant and equipment		-	2,557
Purchase of an investment property		(3,500)	-
Receipt of government grants for property, plant and equipment		…	…
Additions to other intangible assets	18	(2,961)	-
Acquisition of a subsidiary	40	(2,325)	-
Disposal of a subsidiary	41	-	3,430
Purchase of a shareholding in a joint venture		(…)	(…)
Advances of loans to associates		(1,380)	-
Repayment of loans from associates		-	(2,234)
Purchases of equity investments designated at fair value through other comprehensive income		(10,063)	(7,825)
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		620	-
Advances of loans to directors		(1,185)	-
Decrease in pledged time deposits		-	4,231
Net cash flows used in investing activities		(86,644)	(16,153)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	36	84,467	-
Share issue expenses	36	(3,717)	-
Proceeds from issue of convertible bonds	33	30,000	-
New bank loans		56,096	30,000
Repayment of bank loans		(60,766)	(18,919)
Repayment of other loans		(31,318)	(14,000)
Increase in an amount due to the ultimate holding company		…	…
Acquisition of non-controlling interests		(1,900)	-
Principal portion of lease payments	42(b)	(13,563)	(12,542)
Dividends paid		(10,374)	-
Dividends paid to non-controlling shareholders		(1,627)	-
Interest paid		(…)	(…)
Hong Kong profits tax paid on financing activities		(…)	(…)
Overseas taxes paid on financing activities		(…)	(…)
Net cash flows from/(used in) financing activities		47,298	(15,461)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		79,693	(5,169)
Cash and cash equivalents at beginning of year		7,428	9,136
Effect of foreign exchange rate changes, net		(1,470)	3,461
CASH AND CASH EQUIVALENTS AT END OF YEAR		85,651	7,428

continued/...

Cash and cash equivalents An entity shall disclose the components of cash and cash equivalents and shall present a reconciliation of the amounts in its statement of cash flows with the equivalent items reported in the statement of financial position *Commentary*: Hong Kong Listed Limited has included its bank overdrafts as part of cash and cash equivalents. This is because these bank overdrafts are repayable on demand and form an integral part of the Group's cash management (HKAS 7.8). An entity would need to assess whether its banking arrangement is an integral part of its cash management. Cash management includes managing cash and cash equivalents for the purpose of meeting short-term commitments rather than for investment or other purposes. The IFRS Interpretations Committee of the IASB determined in June 2018 that if the balance of a banking arrangement does not often fluctuate from being negative to positive, then this indicates that the arrangement does not form an integral part of the entity's cash management and, instead, represents a form of financing	HKAS7.45

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	28	58,053	30,032
Non-pledged time deposits with original maturity of less than three months when acquired	28	15,000	-
Cash and cash equivalents as stated in the statement of financial position		73,053	30,032
Time deposits with original maturity of less than three months when acquired, pledged as security for bank overdraft facilities	28	10,500	-
Bank overdrafts	32	(2,102)	(22,604)
Cash and short term deposits attributable to a discontinued operation	11	4,200	-
Cash and cash equivalents as stated in the statement of cash flows		85,651	7,428

General drafting considerations for notes to the financial statements	
A complete set of financial statements includes notes, comprising significant accounting policies and other explanatory information	HKAS1.10(e)
An entity shall disclose, either in the statement of financial position or in the notes, further subclassifications of the line items presented, classified in a manner appropriate to the entity's operations	HKAS1.77
An entity shall present a complete set of financial statements (including comparative information) at least annually. When an entity changes the end of its reporting period and presents financial statements for a period longer or shorter than one year, an entity shall disclose, in addition to the period covered by the financial statements:	HKAS1.36
1. the reason for using a longer or shorter period	-(a)
2. the fact that amounts presented in the financial statements are not entirely comparable	-(b)
The notes to the financial statements shall:	HKAS1.112
1. present information about the basis of preparation of the financial statements and the specific accounting policies used in accordance with HKAS 1.117 to 1.124	-(a)
2. disclose the information required by HKFRSs that is not presented elsewhere in the financial statements	-(b)
3. provide information that is not presented elsewhere in the financial statements, but is relevant to an understanding of any of them	-(c)
An entity shall, as far as practicable, present notes in a systematic manner. In determining a systematic manner, the entity shall consider the effect on the understandability and comparability of its financial statements. An entity shall cross-reference each item in the statements of financial position and in the statement(s) of profit or loss and other comprehensive income, and in the statements of changes in equity and of cash flows to any related information in the notes	HKAS1.113
Examples of systematic ordering or grouping of the notes include:	HKAS1.114
1. giving prominence to the areas of its activities that the entity considers to be most relevant to an understanding of its financial performance and financial position, such as grouping together information about particular operating activities	-(a)
2. grouping together information about items measured similarly such as assets measured at fair value; or	-(b)
3. following the order of the line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position, such as:	-(c)
a. statement of compliance with HKFRSs	-(c)(i)
b. significant accounting policies applied	-(c)(ii)
c. supporting information for items presented in the statements of financial position and in the statement(s) of profit or loss and other comprehensive income and in the statements of changes in equity and of cash flows, in the order in which each statement and each line item is presented	-(c)(iii)
d. other disclosures, including:	-(c)(iv)
i. contingent liabilities and unrecognised contractual commitments	-(c)(iv)(1)
ii. non-financial disclosures, e.g., the entity's financial risk management objectives and policies	-(c)(iv)(2)
Commentary: HKAS 1.113 requires the notes to financial statements to be presented in a systematic manner. HKAS 1.114 provides examples of different systematic ordering or grouping that preparers of financial statements may consider. The notes presented in these financial statements follow the approach in HKAS 1.114(c) by presenting them following the order in which items are presented in the primary financial statements. Entities should assess their specific circumstances and the preferences of the primary users of financial statements to decide on the structure of the notes to the financial statements	

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General drafting considerations for notes to the financial statements (continued)	
An entity shall clearly identify each financial statement and the notes. In addition, an entity shall display the following information prominently, and repeat it when necessary for the information presented to be understandable:	HKAS1.51
1. the name of the reporting entity or other means of identification, and any change in that information from the end of the preceding reporting period	-(a)
2. whether the financial statements are of an individual entity or a group of entities	-(b)
3. the date of the end of the reporting period or the period covered by the set of financial statements or notes	-(c)
4. the presentation currency	-(d)
5. the level of rounding used in presenting amounts in the financial statements	-(e)
An entity shall disclose the following, if not disclosed elsewhere in information published with the financial statements:	HKAS1.138
1. the domicile and legal form of the entity, its country of incorporation and the address of its registered office (or principal place of business, if different from the registered office)	-(a)
2. a description of the nature of the entity's operations and its principal activities	-(b)
3. the name of the parent and the ultimate parent of the group	-(c)
An entity shall disclose its significant accounting policies comprising:	HKAS1.117
1. the measurement basis (or bases) used in preparing the financial statements	-(a)
2. the other accounting policies used that are relevant to an understanding of the financial statements	-(b)
Commentary:	
1. These illustrative financial statements are specified financial statements as defined in S436(6). Specified financial statements can be company-level or consolidated financial statements depending on whether a company prepares consolidated financial statements under S379(2) of the Companies Ordinance. Therefore, the guidance in AB 6 on the requirements concerning the publication of non-statutory accounts by a Hong Kong incorporated company is not included in these illustrative financial statements. Please refer to the guidance in AB 6 for the publication of non-statutory accounts by a Hong Kong incorporated company	
2. If, in relation to any financial statements, compliance with sections 380(3) and (4) of the Companies Ordinance would be insufficient to give a true and fair view under sections 380(1) or (2) of the Companies Ordinance, the financial statements must contain all additional information necessary for that purpose	S380(5)
3. If, in relation to any financial statements, compliance with S380(3) or (4) of the Companies Ordinance would be inconsistent with a requirement to give a true and fair view under S380(1) or (2) of the Companies Ordinance, the financial statements must depart from S380(3) or (4) of the Companies Ordinance (as the case may be) to the extent that is necessary for it to give a true and fair view; and must contain the reasons for, and particulars and effect of, the departure	S380(6)
4. An example of the application of the true and fair view provisions under section 380(6) of the Companies Ordinance is a Hong Kong incorporated company which is an investment entity as defined by HKFRS 10 and does not consolidate its subsidiaries to comply with HKFRS 10, but ordinarily would be required to do so under the Companies Ordinance	

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Corporate information	
If, at the end of a financial year, a company is the subsidiary of another undertaking, the company's financial statements for the financial year must contain, in the notes to the statements:	Sch4.Part1.3(1) &(2)
1. the name of the undertaking regarded by the directors as being the company's ultimate parent undertaking; and	-(a)
2. the following information relating to that undertaking as known to the directors:	
a. if that undertaking is a body corporate, the country in which it is incorporated	-(b)(i)
b. if that undertaking is not a body corporate, the address of its principal place of business	-(b)(ii)
A listed issuer (whether or not it is incorporated in Hong Kong) shall include disclosures of particulars of its ultimate parent undertaking as required under Schedule 4 Part 1(3) of the Companies Ordinance in financial statements	A16(28)(1)(b)(iii) /GEM18.07A(1) (b)(iii)
Relationship between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed	HKAS24.13
Information about subsidiaries	
An entity shall disclose information that enables users of its consolidated financial statements to evaluate the nature and extent of significant restrictions on its ability to access or use assets, and settle liabilities, of the group and the nature of, and changes in, the risks associated with its interests in consolidated structured entities	HKFRS12.10 (b)(i)&(ii)
When the financial statements of a subsidiary used in the preparation of consolidated financial statements are as of a date or for a period that is different from that of the consolidated financial statements, an entity shall disclose:	HKFRS12.11
1. the date of the end of the reporting period of the financial statements of that subsidiary; and	-(a)
2. the reason for using a different date or period	-(b)
An entity shall disclose:	HKFRS12.13
1. significant restrictions (e.g., statutory, contractual and regulatory restrictions) on its ability to access or use the assets and settle the liabilities of the group, such as:	-(a)
a. those that restrict the ability of a parent or its subsidiaries to transfer cash or other assets to (or from) other entities within the group	-(a)(i)
b. guarantees or other requirements that may restrict dividends and other capital distributions being paid, or loans and advances being made or repaid, to (or from) other entities within the group	-(a)(ii)
2. the nature and extent to which protective rights of non-controlling interests can significantly restrict the entity's ability to access or use the assets and settle the liabilities of the group (such as when a parent is obliged to settle liabilities of a subsidiary before settling its own liabilities, or approval of non-controlling interests is required either to access the assets or to settle the liabilities of a subsidiary)	-(b)
3. the carrying amounts in the consolidated financial statements of the assets and liabilities to which those restrictions apply	-(c)
Interests in consolidated structured entities	
An entity shall disclose the terms of any contractual arrangements that could require the parent or its subsidiaries to provide financial support to a consolidated structured entity, including events or circumstances that could expose the reporting entity to a loss (e.g., liquidity arrangements or credit rating triggers associated with obligations to purchase assets of the structured entity or provide financial support)	HKFRS12.14
If during the reporting period a parent or any of its subsidiaries has, without having a contractual obligation to do so, provided financial or other support to a consolidated structured entity (e.g., purchasing assets of or instruments issued by the structured entity), the entity shall disclose:	HKFRS12.15
1. the type and amount of support provided, including situations in which the parent or its subsidiaries assisted the structured entity in obtaining financial support	-(a)
2. the reasons for providing the support	-(b)
Commentary: A structured entity is defined as an entity that has been designed so that the voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. HKFRS 12.B22 to B24 provide further information about structured entities	HKFRS12.AppA

1. CORPORATE AND GROUP INFORMATION

Hong Kong Listed Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 26 Golden Bauhinia Avenue, Hong Kong.

During the year, the Group was involved in the following principal activities:

- manufacture and sale of industrial products
- manufacture and sale of electronic products
- infrastructure development
- property investment
- provision of management services

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Prosperous Future Limited, which is incorporated in Bermuda.

Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
AAA Limited	Hong Kong	HK$22,000,000	100	-	Investment holding
BBB (Far East) Limited	Hong Kong	HK$5,000,000	80	-	Sale of industrial products
CCC Enterprise Limited	Australia	A$1,500,000	-	45*	Manufacture of industrial products
DDD Company Limited	British Virgin Islands/ Mainland China	US$800,000	-	100	Manufacture and sale of electronic products
EEE Limited	British Virgin Islands/ Hong Kong	US$50,000	70	-	Investment holding and provision of management services
FFF Limited**	PRC/ Mainland China	HK$3,000,000	-	100	Manufacture of industrial products
GGG Limited	PRC/ Mainland China	HK$100,000	-	48***	Manufacture of industrial products
HHH Limited	PRC/ Mainland China	HK$1,000,000	-	100	Property infrastructure development

* CCC Enterprise Limited is a subsidiary of a non-wholly-owned subsidiary of the Company and, accordingly, is accounted for as a subsidiary by virtue of the Company's control over it.

Information about subsidiaries (continued)	
If during the reporting period a parent or any of its subsidiaries has, without having a contractual obligation to do so, provided financial or other support to a previously unconsolidated structured entity and that provision of support resulted in the entity controlling the structured entity, the entity shall disclose an explanation of the relevant factors in reaching that decision	HKFRS12.16
An entity shall disclose any current intentions to provide financial or other support to a consolidated structured entity, including intentions to assist the structured entity in obtaining financial support	HKFRS12.17
An entity shall disclose information that enables users of its consolidated financial statements to understand the composition of the group	HKFRS12.10(a)(i)
A listed issuer shall include in its financial statements a statement showing:	A16(9) /GEM18.10
1. The name of every subsidiary, its principal country of operation and its country of incorporation or other establishment, and, in the case of a subsidiary established in the PRC, the kind of legal entity it is registered as under PRC law (such as a contractual or cooperative joint venture)	-(1)
2. Particulars of the issued share capital and debt securities of every subsidiary and if a listed issuer has an excessive number of subsidiaries, the statement need only include details for subsidiaries which, in the opinion of the directors, materially contribute to the net income of the group or hold a material portion of the assets or liabilities of the group	-(2)
As further elaborated in PN 600.1 *Reports by the Auditor under the Hong Kong Companies Ordinance (Cap. 622)*, the directors of the holding company may consider it is useful to disclose the information that the financial statements of some of the entities in the group have been audited by other auditors and the materiality of those entities to the group. A common way to disclose this information is to include in the schedule of principal subsidiaries and associates, which of those entities have been audited by the other auditors. It may be useful to indicate thereon the significance to the group of the entities that have been so audited by reference to the amount of their assets, turnover or profits or losses before taxation	PN600.1(24)

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)
Particulars of the Company's principal subsidiaries are as follows: (continued)

** FFF Limited is registered as a wholly-foreign-owned enterprise under PRC law.

*** GGG Limited, a Hong Kong listed company, is accounted for as a subsidiary of the Group even though the Group has only a 48% equity interest in this company based on the factors explained in note 3 to the financial statements.

During the year, the Group acquired FFF Limited from a fellow subsidiary of the Company. Further details of this acquisition are included in notes 40 and 46(b)(ii) to the financial statements.

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.

Interests in unconsolidated structured entities *See the definition of a structured entity on page (41)*	
An entity shall disclose qualitative and quantitative information about its interests in unconsolidated structured entities, including, but not limited to, the nature, purpose, size and activities of the structured entity and how the structured entity is financed	HKFRS12.26
If an entity has sponsored an unconsolidated structured entity for which it does not provide information required by HKFRS 12.29 (e.g., because it does not have an interest in the entity at the reporting date), the entity shall disclose:	HKFRS12.27
1. how it has determined which structured entities it has sponsored	-(a)
2. income from those structured entities during the reporting period, including a description of the types of income presented	-(b)
3. the carrying amount (at the time of transfer) of all assets transferred to those structured entities during the reporting period	-(c)
An entity shall present the information in HKFRS 12.27(b) and (c) in tabular format, unless another format is more appropriate, and classify its sponsoring activities into relevant categories	HKFRS12.28
An entity shall disclose in tabular format, unless another format is more appropriate, a summary of	HKFRS12.29
1. the carrying amounts of the assets and liabilities recognised in its financial statements relating to its interests in unconsolidated structured entities	-(a)
2. the line items in the statement of financial position in which those assets and liabilities are recognised	-(b)
3. the amount that best represents the entity's maximum exposure to loss from its interests in unconsolidated structured entities, including how the maximum exposure to loss is determined. If an entity cannot quantify its maximum exposure to loss from its interests in unconsolidated structured entities it shall disclose the fact and the reasons	-(c)
4. a comparison of the carrying amounts of the assets and liabilities of the entity that relate to its interests in unconsolidated structured entities and the entity's maximum exposure to loss from those entities	-(d)
If during the reporting period an entity has, without having a contractual obligation to do so, provided financial or other support to an unconsolidated structured entity in which it previously had or currently has an interest (for example, purchasing assets of or instruments issued by the structured entity), the entity shall disclose:	HKFRS12.30
1. the type and amount of support provided, including situations in which the entity assisted the structured entity in obtaining financial support	-(a)
2. the reasons for providing the support	-(b)
An entity shall disclose any current intentions to provide financial or other support to an unconsolidated structured entity, including intentions to assist the structured entity in obtaining financial support	HKFRS12.31
In addition to the information required by HKFRS 12.29-31, an entity shall disclose the following additional information that is necessary to meet the disclosure objective of providing information that enables users of its financial statements to evaluate the nature of, and changes in, the risks associated with its interests in unconsolidated structured entities	HKFRS12.B25&24(b)
(Continued on page (44))	

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Interests in unconsolidated structured entities (continued)	
Examples of additional information that, depending on the circumstances, might be relevant to an assessment of the risks to which an entity is exposed when it has an interest in an unconsolidated structured entity are:	HKFRS12.B26
1. the terms of an arrangement that could require the entity to provide financial support to an unconsolidated structured entity (e.g., liquidity arrangements or credit rating triggers associated with obligations to purchase assets of the structured entity or provide financial support), including:	-(a)
a. a description of events or circumstances that could expose the reporting entity to a loss	-(a)(i)
b. whether there are any terms that would limit the obligation	-(a)(ii)
c. whether there are any other parties that provide financial support and, if so, how the reporting entity's obligation ranks with those of other parties	-(a)(iii)
2. losses incurred by the entity during the reporting period relating to its interests in unconsolidated structured entities	-(b)
3. the types of income the entity received during the reporting period from its interests in unconsolidated structured entities	-(c)
4. whether the entity is required to absorb losses of an unconsolidated structured entity before other parties, the maximum limit of such losses for the entity, and (if relevant) the ranking and amounts of potential losses borne by parties whose interests rank lower than the entity's interest in the unconsolidated structured entity	-(d)
5. information about any liquidity arrangements, guarantees or other commitments with third parties that may affect the fair value or risk of the entity's interests in unconsolidated structured entities	-(e)
6. any difficulties an unconsolidated structured entity has experienced in financing its activities during the reporting period	-(f)
7. in relation to the funding of an unconsolidated structured entity, the forms of funding (e.g., commercial paper or medium-term notes) and their weighted average life. That information might include maturity analyses of the assets and funding of an unconsolidated structured entity if the structured entity has longer-term assets funded by shorter-term funding	-(g)
Commentary:	
Hong Kong Listed Limited does not have any interests in structured entities and therefore, the disclosure requirements in HKFRS 12.24-31, HKFRS 12.B25-B26 and HKFRS 12.14-17 do not apply to the Group. However, whenever a reporting entity has <u>an interest</u> in a structured entity even though it is not consolidated, the disclosure requirements as shown above and on page (43) apply to the entity	
"An interest" in another entity refers to contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. An interest in another entity can be evidenced by, but is not limited to, the holding of equity or debt instruments as well as other forms of involvement such as the provision of funding, liquidity support, credit enhancement and guarantees. It includes the means by which an entity has control or joint control of, or significant influence over, another entity. An entity does not necessarily have an interest in another entity solely because of a typical customer supplier relationship	HKFRS12.AppA
Consideration of the purpose and design of the other entity may help the reporting entity when assessing whether it has an interest in that entity and, therefore, whether it is required to provide the disclosures in HKFRS 12. That assessment shall include consideration of the risks that the other entity was designed to create and the risks the other entity was designed to pass on to the reporting entity and other parties. Therefore, the definition of "an interest" in HKFRS 12 is much wider than simply holding equity or debt instruments in an entity	HKFRS12.B7
A structured entity often has some or all of the following features or attributes:	HKFRS12.B22
1. restricted activities	-(a)
2. a narrow and well-defined objective, such as to effect a tax-efficient lease, carry out research and development activities, provide a source of capital or funding to an entity or provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors	-(b)
3. insufficient equity to permit the structured entity to finance its activities without subordinated financial support	-(c)
4. financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches)	-(d)
Examples of entities that are regarded as structured entities include, but are not limited to securitisation vehicles, asset-backed financings and some investment funds	HKFRS12.B23
An entity that is controlled by voting rights is not a structured entity simply because, for example, it receives funding from third parties following a restructuring	HKFRS12.B24

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Accounting standards adopted An entity whose financial statements comply with HKFRSs shall make an explicit and unreserved statement of such compliance in the notes	HKAS1.16
The financial statements for a financial year must state whether they have been prepared in accordance with the applicable accounting standards as defined by section 357(1) of the Companies Ordinance and if they have not been so prepared, the particulars of, and the reasons for, any material departure from those standards	Sch4.Part1.4 (a)&(b)
In the accounting policies section a listed issuer shall state which body of accounting standards have been followed in the preparation of its financial statements. Where applicable, a listed issuer should include a statement by the directors as to the reasons for any significant departure from an accounting standard that forms part of this body of accounting standards	GEM18.19 A16(5) /GEM18.20
Commentary: 1. Annual financial statements of a listed issuer are required, subject to certain exemption under Appendix 16(2)(2.4) and (2.6), to conform with either Hong Kong Financial Reporting Standards or International Financial Reporting Standards (IFRS) Note: In December 2010, the Stock Exchange announced amendments to the Listing Rules to allow Mainland incorporated issuers to prepare their financial statements using Mainland accounting standards. These amendments came into effect on 15 December 2010 2. For the purpose of a Hong Kong incorporated company, the applicable accounting standards are HKFRSs issued by the HKICPA, which is a prescribed body under the Companies (Accounting Standards (Prescribed Body)) Regulation	A16(2)(2.1) /GEM18.04 S357(1)
Going concern When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern	HKAS1.25
Disclosure is required if management is aware of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. The events or conditions requiring disclosure may arise after the reporting period	HKAS10.16(b)
Consolidation of financial statements When the financial statements of a subsidiary used in the preparation of consolidated financial statements are as of a date or for a period that is different from that of the consolidated financial statements (see HKFRS 10.B92-B93), an entity shall disclose: 1. the date of the end of the reporting period of the financial statements of that subsidiary 2. the reason for using a different date or period *Commentary*: If a holding company is required to prepare consolidated financial statements, it is not required to prepare company level financial statements under S379(1) of the Companies Ordinance (Q12 of the Company Registry's FAQ	HKFRS12.11 -(a) -(b)

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance [***Or* (*for a non-Hong Kong incorporated company*)** 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, derivative financial instruments, wealth management products and equity investments which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

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

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

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling 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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (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.

Initial application of an HKFRS	
When initial application of an HKFRS has an effect on the current period or any prior period, would have such an effect except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose:	HKAS8.28
1. the title of the HKFRS	-(a)
2. when applicable, that the change in accounting policy is made in accordance with its transitional provisions	-(b)
3. the nature of the change in accounting policy	-(c)
4. when applicable, a description of the transitional provisions	-(d)
5. when applicable, the transitional provisions that might have an effect on future periods	-(e)
6. for the current period and each prior period presented, to the extent practicable, the amount of the adjustment:	-(f)
a. for each financial statement line item affected	-(f)(i)
b. if HKAS 33 applies to the entity, for basic and diluted earnings per share	-(f)(ii)
7. the amount of the adjustment relating to periods before those presented, to the extent practicable	-(g)
8. if retrospective application required by HKAS 8.19(a) or 8.19(b) is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied	-(h)
Voluntary change in accounting policy	
When a voluntary change in accounting policy has an effect on the current period or any prior period, would have an effect on that period except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose:	HKAS8.29
1. the nature of the change in accounting policy	-(a)
2. the reasons why applying the new accounting policy provides reliable and more relevant information	-(b)
3. for the current period and each prior period presented, to the extent practicable, the amount of the adjustment:	-(c)
a. for each financial statement line item affected	-(c)(i)
b. if HKAS 33 applies to the entity, for basic and diluted earnings per share	-(c)(ii)
4. the amount of the adjustment relating to periods before those presented, to the extent practicable	-(d)
5. if retrospective application is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied	-(e)
Correction of prior period errors	
An entity shall disclose the following:	HKAS8.49
1. the nature of the prior period error	-(a)
2. for each prior period presented, to the extent practicable, the amount of the correction:	-(b)
a. for each financial statement line item affected	-(b)(i)
b. if HKAS 33 applies to the entity, for basic and diluted earnings per share	-(b)(ii)
3. the amount of the correction at the beginning of the earliest prior period presented	-(c)
4. if retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected	-(d)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

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

Or *add the impact upon initial application*

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

Or

(If the Group has applied the concentration test) The Group has applied the concentration test to the acquisition of … Limited. The fair value of the gross assets acquired was substantially concentrated in a building. Therefore, this subsidiary was determined not to be a business and accordingly, the Group did not apply the acquisition method to the acquisition of this subsidiary. The Group did not apply the concentration test to the acquisition of FFF Limited (note 40).

Or *add other impact upon initial application*

Early adoption of amendment to HKFRS 16 issued in June 2020	
If a lessee applies the practical expedient in HKFRS 16.46A, the lessee shall disclose:	HKFRS16.60A
1. that it has applied the practical expedient to all rent concessions that meet the conditions in HKFRS 16.46B or, if not applied to all such rent concessions, information about the nature of the contracts to which it has applied the practical expedient (see HKFRS 16.2)	-(a)
2. the amount recognised in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient in HKFRS 16.46A	-(b)
In the reporting period in which a lessee first applies the amendment to HKFRS 16, a lessee is not required to disclose the information required by HKAS 8.28(f)	HKFRS16.C20B
Commentary:	
1. The practical expedient is an optional relief provided to lessees from applying the HKFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment does not apply to lessors	
2. As a practical expedient, a lessee may elect not to assess whether a rent concession (e.g., rent holiday or rent reduction) that meets the conditions in HKFRS 16.46B is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying HKFRS 16 if the change were not a lease modification	HKFRS16.46A
3. The practical expedient in HKFRS 16.46A applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if all of the following conditions are met:	HKFRS16.46B
a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change	-(a)
b. any reduction in lease payments affects only payments originally due on or before 30 June 2021	-(b)
c. there is no substantive change to other terms and conditions of the lease	-(c)
4. A lessee applying the practical expedient would account for three types of change in lease payments as follows:	HKFRS16.BC205E
a. a lessee applying the practical expedient would generally account for a forgiveness or waiver of lease payments as a variable lease payment applying HKFRS 16.38. The lessee would also make a corresponding adjustment to the lease liability - in effect, derecognising the part of the lease liability that has been forgiven or waived	-(a)
b. a change in lease payments that reduces payments in one period but proportionally increases payments in another does not extinguish the lessee's lease liability or change the consideration for the lease - instead, it changes only the timing of individual payments. In this case, applying HKFRS 16.36, a lessee would continue to both recognise interest on the lease liability and reduce that liability to reflect lease payments made to the lessor	-(b)
c. some covid-19-related rent concessions reduce lease payments, incorporating both a forgiveness or waiver of payments and a change in the timing of payments	-(c)
5. A lessee shall apply the amendment to HKFRS 16 retrospectively, recognising the cumulative effect of initially applying that amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment	HKFRS16.C20A

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

Or

The Group has applied the temporary reliefs to continue its existing interest rate hedging relationships. Information of the hedging relationships to which the Group applies the temporary reliefs is disclosed in note 31 to the financial statements.

Or *add other impact upon initial application*

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

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group's plant and machinery have been reduced or waived by the lessors upon reducing the scale of production as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended 31 December 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of HK$720,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss [***Or*** the corresponding right-of-use assets] for the year ended 31 December 2020.

Or *add other impact upon initial application*

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

Or *add the impact upon initial application*

Issued but not yet effective Hong Kong Financial Reporting Standards	
When an entity has not applied a new HKFRS that has been issued but is not yet effective, the entity shall disclose:	HKAS8.30
1. this fact	-(a)
2. known or reasonably estimable information relevant to assessing the possible impact that application of the new HKFRS will have on the entity's financial statements in the period of initial application	-(b)
In complying with HKAS 8.30 above, an entity considers disclosing:	HKAS8.31
1. the title of the new HKFRS	-(a)
2. the nature of the impending change or changes in accounting policy	-(b)
3. the date by which application of the HKFRS is required	-(c)
4. the date as at which it plans to apply the HKFRS initially; and	-(d)
5. either:	
a. a discussion of the impact that initial application of the HKFRS is expected to have on the entity's financial statements; or	-(e)(i)
b. if that impact is not known or reasonably estimable, a statement to that effect	-(e)(ii)
For reference, details about the adoption of those issued but not yet effective HKFRSs not applicable to Hong Kong Listed Limited and therefore not covered in note 2.3 "Issued but not yet effective Hong Kong Financial Reporting Standards" are included in Appendix 3	
Amendments to HKFRS 17	
In October 2020, the HKICPA issued amendments to HKFRS 17 to address concerns and implementation challenges that were identified after HKFRS 17 was published. The amendments defer the date of initial application of HKFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the HKICPA amended HKFRS 4 to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023	

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

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

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

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

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

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 *Commentary*: In recent years, the Financial Stability Board ("FSB") has been working with authorities and standard-setting bodies to develop interest rate benchmark reform proposals. As a member of the Financial Stability Board ("FSB"), Hong Kong is obliged to follow the FSB's recommendation to identify an alternative reference rate to the Hong Kong Interbank Offered Rate ("HIBOR"). The Treasury Market Association has identified the Hong Kong Dollar Overnight Index Average ("HONIA") as the alternative reference rate which serves as a fallback for HIBOR. Based on the publication of the Hong Kong Monetary Authority issued in October 2020, there is currently no plan to discontinue HIBOR in Hong Kong. It is expected that HONIA and HIBOR will co-exist in the market. In the United Kingdom, the Financial Conduct Authority has indicated that the London Interbank Offered Rate may discontinue after the end of 2021. The progress in replacing Interbank Offered Rates ("IBORs"), the timing of when replacement might occur, and the precise nature of the new risk-free rates will vary by jurisdiction	

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

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

The Group had certain interest-bearing bank [and other] borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate and the London Interbank Offered Rate ("LIBOR") [***Or*** various Interbank Offered Rates] as at 31 December 2020. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

Or *add the expected impact upon initial application*
If there is an impact on hedge accounting, please refer to Appendix 3 for the illustrative disclosure

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

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

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

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

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

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

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

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

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

***Or** add the expected impact upon initial application*

Summary of significant accounting policies – general	
The notes to the financial statements shall present information about the basis of preparation of the financial statements and the specific accounting policies used in accordance with HKAS 1.117-124	HKAS1.112(a)
An entity shall disclose its significant accounting policies comprising:	HKAS1.117
1. the measurement basis (or bases) used in preparing the financial statements	-(a)
2. the other accounting policies used that are relevant to an understanding of the financial statements	-(b)
It is also appropriate to disclose each significant accounting policy that is not specifically required by HKFRSs but the entity selects and applies in accordance with HKAS 8	HKAS1.121

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a 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 or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are 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 and joint ventures 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 or joint venture, 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 or joint ventures are eliminated to the extent of the Group’s investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is 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 associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. (*Include the definition of joint control if not defined elsewhere in other accounting policy notes*) Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The assets, liabilities, revenues and expenses relating to the Group’s interest in a joint operation are accounted for in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

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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 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 at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

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

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

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling 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.

Fair value measurement An entity shall disclose and consistently follow its policy for determining when transfers between levels of the fair value hierarchy are deemed to have occurred in accordance with HKFRS 13.93(c) and (e)(iv). The policy about the timing of recognising transfers shall be the same for transfers into the levels as for transfers out of the levels. Examples of policies for determining the timing of transfers include the following:	HKFRS13.95
1. the date of the event or change in circumstances that caused the transfer	-(a)
2. the beginning of the reporting period	-(b)
3. the end of the reporting period	-(c)
Commentary: The measurement and disclosure requirements of HKFRS 13 do not apply to the following: 1. share-based payment transactions within the scope of HKFRS 2 2. leasing transactions accounted for in accordance with HKFRS 16 3. measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36	HKFRS13.6
The disclosures required by HKFRS 13 are not required for the following: 1. plan assets measured at fair value in accordance with HKAS 19 2. retirement benefit plan investments measured at fair value in accordance with HKAS 26 3. assets for which recoverable amount is fair value less costs of disposal in accordance with HKAS 36	HKFRS13.7
Fair value of financial instruments The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price (i.e., the fair value of the consideration given or received, see also HKFRS 13). If an entity determines that the fair value at initial recognition differs from the transaction price as mentioned in HKFRS 9.5.1.1A, the entity shall account for that instrument at that date as follows:	HKFRS9.B5.1.2A
1. at the measurement required by HKFRS 9.5.1.1 if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e., Level 1 input) or based on a valuation technique that uses only data from observable markets. An entity shall recognise the difference between the fair value at initial recognition and the transaction price as a gain or loss	
2. in all other cases, at the measurement required by HKFRS 9.5.1.1, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the entity shall recognise that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability	-(a) -(b)
In such cases, an entity shall disclose by class of financial instrument its accounting policy for recognising in profit or loss the difference between the fair value at initial recognition and the transaction price to reflect a change in factors (including time) that market participants would take into account when pricing the asset or liability	HKFRS7.28(a)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

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

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

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

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

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

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

Impairment of non-financial assets

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

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

Or

(Only if there are revalued assets in the financial statements) An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
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[, ***(Only if there are revalued assets in the financial statements)*** unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset].

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; *(If the Group is itself such a plan)* and the sponsoring employers of the post-employment benefit plan;

(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 (***Or*** valuation) 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, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". 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.

Property, plant and equipment and depreciation	
The financial statements shall disclose, for each class of property, plant and equipment:	HKAS16.73
1. the measurement bases used for determining the gross carrying amount	-(a)
2. the depreciation methods used	-(b)
3. the useful lives or the depreciation rates used	-(c)
In accordance with HKAS 8, an entity discloses the nature and effect of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in subsequent periods. For property, plant and equipment, such disclosure may arise from changes in estimates with respect to:	HKAS16.76
1. residual values	-(a)
2. the estimated costs of dismantling, removing or restoring items of property, plant and equipment	-(b)
3. useful lives	-(c)
4. depreciation methods	-(d)
Commentary:	
If a reporting entity elects to include the right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned (e.g., included in property, plant and equipment for leases of equipment, plant and machinery, buildings and motor vehicles), the accounting policy note for property, plant and equipment should be updated to reflect the depreciation lives and the measurement bases (cost or valuation under HKFRS 16.35) of the right-of-use assets	

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the statement of profit or loss. Any subsequent revaluation surplus is credited to the statement of profit or loss to the extent of the deficit previously charged. An annual transfer from the asset revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

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:

Freehold land	Not depreciated
Buildings	2% to 5%
Leasehold improvements	Over the shorter of the lease terms and 20%
Plant and machinery	10% to 25%
Furniture and fixtures	10% to 33⅓%
Motor vehicles	20% to 25%

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.

Construction in progress represents a building 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	
An entity shall disclose:	HKAS40.75
1. whether it applies the fair value model or the cost model	-(a)
2. when classification is difficult, the criteria it uses to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business	-(c)
An entity that applies the cost model shall also disclose:	HKAS40.79
1. the depreciation methods used	-(a)
2. the useful lives or the depreciation rates used	-(b)
Commentary:	
Investment property under HKAS 40.5 includes both owned investment property and investment property held by a lessee as a right-of-use asset.	HKAS40.5
Intangible assets (other than goodwill)	
An entity shall disclose the following for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets:	HKAS38.118
1. whether the useful lives are indefinite or finite and, if finite, the useful lives or the amortisation rates used	-(a)
2. the amortisation methods used for intangible assets with finite useful lives	-(b)
HKAS 8 requires an entity to disclose the nature and amount of a change in an accounting estimate that has a material effect in the current period or is expected to have a material effect in subsequent periods. Such disclosure may arise from changes in:	HKAS38.121
1. the assessment of an intangible asset's useful life	-(a)
2. the amortisation method	-(b)
3. residual values	-(c)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) 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” for owned property and/or accounts for such property in accordance with the policy stated under “Right-of-use assets” for property held as a right-of-use asset 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.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Leases	
A lessee that accounts for short-term leases or leases of low-value assets applying HKFRS 16.6 shall disclose that fact	HKFRS16.60
Commentary:	
1. Under HKFRS 16, the cost of a right-of-use asset also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period	HKFRS16.24(d)
2. If a lessee applies the fair value model in HKAS 40 to its investment property, the lessee <u>is required</u> to apply that fair value model to right-of-use assets that meet the definition of investment property in HKAS 40	HKFRS16.34
3. If right-of-use assets relate to a class of property, plant and equipment to which the lessee applies the revaluation model in HKAS 16, a lessee <u>may elect</u> to apply that revaluation model to all the right-of-use assets that relate to that class of property, plant and equipment	HKFRS16.35
4. For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.	HKFRS16.13
As a practical expedient in HKFRS 16.15, a lessee may elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.	HKFRS16.15
The IASB expects that lessees are likely to adopt this practical expedient only when the non-lease components of a contract are relatively small. This practical expedient is not available to lessors	HKFRS16.BC135(b)
5. When applying the recognition exemption of leases of low-value assets, a lessee shall assess the value of an underlying asset based on the value of the asset when it is new regardless of the age of the asset being leased.	HKFRS16.B3
The assessment is performed on an absolute basis regardless of whether those leases are material to the lessee, and is not affected by the size, nature or circumstances of the lessee.	HKFRS16.B4
IFRS 16.BC100 states that at the time of reaching decisions about the exemption in 2015, the IASB had in mind leases of underlying assets with a value, when new, in the order of magnitude of US$5,000 or less.	HKFRS16.BC100
Accordingly, a lease of an underlying asset does not qualify as a lease of a low-value asset if the nature of the asset is such that, when new, the asset is typically not of low value (e.g., leases of cars would not qualify for the exemption)	HKFRS16.B6

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill)

Patents and licences

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 to 15 years.

Research and development costs

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

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

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

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

(Add if applicable) At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) (e.g., property management services for leases of properties) as a single lease component.

(a) Right-of-use assets

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

Leasehold land	20 to 30 years
Plant and machinery	3 to 5 years
Motor vehicles	2 to 5 years

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

(Add if applicable) When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)
Group as a lessee (continued)

(b) Lease liabilities

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

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

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

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

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

(Alternatively) When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

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

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

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

(Add if there is a finance lease) At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in the statement of profit or loss so as to provide a constant periodic rate of return over the lease terms.

Investments and other financial assets	
An entity discloses its significant accounting policies comprising the measurement basis (or bases) used in preparing the financial statements and the other accounting policies used that are relevant to an understanding of the financial statements	HKFRS7.21
The disclosure required in HKFRS 7.21 may include:	HKFRS7.B5
1. for financial assets designated as measured at fair value through profit or loss:	-(aa)
a. the nature of the financial assets the entity has designated as measured at fair value through profit or loss	-(aa)(i)
b. how the entity has satisfied the criteria in HKFRS 9.4.1.5 for such recognition	-(aa)(ii)
c. how the entity has satisfied the conditions for such designation:	
i. for instruments designated at fair value through profit or loss to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets recognising the gains and losses on them on different bases, that disclosure includes a narrative description of the circumstances underlying the measurement or recognition inconsistency that would otherwise arise	-(aa)(iii)
ii. for instruments designated at fair value through profit or loss because a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity‘s key management personnel, that disclosure includes a narrative description of how designation at fair value through profit or loss is consistent with the entity‘s documented risk management or investment strategy	-(aa)(iii)
2. whether regular way purchases and sales of financial assets are accounted for at trade date or at settlement date (see HKFRS 9.3.1.2)	-(c)
3. how net gains or net losses on each category of financial instrument are determined, for example, whether the net gains or net losses on items at fair value through profit or loss include interest or dividend income	-(e)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)
Group as a lessor (continued)
(Add if applicable) When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Investments and other financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

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

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

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

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

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)
Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

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

Financial assets at fair value through other comprehensive income (debt instruments)
For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

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

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

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)
Subsequent measurement (continued)
Financial assets at fair value through profit or loss (continued)
A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. 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.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

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

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

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

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

Impairment of financial assets An entity discloses, in the summary of significant accounting policies, the measurement basis (or bases) used in preparing the financial statements and the other accounting policies used that are relevant to an understanding of the financial statements	HKFRS7.21
The disclosure required in HKFRS 7.21 may include how net gains or net losses on each category of financial instrument are determined, for example, whether the net gains or net losses on items at fair value through profit or loss include interest or dividend income	HKFRS7.B5(e)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

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

General approach

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

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

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

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

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

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

Simplified approach

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

Financial liabilities	
An entity discloses, in the summary of significant accounting policies, the measurement basis (or bases) used in preparing the financial statements and the other accounting policies used that are relevant to an understanding of the financial statements	HKFRS7.21
The disclosure required in HKFRS 7.21 may include:	HKFRS7.B5
1. for financial liabilities designated as at fair value through profit or loss:	-(a)
a. the nature of the financial liabilities the entity has designated as at fair value through profit or loss	-(a)(i)
b. the criteria for so designating such financial liabilities on initial recognition	-(a)(ii)
c. how the entity has satisfied the conditions in HKFRS 9.4.2.2 for such designation	
2. how net gains or net losses on each category of financial instrument are determined, for example, whether the net gains or net losses on items at fair value through profit or loss include interest or dividend income	-(e)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

The Group's financial liabilities include trade and other payables, an amount due to the ultimate holding company, derivative financial instruments and interest-bearing bank and other borrowings.

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

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (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.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Financial guarantee contracts

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

Convertible bonds

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

(*Where the convertible bonds contain only liability and derivative components*) If the conversion option of convertible bonds exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the convertible bonds is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs are apportioned between the liability and derivative components of the convertible bonds based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately 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.

Derivative financial instruments and hedge accounting *Commentary*: For entities which choose to continue to apply the hedge accounting requirements of HKAS 39, please refer to Appendix 8 for the accounting policy for “Derivative financial instruments and hedge accounting”	

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of commodity purchase contracts that meet the definition of a derivative as defined by HKFRS 9 is recognised in the statement of profit or loss as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)
Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expenses. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in the statement of profit or loss as other expenses.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the statement of profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the statement of profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the statement of profit or loss. The changes in the fair value of the hedging instrument are also recognised in the statement of profit or loss.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

Inventories The financial statements shall disclose the accounting policies adopted in measuring inventories, including the cost formula used	HKAS2.36(a)
Cash and cash equivalents An entity shall disclose the policy which it adopts in determining the composition of cash and cash equivalents	HKAS7.46

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out 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 estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cost of inventories includes the transfer from equity of gains and losses on qualifying cash flow hedges in respect of the purchases of raw materials.

Cash and cash equivalents

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

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

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

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

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

The Group provides for warranties in relation to the sale of certain industrial products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general policy for provisions above and (ii) the amount initially recognised less, when appropriate, the amount of income recognised in accordance with the policy for revenue recognition.

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, 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.

Government grants An entity shall disclose the accounting policy adopted for government grants, including the methods of presentation adopted in the financial statements	HKAS20.39(a)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for “Financial liabilities” above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition If an entity elects to use the practical expedient in either HKFRS 15.63 (about the existence of a significant financing component) or HKFRS 15.94 (about the incremental costs of obtaining a contract), the entity shall disclose that fact	HKFRS15.129

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

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

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

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

(a) Sale of industrial products

Revenue from the sale of industrial products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the industrial products.

Some contracts for the sale of industrial products provide customers with rights of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

(i) Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

(ii) Volume rebates

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(b) Installation services

The Group provides installation services that are either sold separately or bundled together with the sale of industrial products to a customer. The installation services can be obtained from other providers and do not significantly customise or modify the industrial products.

Contracts for bundled sales of industrial products and installation services are comprised of two performance obligations because the promises to transfer the industrial products and provide installation services are capable of being distinct and separately identifiable. Accordingly, the transaction price is allocated based on the relative stand-alone selling prices of the industrial products and installation services.

Revenue from installation services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. The input method recognises revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service.

(c) Construction services

Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Claims to customers are amounts that the Group seeks to collect from the customers as reimbursement of costs and margins for scope of works not included in the original construction contract. Claims are accounted for as variable consideration and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group uses the expected value method to estimate the amounts of claims because this method best predicts the amount of variable consideration to which the Group will be entitled.

(d) Provision of management services

Revenue from the provision of management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

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

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract costs An entity shall describe the method it uses to determine the amortisation of assets recognised from the costs to obtain or fulfil a contract with a customer for each reporting period	HKFRS15.127(b)
Costs to obtain a contract *Commentary*: If the entity incurs costs to obtain a contract, which remains unamortised at the end of the reporting period, in view of the lack of guidance in HKFRSs and depending on the nature of the costs to obtain a contract, an entity may present these costs in the statement of financial position as either: 1. a separate class of intangible asset (within the amortisation in the same line item as amortisation of intangible assets within the scope of HKAS 38 *Intangible Assets*). The presentation as a separate class of intangible asset would only be appropriate if the asset capitalised is similar in nature to an intangible asset; or 2. a separate class of asset similar in nature to work in progress or inventory (with the amortisation within cost of goods sold, changes in contract costs or similar line items)	

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

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

Contract costs

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

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

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

See commentary on left-hand page (73) in relation to costs to obtain a contract

Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Share-based payments An entity shall disclose information that enables users of the financial statements to understand the nature and extent of share-based payment arrangements that existed during the period	HKFRS2.44
An entity shall disclose information that enables users of the financial statements to understand how the fair value of the goods or services received, or the fair value of the equity instruments granted, during the period was determined	HKFRS2.46

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

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

The cost of equity-settled transactions with employees 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 a binomial model, further details of which are given in note 37 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 each 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.

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.

(*Accounting policy for cash-settled transactions*) The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted (note 37). The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The cumulative expense recognised for cash-settled transactions at the end of each 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 awards that will ultimately vest. The liability is measured at the end of each reporting period up to and including the settlement date, with changes in fair value recognised in the statement of profit or loss.

Employee benefits A listed issuer shall include the following information in addition to the information required under the relevant accounting standard in respect of pension schemes: 1. a brief outline of how contributions are calculated or benefits funded 2. in the case of defined contribution schemes, details of whether forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used by the employer to reduce the existing level of contributions and if so, the amounts so utilised in the course of the year and available at the date of statement of financial position for such use	A16(26) /GEM18.34 -(1) -(2)
Borrowing costs An entity shall disclose: 1. the amount of borrowing costs capitalised during the period 2. the capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation *Commentary*: Alternatively, the capitalisation rate information may be included in the notes to the financial statements together with the amount of borrowing costs capitalised, e.g., in the finance costs disclosure note	HKAS23.26 -(a) -(b)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. 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.

Or

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 subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute 5% of its 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.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

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.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate ranging between 5% and 13% has been applied to the expenditure on the individual assets.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. 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 dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies	
When the presentation currency is different from the functional currency, that fact shall be stated, together with disclosure of the functional currency and the reason for using a different presentation currency	HKAS21.53
When there is a change in the functional currency of either the reporting entity or a significant foreign operation, that fact and the reason for the change in functional currency shall be disclosed	HKAS21.54
When an entity displays its financial statements or other financial information in a currency that is different from either its functional currency or its presentation currency and the requirements of HKAS 21.55 in respect of translation of financial statements are not met, it shall:	HKAS21.57
1. clearly identify the information as supplementary information to distinguish it from the information that complies with HKFRSs	-(a)
2. disclose the currency in which the supplementary information is displayed	-(b)
3. disclose the entity's functional currency and the method of translation used to determine the supplementary information	-(c)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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

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

The functional currencies of certain overseas subsidiaries, joint ventures and associates 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.

Or

…their statements of profit or loss are translated into Hong Kong dollars at exchange rates prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. 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.

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

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

Judgements	
An entity shall disclose, along with its significant accounting policies or other notes, the judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements	HKAS1.122
Commentary:	
For example, management makes judgements in determining:	HKAS1.123
1. when substantially all the significant risks and rewards of ownership of financial assets and, for lessors, assets subject to leases are transferred to other entities	-(b)
2. whether, in substance, particular sales of goods are financing arrangements and therefore do not give rise to revenue	-(c)
3. whether the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding	-(d)
An entity shall disclose qualitative and quantitative information about the significant judgements, and changes in the judgements, made in applying HKFRS 15 to those contracts	HKFRS15.110(b)
An entity shall disclose the judgements, and changes in the judgements, made in applying HKFRS 15 that significantly affect the determination of the amount and timing of revenue from contracts with customers. In particular, an entity shall explain the judgements, and changes in the judgements, used in determining both of the following:	HKFRS15.123
1. the timing of satisfaction of performance obligations	-(a)
2. the transaction price and the amounts allocated to performance obligations	-(b)
For performance obligations that an entity satisfies over time, an entity shall disclose both of the following:	HKFRS15.124
1. the methods used to recognise revenue (for example, a description of the output methods or input methods used and how those methods are applied)	-(a)
2. an explanation of why the methods used provide a faithful depiction of the transfer of goods or services	-(b)
For performance obligations satisfied at a point in time, an entity shall disclose the significant judgements made in evaluating when a customer obtains control of promised goods or services	HKFRS15.125
An entity shall describe the judgements made in determining the amount of the costs incurred to obtain or fulfil a contract with a customer (in accordance with HKFRS 15.91 or HKFRS 15.95)	HKFRS15.127(a)
When classification is difficult, the criteria an entity uses to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business	HKAS40.75(c) &HKAS1.124
An entity shall disclose information about significant judgements and assumptions it has made (and changes to those judgements and assumptions) in determining:	HKFRS12.7
1. that it has control of another entity, i.e., an investee as described in HKFRS 10.5 and HKFRS 10.6	-(a)
2. that it has joint control of an arrangement or significant influence over another entity; and	-(b)
3. the type of joint arrangement (i.e., joint operation or joint venture) when the arrangement has been structured through a separate vehicle	-(c)
To comply with HKFRS 12.7, an entity shall disclose, for example, significant judgements and assumptions made in determining that:	HKFRS12.9
1. it does not control another entity even though it holds more than half of the voting rights of the other entity	-(a) &HKAS1.124
2. it controls another entity even though it holds less than half of the voting rights of the other entity	-(b)
3. it is an agent or a principal	-(c)
4. it does not have significant influence even though it holds 20 per cent or more of the voting rights of another entity	-(d)
5. it has significant influence even though it holds less than 20 per cent of the voting rights of another entity	-(e)
The significant judgements and assumptions disclosed in accordance with HKFRS 12.7 include those made by the entity when changes in facts and circumstances are such that the conclusion about whether it has control, joint control or significant influence changes during the reporting period	HKFRS12.8
When there is uncertainty over income tax treatments, an entity shall determine whether to disclose:	HK(IFRIC)-Int23.A4
1. judgements made in determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates applying HKAS 1.122	-(a)
2. information about the assumptions and estimates made in determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates applying HKAS 1.125-129	-(b)

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:

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

(a) Identifying performance obligations in a bundled sale of industrial products and installation services

The Group provides installation services that are either sold separately or bundled together with the sale of industrial products to a customer. The installation services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer.

The Group determined that both industrial products and installation services are each capable of being distinct. The fact that the Group regularly sells both industrial products and installation services on a standalone basis indicates that the customer can benefit from both products on their own. The Group also determined that the promises to transfer the industrial products and to provide installation services are distinct within the context of the contract. The industrial products and installation services are not inputs to a combined item in the contract. The Group is not providing a significant integration service because the presence of the industrial products and installation services together in the contract does not result in any additional or combined functionality and neither the equipment nor the installation modifies or customises the other. In addition, the industrial products and installation services are not highly interdependent or highly interrelated, because the Group would be able to transfer the industrial products even if the customer declined installation and would be able to provide installation services in relation to products sold by other distributors. Consequently, the Group has allocated a portion of the transaction price to the industrial products and the installation services based on relative standalone selling prices.

(b) Determining the timing of satisfaction of installation services

The Group concluded that revenue from installation services is recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform the installation that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group’s performance as it performs.

The Group determined that the input method is the best method in measuring the progress of the installation services because there is a direct relationship between the Group’s effort (i.e., labour hours incurred) and the transfer of services to the customer. The Group recognises revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the services.

Judgements (continued) *Commentary*: Hong Kong Listed Limited does not have any interest in unconsolidated structured entities. Whenever a reporting entity has interests in such entities, it is required to provide the disclosures in HKFRS 12.24 to HKFRS 12.31 (see HKFRS 12.B25-B26 for application guidance on disclosures)	
Covid-19 disclosures *Commentary*: Given the level of uncertainty and sensitivity of judgements and estimates, clear disclosure of the key assumptions used and judgements made is particularly important in financial statements prepared during the covid-19 pandemic. Entities should carefully scrutinise their existing judgements and estimates, and may find additional areas in which they will need to disclose judgements and estimates (See also page (82))	

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)
Revenue from contracts with customers (continued)

(c) Determining the method to estimate variable consideration and assessing the constraint for the sale of industrial products

Certain contracts for the sale of industrial products include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of industrial products with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of industrial products with volume rebates, the Group determined that using a combination of the most likely amount method and the expected value method is appropriate. The selected method that better predicts the amount of variable consideration related to volume rebates is primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

(d) Determining the method to estimate variable consideration and assessing the constraint for construction services

The Group seeks to collect claims from the customers as reimbursement of costs and margins for scope of works not included in the original construction contract, which give rise to variable consideration. The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for claims in construction services, given there is a wide range of possible outcomes which are subject to negotiations with third parties.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, current negotiations with customers, profitability of the head contracts of the customers and the current economic conditions.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on production if a replacement is not readily available.

(Add if applicable) In addition, the renewal options for leases of plant and machinery with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised.

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.

Consolidation of entities in which the Group holds less than a majority of voting rights

The Group considers that it controls GGG Limited even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of GGG Limited with a 48% equity interest. The remaining 52% of the equity shares in GGG Limited are widely held by many other shareholders, none of which individually hold more than 1% of the equity shares (since the date of the acquisition of the 48% equity interest in GGG Limited by the Group). Since the date of acquisition, there has been no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group.

Include other judgements as appropriate, e.g., judgements regarding principal versus agent considerations, significant financing component in contracts with customers, lease classification for the Group as a lessor, classification as assets or a disposal group held for sale, recognition of deferred tax assets, a deferred tax liability for withholding taxes and whether the presumption that investment properties stated at fair value are recovered through sale is rebutted in determining deferred tax, determination of uncertain tax positions, how a service concession arrangement is classified, accounting for an arrangement containing a lease, how the type of a joint arrangement and consolidation or non-consolidation of a structured entity are determined, whether a contract contains a lease under HKFRS 16, and the split between lease and service contracts

Estimation uncertainty	
An entity shall disclose information about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes shall include details of:	HKAS1.125
1. their nature	-(a)
2. their carrying amount as at the end of the reporting period	-(b)
An entity shall disclose information about the methods, inputs and assumptions used for all of the following:	HKFRS15.126
1. determining the transaction price, which includes, but is not limited to, estimating variable consideration, adjusting the consideration for the effects of the time value of money and measuring non-cash consideration	-(a)
2. assessing whether an estimate of variable consideration is constrained	-(b)
3. allocating the transaction price, including estimating stand-alone selling prices of promised goods or services and allocating discounts and variable consideration to a specific part of the contract (if applicable)	-I
4. measuring obligations for returns, refunds and other similar obligations	-(d)
An entity shall explain the inputs, assumptions and estimation techniques used to apply the requirements in HKFRS 9.5.5. For this purpose, an entity shall disclose:	HKFRS7.35G
1. the basis of inputs and assumptions and the estimation techniques used to:	-(a)
a. measure the 12-month and lifetime expected credit losses	-(i)
b. determine whether the credit risk of financial instruments has increased significantly since initial recognition	-(ii)
c. determine whether a financial asset is a credit-impaired financial asset	-(iii)
2. how forward-looking information has been incorporated into the determination of expected credit losses, including the use of macroeconomic information	-(b)
3. changes in the estimation techniques or significant assumptions made during the reporting period and the reasons for those changes	-I
Commentary:	
The nature and extent of the information provided vary according to the nature of the assumption and other circumstances. Examples of the types of disclosures an entity makes to help users of financial statements to understand the judgements that management makes about the future and about other sources of estimation uncertainty are:	HKAS1.129
1. the nature of the assumption or other estimation uncertainty	-(a)
2. the sensitivity of carrying amounts to the methods, assumptions and estimates underlying their calculation, including the reasons for the sensitivity	-(b)
3. the expected resolution of an uncertainty and the range of reasonably possible outcomes within the next financial year in respect of the carrying amounts of the assets and liabilities affected	-I
4. an explanation of changes made to past assumptions concerning those assets and liabilities, if the uncertainty remains unresolved	-(d)
Commentary:	
The disclosures in HKAS 1.125 are not required for assets and liabilities with a significant risk that their carrying amounts might change materially within the next financial year if, at the end of the reporting period, they are measured at fair value based on a quoted price in an active market for an identical asset or liability	HKAS1.128
Change in accounting estimates	
An entity shall disclose the nature and amount of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in future periods, except for the disclosure of the effect on future periods when it is impracticable to estimate that effect	HKAS8.39
If the amount of the effect in future periods is not disclosed because estimating it is impracticable, an entity shall disclose that fact	HKAS8.40
If an estimate of an amount reported in an interim period is changed significantly during the final interim period of the financial year but a separate financial report is not published for that final interim period, the nature and amount of that change in estimate shall be disclosed in a note to the annual financial statements for that financial year	HKAS34.26
If an accounting estimate reported in prior interim period of the current financial year is changed during the subsequent interim period of the same financial year and has a material effect in that subsequent interim period, the nature and amount of a change in an accounting estimate that has a material effect in the current financial year or which is expected to have a material effect in subsequent periods should be disclosed. If it is impracticable to quantify the amount, this fact should be disclosed	A16(2)(2.5) /GEM18.07Note3

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

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.

Variable consideration for returns and volume rebates

The Group estimates variable consideration to be included in the transaction price for the sale of industrial products with rights of return and volume rebates.

The Group developed a statistical model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will likely be entitled to a rebate depends on the customer's historical rebate entitlement and accumulated purchases to date.

The Group applied a statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebate entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future. As at 31 December 2020, the amount recognised as refund liabilities was HK$10,586,000 (2019: HK$6,445,000) for the expected returns and volume rebates.

Variable considerations for claims to customers

The Group estimates variable considerations for claims to be included in the transaction price for the provision of construction services.

The Group developed a statistical model for estimating expected successful claims. The model used the historical claims data including the historical experiences with the same customer, profitability of the head contracts of the customers and economic conditions to estimate expected successful claims percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical successful claims pattern will impact the expected successful claims percentages estimated by the Group.

The Group updates its assessment of expected successful claims monthly. Estimates of expected successful claims are sensitive to changes in circumstances and the Group's past experience regarding negotiation of claims may not be representative of the actual outcome in the future.

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 units 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 2020 was HK$245,000 (2019: HK$1,000,000). Further details are given in note 17.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)
Impairment of goodwill (continued)

Consider including the range of reasonably possible outcomes within the next financial year and the sensitivity of carrying amounts to the methods, assumptions and estimates underlying the calculation, including the reasons for the sensitivity if not otherwise disclosed in note 17

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

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 23 and note 25 to the financial statements, respectively.

Leases – Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

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

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;
(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2020 was HK$... (2019: HK$...). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note … to the financial statements.

Covid-19 disclosures

Commentary:

Covid-19 has significantly impacted the world economy and presented entities with challenges in preparing their financial statements. As the impact largely depends on the nature of an entity's business and the extent to which it has been affected or might be affected in the future, except for the covid-19-related rent concessions in the amendment to HKFRS 16, the impact of covid-19 has not been illustrated in this publication

When preparing the financial statements an entity will need to consider whether covid-19-related disclosures are needed to explain the financial effect of the pandemic on its financial reporting. An entity should, in particular, consider the accounting and disclosure requirements with regard to: going concern, financial instruments (including ECL measurement), impairment assessment of non-financial assets (including goodwill), government grants, income taxes, liabilities from insurance contracts, leases, insurance recoveries, onerous contract provisions, fair value measurement, revenue recognition, inventories, share-based payment, events after the reporting period, other financial statement presentation and disclosure requirements, and other accounting estimates. In addition, where the covid-19 pandemic affects the assumptions and estimation uncertainty associated with the measurement of assets and liabilities, an entity should also carefully consider whether additional disclosures are necessary in order to help users of financial statements understand the judgements applied in the financial statements. If covid-19 disclosures are required, an entity might decide to have the disclosures in one note, or to include the disclosures in the separate notes to which the impact relates

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of non-financial assets (other than goodwill)
The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. 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. Further details, including a sensitivity analysis of key assumptions, are given in note … to the financial statements.

Deferred tax assets
Deferred tax assets are recognised for 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 carrying value of deferred tax assets relating to recognised tax losses at 31 December 2020 was HK$... (2019: HK$...). The amount of unrecognised tax losses at 31 December 2020 was HK$... (2019: HK$...). Further details are contained in note 35 to the financial statements.

Fair value of unlisted equity investments
The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 48 to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments at 31 December 2020 was HK$... (2019: HK$...). Further details are included in note 21 to the financial statements.

Development costs
Development costs are capitalised in accordance with the accounting policy for research and development costs in note 2.4 to the financial statements. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. At 31 December 2020, the best estimate of the carrying amount of capitalised development costs was HK$... (2019: HK$...).

Include other estimates as appropriate, e.g., estimates regarding warranty provisions, assessment of useful lives of property, plant and equipment, measurement of defined benefit obligations and fair value measurement of other financial instruments, estimates made in allocating the consideration to the lease and non-lease components

(Add if applicable)
[Impact of covid-19]

See commentary on page (82). Alternatively, the disclosures can be included in the respective notes to which the impact relates

Segment information – general disclosures	
If a financial report contains both the consolidated financial statements of a parent that is within the scope of HKFRS 8 as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements	HKFRS8.4
An entity shall disclose the following general information:	HKFRS8.22
1. factors used to identify the entity's reportable segments, including the basis of organisation (for example, whether management has chosen to organise the entity around differences in products and services, geographical areas, regulatory environments, or a combination of factors and whether operating segments have been aggregated)	-(a)
2. the judgements made by management in applying the aggregation criteria in HKFRS 8.12. This includes a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics	-(aa)
3. types of products and services from which each reportable segment derives its revenues	-(b)
An entity shall report a measure of profit or loss for each reportable segment. An entity shall report a measure of total assets and liabilities for each reportable segment if such amounts are regularly provided to the chief operating decision maker	HKFRS8.23
Information about other business activities and operating segments that are not reportable shall be combined and disclosed in an "all other segments" category separately from other reconciling items. The sources of the revenue included in the "all other segments" category shall be described	HKFRS8.16
Commentary: If the total external revenue reported by operating segments constitutes less than 75% of the entity's revenue, additional operating segments shall be identified as reportable segments (even if they do not meet the criteria in HKFRS 8.13) until at least 75% of the entity's revenue is included in reportable segments	HKFRS8.15

4. OPERATING SEGMENT INFORMATION

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

(a) the industrial products segment produces machinery for use in automated production lines in the textile industry;

(b) the infrastructure development segment engages in construction works, acting as a main contractor or subcontractor;

(c) the property investment segment invests in prime office space for its rental income potential; and

(d) the “others” segment comprises, principally, the Group’s management services business, which provides management and security services to residential and commercial properties.

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

Segment assets exclude deferred tax assets, tax recoverable, pledged deposits, cash and cash equivalents, equity investments at fair value through profit or loss, derivative financial instruments and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank and other borrowings (other than lease liabilities), an amount due to the ultimate holding company, convertible bonds, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Segment information – general disclosures (continued)	
An entity shall disclose the following about each reportable segment if the specified amounts are included in the measure of segment profit or loss reviewed by the chief operating decision maker; or are otherwise regularly provided to the chief operating decision maker; even if not included in that measure of segment profit or loss:	HKFRS8.23
1. revenues from external customers	-(a)
2. revenues from transactions with other operating segments of the same entity	-(b)
3. interest revenue	-I
4. interest expense	-(d)
5. depreciation and amortisation	-I
6. material items of income and expense	-(f)
7. the entity's interest in the profit or loss of associates and joint ventures accounted for by the equity method	-(g)
8. income tax expense or income	-(h)
9. material non-cash items other than depreciation and amortisation	-(i)
An entity shall report interest revenue separately from interest expense for each reportable segment unless a majority of the segment's revenues are from interest and the chief operating decision maker relies primarily on net interest revenue to assess the performance of the segment and make decision about resources to be allocated to the segment	HKFRS8.23
An entity shall disclose the following about each reportable segment if the specified amounts are included in the measure of segment assets reviewed by the chief operating decision maker or are otherwise regularly provided to the chief operating decision maker, even if not included in the measure of segment assets:	HKFRS8.24
1. the amount of investment in associates and joint ventures accounted for by the equity method	-(a)
2. the amounts of additions to non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts	-(b)
An entity shall provide an explanation of the measurements of segment profit or loss, segment assets and segment liabilities for each reportable segment. At a minimum, an entity shall disclose the following:	HKFRS8.27
1. the basis of accounting for any transactions between reportable segments	-(a)
2. the nature of any differences between the measurements of the reportable segments' profits or losses and the entity's profit or loss before income tax expense or income and discontinued operations (if not apparent from the reconciliations described in HKFRS 8.28). Those differences could include accounting policies and policies for allocation of centrally incurred costs that are necessary for an understanding of the reported segment information	-(b)
3. the nature of any differences between the measurements of the reportable segments' assets and the entity's assets (if not apparent from the reconciliations described in HKFRS 8.28). Those differences could include accounting policies and policies for allocation of jointly used assets that are necessary for an understanding of the reported segment information	-(c)
4. the nature of any differences between the measurements of the reportable segments' liabilities and the entity's liabilities (if not apparent from the reconciliations described in HKFRS 8.28). Those differences could include accounting policies and policies for allocation of jointly utilised liabilities that are necessary for an understanding of the reported segment information	-(d)
5. the nature of any changes from prior periods in the measurement methods used to determine reported segment profit or loss and the effect, if any, of those changes on the measure of segment profit or loss	-(e)
6. the nature and effect of any asymmetrical allocations to reportable segments. For example, an entity might allocate depreciation expense to a segment without allocating the related depreciable assets to that segment	-(f)
An entity that reports segment information in accordance with HKFRS 8 shall disclose the following for each reportable segment:	HKAS36.129
1. the amount of impairment losses recognised in profit or loss and in other comprehensive income during the period	-(a)
2. the amount of reversals of impairment losses recognised in profit or loss and in other comprehensive income during the period	-(b)

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2020	Industrial products HK$'000	Infrastructure development HK$'000	Property investment HK$'000	Others HK$'000	Total HK$'000
Segment revenue (note 5)					
Sales to external customers	601,193	76,483	6,400	8,910	692,986
Intersegment sales	30,150	-	-	-	30,150
Other revenue	…	…	…	…	…
	631,343	76,483	6,400	8,910	723,136
Reconciliation:					
Elimination of intersegment sales					(30,150)
Revenue from continuing operations					692,986
Segment results	47,921	8,396	710	(2,043)	54,984
Reconciliation:					
Elimination of intersegment results					(2,502)
Interest income					5,263
Dividend income and unallocated gains					270
Corporate and other unallocated expenses					(19,008)
Finance costs (other than interest on lease liabilities)					(16,783)
Profit[/(loss)] before tax from continuing operations					22,224
Segment assets	409,084	99,317	72,565	3,028	583,994
Reconciliation:					
Elimination of intersegment receivables					(5,150)
Corporate and other unallocated assets					153,592
Assets related to a discontinued operation					59,387
Total assets					791,823
Segment liabilities	72,411	36,007	150	1,567	110,135
Reconciliation:					
Elimination of intersegment payables					(5,150)
Corporate and other unallocated liabilities					270,576
Liabilities related to a discontinued operation					15,227
Total liabilities					390,788

Segment information – reconciliation	
An entity shall provide reconciliations of all of the following:	HKFRS8.28
1. the total of the reportable segments' revenues to the entity's revenue	-(a)
2. the total of the reportable segments' measures of profit or loss to the entity's profit or loss before tax expense (tax income) and discontinued operations. However, if an entity allocates to reportable segments items such as tax expense (tax income), the entity may reconcile the total of the segments' measures of profit or loss to the entity's profit or loss after those items	-(b)
3. the total of the reportable segments' assets to the entity's assets if the segment assets are reported in accordance with HKFRS 8.23	-(c)
4. the total of the reportable segments' liabilities to the entity's liabilities if segment liabilities are reported	-(d)
5. the total of the reportable segments' amounts for every other material item of information disclosed to the corresponding amount for the entity	-(e)
All material reconciling items shall be separately identified and described. For example, the amount of each material adjustment needed to reconcile reportable segment profit or loss to the entity's profit or loss arising from different accounting policies shall be separately identified and described	HKFRS8.28
Segment information – change in reporting structure or restatement	
If management judges that an operating segment identified as a reportable segment in the immediately preceding period is of continuing significance, information about that segment shall continue to be reported separately in the current period even if it no longer meets the quantitative thresholds for reportability in HKFRS 8.13	HKFRS8.17
If an operating segment is identified as a reportable segment in the current period in accordance with the quantitative thresholds, segment data for a prior period presented for comparative purposes shall be restated to reflect the newly reportable segment as a separate segment, even if that segment did not satisfy the quantitative thresholds for reportability in HKFRS 8.13 in the prior period, unless the necessary information is not available and the cost to develop it would be excessive	HKFRS8.18
If an entity changes the structure of its internal organisation in a manner that causes the composition of its reportable segments to change, the corresponding information for earlier periods, including interim periods, shall be restated unless the information is not available and the cost to develop it would be excessive. The determination of whether the information is not available and the cost to develop it would be excessive shall be made for each individual item of disclosure. Following a change in the composition of its reportable segments, an entity shall disclose whether it has restated the corresponding items of segment information for earlier periods	HKFRS8.29
If an entity has changed the structure of its internal organisation in a manner that causes the composition of its reportable segments to change and if segment information for earlier periods, including interim periods, is not restated to reflect the change, the entity shall disclose in the year in which the change occurs segment information for the current period on both the old basis and the new basis of segmentation, unless the necessary information is not available and the cost to develop it would be excessive	HKFRS8.30

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2020	Industrial products HK$'000	Infrastructure development HK$'000	Property investment HK$'000	Others HK$'000	Total HK$'000
Other segment information					
Share of profits and losses of:					
Joint ventures	988	-	-	-	988
Associates	4,277	2,852	-	-	7,129
Impairment losses recognised in the statement of profit or loss, net	25	-	-	-	25
Impairment losses reversed in the statement of profit or loss	…	…	…	…	…
Other non-cash expenses	508	762	-	-	1,270
Depreciation and amortisation	32,794	12,635	-	964	46,393
Investments in associates	17,655	10,605	-	-	28,260
Investments in joint ventures	6,420	-	-	-	6,420
Capital expenditure*	51,372	19,231	-	1,799	72,402

* Capital expenditure consists of additions to property, plant and equipment, investment properties and intangible assets including assets from the acquisition of a subsidiary.

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4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2019	Industrial products HK$'000	Infrastructure development HK$'000	Property investment HK$'000	Others HK$'000	Total HK$'000
Segment revenue (note 5)					
Sales to external customers	530,989	57,436	5,575	7,105	601,105
Intersegment sales	31,063	-	-	-	31,063
Other revenue	…	…	…	…	…
	562,052	57,436	5,575	7,105	632,168
Reconciliation:					
Elimination of intersegment sales					(31,063)
Revenue from continuing operations					601,105
Segment results	49,511	6,917	5,518	(285)	61,661
Reconciliation:					
Elimination of intersegment results					(3,404)
Interest income					3,261
Dividend income and unallocated gains					1,020
Corporate and other unallocated expenses					(12,724)
Finance costs (other than interest on lease liabilities)					(17,060)
Profit[/(loss)] before tax from continuing operations					32,754
Segment assets	346,573	103,009	73,165	2,582	525,329
Reconciliation:					
Elimination of intersegment receivables					(4,163)
Corporate and other unallocated assets					71,017
Assets related to a discontinued operation					70,992
Total assets					663,175
Segment liabilities	68,823	22,883	25	1,012	92,743
Reconciliation:					
Elimination of intersegment payables					(4,163)
Corporate and other unallocated liabilities					263,095
Liabilities related to a discontinued operation					13,440
Total liabilities					365,115
Other segment information					
Share of profits and losses of:					
Joint ventures	807	-	-	-	807
Associates	5,209	3,473	-	-	8,682
Impairment losses recognised in the statement of profit or loss	21	-	-	-	21
Other non-cash expenses	105	75	-	-	180
Depreciation and amortisation	29,056	9,782	-	420	39,258
Investments in associates	11,551	8,200	-	-	19,751
Investments in joint ventures	5,432	-	-	-	5,432
Capital expenditure	8,379	5,132	1,000	261	14,772

Segment information – entity-wide disclosures Information required by HKFRS 8.32 to HKFRS 8.34 below shall be provided only if it is not provided as part of the reportable segment information required by HKFRS 8	HKFRS8.31
Segment information – entity-wide disclosures – products and services An entity shall report the revenues from external customers for each product and service, or each group of similar products and services, unless the necessary information is not available and the cost to develop it would be excessive, in which case that fact shall be disclosed. The amounts of revenues reported shall be based on the financial information used to produce the entity's financial statements	HKFRS8.32
Segment information – entity-wide disclosures – geographical areas An entity shall report the following geographical information, unless the necessary information is not available and the cost to develop it would be excessive:	HKFRS8.33
1. revenues from external customers (i) attributed to the entity's country of domicile and (ii) attributed to all foreign countries in total from which the entity derives revenues. If revenues from external customers attributed to an individual foreign country are material, those revenues shall be disclosed separately. An entity shall disclose the basis for attributing revenues from external customers to individual countries	-(a)
2. non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts (i) located in the entity's country of domicile and (ii) located in all foreign countries in total in which the entity holds assets. If assets in an individual foreign country are material, those assets shall be disclosed separately	-(b)
The amounts reported shall be based on the financial information that is used to produce the entity's financial statements. If the necessary information is not available and the cost to develop it would be excessive, that fact shall be disclosed. An entity may provide, in addition to the information required by HKFRS 8.33, subtotals of geographical information about groups of countries	HKFRS8.33
Commentary: While HKFRS 8 does not define the term "country of domicile", it is often referred to as the country where a company is registered. If an entity does not generate significant revenue from its place of incorporation nor does it have any establishment in its place of incorporation (for example, an investment holding company incorporated in the Cayman Islands with its operations carried out outside the Cayman Islands), judgement will be required to determine the most appropriate disclosure; for example, it might be considered to be the country in which the majority of a group's operations are located. Where the basis of designation is not clear, an explanation should be disclosed	
Segment information – entity-wide disclosures – major customers An entity shall provide information about the extent of its reliance on its major customers. If revenues from transactions with a single external customer amount to 10% or more of an entity's revenues, the entity shall disclose that fact, the total amount of revenues from each such customer, and the identity of the segment or segments reporting the revenues. The entity need not disclose the identity of a major customer or the amount of revenues that each segment reports from that customer. For the purposes of HKFRS 8, a group of entities known to a reporting entity to be under common control shall be considered a single customer. However, judgement is required to assess whether a government (including government agencies and similar bodies whether local, national or international) and entities known to the reporting entity to be under the control of that government are considered a single customer. In assessing this, the reporting entity shall consider the extent of economic integration between those entities	HKFRS8.34

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2020 HK$'000	2019 HK$'000
Hong Kong	229,361	212,232
Mainland China	134,070	142,679
United States of America	212,510	170,120
European Union	101,841	61,874
Other countries/regions	15,204	14,200
	692,986	601,105

The revenue information of continuing operations above is based on the locations of the customers.

(b) Non-current assets

	2020 HK$'000	2019 HK$'000
Hong Kong	170,559	158,197
Mainland China	128,836	125,298
Other countries/regions	4,675	3,750
	304,070	287,245

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

Information about a major customer

Revenue from continuing operations of approximately HK$74,520,000 (2019: HK$79,378,000) was derived from sales by the industrial products segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

Revenue	
An entity shall disclose qualitative and quantitative information about:	HKFRS15.110
1. its contracts with customers	-(a)
2. any assets recognised from the costs to obtain or fulfil a contract with a customer in accordance with HKFRS 15.91 or HKFRS 15.95	-(c)
An entity shall disclose revenue recognised from contracts with customers, which the entity shall disclose separately from its other sources of revenue, for the reporting period unless those amounts are presented separately in the statement of comprehensive income in accordance with other standards	HKFRS15.113(a)
An entity shall disclose the amounts recognised in profit or loss for rental income from investment property	HKAS40.75(f)(i)
An entity shall disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors	HKFRS15.114
When selecting the type of category (or categories) to use to disaggregate revenue, an entity shall consider how information about the entity's revenue has been presented for other purposes, including all of the following:	HKFRS15.B88
1. disclosures presented outside the financial statements (for example, in earnings releases, annual reports or investor presentations)	-(a)
2. information regularly reviewed by the chief operating decision maker for evaluating the financial performance of operating segments	-(b)
3. other information that is similar to the types of information identified in HKFRS 15.B88(a) and (b) and that is used by the entity or users of the entity's financial statements to evaluate the entity's financial performance or make resource allocation decisions	-(c)
Example of categories that might be appropriate include, but are not limited to, all of the following:	HKFRS15.B89
1. type of good or service (for example, major product lines)	-(a)
2. geographical region (for example, country or region)	-(b)
3. market or type of customer (for example, government and non-government customers)	-(c)
4. type of contract (for example, fixed-price and time-and-materials contracts)	-(d)
5. contract duration (for example, short-term and long-term contracts)	-(e)
6. timing of transfer of goods or services (for example, revenue from goods or services transferred to customers at a point in time and revenue from goods or services transferred over time)	-(f)
7. sales channel (for example, goods sold directly to customers and goods sold through intermediaries)	-(g)
An entity shall disclose sufficient information to enable users of financial statements to understand the relationship between the disclosure of disaggregated revenue (in accordance with HKFRS 15.114) and revenue information that is disclosed for each reportable segment, if the entity applies HKFRS 8	HKFRS15.115
<u>Revenue from other sources - Leases</u>	
A <u>lessor</u> shall disclose the following amounts for the reporting period:	HKFRS16.90
1. for finance leases:	-(a)
a. selling profit or loss	-(a)(i)
b. finance income on the net investment in the lease; and	-(a)(ii)
c. income relating to variable lease payments not included in the measurement of the net investment in the lease	-(a)(iii)
2. for operating leases, lease income, separately disclosing income relating to variable lease payments that do not depend on an index or a rate	-(b)
A lessor shall provide the disclosures specified in HKFRS 16.90 in a tabular format, unless another format is more appropriate	HKFRS16.91
A <u>lessee</u> shall disclose:	
1. the income from subleasing right-of-use assets (not required for those right-of-use assets meeting the definition of investment property)	HKFRS16.53(f) HKFRS16.56
2. gains or losses arising from sale and leaseback transactions	HKFRS16.53(i)

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2020 HK$'000	2019 HK$'000
Revenue from contracts with customers	686,586	595,530
Revenue from other sources		
Gross rental income from investment property operating leases:		
Variable lease payments that do not depend on an index or a rate	2,500	2,100
Other lease payments, including fixed payments	3,900	3,475
	6,400	5,575
	692,986	601,105

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2020

Segments	Industrial products HK$'000	Infrastructure development HK$'000	Others HK$'000	Total HK$'000
Types of goods or services				
Sale of industrial products	577,133	-	-	577,133
Installation services	24,060	-	-	24,060
Construction services	-	76,483	-	76,483
Management services	-	-	8,910	8,910
Total revenue from contracts with customers	601,193	76,483	8,910	686,586
Geographical markets				
Hong Kong	214,051	-	8,910	222,961
Mainland China	57,587	76,483	-	134,070
United States of America	212,510	-	-	212,510
European Union	101,841	-	-	101,841
Other countries/regions	15,204	-	-	15,204
Total revenue from contracts with customers	601,193	76,483	8,910	686,586
Timing of revenue recognition				
Goods transferred at a point in time	577,133	-	-	577,133
Services transferred over time	24,060	76,483	8,910	109,453
Total revenue from contracts with customers	601,193	76,483	8,910	686,586

Revenue (continued)	
Commentary:	
1. HKFRS 15.113(a) requires revenue recognised from contracts with customers to be disclosed separately from other sources of revenue, unless it is presented separately in the statement of comprehensive income or statement of profit or loss. For illustrative purposes, Hong Kong Listed Limited has elected to present revenue recognised from contracts with customers together with the other sources of revenue in one line item on the face of the statement of profit or loss and disclose the amount of revenue recognised from contracts with customers in the notes to the financial statements	
2. HKFRS 15.114 requires an entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Consequently, the extent to which an entity's revenue is disaggregated for the purposes of this disclosure depends on the facts and circumstances that pertain to the entity's contracts with customers	HKFRS15.B87
An entity shall disclose all of the following:	HKFRS15.116
1. revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	-(b)
2. revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods (for example, changes in transaction price)	-(c)
Performance obligations	
An entity shall explain how the timing of satisfaction of its performance obligations (see HKFRS 15.119(a)) relates to the typical timing of payment (see HKFRS 15.119(b)) and the effect that those factors have on the contract asset and the contract liability balances. The explanation provided may use qualitative information	HKFRS15.117
An entity shall disclose information about its performance obligations in contracts with customers, including a description of all of the following:	HKFRS15.119
1. when the entity typically satisfies its performance obligations (for example, upon shipment, upon delivery, as services are rendered or upon completion of service), including when performance obligations are satisfied in a bill-and-hold arrangement	-(a)
2. the significant payment terms (for example, when payment is typically due, whether the contract has a significant financing component, whether the consideration amount is variable and whether the estimate of variable consideration is typically constrained in accordance with HKFRS 15.56-58)	-(b)
3. the nature of the goods or services that the entity has promised to transfer, highlighting any performance obligations to arrange for another party to transfer goods or services (i.e., if the entity is acting as an agent)	-(c)
4. obligations for returns, refunds and other similar obligations	-(d)
5. types of warranties and related obligations	-(e)
An entity shall disclose the following information about its remaining performance obligations:	HKFRS15.120
1. the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period	-(a)
2. an explanation of when the entity expects to recognise as revenue the amount disclosed in accordance with HKFRS 15.120(a), which the entity shall disclose in either of the following ways:	-(b)
a. on a quantitative basis using the time bands that would be most appropriate for the duration of the remaining performance obligations; or	-(i)
b. by using qualitative information	-(ii)
Commentary:	
1. As a practical expedient, an entity need not disclose the information in HKFRS 15.120 for a performance obligation if either of the following conditions is met:	HKFRS15.121
a. the performance obligation is part of a contract that has an original expected duration of one year or less; or	-(a)
b. the entity recognises revenue from the satisfaction of the performance obligation in accordance with HKFRS 15.B16	-(b)
2. an entity shall explain qualitatively whether it is applying the practical expedient in HKFRS 15.121 and whether any consideration from contracts with customers is not included in the transaction price and, therefore, not included in the information disclosed in accordance with HKFRS 15.120. For example, an estimate of the transaction price would not include any estimated amounts of variable consideration that are constrained (see HKFRS 15.56-58)	HKFRS15.122

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)
(a) Disaggregated revenue information (continued)

For the year ended 31 December 2019

Segments	Industrial products HK$'000	Infrastructure development HK$'000	Others HK$'000	Total HK$'000
Types of goods or services				
Sale of industrial products	509,749	-	-	509,749
Installation services	21,240	-	-	21,240
Construction services	-	57,436	-	57,436
Management services	-	-	7,105	7,105
Total revenue from contracts with customers	530,989	57,436	7,105	595,530
Geographical markets				
Hong Kong	199,552	-	7,105	206,657
Mainland China	85,243	57,436	-	142,679
United States of America	170,120	-	-	170,120
European Union	61,874	-	-	61,874
Other countries/regions	14,200	-	-	14,200
Total revenue from contracts with customers	530,989	57,436	7,105	595,530
Timing of revenue recognition				
Goods transferred at a point in time	509,749	-	-	509,749
Services transferred over time	21,240	57,436	7,105	85,781
Total revenue from contracts with customers	530,989	57,436	7,105	595,530

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2020

Segments	Industrial products HK$'000	Infrastructure development HK$'000	Others HK$'000	Total HK$'000
Revenue from contracts with customers				
External customers	601,193	76,483	8,910	686,586
Intersegment sales	30,150	-	-	30,150
	631,343	76,483	8,910	716,736
Intersegment adjustments and eliminations	(30,150)	-	-	(30,150)
Total revenue from contracts with customers	601,193	76,483	8,910	686,586

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5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(a) Disaggregated revenue information (continued)

For the year ended 31 December 2019

Segments	Industrial products HK$'000	Infrastructure development HK$'000	Others HK$'000	Total HK$'000
Revenue from contracts with customers				
External customers	530,989	57,436	7,105	595,530
Intersegment sales	31,063	-	-	31,063
	562,052	57,436	7,105	626,593
Intersegment adjustments and eliminations	(31,063)	-	-	(31,063)
Total revenue from contracts with customers	530,989	57,436	7,105	595,530

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2020 HK$'000	2019 HK$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of industrial products	242	218
Installation services	27	24
Construction services	245	220
Management services	55	50
	569	512

	2020 HK$'000	2019 HK$'000
Revenue recognised from performance obligations satisfied in previous periods:		
Sale of goods not previously recognised due to constraints on variable consideration	220	198

(b) Performance obligations

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

Sale of industrial products

The performance obligation is satisfied upon delivery of the industrial products and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

Installation services

The performance obligation is satisfied over time as services are rendered and payment is generally due upon completion of installation and customer acceptance, except for new customers, where payment in advance is normally required.

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5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(b) Performance obligations (continued)

Construction services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Management services

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Management service contracts are for periods of one year or less, and are billed based on the time incurred.

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

	2020	2019
	HK$'000	HK$'000
Amounts expected to be recognised as revenue:		
Within one year	37,779	32,510
After one year	9,473	8,223
	47,252	40,733

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to construction services, of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

Other income and gains *Commentary*: For these illustrative financial statements, the disclosures for “other income” and “gains” are included in the same note as revenue. The “other income” and “gains” items may alternatively be disclosed in a separate note or included in note 6. Disclosure requirements of “other income” and “gains” items are included on pages (95) to (96) and disclosure requirements in respect of income arising from finance leases and operating leases are included on page (88)	

5. REVENUE, OTHER INCOME AND GAINS (continued)

	Notes	2020 HK$'000	2019 HK$'000
Other income			
Bank interest income		5,263	3,261
Dividend income from equity investments at fair value through other comprehensive income		104	70
Interest income arising from revenue contracts		…	…
Finance income on the net investment in a lease		…	…
Income relating to variable lease payments not included in the measurement of the net investment in a lease		…	…
Other interest income from financial assets at fair value through profit or loss		…	…
Other interest income from debt investments at fair value through other comprehensive income		…	…
Gross rental income from investment property operating leases:			
(include as "other income" if not derived from a "principal activity")			
Variable lease payments that do not depend on an index or a rate		…	…
Other lease payments, including fixed payments		…	…
Others		…	…
		5,367	3,331
Gains			
Fair value gains on investment properties	15	-	1,700
Gain on disposal of investment properties		…	…
Gain on disposal of items of property, plant and equipment		-	801
Fair value gains, net:			
Cash flow hedges (transfer from equity)		151	-
Derivative instruments – transactions not qualifying as hedges		…	-
Ineffectiveness of cash flow hedges		72	-
Financial assets at fair value through profit or loss			
- mandatorily classified as such, including those held for trading		…	…
- designated as such upon initial recognition		…	…
Debt investments at fair value through other comprehensive income (transfer from equity on disposal)		…	…
Derivative instruments – transactions not qualifying as hedges		…	…
Loan hedged by an interest rate swap		…	…
Gain on derecognition of financial assets measured at amortised cost		…	…
Gain on disposal of a subsidiary	41	-	950
Others		1,302	297
		1,525	3,748
		6,892	7,079

Profit [/(loss)] before tax When items of income or expense are material, an entity shall disclose their nature and amount separately	HKAS1.97
Cost of inventories sold or cost of services provided The financial statements shall disclose the amount of inventories recognised as an expense during the period *Commentary*: The amount of inventories recognised as an expense during the period, which is often referred to as cost of sales, consists of those costs previously included in the measurement of inventory that has now been sold and unallocated production overheads and abnormal amounts of production costs of inventories. The circumstances of the entity may also warrant the inclusion of other amounts, such as distribution costs	HKAS2.36(d) HKAS2.38
Depreciation or amortisation An entity classifying expenses by function shall disclose additional information on the nature of expenses, including depreciation and amortisation expense An entity shall disclose the line item(s) of the statement of comprehensive income in which any amortisation of intangible assets is included for each class of intangible assets	HKAS1.104 HKAS38.118(d)
Research and development costs An entity shall disclose the aggregate amount of research and development expenditure recognised as an expense during the period	HKAS38.126
Leases A lessee shall disclose the following amounts for the reporting period: 1. depreciation charge for right-of-use assets by class of underlying asset 2. the expense relating to short-term leases accounted for applying HKFRS 16.6 (i.e. where the short-term lease exemption is applied). This expense <u>need not include</u> the expense relating to leases with a lease term of one month or less 3. the expense relating to leases of low-value assets accounted for applying HKFRS 16.6 (i.e. where the exemption for leases of low-value assets is applied). This expense shall <u>not include</u> the expense relating to short-term leases of low-value assets included in HKFRS 16.53(c) 4. the expense relating to variable lease payments not included in the measurement of lease liabilities 5. gains or losses arising from sale and leaseback transactions	HKFRS16.53 -(a) -(c) -(d) -(e) -(i)
Impairment of trade receivables and contract assets An entity shall disclose any impairment losses recognised (in accordance with HKFRS 9) on any receivables or contract assets arising from an entity's contracts with customers separately from impairment losses from other contracts, unless those amounts are presented separately in the statement of comprehensive income *Commentary*: HKAS 1.82(ba) requires the impairment losses (including reversals of impairment losses or impairment gains) determined in accordance with HKFRS 9.5.5 to be presented as a line item in the statement of profit or loss. For Hong Kong Listed Limited, since the amount of impairment losses determined in accordance with HKFRS 9 is not material, the amount is disclosed in the notes to the financial statements instead	HKFRS15.113(b)

6. PROFIT[/(LOSS)] BEFORE TAX

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

	Notes	2020 HK$'000	2019 HK$'000
Cost of inventories sold		385,383	326,225
Cost of services provided		9,352	7,502
Depreciation of property, plant and equipment	14	41,718	37,505
Depreciation of right-of-use assets	16(a)	5,807	4,358
Amortisation of patents and licences*	18	759	852
Research and development costs:			
Deferred expenditure amortised*	18	788	743
Current year expenditure		1,155	1,078
Less: Government grants released**		(530)	(620)
		625	458
		1,413	1,201
Impairment of goodwill***		-	400
Lease payments not included in the measurement of lease liabilities	16(c)	442	375
Auditor’s remuneration *(see note on left-hand page (95))*		1,474	1,438
Employee benefit expense (excluding directors' and chief executive’s remuneration (note 8)):			
Wages and salaries		145,675	142,683
Equity-settled share option expense		890	-
Pension scheme contributions (defined contribution scheme)		3,398	3,092
Less: Amount capitalised		(…)	(…)
Less: Forfeited contributions		(…)	(…)
Net pension scheme contributions^^^		…	…
Pension scheme costs (defined benefit scheme)		…	…
		149,963	145,775
Foreign exchange differences, net		1,550	927
Impairment of an investment in an associate***		…	…
Impairment of financial and contract assets[, net]:			
Impairment of trade receivables[, net]	23	(4)	5
Impairment of contract assets[, net]	25	29	16
Impairment of debt investments at fair value through other comprehensive income		…	…
Impairment of financial assets included in prepayments, other receivables and other assets		…	…
		25	21
Remeasurement of financial guarantee contracts	30	260	-
Write-down of inventories to net realisable value		…	…

Employee benefits An entity classifying expenses by function shall disclose additional information on the nature of expenses, including employee benefits expense	HKAS1.104
An entity shall disclose the amount recognised as an expense for defined contribution plans	HKAS19.53
As required by HKAS 1, an entity discloses the nature and amount of an expense if it is material. Termination benefits and other long-term employee benefits may result in an expense needing disclosure in order to comply with this requirement	HKAS19.171 &HKAS19.58
In the case of defined contribution schemes, an entity shall disclose details of whether forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used by the employer to reduce the existing level of contributions and if so, the amounts so utilised in the course of the year and available at the date of the statement of financial position for such use	A16(26)(2) /GEM18.34(2)
Commentary: Disclosure requirements in respect of defined benefit schemes are included in Appendix 5	
Share-based payments An entity shall disclose the total expense recognised for the period arising from share-based payment transactions in which the goods or services received did not qualify for recognition as assets and hence were recognised immediately as an expense, including separate disclosure of that portion of the total expense that arises from transactions accounted for as equity-settled share-based payment transactions	HKFRS2.51(a)
Write-down of inventories to net realisable value or impairment (other than impairment of financial assets) Circumstances that would give rise to the separate disclosure of items of income and expense include write-downs of inventories to net realisable value or of property, plant and equipment to recoverable amount, as well as reversals of such write-downs	HKAS1.98(a)
The financial statements shall disclose:	HKAS2.36
1. the amount of any write-down of inventories recognised as an expense in the period	-(e)
2. the amount of any reversal of any write-down that is recognised as a reduction in the amount of inventories recognised as expense	-(f)
3. the circumstances or events that led to the reversal of a write-down of inventories	-(g)
An entity shall disclose the following for each class of assets:	HKAS36.126
1. the amount of impairment losses recognised in profit or loss during the period and the line item(s) of the statement of comprehensive income in which those impairment losses are included	-(a)
2. the amount of reversals of impairment losses recognised in profit or loss during the period and the line item(s) of the statement of comprehensive income in which those impairment losses are reversed	-(b)
Investment properties or property, plant and equipment Circumstances that would give rise to the separate disclosure of items of income and expense include disposals of items of property, plant and equipment	HKAS1.98(c)
An entity shall disclose the amounts recognised in profit or loss for:	HKAS40.75(f)
1. direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period	-(ii)
2. direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income during the period	-(iii)
3. the cumulative change in fair value recognised in profit or loss on a sale of investment property from a pool of assets in which the cost model is used into a pool in which the fair value model is used	-(iv)
An entity shall disclose the amount of gain or loss recognised on disposal of investment property not carried at fair value	HKAS40.78(d)(iii)
Financial statements (statement of profit or loss and other comprehensive income) shall include profit (or loss) on sale of properties	A16(4)(1)(a) /GEM18.50B (1)(a)

6. PROFIT[/(LOSS)] BEFORE TAX (continued)

	Notes	2020 HK$'000	2019 HK$'000
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		200	200
Product warranty provision:	34		
Additional provision		2,342	2,156
Reversals of unutilised provision		(…)	(…)
		2,342	2,156
Changes in fair value of investment properties	15	3,500	(1,700)
Include the following credits in <u>either</u> note 5 <u>or</u> note 6, as appropriate			
Fair value (gains)/losses, net:			
Cash flow hedges (transfer from equity)		(151)	-
Derivative instruments – transactions not qualifying as hedges		332	-
Ineffectiveness of cash flow hedges recorded in other income and gains		(72)	-
Financial assets at fair value through profit or loss			
- mandatorily classified as such, including those held for trading		…	…
- designated as such upon initial recognition		…	…
Debt investments at fair value through other comprehensive income (transfer from equity on disposal)		…	…
Loan hedged by an interest rate swap		…	…
Gain/(loss) on derecognition of financial assets measured at amortised cost		…	…
Ineffectiveness of cash flow hedges recorded in other expenses		121	-
Dividend income from equity investments at fair value through other comprehensive income		(104)	(70)
Bank interest income^^		(5,263)	(3,261)
Gain on disposal of investment properties		…	…
Gain on disposal of items of property, plant and equipment		-	(801)
Gain on disposal of a subsidiary	41	-	(950)
Gain on bargain purchase^		…	…

* The amortisation of patents and licences and the amortisation of deferred development costs for the year are included in “Cost of sales” in the consolidated statement of profit or loss.

** Various government grants have been received for setting up research activities in an enterprise zone within Fujian Province, Mainland China, to alleviate unemployment in that area. The government grants received have been deducted from the research and development costs to which they relate. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

Provisions Circumstances that would give rise to the separate disclosure of items of income and expense include: 1. restructurings of the activities of an entity and reversals of any provisions for the costs of restructuring 2. other reversals of provisions For each class of provision, an entity shall disclose: 1. additional provisions made in the period, including increases to existing provisions 2. unused amounts reversed during the period	HKAS1.98 -(b) -(g) HKAS37.84 -(b) -(d)
Government grants The following matters shall be disclosed: 1. the nature and extent of government grants recognised in the financial statements and an indication of other forms of government assistance from which the entity has directly benefited 2. unfulfilled conditions and other contingencies attaching to government assistance that has been recognised	HKAS20.39 -(b) -(c)
Foreign exchange differences An entity shall disclose the amount of exchange differences recognised in profit or loss except for those arising on financial instruments measured at fair value through profit or loss in accordance with HKFRS 9	HKAS21.52(a)
Auditor's remuneration A company's financial statements for a financial year must state, under a separate heading, the amount of the remuneration of the auditor. Remuneration, in relation to an auditor of a company, includes any sums paid by the company in respect of the auditor's expenses A listed issuer (whether or not it is incorporated in Hong Kong) shall include disclosures of remuneration of auditor required under Schedule 4 Part 2(1) of the Companies Ordinance in financial statements *Commentary*: In accordance with paragraph M of Appendix 14 *Corporate governance report* of the Listing Rules (GEM paragraph M of Appendix 15), listed issuers shall include in the corporate governance report an analysis of remuneration in respect of audit and non-audit services provided by the auditors (including any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally) to the issuer. The analysis must include, in respect of each significant non-audit service assignment, details of the nature of the services and the fees paid. The above disclosure requirement under the Companies Ordinance, which is required to be included in the financial statements, is not specifically defined. However, it has by convention in the past been deemed to relate to audit services only. Whilst not specifically required, a further analysis in the financial statements would however be acceptable	Sch4.Part2.1 (1)&(2) A16(28)(1)(b)(iv) /GEM18.07A(1)(b)(iv)
Gain or loss on disposal of a subsidiary An entity shall disclose the gain or loss, if any, calculated in accordance with HKFRS 10.25, and: 1. the portion of that gain or loss attributable to measuring any investment retained in the former subsidiary at its fair value at the date when control is lost 2. the line item(s) in profit or loss in which the gain or loss is recognised (if not presented separately)	HKFRS12.19 -(a) -(b)
Gain on bargain purchase An acquirer shall disclose the amount of any gain on bargain purchase recognised and the line item in the statement of comprehensive income in which the gain is recognised	HKFRS3.B64(n)(i)

6. PROFIT[/(LOSS)] BEFORE TAX (continued)

*** The impairment of goodwill and the impairment of an investment in an associate are included in “Other expenses” in the consolidated statement of profit or loss.

^ Gain on bargain purchase is included in “Other income and gains” in the consolidated statement of profit or loss.

^^ (*Where part of the interest income presented is calculated for financial assets measured at fair value through profit or loss*) The total interest income calculated using the effective interest method for financial assets that are not stated at fair value through profit or loss and included in the above amounted to HK$... (2019: HK$...).

^^^ At 31 December 2020, the Group had no forfeited contributions available to reduce its contributions to the pension scheme(s) in future years (2019: approximately HK$...).

Interest, dividends, investment income and gains or losses on financial instruments	
Circumstances that would give rise to the separate disclosure of items of income and expense include disposals of investments	HKAS1. 98(d)
An entity shall disclose either in the statement of comprehensive income or in the notes net gains or net losses on:	HKFRS7.20(a)
1. financial assets or financial liabilities measured at fair value through profit or loss, showing separately those on financial assets or financial liabilities designated as such upon initial recognition or subsequently in accordance with HKFRS 9.6.7.1, and those on financial assets or financial liabilities that are mandatorily measured at fair value through profit or loss in accordance with HKFRS 9	-(i)
2. investments in equity instruments designated at fair value through other comprehensive income in accordance with HKFRS 9.5.7.5	-(vii)
3. financial assets measured at fair value through other comprehensive income in accordance with HKFRS 9.4.1.2A, showing separately the amount of gain or loss recognised in other comprehensive income during the period and the amount reclassified upon derecognition from accumulated other comprehensive income to profit or loss for the period	-(viii)
4. financial assets measured at amortised cost	-(vi)
5. financial liabilities measured at amortised cost	-(v)
Commentary:	
1. HKFRS 7 does not prescribe whether interest and dividends must be included within net gains or losses for financial instruments at fair value through profit or loss, or in interest or dividend income. The presentation adopted should be consistently applied from year to year and the accounting policy of which shall be disclosed. For example, an entity may present interest income for debt securities held for trading as a component of total interest income, whereas dividend income received on equity securities held for trading may be recorded in net gains or losses on financial instruments at fair value through profit or loss	
2. For financial liabilities designated as at fair value through profit or loss, an entity shall show separately the amount of gain or loss recognised in other comprehensive income and the amount recognised in profit or loss	HKFRS7.20(a)(i)
An entity shall disclose the following items of income, expense, gains or losses either in the statement of comprehensive income or in the notes:	HKFRS7.20
1. total interest income and total interest expense (calculated using the effective interest method) for financial assets that are measured at amortised cost or that are measured at fair value through other comprehensive income in accordance with HKFRS 9.4.1.2A or financial liabilities that are not at fair value through profit or loss	-(b)
2. fee income and expense (other than amounts included in determining the effective interest rate) arising from:	-(c)
a. financial assets or financial liabilities that are not at fair value through profit or loss	-(c)(i)
b. trust and other fiduciary activities that result in the holding or investing of assets on behalf of individuals, trusts, retirement benefit plans, and other institutions	-(c)(ii)
An entity shall disclose an analysis of the gain or loss recognised in the statement of comprehensive income arising from the derecognition of financial assets measured at amortised cost, showing separately gains and losses arising from derecognition of those financial assets. The disclosure shall include the reasons for derecognising those financial assets	HKFRS7.20A
For cash flow hedges, an entity shall disclose the amount that was reclassified from equity to profit or loss for the period, showing the amount included in each line item in the statement of comprehensive income	HKFRS7.23(d)
An entity shall disclose separately:	HKFRS7.24
1. in fair value hedges, gains or losses:	-(a)
a. on the hedging instrument	-(a)(i)
b. on the hedged item attributable to the hedged risk	-(a)(ii)
2. the ineffectiveness recognised in profit or loss that arises from cash flow hedges	-(b)
3. the ineffectiveness recognised in profit or loss that arises from hedges of net investments in foreign operations	-(c)
If financial instruments whose fair value previously could not be reliably measured are derecognised, that fact, their carrying amount at the time of derecognition, and the amount of gain or loss recognised shall be disclosed	HKFRS7.30(e)
Gains and losses related to changes in the carrying amount of a financial liability are recognised as income or expense in profit or loss even when they relate to an instrument that includes a right to the residual interest in the assets of the entity in exchange for cash or another financial asset. Under HKAS 1 the entity presents any gain or loss arising from remeasurement of such an instrument separately in the statement of comprehensive income when it is relevant in explaining the entity's performance	HKAS32.41
Please refer to page (104) for other disclosure requirements for dividends	

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Finance costs	
An entity shall disclose the total interest income and total interest expense (calculated using the effective interest method) for financial assets that are measured at amortised cost or that are measured at fair value through other comprehensive income in accordance with HKFRS 9.4.1.2A or financial liabilities that are not at fair value through profit or loss either in the statement of comprehensive income or in the notes	HKFRS7.20(b)
An entity shall disclose the capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation	HKAS23.26(b)
For each class of provision, an entity shall disclose the increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate	HKAS37.84(e)
A lessee shall disclose the interest expense on lease liabilities for the reporting period	HKFRS16.53(b)
Commentary: As a result of the consequential amendment to HKAS 23 arising from HKFRS 16, borrowing costs include interest in respect of lease liabilities recognised in accordance with HKFRS 16 and therefore this interest expense is eligible to be capitalised in accordance with HKAS 23	HKAS23.6(d)

7. FINANCE COSTS

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

	2020 HK$'000	2019 HK$'000
Interest on bank loans, overdrafts and other loans (including convertible bonds)	18,128	19,035
Dividends on redeemable preference shares (*classified as financial liabilities*)	…	…
Interest expense arising from revenue contracts	…	…
Interest on lease liabilities	2,570	1,606
Total interest expense on financial liabilities not at fair value through profit or loss	20,698	20,641
Less: Interest capitalised	(2,150)	(2,525)
	18,548	18,116
Other finance costs:		
Increase in discounted amounts of provisions arising from the passage of time (note 34)	805	550
Unrealised loss on an interest rate swap	…	…
	19,353	18,666

Directors' remuneration	
An entity shall disclose key management personnel compensation in total and for each of the following categories:	HKAS24.17(a)
1. short-term employee benefits	&HKAS19.54
2. post-employment benefits (defined contribution plans)	HKAS24.17(b) &HKAS19.151
3. other long-term benefits	HKAS24.17(c) &HKAS19.171
4. termination benefits	HKAS24.17(d) &HKAS19.158
5. share-based payment	HKAS24.17(e)
A listed issuer (whether or not it is incorporated in Hong Kong) shall include disclosures of information on directors' emoluments etc in the notes to financial statements required under section 383 of the Companies Ordinance	A16(28)(1)(a) /GEM18.07A(1)(a)
The financial statements for a financial year must contain, in the notes to the statements, the information prescribed by the regulations made under sections 451 and 452 of the Companies Ordinance for the purposes of section 383 of the Companies Ordinance about the following:	S383(1)
1. the aggregate amount of the emoluments paid to or receivable by the directors of the company in respect of their qualifying services; and if any such emoluments consist of a benefit otherwise than in cash, the nature of that benefit, distinguishing between:	S383(1)(a) &C(DIBD)R.4(2)
a. the emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking; and	C(DIBD)R.4(3)(a)
b. the emoluments paid or receivable in respect of that person's other services in connection with the management of the affairs of the company or its subsidiary undertaking	C(DIBD)R.4(3)(b)
2. the aggregate amount of the retirement benefits paid to or receivable by the directors (including former directors) of the company in respect of their qualifying services and if any such retirement benefits consist of a benefit otherwise than in cash, the nature of that benefit, distinguish between:	S383(1)(b),(2)(a)(i) &C(DIBD)R.5(2)
a. the retirement benefits paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking; and	C(DIBD)R.5(3)(a)
b. the retirement benefits paid or receivable in respect of that person's other services in connection with the management of the affairs of the company or its subsidiary undertaking	C(DIBD)R.5(3)(b)
3. the aggregate amount of the payment for loss of office (within the meaning of section 517 of the Companies Ordinance) made to or receivable by the directors (including former directors and shadow directors (as defined in section 2(1) of the Companies Ordinance)) of the company, whether in cash or otherwise, in respect of the termination of the qualifying services of the directors; and if any such payments for loss of office consist of a benefit otherwise than in cash, the nature of that benefit, distinguishing between:	S383(1)(c),(2)(a)(ii) &C(DIBD)R.6(2)
a. the payments made to or receivable by a person for the loss of office as a director, whether of the company or its subsidiary undertaking; and	C(DIBD)R.6(3)(a)
b. the payments made to or receivable by that person for the loss of any other office in connection with the management of the affairs of the company or its subsidiary undertaking	C(DIBD)R.6(3)(b)
The information must also distinguish between:	C(DIBD)R.6(4)
a. the amounts paid by or receivable from the company	-(a)
b. the amounts paid by or receivable from the subsidiary undertakings of the company; and	-(b)
c. the amounts paid by or receivable from any other person	-(c)
4. information about consideration provided to or receivable by third parties for making available the services of a person as director or in any other capacity while director	S383(1)(f) &C(DIBD)R.7(1)
The consideration in C(DIBD)R.7(1) is the aggregate amount of the consideration provided to or receivable by the third party (referring to any person other than, the director, a connected entity of the director, the company, or a subsidiary undertaking of the company), whether in cash or otherwise, for making available the qualifying services of such a person; and if any such consideration consists of a benefit otherwise than in cash, the nature of that benefit	C(DIBD)R.7(2)&(3)

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to 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:

	Group	
	2020	2019
	HK$'000	HK$'000
Fees	260	210
Other emoluments:		
Salaries, allowances and benefits in kind	3,714	4,475
Performance related bonuses*	2,100	4,600
Equity-settled share option expense	200	80
Pension scheme contributions	186	134
	6,200	9,289
	6,460	9,499

* Certain executive directors of the Company are entitled to bonus payments which are determined as a percentage of the profit after tax of the Group.

During the year, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 37 to the financial statements. The fair value of such 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 current year is included in the above directors' and chief executive's remuneration disclosures.

***Or** describe the method adopted to disclose the benefit if different to that above*

In addition, the Group has given guarantees on behalf of an executive director to a third party finance company, details of which are disclosed in note 26 to the financial statements.

(a) Independent non-executive directors

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

	2020	2019
	HK$'000	HK$'000
Mr. G	60	10
Mr. H	60	60
Mr. I	60	60
	180	130

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

Directors' remuneration (continued)	
An issuer must disclose in its financial statements details of director's and past director's emoluments, by name as follows:	A16(24) /GEM18.28
1. the directors' fees for the financial year	-(1)
2. the directors' basic salaries, housing allowances, other allowances and benefits in kind	-(2)
3. the contributions to pension schemes for directors or past directors for the financial year	-(3)
4. the bonuses paid or receivable by directors which are discretionary or are based on the listed issuer's, the group's or any member of the group's performance (excluding amounts disclosed in Appendix 16(24)(5) and (6) of the Listing Rules below) for the financial year	-(4)
5. the amounts paid during the financial year or receivable by directors as an inducement to join or upon joining the listed issuer	-(5)
6. the compensation paid during the financial year or receivable by directors or past directors for the loss of office as a director of any member of the group or of any other office in connection with the management of the affairs of any member of the group distinguishing between contractual and other payments (excluding amounts disclosed in Appendix 16(24)(2) to (5) of the Listing Rules above)	-(6)
Commentary:	
1. Although HKFRS 2 prescribes the accounting for share options by the issuer, the standard does not consider how the "benefit" to the holder should be determined or disclosed in the remuneration note. Accordingly, more than one approach may be used in the remuneration note. The approach adopted however should be consistently applied and appropriately disclosed	
2. If an entity obtains key management personnel services from another entity (the "management entity"), the entity is not required to apply the requirements in HKAS 24.17 as listed on page (98) to the compensation paid or payable by the management entity to the management entity's employees or directors	HKAS24.17A
3. Emoluments in relation to a director under C(DIBD)R.4 include:	C(DIBD)R.4(6)
a. the director's fees, percentages, salaries and bonuses	-(a)(i)
b. any sums paid to the director by way of expenses allowance less the amounts actually spent on the expenses for which the allowance was made	-(a)(ii)
c. any contributions paid under a retirement benefits scheme, by any person other than the director, in respect of the director; and	-(a)(iii)
d. any other benefits received by the director, whether in cash or otherwise	-(a)(iv)
but exclude any retirement benefits to which the director is entitled under any retirement benefits scheme	-(b)
4. For the purpose of C(DIBD)R.4, 5, 6 and 7, if any emoluments, retirement benefits, payments for loss of office or consideration consist of a benefit otherwise than in cash, to that extent, a reference to the amount of the payments is a reference to the estimated money value of that benefit	C(DIBD)R.4(5), C(DIBD)R.5(5), C(DIBD)R.6(5), C(DIBD)R.7(4) A16(24.5) /GEM18.28 (Note 6)
5. References to "director" in Appendix 16(24) of the Listing Rules above include a chief executive who is not a director Note: If the chief executive is also a director, then separate references to a chief executive for the purpose of Appendix 16(24) are not required in the disclosures	
6. Refer to section 2(1) to the Companies Ordinance, and Schedule 1 to the Companies Ordinance, as amended by the Companies (Amendment) (No. 2) Ordinance 2018 (the "2018 Amendment Ordinance") for the definitions of shadow director and parent undertaking or subsidiary undertaking, respectively. Before the 2018 Amendment Ordinance came into effect on 1 February 2019, Schedule 1 to the Companies Ordinance differed in certain areas from the requirements of HKFRS 10, and it was therefore possible that the term "subsidiary undertaking" might have included entities that might not be a "subsidiary" as defined in HKFRS 10. The 2018 Amendment Ordinance amends the definition of "parent undertaking" in Schedule 1 to be "a parent of that other undertaking for the purposes of the accounting standards applicable to its financial statements". Consequently, the difference in definitions of "parent undertaking" and "subsidiary undertaking" between Schedule 1 and HKFRS 10 was eliminated with effect from 1 February 2019	
7. On 7 November 2017, the HKICPA updated Accounting Bulletin 3 (Revised) *Guidance on Disclosure of Directors' Remuneration* which has been developed in consultation with the Companies Registry in so far as the provisions in the Companies Ordinance Cap. 622 and the Companies (Disclosure of Information about Benefits of Directors) Regulation Cap. 622G (the "Regulation") are concerned. The Accounting Bulletin contains non-mandatory guidance on disclosure of directors' remuneration in the financial statements in response to the disclosure requirements in the Regulation. The Accounting Bulletin was further updated on 27 June 2019 to reflect the changes in the 2018 Amendment Ordinance	

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

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

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Equity-settled share option expense HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2020						
Executive directors:						
Mr. A	-	968	2,000	100	69	3,137
Mr. B	-	542	-	100	12	654
Mr. C	-	634	-	-	24	658
Mr. D	-	-	-	-	-	-
Mr. E	-	890	-	-	69	959
	-	3,034	2,000	200	174	5,408
Non-executive director:						
Mr. F	80	-	-	-	-	80
Chief executive:						
Mr. K	-	680	100	-	12	792
	80	3,714	2,100	200	186	6,280
2019						
Executive directors:						
Mr. A	-	1,228	2,500	40	69	3,837
Mr. B	-	712	-	40	12	764
Mr. C	-	879	-	-	24	903
Mr. D	-	-	-	-	-	-
Mr. J	-	936	2,000	-	17	2,953
	-	3,755	4,500	80	122	8,457
Non-executive director:						
Mr. F	80	-	-	-	-	80
Chief executive:						
Mr. K	-	720	100	-	12	832
	80	4,475	4,600	80	134	9,369

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

Directors' remuneration (continued)	
A listed issuer shall include particulars of any arrangement under which a director has waived or agreed to waive any emoluments	A16(24A) /GEM18.29
Commentary:	
Where a director has agreed to waive future emoluments, particulars of such waiver must be given together with those relating to emoluments which accrued during the past financial year. This applies in respect to emoluments from the listed issuer or any of its subsidiaries or other person	A16(24A.1) /GEM18.29 (Note)
Five highest paid employees	
An entity shall disclose key management personnel compensation in total and for each of the following categories:	HKAS24.17(a)
1. short-term employee benefits	&HKAS19.54
2. post-employment benefits	HKAS24.17(b) &HKAS19.151
3. other long-term benefits	HKAS24.17(c) &HKAS19.171
4. termination benefits	HKAS24.17(d) &HKAS19.158
5. share-based payment	HKAS24.17(e)
An issuer must disclose in its financial statements information in respect of the five highest paid individuals during the financial year. For this purpose, amounts paid or payable by way of commissions on sales generated by the individual are to be ignored. Where all five of these individuals are directors and the information required by this paragraph has been disclosed in the emoluments of directors, this must be stated and no additional disclosure is required. Where the details of one or more of the individuals whose emoluments were the highest have not been included in the emoluments of directors, the following information must be disclosed:	A16(25) /GEM18.30
1. the aggregate of basic salaries, housing allowances, other allowances and benefits in kind for the financial year	-(1)
2. the aggregate of contributions to pension schemes for the financial year	-(2)
3. the aggregate of bonuses paid or receivable which are discretionary or are based on the issuer's, the group's or any member of the group's performance (excluding amounts disclosed in Appendix 16(25)(4) and (5) of the Listing Rules below) for the financial year	-(3)
4. the aggregate of amounts paid during the financial year or receivable as an inducement to join or upon joining the issuer	-(4)
5. the aggregate of compensation paid during the financial year or receivable for the loss of any office in connection with the management of the affairs of any member of the group distinguishing between contractual payments and other payments (excluding amounts disclosed in Appendix 16 (25)(1) to (3) of the Listing Rules above)	-(5)
6. an analysis showing the number of individuals whose remuneration (being amounts paid under Appendix 16 (25)(1) to (5) of the Listing Rules above) fell within bands from HK$nil up to HK$1,000,000 or into higher bands (where the higher limit of the band is an exact multiple of HK$500,000 and the range of the band is HK$499,999)	-(6)
Commentary:	
1. Refer to explanations on page (94) regarding the disclosure of equity-settled share option expense	
2. It is not necessary to disclose the identity of the highest paid individuals, unless any of them are directors of the issuer	A16(25.1)
Issuers should disclose details of any remuneration payable to members of senior management by band in their annual reports	CP B.1.5
If an entity obtains key management personnel services from another entity (the "management entity"), the entity is not required to apply the requirements in HKAS 24.17 to the compensation paid or payable by the management entity to the management entity's employees or directors	HKAS24.17A
Commentary:	
In the above code provision, "senior management" refers to the same persons referred to in the issuer's annual report and required to be disclosed under Appendix 16(12) (i.e., those individuals whose biographical details are disclosed in the annual report)	CP A.7.2(Note)
It is the responsibility of the directors of the listed issuer to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries; heads of divisions, departments or other operating units within the group as, in the opinion of the listed issuer's directors, is appropriate.	A16(12)(12.1)
In the case of a PRC issuer, references to directors and senior managers in Appendix 16(12) shall also mean and include supervisors	A16(12)(12.2)
Where senior management is not included in the directors'/highest paid employees' disclosures, additional disclosure should be made in the annual report	

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors and the chief executive (2019: three directors and 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 (2019: one) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2020 HK$'000	2019 HK$'000
Salaries, allowances and benefits in kind	2,049	987
Performance related bonuses	300	300
Equity-settled share option expense	150	-
Pension scheme contributions	86	25
	2,585	1,312

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

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

During the year and in prior years, share options were granted to a non-director and non-chief executive highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 37 to the financial statements. The fair value of such 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 current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

Or *describe the method adopted to disclose the benefit if different to that above*

Income tax	
The major components of tax expense (income) shall be disclosed separately. Components of tax expense (income) may include:	HKAS12.79 HKAS12.80
1. current tax expense (income)	-(a)
2. any adjustments recognised in the period for current tax of prior periods	-(b)
3. the amount of deferred tax expense (income) relating to the origination and reversal of temporary differences	-(c)
4. the amount of deferred tax expense (income) relating to changes in tax rates or the imposition of new taxes	-(d)
5. the amount of the benefit arising from a previously unrecognised tax loss, tax credit or temporary difference of a prior period that is used to reduce current tax expense	-(e)
6. the amount of the benefit from a previously unrecognised tax loss, tax credit or temporary difference of a prior period that is used to reduce deferred tax expense	-(f)
7. deferred tax expense arising from the write-down, or reversal of a previous write-down, of a deferred tax asset	-(g)
8. the amount of tax expense (income) relating to those changes in accounting policies and errors that are included in profit or loss in accordance with HKAS 8, because they cannot be accounted for retrospectively	-(h)
The following shall be disclosed separately:	HKAS12.81
1. The aggregate current and deferred tax relating to items that are charged or credited directly to equity	-(a)
2. an explanation of the relationship between tax expense (income) and accounting profit in either or both of the following forms:	-(c)
a. a numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate(s), disclosing also the basis on which the applicable tax rate(s) is (are) computed	-(c)(i)
b. a numerical reconciliation between the average effective tax rate and the applicable tax rate, disclosing also the basis on which the applicable tax rate is computed	-(c)(ii)
3. an explanation of changes in the applicable tax rate(s) compared to the previous accounting period	-(d)
4. in respect of each type of temporary difference, and in respect of each type of unused tax losses and unused tax credits, the amount of the deferred tax income or expense recognised in profit or loss, if this is not apparent from the changes in the amounts recognised in the statement of financial position	-(g)(ii)
5. in respect of discontinued operations, the tax expense relating to:	-(h)
a. the gain or loss on discontinuance; and	-(h)(i)
b. the profit or loss from the ordinary activities of the discontinued operation for the period, together with the corresponding amounts for each prior period presented	-(h)(ii)
6. the amount of income tax consequences of dividends to shareholders of the entity that were proposed or declared before the financial statements were authorised for issue, but are not recognised as a liability in the financial statements	-(i)
Commentary:	
1. The share of associates' profit (or loss) is presented in the statement of profit or loss after tax in the associates. Accordingly, the above components shall not include the tax attributable to associates (or joint ventures)	HKAS1.IG-part I
2. Although the disclosures in the table shown on the opposite page 101 present **both** methods of presenting the reconciliation, HKAS 12 also allows the disclosure of only **one** method	
3. For Hong Kong profits tax purposes, for the year of assessment 2019-2020, a taxpayer is granted a one-off reduction of 100% of the tax payable subject to a ceiling of HK$20,000 for each business. This does not have any material impact on Hong Kong Listed Limited	
4. Although the separate disclosure of Hong Kong profits tax and overseas tax is no longer a requirement under the Hong Kong Companies Ordinance or the Listing Rules, in practice we consider it is likely that such disclosure will continue to be made and hence is included in these illustrative financial statements	
An entity shall disclose the nature of the potential income tax consequences that would result from the payment of dividends to its shareholders if:	HKAS12.82A
1. income taxes are payable at a higher or lower rate if part or all of the net profit or retained earnings is paid out as a dividend to shareholders of the entity	HKAS12.52A
2. income taxes may be refundable or payable if part or all of the net profit or retained earnings is paid out as a dividend to shareholders of the entity	HKAS12.52A
In addition, the entity shall disclose the amounts of the potential income tax consequences practicably determinable and whether there are any potential income tax consequences not practicably determinable	HKAS12.82A
The effects of taxes on income, if any, resulting from the revaluation of property, plant and equipment are recognised and disclosed in accordance with HKAS 12 *Income Taxes*	HKAS16.42

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2019: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2019: 8.25%) and the remaining assessable profits are taxed at 16.5% (2019: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (***Or*** jurisdictions) in which the Group operates.

	2020 HK$'000	2019 HK$'000
Current – Hong Kong		
Charge for the year	1,331	1,168
Overprovision in prior years	(2,695)	-
Current – Elsewhere	212	4,296
Deferred (note 35)	319	11
Total tax charge/(credit) for the year from continuing operations	(833)	5,475
Total tax charge for the year from a discontinued operation	939	168
	106	5,643

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

2020

	Hong Kong HK$'000	%	Australia HK$'000	%	Mainland China HK$'000	%	Total HK$'000	%
Profit before tax from continuing operations	7,583		10,349		4,292		22,224	
Profit before tax from a discontinued operation	-		-		10,117		10,117	
	7,583		10,349		14,409		32,341	
Tax at the statutory tax rate	1,252	16.5	3,105	30.0	3,602	25.0	7,959	24.6
Lower tax rate(s) for specific provinces or enacted by local authority	(250)	(3.3)	-	-	(281)	(2.0)	(531)	(1.6)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	-	-	-	-	…	…	…	…
Effect on opening deferred tax of increase in rates	…	…	…	…	…	…	…	…
Adjustments in respect of current tax of previous periods	(2,695)	(35.5)	-	-	-	-	(2,695)	(8.3)
Profits and losses attributable to joint ventures and associates	(1,219)	(16.1)	-	-	(1,266)	(8.8)	(2,485)	(7.7)
Income not subject to tax	(773)	(10.2)	(2,344)	(22.6)	(1,702)	(11.8)	(4,819)	(14.9)
Expenses not deductible for tax	2,273	30.0	10	0.1	419	2.9	2,702	8.3
Tax losses utilised from previous periods	(25)	(0.3)	-	-	-	-	(25)	(0.1)
Tax losses not recognised	…	…	…	…	…	…	…	…
Tax charge/(credit) at the Group's effective rate	(1,437)	(18.9)	771	7.5	772	5.3	106	0.3
Tax charge/(credit) from continuing operations at the effective rate	(1,437)	(18.9)	771	7.5	(167)	(3.9)	(833)	(3.7)
Tax charge from a discontinued operation at the effective rate	-	-	-	-	939	9.3	939	9.3

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10. INCOME TAX (continued)

2019

	Hong Kong HK$'000	%	Australia HK$'000	%	Mainland China HK$'000	%	Total HK$'000	%
Profit before tax from continuing operations	12,348		12,803		7,603		32,754	
Profit before tax from a discontinued operation	-		-		8,138		8,138	
	12,348		12,803		15,741		40,892	
Tax at the statutory tax rate	2,037	16.5	3,841	30.0	3,935	25.0	9,813	24.0
Lower tax rate(s) for specific provinces or enacted by local authority	(250)	(2.0)	-	-	(762)	(4.8)	(1,012)	(2.5)
Profits and losses attributable to joint ventures and associates	(1,201)	(9.7)	-	-	(1,752)	(11.1)	(2,953)	(7.2)
Income not subject to tax	(483)	(3.9)	(115)	(0.9)	(1,904)	(12.1)	(2,502)	(6.1)
Expenses not deductible for tax	345	2.7	-	-	1,952	12.4	2,297	5.6
Tax charge at the Group's effective rate	448	3.6	3,726	29.1	1,469	9.4	5,643	13.8
Tax charge from continuing operations at the effective rate	448	3.6	3,726	29.1	1,301	17.1	5,475	16.7
Tax charge from a discontinued operation at the effective rate	-	-	-	-	168	2.1	168	2.1

An alternative approach would be to present the combined total only, however, that approach is less informative

Disclose the current tax recognised in other comprehensive income or directly in equity if not disclosed elsewhere in the financial statements

Describe any significant "non-standard" tax arrangements, e.g., tax holidays for subsidiaries in Mainland China

The share of tax attributable to associates and joint ventures amounting to HK$1,213,000 (2019: HK$1,247,000) and HK$212,000 (2019: HK$125,000), respectively, is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

Discontinued operations	
An entity shall present and disclose information that enables users of the financial statements to evaluate the financial effects of discontinued operations and disposals of non-current assets (or disposal groups)	HKFRS5.30
An entity shall disclose the following information in the notes in the period in which a non-current asset (or disposal group) has been either classified as held for sale or sold:	HKFRS5.41
1. a description of the non-current asset (or disposal group)	-(a)
2. a description of the facts and circumstances of the sale, or leading to the expected disposal, and the expected manner and timing of that disposal	-(b)
3. the impairment losses and reversals recognised in accordance with HKFRS 5.20 to HKFRS 5.22 and, if not separately presented in the statement of comprehensive income, the caption in the statement of comprehensive income that includes that gain or loss	-(c)
4. if applicable, the reportable segment in which the non-current asset (or disposal group) is presented in accordance with HKFRS 8	-(d)
An entity shall disclose an analysis of the single amount in respect of discontinued operations disclosed in the statement of comprehensive income into:	HKFRS5.33(b)
1. the revenue, expenses and pre-tax profit or loss of discontinued operations	-(i) -(ii)&HKAS12.81
2. the related income tax expense	(h)(ii)
3. the gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation	-(iii) -(iv)
4. the related income tax expense	&HKAS12.81(h)(i)
The analysis may be presented in the notes or in the statement of comprehensive income. If it is presented in the statement of comprehensive income it shall be presented in a section identified as relating to discontinued operations, i.e., separately from continuing operations. The analysis is not required for disposal groups that are newly acquired subsidiaries that meet the criteria to be classified as held for sale on acquisition	HKFRS5.33(b)
If an entity presents the items of profit or loss in a separate statement of profit or loss, a section identified as relating to discontinued operations is presented in that separate statement	HKFRS5.33A
An entity shall re-present the disclosures in HKFRS 5.33 for prior periods presented in the financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented	HKFRS5.34
An entity shall present a non-current asset classified as held for sale and the assets of a disposal group classified as held for sale separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the statement of financial position. Those assets and liabilities shall not be offset and presented as a single amount. The major classes of assets and liabilities classified as held for sale shall be separately disclosed either in the statement of financial position or in the notes, except for the disposal group which is a newly acquired subsidiary that meets the criteria to be classified as held for sale on acquisition. An entity shall present separately any cumulative income or expense recognised in other comprehensive income relating to a non-current asset (or disposal group) classified as held for sale	HKFRS5.38
An entity shall not reclassify or re-present amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale in the statement of financial position for prior periods to reflect the classification in the statement of financial position for the latest period presented	HKFRS5.40
If there are changes to a plan of sale in accordance with either HKFRS5.26 or HKFRS5.29, an entity shall disclose, in the period of the decision to change the plan to sell the non-current asset (or disposal group), a description of the facts and circumstances leading to the decision and the effect of the decision on the results of operations for the period and any prior periods presented	HKFRS5.42
Adjustments in the current period to amounts previously presented in discontinued operations that are directly related to the disposal of a discontinued operation in a prior period shall be classified separately in discontinued operations. The nature and amount of such adjustments shall be disclosed. Examples of circumstances in which these adjustments may arise include the following:	
1. the resolution of uncertainties that arise from the terms of the disposal transaction, such as the resolution of purchase price adjustments and indemnification issues with the purchaser	
2. the resolution of uncertainties that arise from and are directly related to the operations of the component before its disposal, such as environmental and product warranty obligations retained by the seller	
3. the settlement of employee benefit plan obligations, provided that the settlement is directly related to the disposal transaction	HKFRS5.35

11. DISCONTINUED OPERATION

On 1 September 2020, the Company announced the decision of its board of directors to dispose of DDD Company Limited. DDD Company Limited engages in the manufacture and sale of electronic products. The Group has decided to cease its electronic products business because it plans to focus its resources on its industrial products and infrastructure development businesses. The disposal of DDD Company Limited is due to be completed on 28 August 2021. As at 31 December 2020, final negotiations for the sale were in progress and DDD Company Limited was classified as a disposal group held for sale and as a discontinued operation. With DDD Company Limited being classified as a discontinued operation, the electronic products business is no longer included in the note for operating segment information.

The results of DDD Company Limited for the year are presented below:

	2020 HK$'000	2019 HK$'000
Revenue	169,419	147,106
Expenses	(158,518)	(138,844)
Finance costs	(429)	(124)
Profit from the discontinued operation	10,472	8,138
Loss recognised on the remeasurement to fair value#	(355)	-
Profit before tax from the discontinued operation	10,117	8,138
Income tax:		
Related to pre-tax profit	(942)	(168)
Related to remeasurement to fair value#	3	-
Profit for the year from the discontinued operation	9,178	7,970

If a discontinued operation is disposed of before the end of the reporting period, disclose the gain/loss on disposal of the discontinued operation and the related income tax

The major classes of assets and liabilities of DDD Company Limited classified as held for sale as at 31 December are as follows:

	2020 HK$'000	2019 HK$'000
Assets		
Property, plant and equipment	39,432	-
Goodwill	1,000	-
Inventories	10,542	-
Trade receivables	1,844	-
Prepayments, other receivables and other assets	2,369	-
Cash and short term deposits	4,200	-
Assets classified as held for sale	59,387	-
Liabilities		
Trade payables	(8,296)	-
Other payables and accruals	(5,579)	-
Tax payable	(1,268)	-
Deferred tax liabilities	(84)	-
Liabilities directly associated with the assets classified as held for sale	(15,227)	-
Net assets directly associated with the disposal group	44,160	-
Asset revaluation reserve of the disposal group	…	…

Discontinued operations (continued) If an entity ceases to classify a component of an entity as held for sale, the results of operations of the component previously presented in discontinued operations shall be reclassified and included in income from continuing operations for all periods presented. The amounts for prior periods shall be described as having been re-presented	HKFRS5.36
An entity shall disclose the net cash flows attributable to the operating, investing and financing activities of discontinued operations. These disclosures may be presented either in the notes or in the financial statements. These disclosures are not required for disposal groups that are newly acquired subsidiaries that meet the criteria to be classified as held for sale on acquisition	HKFRS5.33(c)
An entity that reports a discontinued operation shall disclose the basic and diluted amounts per share for the discontinued operation either in the statement of comprehensive income or in the notes	HKAS33.68
Fair value measurement for non-current assets or disposal groups held for sale *Commentary*: When an entity measures an asset or disposal group held for sale at fair value less costs to sell in accordance with HKFRS 5, and the asset's or disposal group's fair value less costs to sell is lower than its carrying amount, the fair value measurement is identified as non-recurring under HKFRS 13. In this case, disclose the fair value at the end of the reporting period and the reasons for the fair value measurement, and refer to pages (110) and (111) for other disclosure requirements applicable to non-recurring fair value measurements (i.e., HKFRS 13.93(b), (d), (g) and (i))	
Dividends An entity shall present, either in the statement of changes in equity or in the notes, the amount of dividends recognised as distributions to owners during the period, and the related amount of dividends per share	HKAS1.107
An entity shall disclose in the notes:	HKAS1.137
1. the amount of dividends proposed or declared before the financial statements were authorised for issue but not recognised as a distribution to owners during the period, and the related amount per share	-(a)
2. the amount of any cumulative preference dividends not recognised	-(b)
If dividends are declared after the reporting period but before the financial statements are authorised for issue, the dividends are not recognised as a liability at the end of the reporting period because no obligation exists at that time. Such dividends are disclosed in the notes	HKAS10.13
Financial statements shall include rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby (or an appropriate negative statement)	A16(4)(3) /GEM18.50B(3)
A listed issuer shall include particulars of any arrangement under which a shareholder has waived or agreed to waive any dividends	A16(17) /GEM18.31

11. DISCONTINUED OPERATION (continued)

The net cash flows incurred by DDD Company Limited are as follows:

	2020 HK$'000	2019 HK$'000
Operating activities	9,324	6,338
Investing activities	-	328
Financing activities	(6,328)	(1,565)
Net cash inflow	2,996	5,101
Earnings per share:		
Basic, from the discontinued operation	HK1.63 cents	HK1.70 cents
Diluted, from the discontinued operation	HK1.56 cents	HK1.67 cents

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

	2020	2019
Profit attributable to ordinary equity holders of the parent from the discontinued operation	HK$9,178,000	HK$7,970,000
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation (note 13)	562,848,017	468,930,165
Weighted average number of ordinary shares used in the diluted earnings per share calculation (note 13)	586,873,446	478,151,831

Non-recurring fair value measurements:	2020 HK$'000	2019 HK$'000
Assets held for sale	…	…

In accordance with HKFRS 5, assets held for sale with a carrying amount of HK$... million were written down to their fair value of HK$... million, less costs to sell of HK$... million, resulting in a loss of HK$... million, which was included in profit or loss for the year.

12. DIVIDENDS

	2020 HK$'000	2019 HK$'000
Interim – HK1 cent (2019: Nil) per ordinary share	6,224	-
Proposed final – HK1 cent (2019: HK1 cent) per ordinary share	6,510	4,150
	12,734	4,150

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

Earnings[/(loss)] per share – general disclosures An entity shall disclose the following:	HKAS33.70
1. the amounts used as the numerators in calculating basic and diluted earnings per share, and a reconciliation of those amounts to profit or loss attributable to the parent entity for the period. The reconciliation shall include the individual effect of each class of instruments that affects earnings per share	-(a)
2. the weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share, and a reconciliation of these denominators to each other. The reconciliation shall include the individual effect of each class of instruments that affects earnings per share	-(b)
3. instruments (including contingently issuable shares) that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are antidilutive for the period(s) presented	-(c)
4. a description of ordinary share transactions or potential ordinary share transactions, other than changes in the number of ordinary or potential ordinary shares outstanding as a result of capitalisation, bonus issue, share split or reverse share split, that occur after the reporting period and that would have changed significantly the number of ordinary shares or potential ordinary shares outstanding at the end of the period if those transactions had occurred before the end of the reporting period	-(d)&HKAS33.64
If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalisation, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the financial statements are authorised for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares. The fact that per share calculations reflect such changes in the number of shares shall be disclosed. In addition, basic and diluted earnings per share of all periods presented shall be adjusted for the effects of errors and adjustments resulting from changes in accounting policies accounted for retrospectively	HKAS33.64
An entity that reports a discontinued operation shall disclose the basic and diluted amounts per share for the discontinued operation either in the statement of comprehensive income or in the notes	HKAS33.68
If an entity presents items of profit or loss in a separate statement as described in HKAS 1.10A, it presents basic and diluted earnings per share for the discontinued operation, as required in HKAS 33.68, in that separate statement or in the notes	HKAS33.68A
An entity shall present basic and diluted earnings per share, even if the amounts are negative (i.e., a loss per share)	HKAS33.69
Commentary: Where the impact of the dilution is anti-dilutive (i.e., a bigger earnings per share or smaller loss per share amount) or the Group has no potentially dilutive shares in issue, the amount presented for the diluted earnings per share is the same as the basic earnings per share amount	
Earnings[/(loss)] per share – additional disclosure requirements If an entity discloses, in addition to basic and diluted earnings per share, amounts per share using a reported component of the statement of comprehensive income other than one required by HKAS 33, such amounts shall be calculated using the weighted average number of ordinary shares determined in accordance with HKAS 33. Basic and diluted amounts per share relating to such a component shall be disclosed with equal prominence and presented in the notes. An entity shall indicate the basis on which the numerator(s) is (are) determined, including whether amounts per share are before tax or after tax. If a component of the statement of comprehensive income is used that is not reported as a line item in the statement of comprehensive income, a reconciliation shall be provided between the component used and a line item that is reported in the statement of comprehensive income	HKAS33.73
HKAS 33.73 applies also to an entity that discloses, in addition to basic and diluted earnings per share, amounts per share using a reported item of profit or loss, other than one required by HKAS 33	HKAS33.73A

13. EARNINGS[/(LOSS)] PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 562,848,017 (2019: 468,930,165) in issue during the year, as adjusted to reflect the rights issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

Or
No adjustment has been made to the basic earnings[/(loss)] per share amounts presented for the years ended 31 December 2020 and 2019 in respect of a dilution as the impact of the warrants and convertible bonds outstanding had an anti-dilutive effect on the basic earnings[/(loss)] per share amounts presented.
Or
The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2020 and 2019.

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

	2020 HK$'000	2019 HK$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:		
From continuing operations	18,945	24,195
From a discontinued operation	9,178	7,970
	28,123	32,165
Interest on convertible bonds	2,331	-
Less: Fair value gain on the derivative component of the convertible bonds	(…)	(…)
Profit attributable to ordinary equity holders of the parent before interest on convertible bonds	30,454*	32,165
Attributable to:		
Continuing operations	21,276*	24,195
Discontinued operation	9,178	7,970
	30,454*	32,165

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13. EARNINGS[/(LOSS)] PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	562,848,017	468,930,165
Effect of dilution – weighted average number of ordinary shares:		
Warrants	3,767,095	-
Share options	20,258,334	9,221,666
Convertible bonds	10,000,000	-
	596,873,446*	478,151,831

* Because the diluted earnings per share amount is increased when taking convertible bonds into account, the convertible bonds had an anti-dilutive effect on the basic earnings per share for the year and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share amounts are based on the profit for the year and the profit attributable to continuing operations of HK$28,123,000 and HK$18,945,000, respectively, and the weighted average number of ordinary shares of 586,873,446 in issue during the year.

Property, plant and equipment	
The financial statements shall disclose, for each class of property, plant and equipment the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period	HKAS16.73(d)
The financial statements shall disclose, for each class of property, plant and equipment, a reconciliation of the carrying amount at the beginning and end of the period showing:	HKAS16.73(e)
1. additions	-(i)
2. assets classified as held for sale or included in a disposal group classified as held for sale and other disposals	-(ii)
3. acquisitions through business combinations	-(iii)
4. increases or decreases resulting from revaluations and from impairment losses recognised or reversed in other comprehensive income	-(iv)
5. impairment losses recognised in profit or loss	-(v)
6. impairment losses reversed in profit or loss	-(vi)
7. depreciation, whether recognised in profit or loss or as a part of the cost of other assets, during a period	-(vii) &HKAS16.75(a)
8. the net exchange differences arising on the translation of the financial statements from the functional currency into a different presentation currency, including the translation of a foreign operation into the presentation currency of the reporting entity	-(viii)
9. other changes	-(ix)
In accordance with HKAS 36 an entity discloses information on impaired property, plant and equipment in addition to the information required by HKAS 16.73(e)(iv)-(vi)	HKAS16.78
A <u>lessor</u> shall apply the disclosure requirements in HKAS 36 for impairment of assets subject to operating leases	HKFRS16.96
If items of property, plant and equipment are stated at revalued amounts, the following shall be disclosed in addition to the disclosures required by HKFRS 13 (see pages (110) and (111) for the HKFRS 13 disclosure requirements)	HKAS16.77
1. the effective date of the revaluation	-(a)
2. whether an independent valuer was involved	-(b)
3. for each revalued class of property, plant and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model	-(e)
4. the revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders	-(f)
Commentary:	
1. Additional disclosure requirements related to impairment of assets in accordance with HKAS 36.130 are included on page (117)	
2. If a lessee does not present right-of-use assets separately in the statement of financial position, the lessee shall, as required by HKFRS 16.47, include right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned. If Hong Kong Listed Limited had included its right-of-use assets within property, plant and equipment, columns for the right-of-use assets would be included in the table with a cross-reference to the details disclosed in note 16	

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improve-ments HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2020							
At 1 January 2020:							
Cost	33,967	30,270	203,064	63,680	11,993	41,500	384,474
Accumulated depreciation and impairment	(11,685)	(8,627)	(143,107)	(25,311)	(6,960)	-	(195,690)
Net carrying amount	22,282	21,643	59,957	38,369	5,033	41,500	188,784
At 1 January 2020, net of accumulated depreciation and impairment	22,282	21,643	59,957	38,369	5,033	41,500	188,784
Additions	13,079	1,458	29,864	19,445	1,171	6,200	71,217
Acquisition of a subsidiary (note 40)	-	-	1,450	-	-	-	1,450
Assets included in a discontinued operation (note 11)	-	-	(421)	(121)	(100)	(38,790)	(39,432)
Depreciation provided during the year	(2,110)	(2,479)	(26,301)	(8,439)	(2,389)	-	(41,718)
Surplus/(deficit) on revaluation	…	…	…	…	…	…	…
Impairment	…	…	…	…	…	…	…
Transfers	8,910	-	-	-	-	(8,910)	-
Exchange realignment	-	75	521	19	27	-	642
At 31 December 2020, net of accumulated depreciation and impairment	42,161	20,697	65,070	49,273	3,742	-	180,943
At 31 December 2020:							
Cost	55,956	31,834	232,850	82,602	12,495	-	415,737
Accumulated depreciation and impairment	(13,795)	(11,137)	(167,780)	(33,329)	(8,753)	-	(234,794)
Net carrying amount	42,161	20,697	65,070	49,273	3,742	-	180,943

Property, plant and equipment (continued)	
If an issuer has valued any property interests (under Chapter 5 of the Listing Rules) or has valued any other tangible assets and included such a valuation in the prospectus relating to its initial public offer and those assets are not stated at valuation (or at subsequent valuation) in its first annual financial statements published after listing, then the issuer is required to disclose the following additional information in its first annual report published after listing:	
1. the amount of such valuation of those properties or other tangible assets as included in the prospectus	
2. the additional depreciation (if any) that would be charged against the statement of profit or loss and other comprehensive income had those assets been stated at such valuation (or subsequent valuation)	A16(27) /GEM18.35
Commentary: The above information is only required to be disclosed in the first annual report published after listing and can be included outside the financial statements	
Enterprises which carried property, plant and equipment at revalued amounts in financial statements relating to periods ended before 30 September 1995 are not required to make regular revaluations in accordance with paragraphs 31 and 36 even if the carrying amounts of the revalued assets are materially different from the asset's fair values provided that:	
1. these enterprises do not revalue their property, plant and equipment subsequent to 1995; and	
2. disclosure of reliance of this paragraph is made in the financial statements	HKAS16.80A
The financial statements shall disclose:	HKAS16.74
1. the existence and amounts of restrictions on title, and property, plant and equipment pledged as security for liabilities	-(a)
2. the amount of expenditures recognised in the carrying amount of an item of property, plant and equipment in the course of its construction	-(b)
3. if it is not disclosed separately in the statement of comprehensive income, the amount of compensation from third parties for items of property, plant and equipment that were impaired, lost or given up that is included in profit or loss	-(d)
In accordance with HKAS 8 an entity discloses the nature and effect of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in subsequent periods. For property, plant and equipment, such disclosure may arise from changes in estimates with respect to:	HKAS16.76
1. residual values	-(a)
2. the estimated costs of dismantling, removing or restoring items of property, plant and equipment	-(b)
3. useful lives	-(c)
4. depreciation methods	-(d)
Entities are **encouraged** to disclose the following information:	HKAS16.79
1. the carrying amount of temporarily idle property, plant and equipment	-(a)
2. the gross carrying amount of any fully depreciated property, plant and equipment that is still in use	-(b)
3. the carrying amount of property, plant and equipment retired from active use and not classified as held for sale	-(c)
4. when the cost model is used, the fair value of property, plant and equipment when this is materially different from the carrying amount	-(d)

14. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings HK$'000	Leasehold improve-ments HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2019							
At 1 January 2019:							
Cost	30,849	29,163	193,217	63,460	12,013	41,273	369,975
Accumulated depreciation and impairment	(10,300)	(6,399)	(119,540)	(18,090)	(5,011)	-	(159,340)
Net carrying amount	20,549	22,764	73,677	45,370	7,002	41,273	210,635
At 1 January 2019, net of accumulated depreciation and impairment	20,549	22,764	73,677	45,370	7,002	41,273	210,635
Additions	3,118	1,521	12,722	1,482	573	227	19,643
Disposals	-	-	(1,098)	(401)	(257)	-	(1,756)
Disposal of a subsidiary (note 41)	-	(191)	(1,356)	(129)	(236)	-	(1,912)
Depreciation provided during the year	(1,385)	(2,365)	(23,817)	(7,924)	(2,014)	-	(37,505)
Surplus/(deficit) on revaluation	…	…	…	…	…	…	…
Impairment	…	…	…	…	…	…	…
Transfers	-	-	-	-	-	-	-
Exchange realignment	-	(86)	(171)	(29)	(35)	-	(321)
At 31 December 2019, net of accumulated depreciation and impairment	22,282	21,643	59,957	38,369	5,033	41,500	188,784
At 31 December 2019:							
Cost	33,967	30,270	203,064	63,680	11,993	41,500	384,474
Accumulated depreciation and impairment	(11,685)	(8,627)	(143,107)	(25,311)	(6,960)	-	(195,690)
Net carrying amount	22,282	21,643	59,957	38,369	5,033	41,500	188,784

(*For the first annual report after listing only*) The Group's buildings, included above at cost, were valued at HK$... as at 31 December 2019 in the prospectus issued on 10 January 2020 in connection with the listing of the Company's shares on 1 February 2020. Had the Group's buildings been included in these financial statements at such valuation amount throughout the year ended 31 December 2020, an additional depreciation charge of HK$... would have been recognised in the consolidated statement of profit or loss for the year ended 31 December 2020.

Where there are impairments recognised or reversed during the year, disclose the recoverable amount of the asset (or cash-generating unit) and add other disclosures to meet the requirements of HKAS 36.130 – see page (117)

Investment properties	
An entity shall disclose:	HKAS40.75
1. the extent to which the fair value of investment property (as measured or disclosed in the financial statements) is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. If there has been no such valuation, that fact shall be disclosed	-(e)
2. the existence and amounts of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal	-(g)
Commentary:	
1. Investment property under HKAS 40 is defined as property (land or a building - or part of a building - or both) held (by the owner or <u>by the lessee as a right-of-use asset</u>) to earn rentals or for capital appreciation or both, rather than for (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business	HKAS40.5
2. A <u>lessor</u> shall present underlying assets subject to <u>operating leases</u> in its statement of financial position according to the nature of the underlying asset (such as owned investment property held for earning operating lease income)	HKFRS16.88
Investment properties – fair value model	
An entity that applies the fair value model shall disclose a reconciliation between the carrying amounts of investment property at the beginning and end of the period, showing the following:	HKAS40.76
1. additions, disclosing separately those additions resulting from acquisitions and those resulting from subsequent expenditure recognised in the carrying amount of an asset	-(a)
2. additions resulting from acquisitions through business combinations	-(b)
3. assets classified as held for sale or included in a disposal group classified as held for sale and other disposals	-(c)
4. net gains or losses from fair value adjustments	-(d)
5. the net exchange differences arising on the translation of the financial statements into a different presentation currency, and on translation of a foreign operation into the presentation currency of the reporting entity	-(e)
6. transfers to and from inventories and owner-occupied property	-(f)
7. other changes	-(g)
When a valuation obtained for investment property is adjusted significantly for the purpose of the financial statements, for example to avoid double-counting of assets or liabilities that are recognised as separate assets and liabilities, the entity shall disclose a reconciliation between the valuation obtained and the adjusted valuation included in the financial statements, showing separately the aggregate amount of any recognised lease liabilities that have been added back, and any other significant adjustments	HKAS40.77
When an entity determines that the fair value of an investment property is not reliably determinable on a continuing basis and measures investment property using the cost model in HKAS 16 or in accordance with HKFRS 16, the reconciliation required by HKAS 40.76 shall disclose amounts relating to that investment property separately from amounts relating to other investment property. In addition, an entity shall disclose:	HKAS40.78
1. a description of the investment property	-(a)
2. an explanation of why fair value cannot be measured reliably	-(b)
3. if possible, the range of estimates within which fair value is highly likely to lie	-(c)
4. on disposal of investment property not carried at fair value:	-(d)
a. the fact that the entity has disposed of investment property not carried at fair value	-(d)(i)
b. the carrying amount of that investment property at the time of sale	-(d)(ii)
c. the amount of gain or loss recognised	-(d)(iii)

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group's buildings were revalued individually at the end of the reporting period by AGW & Associates, independent professionally qualified valuers, at an aggregate open market value of HK$... based on their existing use. A revaluation surplus of HK$... and revaluation deficits aggregating HK$..., resulting from the above valuations, have been credited to other comprehensive income and charged to the statement of profit or loss, respectively. (*Disclose the information on fair value measurement of the Group's buildings in accordance with HKFRS 13.93 – see pages (110) and (111))*

Disclose the nature and effect of changes in accounting estimates in accordance with HKAS 16.76, e.g., changes in useful lives

At 31 December 2020, certain of the Group's buildings with a net carrying amount of approximately HK$12,642,000 (2019: HK$729,000) were pledged to secure general banking facilities granted to the Group (note 32).

15. INVESTMENT PROPERTIES

	2020 HK$'000	2019 HK$'000
Carrying amount at 1 January	40,000	38,300
Additions (from acquisition)	3,500	-
Net gain/(loss) from a fair value adjustment	(3,500)	1,700
Transfer from/(to) owner-occupied property	…	…
Carrying amount at 31 December	40,000	40,000

Investment properties – cost model	
An entity that applies the cost model shall disclose:	HKAS40.76
1. the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period	-(c)
2. a reconciliation of the carrying amount of investment property at the beginning and end of the period, showing the following:	-(d)
a. additions, disclosing separately those additions resulting from acquisitions and those resulting from subsequent expenditure recognised as an asset	-(d)(i)
b. additions resulting from acquisitions through business combinations	-(d)(ii)
c. assets classified as held for sale or included in a disposal group classified as held for sale and other disposals	-(d)(iii)
d. depreciation	-(d)(iv)
e. the amount of impairment losses recognised, and the amount of impairment losses reversed, during the period	-(d)(v)
f. the net exchange differences arising on the translation of the financial statements into a different presentation currency, and on translation of a foreign operation into the presentation currency of the reporting entity	-(d)(vi)
g. transfers to and from inventories and owner-occupied property	-(d)(vii)
h. other changes	
3. the fair value of investment property. If an entity cannot determine the fair value of the investment property reliably, it shall disclose:	-(e)
a. a description of the investment property	-(e)(i)
b. an explanation of why fair value cannot be determined reliably	-(e)(ii)
c. if possible, the range of estimates within which fair value is highly likely to lie	-(e)(iii)
Fair value measurement disclosures	
An entity shall disclose, at a minimum, the following information for each class of assets and liabilities measured at fair value in the statement of financial position after initial recognition:	HKFRS13.93
1. for recurring and non-recurring fair value measurements categorised within Level 3 of the fair value hierarchy, disclose a description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period)	-(g)
2. for recurring and non-recurring fair value measurements, the level of the fair value hierarchy within which the fair value measurements are categorised in their entirety (Level 1, 2 or 3)	-(b)
3. for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis, the amounts of any transfer between Level 1 and Level 2 of the fair value hierarchy, the reasons for those transfers and the entity's policy for determining when transfers between levels are deemed to have occurred. Transfers into each level shall be disclosed and discussed separately from transfers out of each level	-(c)
4. for recurring and non-recurring fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation technique(s) and the inputs used in the fair value measurement. If there has been a change in valuation technique (e.g., changing from a market approach to an income approach or the use of an additional valuation technique), the entity shall disclose that change and the reason(s) for making it. For fair value measurements categorised within Level 3 of the fair value hierarchy, an entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring fair value (e.g., when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure an entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the entity	-(d)

15. INVESTMENT PROPERTIES (continued)

The Group's investment properties consist of three commercial and one industrial properties in Hong Kong. The directors of the Company have determined that the investment properties consist of two classes of asset, i.e., commercial and industrial, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 December 2020 based on valuations performed by A.A. Chan & Co., independent professionally qualified valuers, at HK$40,000,000. Each year, the Group's property manager and the chief financial officer decide, after approval from the audit committee, 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 property manager and the chief financial officer have 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.

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

(*Where the valuation is not performed by an independent qualified valuer, refer to the disclosure requirement in HKAS 40.75(e) on page (109)*) The Group's investment properties were revalued at HK$40,000,000 on an open market, existing use basis on 31 December 2020 by Asia Limited, which is a professionally qualified valuer and is a company owned by a director of the Company.

At 31 December 2020, the Group's investment properties with a carrying value of HK$40,000,000 (2019: HK$40,000,000) were pledged to secure general banking facilities granted to the Group (note 32).

Further particulars of the Group's investment properties are included on page 186.

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 2020 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Commercial properties	-	-	28,000	28,000
Industrial property	-	-	12,000	12,000
	-	-	40,000	40,000

Fair value measurement disclosures (continued)	
An entity shall disclose, at a minimum, the following information for each class of assets and liabilities measured at fair value in the statement of financial position after initial recognition: (continued)	HKFRS13.93
5. for recurring fair value measurements categorised within Level 3 of the fair value hierarchy, a reconciliation from the opening balances to the closing balances, disclosing separately changes during the period attributable to the following:	-(e)
a. total gains or losses for the period recognised in profit or loss, and the line item(s) in profit or loss in which those gains or losses are recognised	-(e)(i)
b. total gains or losses for the period recognised in other comprehensive income, and the line item(s) in other comprehensive income in which those gains or losses are recognised	-(e)(ii)
c. purchases, sales, issues and settlements (each of those types of changes disclosed separately)	-(e)(iii)
d. the amounts of any transfers into or out of Level 3 of the fair value hierarchy, the reasons for those transfers and the entity's policy for determining when transfers between levels are deemed to have occurred. Transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3	-(e)(iv)
6. for recurring fair value measurements categorised within Level 3 of the fair value hierarchy, the amount of the total gains or losses for the period in HKFRS 13.93(e)(i) included in profit or loss that is attributable to the change in unrealised gains or losses relating to those assets and liabilities held at the end of the reporting period, and the line item(s) in profit or loss in which those unrealised gains or losses are recognised	-(f)
7. for recurring fair value measurements categorised within Level 3 of the fair value hierarchy, a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the fair value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement. To comply with that disclosure requirement, the narrative description of the sensitivity to changes in unobservable inputs shall include, at a minimum, the unobservable inputs disclosed when complying with HKFRS 12.93(d)	-(h)(i)
8. for recurring and non-recurring fair value measurements, if the highest and best use of a non-financial asset differs from its current use, an entity shall disclose that fact and why the non-financial asset is being used in a manner that differs from its highest and best use	-(i)
Commentary:	
1. For investment properties that are measured using the cost model, HKAS 40.79(e) requires the fair value of the properties to be disclosed in the notes to the financial statements, and accordingly, HKFRS 13.97 requires the following disclosures:	HKFRS13.97
a. the level of the fair value hierarchy within which the fair value measurements (for disclosure purposes) are categorised (i.e., Level 1, 2 or 3)	HKFRS13.93(b)
b. where fair value measurement is categorised within Level 2 or Level 3, a description of the valuation technique(s) and the inputs used in the fair value measurement	HKFRS13.93(d)
However, an entity is not required to provide the quantitative disclosures about significant unobservable inputs used in fair value measurements categorised within Level 3 required by HKFRS 13.93(d)	HKFRS13.97
c. the highest and best use of the properties (if different from their current use) and the reasons why the properties are being used in a manner that is different from their highest and best use	HKFRS13.93(i)
2. An entity shall present quantitative disclosures required by HKFRS 13 in a tabular format unless another format is more appropriate	HKFRS13.99
3. When a lessee uses the fair value model to measure an investment property that is held as a right-of-use asset, it shall measure the right-of-use asset, and not the underlying property, at fair value	HKAS40.40A
4. HKFRS 16 specifies the basis for initial recognition of the cost of an investment property held by a lessee as a right-of-use asset. HKAS 40.33 requires the investment property held by a lessee as a right-of-use asset to be remeasured, if necessary, to fair value <u>if the entity chooses the fair value model</u>. When lease payments are at market rates, the fair value of an investment property held by a lessee as a right-of-use asset at acquisition, net of all expected lease payments (including those relating to recognised lease liabilities), should be zero. Thus, remeasuring a right-of-use asset from cost in accordance with HKFRS 16 to fair value in accordance with HKAS 40.33 (taking into account the requirements in HKAS 40.50) should not give rise to any initial gain or loss, unless fair value is measured at different times. This could occur when an election to apply the fair value model is made after initial recognition	HKAS40.41
5. the fair value of investment property <u>held by a lessee as a right-of-use asset</u> under a lease reflects expected cash flows (including contingent rent that is variable lease payments that are expected to become payable). Accordingly, if a valuation obtained for a property is net of all payments expected to be made, it will be necessary to add back any recognised lease liability, to arrive at the carrying amount of the investment property using the fair value model	HKAS40.50(d)

15. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

	Fair value measurement as at 31 December 2019 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Commercial properties	-	-	27,000	27,000
Industrial property	-	-	13,000	13,000
	-	-	40,000	40,000

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

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

	Commercial properties HK$'000	Industrial property HK$'000
Carrying amount at 1 January 2019	26,000	12,300
Net gain from a fair value adjustment recognised in other income and gains in profit or loss	1,000	700
Carrying amount at 31 December 2019 and 1 January 2020	27,000	13,000
Additions (from acquisition)	3,500	-
Net loss from a fair value adjustment recognised in other expenses in profit or loss	(2,500)	(1,000)
Transfer from/(to) an owner-occupied property	…	…
Carrying amount at 31 December 2020	28,000	12,000

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 2020	2019
Commercial properties	Discounted cash flow method	Estimated rental value (per sq.m. and per month)	… to …	… to …
		Rent growth (p.a.)	…	…
		Long term vacancy rate	… to …	… to …
		Discount rate	…	…
Industrial property	Discounted cash flow method	Estimated rental value (per sq.m. and per month)	… to …	… to …
		Rent growth (p.a.)	…	…
		Long term vacancy rate	… to …	… to …
		Discount rate	…	…

Lessee accounting	
The objective of the disclosures is for lessees to disclose information in the notes that, together with the information provided in the statement of financial position, statement of profit or loss and statement of cash flows, gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee	HKFRS16.51
A lessee shall disclose the following amounts for the reporting period:	HKFRS16.53
1. depreciation charge for right-of-use assets by class of underlying asset	-(a)
2. interest expense on lease liabilities	-(b)
3. the expense relating to short-term leases accounted for applying HKFRS 16.6. This expense need not include the expense relating to leases with a lease term of one month or less	-(c)
4. the expense relating to leases of low-value assets accounted for applying HKFRS 16.6. This expense shall not include the expense relating to short-term leases of low-value assets included in HKFRS 16.53(c)	-(d)
5. the expense relating to variable lease payments not included in the measurement of lease liabilities	-(e)
6. income from subleasing right-of-use assets	-(f)
7. total cash outflow for leases	-(g)
8. additions to right-of-use assets	-(h)
9. gains or losses arising from sale and leaseback transactions	-(i)
10. the carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset	-(j)
A lessee shall provide the disclosures specified in HKFRS 16.53 in a tabular format, unless another format is more appropriate. The amounts disclosed shall include costs that a lessee has included in the carrying amount of another asset during the reporting period	HKFRS16.54
A lessee shall disclose the amount of its lease commitments for short-term leases accounted for applying HKFRS 16.6 if the portfolio of short-term leases to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed applying HKFRS 16.53(c) relates	HKFRS16.55
If right-of-use assets meet the definition of investment property, a lessee shall apply the disclosure requirements in HKAS 40. In that case, a lessee is not required to provide the disclosures in HKFRS 16.53(a), (f), (h) or (j) for those right-of-use assets	HKFRS16.56
If a lessee measures right-of-use assets at revalued amounts applying HKAS 16, the lessee shall disclose the information required by HKAS 16.77 for those right-of-use assets	HKFRS16.57
A lessee shall disclose a maturity analysis of lease liabilities applying HKFRS 7.39 and HKFRS 7.B11 separately from the maturity analyses of other financial liabilities	HKFRS16.58
A lessee that accounts for short-term leases or leases of low-value assets applying HKFRS 16.6 shall disclose that fact	HKFRS16.60
In addition to the disclosures required in HKFRS 16.53-58, a lessee shall disclose additional qualitative and quantitative information about its leasing activities necessary to meet the disclosure objective in HKFRS 16.51 (as described in HKFRS 16.B48). This additional information may include, but is not limited to, information that helps users of financial statements to assess the nature of the lessee's leasing activities	HKFRS16.59(a)
If a lessee applies the practical expedient in HKFRS 16.46A, the lessee shall disclose:	HKFRS16.60A
1. that it has applied the practical expedient to all rent concessions that meet the conditions in HKFRS 16.46B or, if not applied to all such rent concessions, information about the nature of the contracts to which it has applied the practical expedient (see HKFRS 16.2)	-(a)
2. the amount recognised in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient in HKFRS 16.46A	-(b)
Commentary:	
1. A lessee shall disclose information about its leases for which it is a lessee in a single note or separate section in its financial statements. However, a lessee need not duplicate information that is already presented elsewhere in the financial statements, provided that the information is incorporated by cross-reference in the single note or separate section about leases	HKFRS16.52
2. Details about the practical expedient in HKFRS 16.46A and the conditions in HKFRS 16.46B are included on page (47)	
3. For the requirements to reassess or revise the lease term after the commencement date, please refer to HKFRS 16.20-21 and HKFRS 16.B41	

15. INVESTMENT PROPERTIES (continued)

The Group has determined that the highest and best use of the industrial property at the measurement date would be to convert the property for residential purposes. For strategic reasons, the property is not being used in this manner.

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

A significant increase (decrease) in the estimated rental value and the market rent growth rate per annum in isolation would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the long term vacancy rate and the discount rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and the discount rate and an opposite change in the long term vacancy rate.

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and machinery, motor vehicles and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 20 to 30 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant and machinery generally have lease terms between 3 and 5 years, while motor vehicles generally have lease terms between 2 and 5 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

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16. LEASES (continued)

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Total HK$'000
As at 1 January 2019	8,943	9,322	2,892	21,157
Additions	-	5,025	1,320	6,345
Depreciation charge	(180)	(3,110)	(1,068)	(4,358)
As at 31 December 2019 and 1 January 2020	8,763	11,237	3,144	23,144
Additions	-	21,251	-	21,251
Additions as a result of acquisition of a subsidiary	…	…	…	…
Depreciation charge	(180)	(4,367)	(1,260)	(5,807)
Covid-19-related rent concessions from lessors	-	(…)	-	(…)
Reassessment of a lease term arising from a decision not to exercise the extension option	-	(…)	-	(…)
Revision of a lease term arising from a change in the non-cancellable period of a lease	-	(…)	-	(…)
Impairment	(…)	(…)	(…)	(…)
As at 31 December 2020	8,583	28,121	1,884	38,588

Where there are impairments recognised or reversed during the year, disclose the recoverable amount of the asset (or cash-generating unit) and add other disclosures to meet the requirements of HKAS 36.130 – see page (117)

(b) Lease liabilities

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

	2020 HK$'000	2019 HK$'000
Carrying amount at 1 January	27,618	33,815
New leases	21,251	6,345
Additions as a result of acquisition of a subsidiary	…	…
Accretion of interest recognised during the year	2,570	1,606
Covid-19-related rent concessions from lessors	(720)	-
Payments	(16,133)	(14,148)
Reassessment of a lease term arising from a decision not to exercise the extension option	(…)	-
Revision of a lease term arising from a change in the non-cancellable period of a lease	(…)	-
Carrying amount at 31 December	34,586	27,618
Analysed into:		
Current portion	15,923	12,428
Non-current portion	18,663	15,190

Lessee accounting (continued)	
In addition to the disclosures required in HKFRS 16.53-58, a lessee shall disclose additional qualitative and quantitative information about its leasing activities necessary to meet the disclosure objective in HKFRS 16.51 (as described in HKFRS 16.B48). This additional information may include, but is not limited to, information that helps users of financial statements to assess:	HKFRS16.59
1. the nature of the lessee's leasing activities;	-(a)
2. future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities. This includes exposure arising from:	-(b)
a. variable lease payments (as described in HKFRS 16.B49)	-(b)(i)
b. extension options and termination options (as described in HKFRS 16.B50)	-(b)(ii)
c. residual value guarantees (as described in HKFRS 16.B51)	-(b)(iii)
d. leases not yet commenced to which the lessee is committed	-(b)(iv)
3. restrictions or covenants imposed by leases	-(c)
4. sale and leaseback transactions (as described in HKFRS 16.B52)	-(d)
Additional information relating to extension options or termination options that, depending on the circumstances, may be needed to satisfy the disclosure objective in HKFRS 16.51 could include information that helps users of financial statements to assess, for example:	HKFRS16.B50
1. the lessee's reasons for using extension options or termination options and the prevalence of those options	-(a)
2. the relative magnitude of optional lease payments to lease payments	-(b)
3. the prevalence of the exercise of options that were not included in the measurement of lease liabilities	-(c)
4. other operational and financial effects of those options	-(d)
Additional information relating to variable lease payments that, depending on the circumstances, may be needed to satisfy the disclosure objective in HKFRS 16.51 could include information that helps users of financial statements to assess, for example:	HKFRS16.B49
1. the lessee's reasons for using variable lease payments and the prevalence of those payments	-(a)
2. the relative magnitude of variable lease payments to fixed payments	-(b)
3. key variables upon which variable lease payments depend and how payments are expected to vary in response to changes in those key variables	-(c)
4. other operational and financial effects of variable lease payments	-(d)
Additional information relating to residual value guarantees that, depending on the circumstances, may be needed to satisfy the disclosure objective in HKFRS 16.51 could include information that helps users of financial statements to assess, for example:	HKFRS16.B51
1. the lessee's reasons for providing residual value guarantees and the prevalence of those guarantees	-(a)
2. the magnitude of a lessee's exposure to residual value risk	-(b)
3. the nature of underlying assets for which those guarantees are provided	-(c)
4. other operational and financial effects of those guarantees	-(d)
Additional information relating to sale and leaseback transactions that, depending on the circumstances, may be needed to satisfy the disclosure objective in HKFRS 16.51 could include information that helps users of financial statements to assess, for example:	HKFRS16.B52
1. the lessee's reasons for sale and leaseback transactions and the prevalence of those transactions	-(a)
2. key terms and conditions of individual sale and leaseback transactions	-(b)
3. payments not included in the measurement of lease liabilities	-(c)
4. the cash flow effect of sale and leaseback transactions in the reporting period	-(d)
Commentary:	
In determining whether additional information about leasing activities is necessary to meet the disclosure objective in HKFRS 16.51, a lessee shall consider:	HKFRS16.B48
1. whether that information is relevant to users of financial statements. A lessee shall provide additional information specified in HKFRS 16.59 only if that information is expected to be relevant to users of financial statements. In this context, this is likely to be the case if it helps those users to understand:	-(a)
a. the flexibility provided by leases. Leases may provide flexibility if, for example, a lessee can reduce its exposure by exercising termination options or renewing leases with favourable terms and conditions	-(a)(i)
b. restrictions imposed by leases. Leases may impose restrictions, for example, by requiring the lessee to maintain particular financial ratios	-(a)(ii)
c. sensitivity of reported information to key variables. Reported information may be sensitive to, for example, future variable lease payments	-(a)(iii)
d. exposure to other risks arising from leases	-(a)(iv)
e. deviations from industry practice. Such deviations may include, for example, unusual or unique lease terms and conditions that affect a lessee's lease portfolio	-(a)(v)
2. whether that information is apparent from information either presented in the primary financial statements or disclosed in the notes. A lessee need not duplicate information that is already presented elsewhere in the financial statements	-(b)

16. LEASES (continued)

(b) Lease liabilities (continued)

The maturity analysis of lease liabilities is disclosed in note 49 to the financial statements.

As disclosed in note 2.2. to the financial statements, the Group has early adopted the amendment to HKFRS 16 and applied the practical expedient to all eligible rent concessions granted by the lessors for leases of certain plant and equipment during the year.

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

	2020 HK$'000	2019 HK$'000
Interest on lease liabilities	2,570	1,606
Depreciation charge of right-of-use assets	5,807	4,358
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2019 (included in cost of sales)	82	107
Expense relating to leases of low-value assets (included in administrative expenses)	126	80
Variable lease payments not included in the measurement of lease liabilities (included in cost of sales)	234	188
Covid-19-related rent concessions from lessors	(720)	-
Impairment of right-of-use assets	…	-
Total amount recognised in profit or loss	8,099	6,339

(d) Extension and termination options

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and they are aligned with the Group's business needs. Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease terms:

2020	Payable within five years HK$'000	Payable after five years HK$'000	Total HK$'000
Extension options expected not to be exercised	…	…	…
Termination options expected to be exercised	…	…	…
	…	…	…

2019	Payable within five years HK$'000	Payable after five years HK$'000	Total HK$'000
Extension options expected not to be exercised	…	…	…
Termination options expected to be exercised	…	…	…
	…	…	…

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16. LEASES (continued)

(e) Variable lease payments

The Group has lease contracts for machinery that contains variable payments based on the number of units to be manufactured. These terms are negotiated by management for certain machinery that is used to manufacture products without steady customer demand. Management's objective is to align the lease expense with the units manufactured and revenue earned. The following provides information on the Group's variable lease payments, including the magnitude in relation to fixed payments:

2020	Fixed payments HK$'000	Variable payments HK$'000	Total HK$'000
Fixed rent	…	-	…
Variable rent with minimum payment	…	…	…
Variable rent only	-	…	…
	…	…	…

2019	Fixed payments HK$'000	Variable payments HK$'000	Total HK$'000
Fixed rent	…	-	…
Variable rent with minimum payment	…	…	…
Variable rent only	-	…	…
	…	…	…

A …% (2019: …%) increase in units produced for the relevant products would increase the total lease payments by …% (2019: …%).

In addition, the Group leased a number of the retail stores and units in a shopping mall which contain variable lease payment terms that are based on the Group's turnover generated from the retail stores and the units in the shopping mall. There are also minimum annual base rental arrangements for these leases. The amounts of the fixed and variable lease payments recognised in profit or loss for the current year for these leases are HK$... and HK$... (2019: HK$... and HK$...), respectively.

(f) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 42(c) and 45, respectively, to the financial statements.

Describe other principal significant leasing arrangements, including, but not limited to, residual value guarantees, renewal or purchase options, escalation clauses, any restrictions or covenants imposed by leases, and sale and leaseback transactions

Lessor accounting The objective of the disclosures is for lessors to disclose information in the notes that, together with the information provided in the statement of financial position, statement of profit or loss and statement of cash flows, gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessor	HKFRS16.89
A lessor shall disclose additional qualitative and quantitative information about its leasing activities necessary to meet the disclosure objective in HKFRS 16.89. This additional information includes, but is not limited to, information that helps users of financial statements to assess:	HKFRS16.92
1. the nature of the lessor's leasing activities	-(a)
2. how the lessor manages the risk associated with any rights it retains in underlying assets. In particular, a lessor shall disclose its risk management strategy for the rights it retains in underlying assets, including any means by which the lessor reduces that risk. Such means may include, for example, buy-back agreements, residual value guarantees or variable lease payments for use in excess of specified limits	-(b)
<u>Finance leases</u> A lessor shall provide a qualitative and quantitative explanation of the significant changes in the carrying amount of the net investment in finance leases	HKFRS16.93
A lessor shall disclose a maturity analysis of the lease payments receivable, showing the undiscounted lease payments to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years. A lessor shall reconcile the undiscounted lease payments to the net investment in the lease. The reconciliation shall identify the unearned finance income relating to the lease payments receivable and any discounted unguaranteed residual value	HKFRS16.94
<u>Operating leases</u> For items of property, plant and equipment subject to an operating lease, a lessor shall apply the disclosure requirements of HKAS 16. In applying the disclosure requirements in HKAS 16, a lessor shall disaggregate each class of property, plant and equipment into assets subject to operating leases and assets not subject to operating leases. Accordingly, a lessor shall provide the disclosures required by HKAS 16 for assets subject to an operating lease (by class of underlying asset) separately from owned assets held and used by the lessor	HKFRS16.95
A lessor shall apply the disclosure requirements in HKAS 36, HKAS 38, HKAS 40 and HKAS 41 for assets subject to operating leases	HKFRS16.96
A lessor shall disclose a maturity analysis of lease payments, showing the undiscounted lease payments to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years	HKFRS16.97
Commentary: Disclosure requirements in HKFRS 16.90-91 related to items recognised in profit or loss during the reporting period by a lessor are included on page (88)	

16. LEASES (continued)

The Group as a lessor

The Group leases its investment properties (note 15) consisting of three commercial properties and one industrial property in Hong Kong under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was HK$6,400,000 (2019: HK$5,575,000), details of which are included in note 5 to the financial statements.

At 31 December 2020, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2020 HK$'000	2019 HK$'000
Within one year	3,705	3,388
After one year but within two years	3,260	3,705
After two years but within three years	3,260	2,705
After three years but within four years	3,600	2,560
After four years but within five years	3,600	2,560
After five years	810	2,454
	18,235	17,372

Where a lessor has items of property, plant and equipment subject to an operating lease, disclose the assets subject to an operating lease (by class of underlying asset) separately from owned assets held and used by the lessor and the related maturity analysis of the lease payments – see page (116) for the disclosure requirements

Disclose other measures which a lessor uses to manage the risk associated with any rights it retains in underlying assets, e.g., buy-back agreements, residual value guarantees or variable lease payments for use in excess of specified limits

Goodwill	
The acquirer shall disclose a reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period showing separately:	HKFRS3.B67(d)
1. the gross amount and accumulated impairment losses at the beginning of the reporting period	-(i)
2. additional goodwill recognised during the reporting period, except goodwill included in a disposal group that, on acquisition, meets the criteria to be classified as held for sale in accordance with HKFRS 5	-(ii)
3. adjustments resulting from the subsequent recognition of deferred tax assets during the reporting period in accordance with HKFRS 3.49	-(iii)
4. goodwill included in a disposal group classified as held for sale in accordance with HKFRS 5 and goodwill derecognised during the reporting period without having previously been included in a disposal group classified as held for sale	-(iv)
5. impairment losses recognised during the reporting period in accordance with HKAS 36 (HKAS 36 requires disclosure of information about the recoverable amount and impairment of goodwill in addition to this requirement)	-(v)
6. net exchange rate differences arising during the reporting period in accordance with HKAS 21	-(vi)
7. any other changes in the carrying amount during the reporting period	-(vii)
8. the gross amount and accumulated impairment losses at the end of the reporting period	-(viii)
If, in accordance with HKAS 36.84, any portion of the goodwill acquired in a business combination during the period has not been allocated to a cash-generating unit (group of units) at the end of the reporting period, the amount of the unallocated goodwill shall be disclosed together with the reasons why that amount remains unallocated	HKAS36.133
An entity shall disclose the following for an individual asset (including goodwill) or a cash-generating unit, for which an impairment loss has been recognised or reversed during the period:	HKAS36.130
1. the events and circumstances that led to the recognition or reversal of the impairment loss	-(a)
2. the amount of the impairment loss recognised or reversed	-(b)
3. for an individual asset:	-(c)
a. the nature of the asset; and	-(c)(i)
b. if the entity reports segment information in accordance with HKFRS 8, the reportable segment to which the asset belongs	-(c)(ii)
4. for a cash-generating unit:	-(d)
a. a description of the cash-generating unit (such as whether it is a product line, a plant, a business operation, a geographical area, or a reportable segment as defined in HKFRS 8)	-(d)(i)
b. the amount of the impairment loss recognised or reversed by class of assets and, if the entity reports segment information in accordance with HKFRS 8, by reportable segment	-(d)(ii)
c. if the aggregation of assets for identifying the cash-generating unit has changed since the previous estimate of the cash-generating unit's recoverable amount (if any), a description of the current and former way of aggregating assets and the reasons for changing the way the cash-generating unit is identified	-(d)(iii)
5. the recoverable amount of the asset (cash-generating unit) and whether the recoverable amount of the asset (cash-generating unit) is its fair value less costs of disposal or its value in use	-(e)
6. if the recoverable amount is fair value less costs of disposal, the entity shall disclose the following information:	-(f)
a. the level of the fair value hierarchy (see HKFRS 13) within which the fair value measurement of the asset (cash-generating unit) is categorised in its entirety (without taking into account whether the "costs of disposal" are observable)	-(f)(i)
b. for fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation technique(s) used to measure fair value less costs of disposal. If there has been a change in valuation technique, the entity shall disclose that change and the reason(s) for making it; and	-(f)(ii)
c. for fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, each key assumption on which management has based its determination of fair value less costs of disposal. Key assumptions are those to which the asset's (cash-generating units) recoverable amount is most sensitive. The entity shall also disclose the discount rate(s) used in the current measurement and previous measurement if fair value less costs of disposal is measured using a present value technique	-(f)(iii)
7. if recoverable amount is value in use, the discount rate(s) used in the current estimate and previous estimate (if any) of value in use	-(g)

17. GOODWILL

	HK$'000
At 1 January 2019:	
Cost	2,000
Accumulated impairment	(600)
Net carrying amount	1,400
Cost at 1 January 2019, net of accumulated impairment	1,400
Impairment during the year	(400)
Exchange realignment	…
At 31 December 2019	1,000
At 31 December 2019:	
Cost	2,000
Accumulated impairment	(1,000)
Net carrying amount	1,000
Cost at 1 January 2020, net of accumulated impairment	1,000
Acquisition of a subsidiary (note 40)	245
Attributable to a discontinued operation (note 11)	(1,000)
Impairment during the year	(…)
Exchange realignment	…
Cost and net carrying amount at 31 December 2020	245
At 31 December 2020:	
Cost	245
Accumulated impairment	-
Net carrying amount	245

Where there are impairments recognised or reversed during the year, disclose the recoverable amount of the asset (or cash-generating unit) and add other disclosures to meet the requirements of HKAS 36.130 – see page (117)

Goodwill (continued)	
An entity shall disclose the following information for the aggregate impairment losses and the aggregate reversals of impairment losses recognised during the period for which no information is disclosed in accordance with HKAS 36.130:	HKAS36.131
1. the main classes of assets affected by impairment losses and the main classes of assets affected by reversals of impairment losses	-(a)
2. the main events and circumstances that led to the recognition of these impairment losses and reversals of impairment losses	-(b)
An entity is **encouraged** to disclose assumptions used to determine the recoverable amount of assets (cash-generating units) during the period. However, HKAS 36.134 requires an entity to disclose information about the estimates used to measure the recoverable amount of a cash-generating unit when goodwill or an intangible asset with an indefinite useful life is included in the carrying amount of that unit	HKAS36.132
Goodwill – impairment testing of goodwill	
An entity shall disclose the information below for each cash-generating unit (group of units) for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit (group of units) is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives:	HKAS36.134
1. the carrying amount of goodwill allocated to the unit (group of units)	-(a)
2. the carrying amount of intangible assets with indefinite useful lives allocated to the unit (group of units)	-(b)
3. the basis on which the unit's (group of units') recoverable amount has been determined (i.e., value in use or fair value less costs of disposal)	-(c)
4. if the unit's (group of units') recoverable amount is based on value in use:	-(d)
a. each key assumption on which management has based its cash flow projections for the period covered by the most recent budgets/forecasts. Key assumptions are those to which the unit's (group of units') recoverable amount is most sensitive	-(d)(i)
b. a description of management's approach to determining the value(s) assigned to each key assumption, whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information	-(d)(ii)
c. the period over which management has projected cash flows based on financial budgets or forecasts approved by management and, when a period greater than five years is used for a cash-generating unit (group of units), an explanation of why that longer period is justified	-(d)(iii)
d. the growth rate used to extrapolate cash flow projections beyond the period covered by the most recent budgets or forecasts, and the justification for using any growth rate that exceeds the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market to which the unit (group of units) is dedicated	-(d)(iv)
e. the discount rate(s) applied to the cash flow projections	-(d)(v)
5. if the unit's (group of units') recoverable amount is based on fair value less costs of disposal, the valuation technique(s) used to measure fair value less costs of disposal. An entity is not required to provide the disclosures required by HKFRS 13. If fair value less costs of disposal is not measured using a quoted price for an identical unit (group of units), an entity shall disclose the following information:	-(e)
a. each key assumption on which management has based its determination of fair value less costs of disposal. Key assumptions are those to which the unit's (group of units') recoverable amount is most sensitive	-(e)(i)
b. a description of management's approach to determining the value (or values) assigned to each key assumption, whether those values reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information	-(e)(ii)
c. the level of the fair value hierarchy (see HKFRS 13) within which the fair value measurement is categorised in its entirety (without giving regard to the observability of "costs of disposal")	-(e)(iiA)
d. if there has been a change in valuation technique, the change and the reason(s) for making it	-(e)(iiB)
If fair value less costs of disposal is measured using discounted cash flow projections, an entity shall disclose the following information:	
a. the period over which management has projected cash flows	-(e)(iii)
b. the growth rate used to extrapolate cash flow projections	-(e)(iv)
c. the discount rate(s) applied to the cash flow projections	-(e)(v)

17. GOODWILL (continued)

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

- Industrial products cash-generating unit; and
- Electronic products cash-generating unit.

Industrial products cash-generating unit

The recoverable amount of the industrial products cash-generating unit has been determined based on a value in use calculation 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 is 6.5% (2019: 6.8%). The growth rate used to extrapolate the cash flows of the industrial products unit beyond the five-year period is 8% (2019: 7.8%). This growth rate exceeds the average growth rate of the industry in which the industrial products unit operates by one percentage point. Senior management of the industrial products unit believes that this growth rate is justified, given the new technology internally developed by the Group during the year. The Group is the pioneer of such technology which has reduced the cost and time of production, and these industrial products qualify for a major product of the Group.

Electronic products cash-generating unit

In 2019, the recoverable amount of the electronic products cash-generating unit was determined based on a value in use calculation 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 was 8.7% and cash flows beyond the five-year period were extrapolated using a growth rate of 3.2%, which was the same as the long term average growth rate of the electronic products industry.

In the opinion of the Company's directors, a decrease in the growth rate by ... to ...% would cause the carrying amount of the cash-generating unit to exceed its recoverable amount by approximately HK$... to HK$..., and any reasonably possible change in the other key assumptions on which the recoverable amount is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	Industrial products		Electronic products		Total	
	2020	2019	2020	2019	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Carrying amount of goodwill	245	-	-	1,000	245	1,000
Carrying amount of brands with indefinite useful lives	…	…	…	…	…	…

Goodwill – impairment testing of goodwill (continued)	
6. if a reasonably possible change in a key assumption on which management has based its determination of the unit's (group of units') recoverable amount would cause the unit's (group of units') carrying amount to exceed its recoverable amount:	HKAS36.134 -(f)
a. the amount by which the unit's (group of units') recoverable amount exceeds its carrying amount	-(f)(i)
b. the value assigned to the key assumption	-(f)(ii)
c. the amount by which the value assigned to the key assumption must change, after incorporating any consequential effects of that change on the other variables used to measure recoverable amount, in order for the unit's (group of units') recoverable amount to be equal to its carrying amount	-(f)(iii)
If some or all of the carrying amount of goodwill or intangible assets with indefinite useful lives is allocated across multiple cash-generating units (groups of units), and the amount so allocated to each unit (group of units) is not significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives, that fact shall be disclosed, together with the aggregate carrying amount of goodwill or intangible assets with indefinite useful lives allocated to those units (groups of units). In addition, if the recoverable amounts of any of those units (groups of units) are based on the same key assumption(s) and the aggregate carrying amount of goodwill or intangible assets with indefinite useful lives allocated to them is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives, an entity shall disclose that fact, together with:	HKAS36.135
1. the aggregate carrying amount of goodwill allocated to those units (groups of units)	-(a)
2. the aggregate carrying amount of intangible assets with indefinite useful lives allocated to those units (groups of units)	-(b)
3. a description of the key assumption(s)	-(c)
4. a description of management's approach to determining the value(s) assigned to the key assumption(s), whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information	-(d)
5. if a reasonably possible change in the key assumption(s) would cause the aggregate of the units' (groups of units') carrying amounts to exceed the aggregate of their recoverable amounts:	-(e)
a. the amount by which the aggregate of the units' (groups of units') recoverable amounts exceeds the aggregate of their carrying amounts	-(e)(i)
b. the value(s) assigned to the key assumption(s)	-(e)(ii)
c. the amount by which the value(s) assigned to the key assumption(s) must change, after incorporating any consequential effects of the change on the other variables used to measure recoverable amount, in order for the aggregate of the units' (groups of units') recoverable amounts to be equal to the aggregate of their carrying amounts	-(e)(iii)
Commentary: Hong Kong Listed Limited has determined the recoverable amounts of its cash-generating units based on value in use under HKAS 36. For cases where the recoverable amount is based on fair value less costs of disposal, entities need to disclose information about the valuation technique used to measure fair value less costs of disposal as required by HKAS 36.134(e)	
Refer to page (118) for the disclosure requirements of HKAS 36.134(c) and page (117) for the disclosure requirements of HKAS 36.130	

17. GOODWILL (continued)

Impairment testing of goodwill (continued)

Assumptions were used in the value in use calculation of the industrial products and electronic products cash-generating units for 31 December 2020 and 31 December 2019. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units.

Raw materials price inflation – The basis used to determine the value assigned to raw materials price inflation is the forecast price indices during the budget year for countries A and B from where the raw materials are sourced.

The values assigned to the key assumptions on market development of industrial products and electronic products industries, discount rates and raw materials price inflation are consistent with external information sources.

Where there are impairments recognised or reversed during the year, disclose the recoverable amount of the asset (or cash-generating unit) and add other disclosures to meet the requirements of HKAS 36.130 – see page (117)

Where the recoverable amount is based on fair value less costs of disposal, disclose the information required by HKAS 36.130(f) and HKAS 36.134(e) – see pages (117) and (118)

If a reasonably possible change in a key assumption on which management has based its determination of the unit's (group of units') recoverable amount would cause the unit's (or group of units') carrying amount to exceed its recoverable amount, disclose the information as required by HKAS 36.134(f)

Other intangible assets	
An entity shall disclose the gross carrying amount and any accumulated amortisation (aggregated with accumulated impairment losses) at the beginning and end of the period for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets	HKAS38.118(c)
For each class of intangible assets, an entity shall disclose a reconciliation of the carrying amount at the beginning and end of the period showing the following information. The disclosure shall distinguish between internally generated intangible assets and other intangible assets:	HKAS38.118(e)
1. additions, indicating separately those from internal development, those acquired separately, and those acquired through business combinations	-(i)
2. assets classified as held for sale or included in a disposal group classified as held for sale in accordance with HKFRS 5 and other disposals	-(ii)
3. increases or decreases during the period resulting from revaluations under HKAS 38.75, 86 & 86 and from impairment losses recognised or reversed in other comprehensive income in accordance with HKAS 36 (if any)	-(iii)
4. impairment losses recognised in profit or loss during the period in accordance with HKAS 36	-(iv)
5. impairment losses reversed in profit or loss during the period in accordance with HKAS 36	-(v)
6. any amortisation recognised during the period	-(vi)
7. net exchange differences arising on the translation of the financial statements into the presentation currency, and on the translation of a foreign operation into the presentation currency of the entity	-(vii)
8. other changes in the carrying amount during the period	-(viii)
An entity shall disclose:	HKAS38.122
1. for an intangible asset assessed as having an indefinite useful life, the carrying amount of that asset and the reasons supporting the assessment of an indefinite useful life. In giving these reasons, the entity shall describe the factor(s) that played a significant role in determining that the asset has an indefinite useful life	-(a)
2. a description, the carrying amount and remaining amortisation period of any individual intangible asset that is material to the entity's financial statements	-(b)
3. for intangible assets acquired by way of a government grant and initially recognised at fair value	-(c)
a. the fair value initially recognised for these assets	-(c)(i)
b. their carrying amount	-(c)(ii)
c. whether they are measured after recognition under the cost model or the revaluation model	-(c)(iii)
4. the existence and carrying amounts of intangible assets whose title is restricted and the carrying amounts of intangible assets pledged as security for liabilities	-(d)
If intangible assets are accounted for at revalued amounts, an entity shall disclose the following:	HKAS38.124
1. by class of intangible assets:	-(a)
a. the effective date of the revaluation	-(a)(i)
b. the carrying amount of revalued intangible assets	-(a)(ii)
c. the carrying amount that would have been recognised had the revalued class of intangible assets been measured after recognition using the cost model in accordance with HKAS 38.74	-(a)(iii)
2. the amount of the revaluation surplus that relates to intangible assets at the beginning and end of the period, indicating the changes during the period and any restrictions on the distribution of the balance to shareholders	-(b)
An entity is **encouraged**, but not required, to disclose the following information:	HKAS38.128
1. A description of any fully amortised intangible asset that is still in use	-(a)
2. A brief description of significant intangible assets controlled by the entity but not recognised as assets because they did not meet the recognition criteria in HKAS 38	-(b)
Disclosure requirements related to impairment of assets in accordance with HKAS 36.130 are included on page (117)	

18. OTHER INTANGIBLE ASSETS

	Patents and licences HK$'000	Deferred development costs HK$'000	Total HK$'000
31 December 2020			
Cost at 1 January 2020, net of accumulated amortisation	5,224	3,910	9,134
Additions – internal development	-	2,961	2,961
Amortisation provided during the year	(759)	(788)	(1,547)
Acquisition of a subsidiary (note …)	…	…	…
Impairment during the year	(…)	(…)	(…)
Reversal of impairment during the year	…	…	…
Exchange realignment	(620)	(314)	(934)
At 31 December 2020	3,845	5,769	9,614
At 31 December 2020:			
Cost	9,510	9,221	18,731
Accumulated amortisation	(5,665)	(3,452)	(9,117)
Net carrying amount	3,845	5,769	9,614
31 December 2019			
At 1 January 2019:			
Cost	9,510	6,260	15,770
Accumulated amortisation	(3,434)	(1,607)	(5,041)
Net carrying amount	6,076	4,653	10,729
Cost at 1 January 2019, net of accumulated amortisation	6,076	4,653	10,729
Additions – internal development	-	…	…
Acquisition of a subsidiary (note …)	…	…	…
Amortisation provided during the year	(852)	(743)	(1,595)
Impairment during the year	(…)	(…)	(…)
Reversal of impairment during the year	…	…	…
Exchange realignment	…	…	…
At 31 December 2019	5,224	3,910	9,134
At 31 December 2019 and at 1 January 2020:			
Cost	9,510	6,260	15,770
Accumulated amortisation	(4,286)	(2,350)	(6,636)
Net carrying amount	5,224	3,910	9,134

Where there are impairments recognised or reversed during the year, disclose the recoverable amount of the asset (or cash-generating unit) and add other disclosures to meet the requirements of HKAS 36.130 – see page (117)

Investments in joint ventures	
An entity shall disclose information that enables users of its financial statements to evaluate:	HKFRS12.20
1. the nature, extent and financial effects of its interests in joint arrangements, including the nature and effects of its contractual relationship with the other investors with joint control of joint arrangements	-(a)
2. the nature of, and changes in, the risks associated with its interests in joint ventures	-(b)
An entity shall disclose:	HKFRS12.21
1. for each joint arrangement that is material to the reporting entity:	-(a)
a. the name of the joint arrangement	-(a)(i)
b. the nature of the entity's relationship with the joint arrangement (by, for example, describing the nature of the activities of the joint arrangement and whether they are strategic to the entity's activities)	-(a)(ii)
c. the principal place of business (and country of incorporation, if applicable and different from the principal place of business) of the joint arrangement	-(a)(iii)
d. the proportion of ownership interest or participating share held by the entity and, if different, the proportion of voting rights held (if applicable)	-(a)(iv)
2. for each joint venture that is material to the reporting entity:	-(b)
a. whether the investment in the joint venture is measured using the equity method or at fair value	-(b)(i)
b. if the joint venture is accounted for using the equity method, the fair value of its investment in the joint venture, if there is a quoted market price for the investment	-(b)(iii)
3. the nature and extent of any significant restrictions (e.g., resulting from borrowing arrangements, regulatory requirements or contractual arrangements between investors with joint control of a joint venture) on the ability of joint ventures to transfer funds to the entity in the form of cash dividends, or to repay loans or advances made by the entity	HKFRS12.22 -(a)
4. when the financial statements of a joint venture used in applying the equity method are as of a date or for a period that is different from that of the entity:	-(b)
a. the date of the end of the reporting period of the financial statements of that joint venture	-(b)(i)
b. the reason for using a different date or period	-(b)(ii)
5. the unrecognised share of losses of a joint venture, both for the reporting period and cumulatively, if the entity has stopped recognising its share of losses of the joint venture when applying the equity method	-(c)
Commentary: Where loans to joint ventures are long-term interests to which the equity method is not applied, and in substance, form part of the net investments in the joint ventures, apply HKFRS 9 to impairments of these long-term interests and add relevant disclosures in accordance with HKFRS 7	

19. INVESTMENTS IN JOINT VENTURES

	2020 HK$'000	2019 HK$'000
Share of net assets	5,920	4,932
Goodwill on acquisition	…	…
	5,920	4,932
Loans to joint ventures	500	500
	6,420	5,432

The loans to joint ventures are unsecured, interest-free and repayable on demand. (*Where the loans to joint ventures represent in substance part of the investments in joint ventures as they are unlikely to be repaid in the foreseeable future)* In the opinion of the directors, these loans are unlikely to be repaid in the foreseeable future and are considered as part of the Group's net investments in the joint ventures. There was no recent history of default and past due amounts for loans to joint ventures. As at 31 December 2020 and 2019, the loss allowance was assessed to be minimal.

Where the loans to joint ventures are not part of the Group's net investments in the joint ventures, they should be presented as a separate line item

The Group's trade receivable balances due from the joint ventures are disclosed in note 23 to the financial statements.

Where there are impairments of net investments in joint ventures recognised or reversed during the year, disclose the recoverable amount of the asset (or cash-generating unit) and add other disclosures to meet the requirements of HKAS 36.130 – see page (117)

Particulars of the Group's material joint venture are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
JJJ Corporation	Registered capital of RMB1 each	PRC/ Mainland China	30	30	30	Manufacture and sale of electronic products

The above investment is directly held by the Company.

The Group has discontinued the recognition of its share of losses of a joint venture …Limited because the share of losses of the joint venture exceeded the Group's interest in the joint venture and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of losses of this joint venture for the current year and cumulatively were HK$... (2019: HK$...) and HK$... (2019: HK$...), respectively.

Investments in joint ventures (continued)	
An entity shall disclose for each joint venture that is material to the reporting entity:	HKFRS12.B12
1. dividends received from the joint venture	-(a)
2. summarised financial information about the joint venture including, but not necessarily limited to:	-(b)
a. current assets	-(b)(i)
b. non-current assets	-(b)(ii)
c. current liabilities	-(b)(iii)
d. non-current liabilities	-(b)(iv)
e. revenue	-(b)(v)
f. profit or loss from continuing operations	-(b)(vi)
g. post-tax profit or loss from discontinued operations	-(b)(vii)
h. other comprehensive income	-(b)(viii)
i. total comprehensive income	-(b)(ix)
j. cash and cash equivalents included in current assets	HKFRS12.B13(a)
k. current financial liabilities (excluding trade and other payables and provisions) included in current liabilities	-(b)
l. non-current financial liabilities (excluding trade and other payables and provisions) included in non-current liabilities	-(c)
m. depreciation and amortisation	-(d)
n. interest income	-(e)
o. interest expense	-(f)
p. income tax expense or income	-(g)
3. a reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture	HKFRS12.B14(b)
An entity shall disclose, in aggregate the carrying amount of its interests in all individually immaterial joint ventures that are accounted for using the equity method. An entity shall also disclose separately the amount of its share of those joint ventures':	HKFRS12.B16
1. profit or loss from continuing operations	-(a)
2. post-tax profit or loss from discontinued operations	-(b)
3. other comprehensive income	-(c)
4. total comprehensive income	-(d)
Commentary:	
1. The summarised financial information presented in accordance with HKFRS 12.B12 and B13 shall be the amounts included in the HKFRS financial statements of the joint venture (and not the entity's share of those amounts). If the entity accounts for its interest in the joint venture using the equity method, the amounts included in the HKFRS financial statements of the joint venture shall be adjusted to reflect adjustments made by the entity when using the equity method, such as fair value adjustments made at the time of acquisition and adjustments for differences in accounting policies	HKFRS12.B14(a)
2. An entity may present the summarised financial information required by HKFRS 12.B12 and B13 on the basis of the joint venture's financial statements if:	HKFRS12.B15
a. the entity measures its interest in the joint venture at fair value in accordance with HKAS 28 (as amended in 2011); and	-(a)
b. the joint venture does not prepare HKFRS financial statements and preparation on that basis would be impracticable or cause undue cost	-(b)
In that case, the entity shall disclose the basis on which the summarised financial information has been prepared. This means that summarised financial information is also required even if the fair value option is used to account for the investments by venture capital organisations or similar entities	HKFRS12.B15
3. When an entity's interest in a joint venture (or a portion of its interest is a joint venture) is classified (or included in a disposal group that is classified) as held for sale in accordance with HKFRS 5, the entity is not required to disclose summarised financial information for that joint venture in accordance with HKFRS 12.B12-B16	HKFRS12.B17
4. Please note that the summarised financial information of an individually material joint venture (or associate) is the <u>entire amount</u> whereas the aggregate financial information of individually immaterial joint ventures (or associates) represents only the <u>investor's share</u> of the amount that would have been reported in the investor's financial statements	

19. INVESTMENTS IN JOINT VENTURES (continued)

JJJ Corporation, which is considered a material joint venture of the Group, acts as the Group's distributor of industrial products in Mainland China and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of JJJ Corporation adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2020 HK$'000	2019 HK$'000
Cash and cash equivalents	20,021	18,221
Other current assets	70,224	69,010
Current assets	90,245	87,231
Non-current assets, excluding goodwill	6,322	7,461
Goodwill on acquisition of the joint venture	…	…
Financial liabilities, excluding trade and other payables and provisions	(42,000)	(42,000)
Other current liabilities	(40,140)	(41,335)
Current liabilities	(82,140)	(83,335)
Non-current financial liabilities, excluding trade and other payables and provisions	…	…
Non-current liabilities	…	…
Net assets	14,427	11,357
Net assets, excluding goodwill	…	…
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	30%	30%
Group's share of net assets of the joint venture, excluding goodwill	…	…
Goodwill on acquisition (less cumulative impairment)	…	…
Carrying amount of the investment	4,328	3,407
Revenue	149,360	144,340
Interest income	1,243	1,200
Depreciation and amortisation	(865)	(720)
Interest expenses	(2,400)	(2,400)
Tax	(490)	(353)
Profit and total comprehensive income for the year	2,305	1,883
Post-tax profit or loss from discontinued operations	…	…
Other comprehensive income	…	…
Dividend received	…	…

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2020 HK$'000	2019 HK$'000
Share of the joint ventures' profit for the year	297	242
Share of the joint ventures' post-tax profit or loss from discontinued operations	…	…
Share of the joint ventures' other comprehensive income	…	…
Share of the joint ventures' total comprehensive income	297	242
Aggregate carrying amount of the Group's investments in the joint ventures	2,092	2,025

Investments in associates	
An entity shall disclose information that enables users of its financial statements to evaluate:	HKFRS12.20
1. the nature, extent and financial effects of its interests in associates, including the nature and effects of its contractual relationship with the other investors with significant influence over associates	-(a)
2. the nature of, and changes in, the risks associated with its interests in associates	-(b)
An entity shall disclose:	HKFRS12.21
1. for each associate that is material to the reporting entity:	-(a)
a. the name of the associate	-(a)(i)
b. the nature of the entity's relationship with the associate (by, for example, describing the nature of the activities of the associate and whether they are strategic to the entity's activities)	-(a)(ii)
c. the principal place of business (and country of incorporation, if applicable and different from the principal place of business) of the associate	-(a)(iii)
d. the proportion of ownership interest or participating share held by the entity and, if different, the proportion of voting rights held (if applicable)	-(a)(iv)
2. for each associate that is material to the reporting entity:	-(b)
a. whether the investment in the associate is measured using the equity method or at fair value	-(b)(i)
b. if the associate is accounted for using the equity method, the fair value of its investment in the associate, if there is a quoted market price for the investment	-(b)(iii)
3. the nature and extent of any significant restrictions (e.g., resulting from borrowing arrangements, regulatory requirements or contractual arrangements between investors with significant influence over an associate) on the ability of associates to transfer funds to the entity in the form of cash dividends, or to repay loans or advances made by the entity	HKFRS12.22 -(a)
4. when the financial statements of an associate used in applying the equity method are as of a date or for a period that is different from that of the entity:	-(b)
a. the date of the end of the reporting period of the financial statements of that associate	-(b)(i)
b. the reason for using a different date or period	-(b)(ii)
5. the unrecognised share of losses of an associate, both for the reporting period and cumulatively, if the entity has stopped recognising its share of losses of the associate when applying the equity method	-(c)
The directors of the holding company may consider it is useful to disclose the information that the financial statements of some of the entities in the group have been audited by other auditors and the materiality of those entities to the group. A common way to disclose this information is to include in the schedule of principal subsidiaries and associates, which of those entities have been audited by the other auditors. It may be useful to indicate thereon the significance to the group of the entities that have been so audited by reference to the amount of their assets, turnover or profits or losses before taxation	PN600.1(24)
Commentary: Where loans to associates are long-term interests to which the equity method is not applied, and in substance, form part of the net investments in the associates, apply HKFRS 9 to impairments of these long-term interests and add relevant disclosures in accordance with HKFRS 7	

20. INVESTMENTS IN ASSOCIATES

	2020 HK$'000	2019 HK$'000
Share of net assets	25,192	18,063
Goodwill on acquisition	…	…
	25,192	18,063
Loans to associates	3,068	1,688
	28,260	19,751

The loans to associates are unsecured, interest-free and repayable on demand. (*Where the loans to associates represent in substance part of the investments in associates as they are unlikely to be repaid in the foreseeable future*) In the opinion of the directors, these loans are unlikely to be repaid in the foreseeable future and are considered as part of the Group's net investments in the associates. There was no recent history of default and past due amounts for loans to associates. As at 31 December 2020 and 2019, the loss allowance was assessed to be minimal.

Where the loans to associates are not part of the Group's net investments in the associates, they should be presented as a separate line item

The loans from associates included in the Group's current liabilities totalling HK$500,000 (2019: HK$500,000) are unsecured, interest-free and are repayable on demand or within one year.

The Group's trade receivable and payable balances with the associates are disclosed in notes 23 and 29 to the financial statements, respectively.

Where there are impairments of net investments in associates recognised or reversed during the year, disclose the recoverable amount of the asset (or cash-generating unit) and add other disclosures to meet the requirements of HKAS 36.130 – see page (117)

Particulars of the material associate are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activity
MMM Limited	Ordinary shares	Hong Kong	50	Manufacture of industrial products

The Group's shareholdings in the associates all comprise equity shares held by the Company, except for MMM Limited, the shareholding in which is held through a wholly-owned subsidiary of the Company.

The financial years of the above associates are coterminous with that of the Group, except for … Limited which has a financial year ending 31 January. The consolidated financial statements are adjusted for significant transactions or events, including those between … Limited and group companies, between 1 January and 31 January. … Limited uses 31 January as its financial year end date to conform with that of its holding company.

Investments in associates (continued)	
An entity shall disclose for each associate that is material to the reporting entity:	HKFRS12.B12
1. dividends received from the associate	-(a)
2. summarised financial information about the associate including, but not necessarily limited to:	-(b)
a. current assets	-(b)(i)
b. non-current assets	-(b)(ii)
c. current liabilities	-(b)(iii)
d. non-current liabilities	-(b)(iv)
e. revenue	-(b)(v)
f. profit or loss from continuing operations	-(b)(vi)
g. post-tax profit or loss from discontinued operations	-(b)(vii)
h. other comprehensive income	-(b)(viii)
i. total comprehensive income	-(b)(ix)
3. a reconciliation of the summarised financial information presented to the carrying amount of its interest in the associate	HKFRS12.B14(b)
An entity shall disclose, in aggregate the carrying amount of its interests in all individually immaterial associates that are accounted for using the equity method. An entity shall also disclose separately the amount of its share of those associates':	HKFRS12.B16
1. profit or loss from continuing operations	-(a)
2. post-tax profit or loss from discontinued operations	-(b)
3. other comprehensive income	-(c)
4. total comprehensive income	-(d)
Commentary:	
1. The summarised financial information presented in accordance with HKFRS 12.B12 shall be the amounts included in the HKFRS financial statements of the associate (and not the entity's share of those amounts). If the entity accounts for its interest in the associate using the equity method, the amounts included in the HKFRS financial statements of the associate shall be adjusted to reflect adjustments made by the entity when using the equity method, such as fair value adjustments made at the time of acquisition and adjustments for differences in accounting policies	HKFRS12.B14(a)
2. An entity may present the summarised financial information required by HKFRS 12.B12 on the basis of the associate's financial statements if:	HKFRS12.B15
a. the entity measures its interest in the associate at fair value in accordance with HKAS 28 (as amended in 2011); and	-(a)
b. the associate does not prepare HKFRS financial statements and preparation on that basis would be impracticable or cause undue cost	-(b)
In that case, the entity shall disclose the basis on which the summarised financial information has been prepared. This means that summarised financial information is also required even if the fair value option is used to account for the investments by venture capital organisations or similar entities	HKFRS12.B15
3. When an entity's interest in an associate (or a portion of its interest in an associate) is classified (or included in a disposal group that is classified) as held for sale in accordance with HKFRS 5, the entity is not required to disclose summarised financial information for that associate in accordance with HKFRS 12.B12, B14 to B16	HKFRS12.B17
4. Please note that the summarised financial information of an individually material associate (or joint venture) is the <u>entire amount</u> whereas the aggregate financial information of individually immaterial associates (or joint ventures) represents only the <u>investor's share</u> of the amount that would have been reported in the investor's financial statements	

20. INVESTMENTS IN ASSOCIATES (continued)

The Group has discontinued the recognition of its share of losses of associate …Limited because the share of losses of the associate exceeded the Group's interest in the associate and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of losses of this associate for the current year and cumulatively were HK$... (2019: HK$...) and HK$... (2019: HK$...), respectively.

MMM Limited, which is considered a material associate of the Group, is a strategic partner of the Group engaged in the manufacture of industrial products and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of MMM Limited adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2020 HK$'000	2019 HK$'000
Current assets	105,387	95,378
Non-current assets, excluding goodwill	11,244	10,475
Goodwill on acquisition of the associate	…	…
Current liabilities	(78,380)	(75,840)
Non-current liabilities	(5,000)	(6,700)
Net assets	33,251	23,313
Net assets, excluding goodwill	…	…
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	50%	50%
Group's share of net assets of the associate, excluding goodwill	…	…
Goodwill on acquisition (less cumulative impairment)	…	…
Carrying amount of the investment	16,625	11,656
Revenue	183,280	158,963
Profit for the year	12,981	10,154
Post-tax profit or loss from discontinued operations	…	…
Other comprehensive income	…	…
Total comprehensive income for the year	12,981	10,154
Dividend received	…	…
(Where there is a quoted market price for the material associate)		
Fair value of the Group's investment	…	…

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2020 HK$'000	2019 HK$'000
Share of the associates' profit for the year	639	3,605
Share of the associates' post-tax profit or loss from discontinued operations	…	…
Share of the associates' other comprehensive income	…	…
Share of the associates' total comprehensive income	639	3,605
Aggregate carrying amount of the Group's investments in the associates	11,635	8,095

General disclosure requirements applicable to financial instruments	
An entity shall disclose information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance	HKFRS7.7
Equity investments designated at fair value through other comprehensive income	
If an entity has designated investments in equity instruments to be measured at fair value through other comprehensive income, as permitted by HKFRS 9.5.7.5, it shall disclose:	HKFRS7.11A
1. which investments in equity instruments have been designated to be measured at fair value through other comprehensive income	-(a)
2. the reasons for using this presentation alternative	-(b)
3. the fair value of each such investment at the end of the reporting period	-(c)
4. dividends recognised during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period	-(d)
5. any transfers of the cumulative gain or loss within equity during the period including the reason for such transfers	-(e)
If an entity derecognised investments in equity instruments measured at fair value through other comprehensive income during the reporting period, it shall disclose:	HKFRS7.11B
1. the reasons for disposing of the investments	-(a)
2. the fair value of the investments at the date of derecognition	-(b)
3. the cumulative gain or loss on disposal	-(c)
An entity shall disclose:	HKFRS7.20
1. net gains or net losses on investments in equity instruments designated at fair value through other comprehensive income in accordance with HKFRS 9.5.7.5	-(a)(vii)
2. net gains or net losses on financial assets measured at fair value through other comprehensive income in accordance with HKFRS 9.4.1.2A, showing separately the amount of gain or loss recognised directly in other comprehensive income during the period and the amount reclassified upon derecognition from accumulated other comprehensive income to profit or loss for the period	-(a)(viii)
An entity shall disclose if, in the current or previous reporting periods, it has reclassified any financial assets in accordance with HKFRS 9.4.4.1:	HKFRS7.12B
1. the date of reclassification	-(a)
2. a detailed explanation of the change in business model and a qualitative description of its effect on the entity's financial statements	-(b)
3. the amount reclassified into and out of each category	-(c)
If, since its last annual reporting date, an entity has reclassified financial assets out of the fair value through other comprehensive income category so that they are measured at amortised cost, it shall disclose:	HKFRS7.12D
1. the fair value of the financial assets at the end of the reporting period	- (a)
2. the fair value gain or loss that would have been recognised in other comprehensive income during the reporting period if the financial assets had not been reclassified	- (b)
Commentary:	
1. When the value of investments changes so significantly from their carrying value at the end of the reporting period that non-disclosure would reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about the reporting entity, the nature of the event and an estimate of its financial effect shall be disclosed in accordance with HKAS 10.21	
2. The carrying amount of financial assets measured at fair value through other comprehensive income in accordance with HKFRS 9.4.1.2A (e.g., debt investments) is not reduced by a loss allowance [for credit losses] and an entity shall not present the loss allowance separately in the statement of financial position as a reduction of the carrying amount of the financial asset. However, an entity shall disclose the loss allowance in the notes to the financial statements	HKFRS7.16A

21. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020 HK$'000	2019 HK$'000
Equity investments designated at fair value through other comprehensive income		
Listed equity investments, at fair value		
JJJ Limited	5,812	-
KKK Limited	2,735	-
LLL Limited	1,446	-
	9,993	-
Unlisted equity investments, at fair value		
PPP Limited	3,716	3,396
QQQ Limited	1,859	1,559
RRR Limited	-	620
	5,575	5,575
	15,568	5,575

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

In October 2020, the Group sold its equity interest in RRR Limited as this investment no longer coincided with the Group's investment strategy. The fair value on the date of sale was HK$620,000 and the accumulated gain recognised in other comprehensive income of HK$120,000 was transferred to retained earnings. During the year ended 31 December 2020, the Group received dividends in the amounts of HK$52,000 (2019: Nil), HK$32,000 (2019: HK$44,000) and HK$20,000 (2019: HK$26,000) from JJJ Limited, PPP Limited and QQQ Limited, respectively.

Inventories The financial statements shall disclose: 1. the total carrying amount of inventories and the carrying amount in classifications appropriate to the entity 2. the carrying amount of inventories carried at fair value less costs to sell 3. the carrying amount of inventories pledged as security for liabilities	HKAS2.36 -(b) -(c) -(h)
Assets recognised from the costs to obtain or fulfil a contract with a customer An entity shall disclose all of the following: 1. the closing balances of assets recognised from the costs incurred to obtain or fulfil a contract with a customer (in accordance with HKFRS 15.91 or 95), by main category of asset (for example, costs to obtain contracts with customers, pre-contract costs and setup costs) 2. the amount of amortisation and any impairment losses recognised in the reporting period	HKFRS15.128 -(a) -(b)

21. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

(*If there are investments pledged to secure the liabilities of the Group or other parties*) As at 31 December 2020, the Group's listed equity investments with a carrying value of HK$... (2019: HK$...) were pledged as security for the Group's bank loans, as further detailed in note … to the financial statements.

(*If the value of the investments has fallen or risen significantly after the end of the reporting period*) The market value of the Group's listed equity investments at the date of approval of these financial statements was approximately HK$... .

22. INVENTORIES

	2020 HK$'000	2019 HK$'000
Raw materials	75,460	105,859
Work in progress	24,985	21,633
Finished goods	16,086	18,855
	116,531	146,347

At 31 December 2020, the Group's inventories with a carrying amount of HK$5,350,000 (2019: HK$4,670,000) were pledged as security for the Group's bank loans, as further detailed in note 32 to the financial statements.

Trade receivables – general disclosures An entity shall disclose, either in the statement of financial position or in the notes, further subclassifications of the line items presented, classified in a manner appropriate to the entity's operations. For example, receivables are disaggregated into amounts receivable from trade customers, receivables from related parties, prepayments and other amounts	HKAS1.77 &78(b)
If an entity has had related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. At a minimum, disclosures shall include the amount of outstanding balances, including commitments, and (i) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and (ii) details of any guarantees given or received	HKAS24.18(b)
The disclosures required by HKAS 24.18 shall be made separately for each of the following categories: 1. the parent 2. entities with joint control or significant influence over the entity 3. subsidiaries 4. associates 5. joint ventures in which the entity is a venturer 6. key management personnel of the entity or its parent 7. other related parties	HKAS 24.19
Financial statements shall include ageing analysis of accounts receivable	A16(4)(2)(a) /GEM18.50B(2)(a)
Please refer to pages (128) and (129) for the disclosure requirements regarding the impairment of trade receivables	
The basis on which the ageing analysis is presented should be disclosed	A16(4)(2)(4.2) /GEM18.50B(2)(Note)
Commentary: The ageing analysis should normally be presented on the basis of the date of the relevant invoice or demand note and categorised into time-bands based on analysis used by an issuer's management to monitor the issuer's financial position	A16(4)(2)(4.2) /GEM18.50B(2)(Note)
According to the FAQ published by the Stock Exchange on 6 February 2015, for issuers in industries that do not issue invoices to their customers, there may be sales and purchase contracts entered into between the company and its customers which set out the agreed payment schedule. In such cases, the issuer should present the ageing analysis based on the payment schedule set out in the sales and purchase contracts	
Trade receivables – derecognition Please refer to pages 214 to 216 for the disclosure requirements relating to transfers of financial assets	

23. TRADE RECEIVABLES

	2020 HK$'000	2019 HK$'000
Trade receivables	100,774	104,481
Impairment	(386)	(390)
	100,388	104,091

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks 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. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Included in the Group's trade receivables are amounts due from the Group's joint ventures and associates of HK$255,000 (2019: HK$153,000) and HK$53,000 (2019: HK$35,000), respectively, which are repayable on credit terms similar to those offered to the major customers of the Group.

A subsidiary has pledged trade receivables of approximately HK$5,000,000 (2019: HK$2,000,000) to secure a bank loan granted to a major supplier.

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

	2020 HK$'000	2019 HK$'000
Within 1 month	46,612	52,425
1 to 2 months	27,759	28,378
2 to 3 months	23,720	20,648
Over 3 months	2,297	2,640
	100,388	104,091

Trade receivables – credit risk and impairment	
To explain the changes in the loss allowance and the reasons for those changes, an entity shall provide, by class of financial instrument, a reconciliation from the opening balance to the closing balance of the loss allowance, in a table, showing separately the changes during the period for:	HKFRS7.35H
1. the loss allowance measured at an amount equal to 12-month expected credit losses	-(a)
2. the loss allowance measured at an amount equal to lifetime expected credit losses for:	-(b)
a. financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets	-(b)(i)
b. financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired)	-(b)(ii)
c. trade receivables, contract assets or lease receivables for which the loss allowances are measured in accordance with HKFRS 9.5.5.15	-(b)(iii)
3. financial assets that are purchased or originated credit-impaired. In addition to the reconciliation, an entity shall disclose the total amount of undiscounted expected credit losses at initial recognition on financial assets initially recognised during the reporting period	-(c)
In addition to the reconciliation from the opening balance to the closing balance of the loss allowance, it may be necessary to provide a narrative explanation of the changes. This narrative explanation may include an analysis of the reasons for changes in the loss allowance during the period, including:	
1. the portfolio composition	
2. the volume of financial instruments purchased or originated	
3. the severity of the expected credit losses	HKFRS7.B8D
When the entity considers external ratings when managing and monitoring credit quality, the entity might disclose information about:	HKFRS7.IG24
1. the amounts of credit exposures for each external credit grade	-(a)
2. the rating agencies used	-(b)
3. the amount of an entity‘s rated and unrated credit exposures	-(c)
4. the relationship between internal and external ratings	-(d)
When the entity considers internal credit ratings when managing and monitoring credit quality, the entity might disclose information about:	HKFRS7.IG25
1. the internal credit ratings process	-(a)
2. the amounts of credit exposures for each internal credit grade	-(b)
3. the relationship between internal and external ratings	-(c)
To enable users of financial statements to understand the changes in the loss allowance disclosed in accordance with HKFRS 7.35H, an entity shall provide an explanation of how significant changes in the gross carrying amount of financial instruments during the period contributed to changes in the loss allowance. The information shall be provided separately for financial instruments and shall include relevant qualitative and quantitative information. Examples of changes in the gross carrying amount of financial instruments that contributed to the changes in the loss allowance may include:	HKFRS7.35I
1. changes because of financial instruments originated or acquired during the reporting period	-(a)
2. the modification of contractual cash flows on financial assets that do not result in a derecognition of those financial assets in accordance with HKFRS 9	-(b)
3. changes because of financial instruments that were derecognised (including those that were written-off) during the reporting period	-(c)
4. changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses	-(d)

23. TRADE RECEIVABLES (continued)

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

	2020 HK$'000	2019 HK$'000
At beginning of year	390	385
Impairment losses[, net] (note 6)	(4)	5
Amount written off as uncollectible	(…)	(…)
At end of year	386	390

The decrease (2019: increase) in the loss allowance was due to the following significant changes in the gross carrying amount:

(a) Decrease in the loss allowance of HK$... (2019: HK$...) as a result of a net decrease (2019: decrease) in the gross carrying amount after the settlement of trade receivables and origination of new trade receivables;

(b) Increase in the loss allowance of HK$... as a result of an increase in trade receivables which were past due for over 3 months (2019: increase in the loss allowance of HK$... as a result of an increase in trade receivables which were past due for less than 1 month); and

(c) Decrease in the loss allowance of HK$... (2019: HK$...) as a result of the write-off of certain trade receivables.

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

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

As at 31 December 2020

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.31%	0.44%	0.79%	1.08%	0.38%
Gross carrying amount (HK$'000)	61,528	34,289	2,540	2,417	100,774
Expected credit losses (HK$'000)	189	151	20	26	386

As at 31 December 2019

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.31%	0.45%	0.81%	0.96%	0.37%
Gross carrying amount (HK$'000)	65,387	36,487	2,085	522	104,481
Expected credit losses (HK$'000)	203	165	17	5	390

The illustrative disclosures for transfers of financial assets relating to endorsement of bills and trade receivable factoring arrangements are provided on page 215

Trade receivables – credit risk and impairment (continued)	
For trade receivables, contract assets and lease receivables on which lifetime expected credit losses are recognised in accordance with HKFRS 9.5.5.15 and if those assets are modified while more than 30 days past due, disclose:	HKFRS7.35A(a)
1. the amortised cost before the modification and the net modification gain or loss recognised for financial assets for which the contractual cash flows have been modified during the reporting period while they had a loss allowance measured at an amount equal to lifetime expected credit losses	HKFRS7.35J(a)
2. the gross carrying amount at the end of the reporting period of financial assets that have been modified since initial recognition at a time when the loss allowance was measured at an amount equal to lifetime expected credit losses and for which the loss allowance has changed during the reporting period to an amount equal to 12-month expected credit losses	HKFRS7.35J(b)
To enable users of financial statements to understand the effect of collateral and other credit enhancements on the amounts arising from expected credit losses, an entity shall disclose by class of financial instrument:	HKFRS7.35K
1. the amount that best represents its maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements (e.g., netting agreements that do not qualify for offset in accordance with HKAS 32)	-(a)
2. a narrative description of collateral held as security and other credit enhancements, including:	-(b)
a. a description of the nature and quality of the collateral held	-(i)
b. an explanation of any significant changes in the quality of that collateral or credit enhancements as a result of deterioration or changes in the collateral policies of the entity during the reporting period	-(ii)
c. information about financial instruments for which an entity has not recognised a loss allowance because of the collateral	-(iii)
d. a narrative description of collateral and its effect on amounts of expected credit losses which might include information about:	HKFRS7.B8G
i. the main types of collateral held as security and other credit enhancements (examples of the latter being guarantees, credit derivatives and netting agreements that do not qualify for offset in accordance with HKAS 32)	-(a)
ii. the volume of collateral held and other credit enhancements and its significance in terms of the loss allowance	-(b)
iii. the policies and processes for valuing and managing collateral and other credit enhancements	-(c)
iv. the main types of counterparties to collateral and other credit enhancements and their creditworthiness	-(d)
v. information about risk concentrations within the collateral and other credit enhancements	-(e)
3. quantitative information about the collateral held as security and other credit enhancements (for example, quantification of the extent to which collateral and other credit enhancements mitigate credit risk) for financial assets that are credit-impaired at the reporting date	HKFRS7.35K(c)
To enable users of financial statements to assess an entity's credit risk exposure and understand its significant credit risk concentrations, an entity shall disclose, by credit risk rating grades, the gross carrying amount of financial assets and the exposure to credit risk on loan commitments and financial guarantee contracts. For trade receivables, contract assets and lease receivables to which an entity applies HKFRS 9.5.5.15, the information provided in accordance with HKFRS 7.35M may be based on a provision matrix (see HKFRS 9.B5.5.35)	HKFRS7.35M HKFRS7.35N
An entity shall disclose the contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity	HKFRS7.35L
When an entity obtains financial or non-financial assets during the period by taking possession of collateral it holds as security or calling on other credit enhancements (e.g., guarantees), and such assets meet the recognition criteria in other standards, an entity shall disclose for such assets held at the reporting date:	HKFRS7.38
1. the nature and carrying amount of the assets	-(a)
2. when the assets are not readily convertible into cash, its policies for disposing of such assets or for using them in its operations	-(b)
Commentary:	
The disclosure of summary quantitative data shall be based on information provided internally to key management personnel of the entity, e.g., the entity's board of directors or chief executive officer	HKFRS7.34(a)

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Prepayments, other receivables and other assets If the entity has designated as measured at fair value through profit or loss a financial asset (or group of financial assets) that would otherwise be measured at fair value through other comprehensive income or amortised cost, it shall disclose:	
1. the maximum exposure to credit risk of the financial asset (or group of financial assets) at the end of the reporting period	HKFRS7.9(a)
2. the amount by which any related credit derivatives or similar instruments mitigate that maximum exposure to credit risk	HKFRS7.9(b)
3. the amount of change, during the period and cumulatively, in the fair value of the financial asset (or group of financial assets) that is attributable to changes in the credit risk of the financial asset determined either: a. as the amount of change in its fair value that is not attributable to changes in market conditions that give rise to market risk; or b. using an alternative method the entity believes more faithfully represents the amount of change in its fair value that is attributable to changes in the credit risk of the asset Changes in market conditions that give rise to market risk include changes in an observed (benchmark) interest rate, commodity price, foreign exchange rate or index of prices or rates	HKFRS7.9(c)
4. the amount of the change in the fair value of any related credit derivatives or similar instruments that has occurred during the period and cumulatively since the financial asset was designated	HKFRS7.9(d)
5. a detailed description of the methods used to comply with the requirements in HKFRS 7.9(c)	HKFRS7.11(a)
6. if the entity believes that the disclosure it has given, either in the statement of financial position or in the notes, to comply with the requirements in HKFRS 7.9(c) does not faithfully represent the change in the fair value of the financial asset or financial liability attributable to changes in its credit risk, the reasons for reaching this conclusion and the factors it believes are relevant	HKFRS7.11(b)
Details of the disclosure requirements related to credit risk and impairment are included on pages (128) and (129) while disclosure requirements related to derecognition or transfers of financial assets are included on pages 214 to 216	
Loans to employees The financial statements for a financial year must contain, under separate headings, the aggregate amount of any outstanding loans made under the authority of sections 280 and 281 of the Companies Ordinance during the financial year	Sch4.Part1.1

24. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Note	2020 HK$'000	2019 HK$'000
Prepayments		9,900	7,045
Deposits and other receivables		18,611	18,691
Right-of-return assets		4,620	4,138
Loans to directors	26	2,890	1,705
Loans to employees		…	…
		36,021	31,579
Impairment allowance		(…)	(…)
		36,021	31,579

The loans to employees were given by the Company for the purpose of enabling the employees to acquire shares of the Company.

Deposits and other receivables mainly represent rental deposits and deposits with suppliers. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. As at 31 December 2020, the probability of default applied ranged from …% to …% (2019: …% to …%) and the loss given default was estimated to be …% (2019: …%). In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied where there were no comparable companies as at 31 December 2020 was …% (2019: …%).

For financial assets included above, disclose any significant credit risk information required by HKFRS 7.34(a), HKFRS 7.35K and HKFRS 7.35L, quantitative and qualitative information about amounts arising from expected credit losses required by HKFRS 7.35H and HKFRS 7.35I, and the information required by HKFRS 7.38 regarding any assets obtained during the year by taking possession of collateral. Refer to the disclosure requirements on pages (128) and (129)

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2020 and 2019, the loss allowance was assessed to be minimal.

Provide other information about the credit quality, e.g., by reference to credit ratings

Contract assets An entity shall disclose the opening and closing balances of contract assets from contracts with customers, if not otherwise separately presented or disclosed	HKFRS15.116(a)
An entity shall provide an explanation of the significant changes in the contract asset balance during the reporting period. The explanation shall include qualitative and quantitative information. Examples of changes in the entity's balance of contract assets include any of the following:	HKFRS15.118
1. changes due to business combinations	-(a)
2. cumulative catch-up adjustments to revenue that affect the corresponding contract asset, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained) or a contract modification	-(b)
3. impairment of a contract asset	-(c)
4. a change in the time frame for a right to consideration to become unconditional (i.e. for a contract asset to be reclassified to a receivable)	-(d)
Details of the disclosure requirements related to credit risk and impairment are included on pages (128) and (129)	

25. CONTRACT ASSETS

	31 December 2020 HK$'000	31 December 2019 HK$'000	1 January 2019 HK$'000
Contract assets arising from:			
Sale of industrial products	11,549	10,344	9,827
Installation services	2,887	2,586	2,456
Construction services	14,939	14,961	14,553
	29,375	27,891	26,836
Impairment	(114)	(85)	(69)
	29,261	27,806	26,767

Contract assets are initially recognised for revenue earned from the sale of industrial products and the provision of related installation services and construction services as the receipt of consideration is conditional on successful completion of installation of the industrial products and construction, respectively. Included in contract assets for construction services are retention receivables. Upon completion of installation or construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The increase in contract assets in 2020 and 2019 was the result of the increase in the ongoing sale of industrial products and the provision of construction services at the end of each of the years.

Add further explanation as applicable

During the year ended 31 December 2020, HK$29,000 (2019: HK$16,000) was recognised as an allowance for expected credit losses on contract assets. The Group's trading terms and credit policy with customers are disclosed in note 23 to the financial statements.

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

	2020 HK$'000	2019 HK$'000
Within one year	7,401	7,225
After one year	21,860	20,581
Total contract assets	29,261	27,806

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25. CONTRACT ASSETS (continued)

The movements in the loss allowance for impairment of contract assets are as follows:

	2020 HK$'000	2019 HK$'000
At beginning of year	85	69
Impairment losses[, net] (note 6)	29	16
Amount written off as uncollectible	(…)	(…)
At end of year	114	85

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

	2020	2019
Expected credit loss rate	0.39%	0.30%
Gross carrying amount (HK$'000)	29,375	27,891
Expected credit losses (HK$'000)	114	85

Provide other information about the credit quality, e.g., by reference to external or internal credit ratings (if available) or historical information about counterparty default rates

Included in the Group's contract assets are amounts due from the Group's joint ventures and associates of HK$… and HK$…, respectively, which are repayable on credit terms similar to those offered to the major customers of the Group.

A subsidiary has pledged contract assets of approximately HK$… to secure a bank loan granted to a major supplier.

Loans to directors and officers	
If an entity has had related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. At a minimum, disclosures shall include:	HKAS24.18
1. the amount of the transactions	-(a)
2. the amount of outstanding balances, including commitments, and:	-(b)
a. their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement	-(b)(i)
b. details of any guarantees given or received	-(b)(ii)
3. provisions for doubtful debts related to the amount of outstanding balances	-(c)
4. the expense recognised during the period in respect of bad or doubtful debts due from related parties	-(d)
The financial statements for a financial year must contain, in the notes to the statements, the information prescribed by the regulations made under sections 451 and 452 of the Companies Ordinance about the loans, quasi-loans and other dealings in favour of:	S383(1)(d)
1. directors and shadow directors (as defined in section 2(1) of the Companies Ordinance) of the company and of a holding company of the company	-(i)
2. bodies corporate controlled by such directors	-(ii)
3. entities connected with such directors	-(iii)
A listed issuer (whether or not it is incorporated in Hong Kong) shall include disclosures of the aggregate amount of authorised loans as required under Schedule 4 Part 1(1) of the Companies Ordinance in the financial statements	A16(28)(1)(b)(i) /GEM18.07A(1)(b)(i)
The financial statements for a financial year must contain, under separate headings, the aggregate amount of any outstanding loans made under the authority of sections 280 and 281 of the Companies Ordinance during the financial year	Sch4.Part1.1
If the transaction referred to in C(DIBD)R.15(1)&(2) consists of a guarantee or security in connection with a loan, quasi-loan or credit transaction, disclose:	C(DIBD)R.15(3)(c)
1. the amount representing the maximum liability that may be incurred under the guarantee or security at the beginning and at the end of the financial year	-(i)&(ia)
2. (if, at different times during the financial year, the amounts representing the maximum liability that may be so incurred are different) the greatest of those amounts	-(ii)
3. the amount paid and the amount of any liability incurred during the financial year for the purpose of fulfilling the guarantee or discharging the security, including any loss incurred by reason of the enforcement of the guarantee or security	-(iii)
The details of disclosure requirements for loans to directors are included in Part 3 of C(DIBD)R. As the disclosure requirements under Part 3 of C(DIBD)R are extensive, the details are included in Appendix 4. “Directors” include shadow directors (i.e., a person whose directions or instructions which the directors, or a majority of the directors, of the body corporate are accustomed to act)	

26. LOANS TO DIRECTORS

Loans to directors, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

Name	At 31 December 2020 HK$'000	Maximum amount outstanding during the year HK$'000	At 31 December 2019 and 1 January 2020 HK$'000	Maximum amount outstanding during the prior year HK$'000	At 1 January 2019 HK$'000	Security held
Mr. A	1,300	1,300	1,300	1,300	1,300	Marketable securities
Mr. B	1,140	1,140	-	-	-	Residential property
XYZ Limited (controlled by Mr. A)	450	450	405	405	405	None
	2,890		1,705		1,705	

The loans granted to directors bear interest at the Hong Kong dollar prime rate plus 2% per annum and are repayable on demand.

A provision relating to the loan balances as at 31 December 2020 and 2019 of HK$... has been made during the current and prior years.

Include additional information as appropriate, e.g., quantitative and qualitative information about the amounts arising from expected credit losses required by HKFRS 7.35H and HKFRS 7.35I. Refer to page (128) for disclosure requirements

The Group has executed guarantees to a third party finance company in respect of a loan to a director of the Company as follows:

	Maximum liability under the guarantees				
Name of borrower	At 31 December 2020 HK$'000	During the year HK$'000	At 31 December 2019 and 1 January 2020 HK$'000	During the prior year HK$'000	At 1 January 2019 HK$'000
Mr. A	…	…	…	…	…

The Group did not pay or incur any liability during the current year (2019: Nil) for the purpose of fulfilling the guarantees. The guarantees will expire on 31 December 2021 or when the director ceases to be employed by the Company, whenever is earlier.

Financial assets at fair value through profit or loss	
The carrying amounts of financial assets measured at fair value through profit or loss, showing separately (i) those designated as such upon initial recognition or subsequently in accordance with HKFRS 9.6.7.1 and (ii) those mandatorily measured at fair value through profit or loss in accordance with HKFRS 9, shall be disclosed either in the statement of financial position or in the notes	HKFRS 7.8(a)
An entity shall disclose the measurement basis (or bases) used in preparing the financial statements and other accounting policies used that are relevant to an understanding of the financial statements.	
For financial assets designated as at fair value through profit or loss, such disclosure may include:	HKFRS7.B5(a)
1. the nature of the financial assets the entity has designated as at fair value through profit or loss	-(i)
2. the criteria for so designating such financial assets on initial recognition	-(ii)
3. how the entity has satisfied the conditions for such designation:	
a. For instruments designated at fair value through profit or loss to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or recognising the gains and losses on them on different bases, that disclosure includes a narrative description of the circumstances underlying the measurement or recognition inconsistency that would otherwise arise	-(iii)
b. For instruments designated at fair value through profit or loss because a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity‘s key management personnel, that disclosure includes a narrative description of how designation at fair value through profit or loss is consistent with the entity‘s documented risk management or investment strategy	-(iii)
An entity shall disclose if, in the current or previous reporting periods, it has reclassified any financial assets in accordance with HKFRS 9.4.4.1:	HKFRS7.12B
1. the date of reclassification	-(a)
2. a detailed explanation of the change in business model and a qualitative description of its effect on the entity’s financial statements	-(b)
3. the amount reclassified into and out of each category	-(c)
If, since its last annual reporting date, an entity has reclassified financial assets out of the fair value through profit or loss category so that they are measured at amortised cost or fair value through other comprehensive income, it shall disclose:	HKFRS7.12D
1. the fair value of the financial assets at the end of the reporting period	-(a)
2. the fair value gain or loss that would have been recognised in profit or loss during the reporting period if the financial assets had not been reclassified	-(b)
3. the effective interest rate determined on the date of reclassification	HKFRS7.12C(a)
4. the interest revenue recognised	HKFRS7.12C(b)
Please refer to pages 214 to 216 for the disclosure requirements relating to transfers of financial assets	
Cash and cash equivalents and pledged deposits	
An entity shall classify an asset as current when the asset is cash or a cash equivalent (as defined in HKAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period	HKAS1.66(d)
An entity shall disclose, together with a commentary by management, the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the group	HKAS7.48

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 HK$'000	2019 HK$'000
Listed equity investments, at fair value	19,500	4,500
Other unlisted investments, at fair value	600	500
	20,100	5,000

The above equity investments were classified as financial assets at fair value through profit or loss as they were held for trading (***Or*** as the Group has not elected to recognise the fair value gain or loss through other comprehensive income).

The above unlisted investments were wealth management products issued by banks in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

Add disclosures required as stated on the opposite page (134) in respect of financial assets designated as at fair value through profit or loss

(*If the value of the investments has fallen or risen significantly after the reporting period*) The fair value of the Group's short term investments at the date of approval of these financial statements was approximately HK$... .

28. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Notes	2020 HK$'000	2019 HK$'000
Cash and bank balances		58,053	30,032
Time deposits		51,000	25,500
		109,053	55,532
Less: Pledged time deposits:			
Pledged for long term bank loans	32(b)	(25,500)	(25,500)
Pledged for bank overdraft facilities	32(a)	(10,500)	-
Cash and cash equivalents		73,053	30,032

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi (“RMB”) amounted to HK$15,670,000 (2019: HK$9,847,000). 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.

Trade and bills payables or other payables and accruals An entity shall disclose, either in the statement of financial position or in the notes, further subclassifications of the line items presented, classified in a manner appropriate to the entity's operations	HKAS1.77
If an entity has had related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. At a minimum, disclosures shall include the amount of outstanding balances, including commitments, and (i) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and (ii) details of any guarantees given or received	HKAS24.18(b)
The disclosures required by HKAS 24.18 shall be made separately for each of the following categories: 1. the parent 2. entities with joint control or significant influence over the entity 3. subsidiaries 4. associates 5. joint ventures in which the entity is a venturer 6. key management personnel of the entity or its parent 7. other related parties	HKAS 24.19
Financial statements shall include an ageing analysis of accounts payable	A16(4)(2)(b) /GEM18.50B(2)(b)
Commentary: The ageing analysis should normally be presented on the basis of the date of the relevant invoice or demand note and categorised into time-bands based on analysis used by an issuer's management to monitor the issuer's financial position	A16(4)(2)(4.2) /GEM18.50B(2)(Note)
According to the FAQ published by the Stock Exchange on 6 February 2015, for issuers in industries that do not issue invoices to their customers, there may be sales and purchase contracts entered into between the company and its customers which set out the agreed payment schedule. In such cases, the issuer should present the ageing analysis based on the payment schedule set out in the sales and purchase contracts	

28. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (continued)

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 three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

Provide other information about the credit quality, e.g., by reference to credit ratings

29. TRADE AND BILLS PAYABLES

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

	2020 HK$'000	2019 HK$'000
Within 1 month	31,316	33,392
1 to 2 months	25,620	18,638
2 to 3 months	10,565	8,498
Over 3 months	5,645	4,289
	73,146	64,817

Included in the trade and bills payables are trade payables of HK$155,000 (2019: HK$125,000) due to associates which are repayable within 90 days, which represents credit terms similar to those offered by the associates to their major customers.

The trade payables included in a disposal group (note 11) of HK$7,671,000 are aged over three months and the remaining balance of HK$625,000 is aged over six months.

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

30. OTHER PAYABLES AND ACCRUALS

	Notes	2020 HK$'000	2019 HK$'000
Deferred revenue		100	630
Contract liabilities	(a)	619	569
Refund liabilities		10,586	6,445
Other payables	(b)	4,932	5,690
Accruals		2,595	1,086
Financial guarantee contracts	(c)	280	20
Due to the ultimate holding company	46(d)(i)	27,656	3,992
		46,768	18,432

Contract liabilities An entity shall disclose the opening and closing balances of contract liabilities from contracts with customers, if not otherwise separately presented or disclosed	HKFRS15.116(a)
An entity shall provide an explanation of the significant changes in the contract liability balance during the reporting period. The explanation shall include qualitative and quantitative information. Examples of changes in the entity's balance of contract liabilities include any of the following:	HKFRS15.118
1. changes due to business combinations	-(a)
2. cumulative catch-up adjustments to revenue that affect the corresponding contract liability, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained) or a contract modification	-(b)
3. a change in the time frame for a performance obligation to be satisfied (i.e. for the recognition of revenue arising from a contract liability)	-(e)
Financial guarantee contracts *Commentary*: For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. An entity should disclose information about the changes in the loss allowance for financial assets separately from those for loan commitments and financial guarantee contracts. However, if a financial instrument includes both a loan (i.e., financial asset) and an undrawn commitment (i.e., loan commitment) component and the entity cannot separately identify the expected credit losses on the loan commitment component from those on the financial asset component, the expected credit losses on the loan commitment should be recognised together with the loss allowance for the financial asset. To the extent that the combined expected credit losses exceed the gross carrying amount of the financial asset, the expected credit losses should be recognised as a provision	HKFRS7.B8E

30. OTHER PAYABLES AND ACCRUALS (continued)

Notes:

(a) Details of contract liabilities are as follows:

	31 December 2020 HK$'000	31 December 2019 HK$'000	1 January 2019 HK$'000
Short-term advances received from customers			
Sale of goods and installation services	319	269	242
Construction services	250	245	220
Management services	50	55	50
Total contract liabilities	619	569	512

Contract liabilities include short-term advances received to deliver industrial products and render installation, construction and management services. The increase in contract liabilities in 2020 and 2019 was mainly due to the increase in short-term advances received from customers in relation to the provision of construction services at the end of the year.

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

(c) The financial guarantee contracts represent guarantees given to banks in connection with facilities granted to an associate. The associate's banking facilities granted by the banks were HK$40,824,000 (2019: HK$2,473,000), of which HK$35,000,000 (2019: Nil) was utilised by the associate. The Group does not hold any collateral or other credit enhancements over the guarantees.

The Group does not provide financial guarantees except for limited circumstances. All guarantees are approved by the Head of Credit Control and the Chief Executive.

The financial guarantee contracts are measured at the higher of the ECL allowance and the amount initially recognised less the cumulative amount of income recognised. The ECL allowance is measured by estimating the cash shortfalls, which are based on the expected payments to reimburse the holders (i.e., the banks) for a credit loss that it incurs less any amounts that the Group expects to receive from the debtor (i.e., the associate). The amount initially recognised representing the fair value at initial recognition of the financial guarantees was not significant. During the year ended 31 December 2020, an additional ECL allowance of HK$260,000 was provided as a result of an additional amount utilised by the associate (2019: Nil).

The credit exposure of the financial guarantee contracts is classified as stage 1. During the year, there were no transfers between stages (2019: Nil).

If there are transfers between stages, include additional columns, which represent stages 1, 2 and 3, and disclose the transfers between stages in the above movements in the loss allowance

Derivative financial instruments	
Hedge accounting disclosures shall provide information about:	HKFRS7.21A
1. an entity's risk management strategy and how it is applied to manage risk	-(a)
2. how the entity's hedging activities may affect the amount, timing and uncertainty of its future cash flows	-(b)
3. the effect that hedge accounting has had on the entity's statement of financial position, statement of comprehensive income and statement of changes in equity	-(c)
Commentary:	
1. An entity shall present the required disclosures in a single note or separate section in its financial statements. However, an entity need not duplicate information that is already presented elsewhere, provided that the information is incorporated by cross-reference from the financial statements to some other statement, such as a management commentary or risk report, that is available to users of the financial statements on the same terms as the financial statements and at the same time. Without the information incorporated by cross-reference, the financial statements are incomplete	HKFRS7.21B
2. To meet the objectives in HKFRS 7.21A, an entity shall determine how much detail to disclose, how much emphasis to place on different aspects of the disclosure requirements, the appropriate level of aggregation of disaggregation, and whether users of financial statements need additional explanations to evaluate the quantitative information disclosed. However, an entity shall use the same level of aggregation or disaggregation it uses for disclosure requirements of related information in HKFRS 7 and HKFRS 13	HKFRS7.21D
An entity shall explain its risk management strategy for each risk category of risk exposures that it decides to hedge and for which hedge accounting is applied. This explanation should enable users of financial statements to evaluate (for example):	HKFRS7.22A
1. how each risk arises	-(a)
2. how the entity manages each risk; this includes whether the entity hedges an item in its entirety for all risks or hedges a risk component (or components) of an item and why	-(b)
3. the extent of risk exposures that the entity manages	-(c)
To meet the requirements in HKFRS 7.22A, the information should include (but is not limited to) a description of:	HKFRS7.22B
1. the hedging instruments that are used (and how they are used) to hedge risk exposures	-(a)
2. how the entity determines the economic relationship between the hedged item and the hedging instrument for the purpose of assessing hedge effectiveness	-(b)
3. how the entity establishes the hedge ratio and what the sources of hedge effectiveness are	-(c)
When an entity designates a specific risk component as a hedged item, it shall provide, in addition to the disclosures required by HKFRS 7.22A and 22B, qualitative or quantitative information about:	HKFRS7.22C
1. how the entity determined the risk component that is designated as the hedged item (including a description of the nature of the relationship between the risk component and the item as a whole)	-(a)
2. how the risk component relates to the item in its entirety (for example, the designated risk component historically covered on average 80 per cent of the changes in fair value of the item as a whole)	-(b)
Unless exempted by HKFRS 7.23C, an entity shall disclose by risk category quantitative information to allow users of its financial statements to evaluate the terms and conditions of hedging instruments and how they affect the amount, timing and uncertainty of future cash flows of the entity	HKFRS7.23A
To meet the requirement in HKFRS 7.23A, an entity shall provide a breakdown that discloses:	HKFRS7.23B
1. a profile of the timing of the nominal amount of the hedging instrument	-(a)
2. if applicable, the average price or rate (for example strike or forward prices etc) of the hedging instrument	-(b)

31. DERIVATIVE FINANCIAL INSTRUMENTS

	2020	
	Assets HK$'000	Liabilities HK$'000
Forward currency contracts	1,026	615
Foreign currency swaps	418	-
Interest rate swaps*	-	332
	1,444	947
Portion classified as non-current:		
Interest rate swaps	…	…
Current portion	1,444	947

* The interest rate swaps are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in the fair value of non-hedging interest rate swaps amounting to HK$332,000 (2019: Nil) were charged to the statement of profit or loss during the year.

Hong Kong Listed Limited did not have any derivative financial instruments in the prior year and therefore, no comparative information for derivative financial instruments is disclosed. Where an entity held derivative financial instruments in the prior year, comparative information should be disclosed

Cash flow hedge – Foreign currency risk

Foreign currency forward contracts are designated as hedging instruments in cash flow hedges of forecast sales in Euro ("EUR") and forecast purchases in RMB. These forecast transactions are highly probable, and they comprise about 50% of the Group's total expected sales in EUR and about 65% of its total expected purchases in RMB. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

At 31 December 2020, the Group had a foreign currency swap agreement in place with notional amounts of RMB5,000,000 and HK$5,650,000 whereby the Group receives a fixed rate of interest on the RMB notional amount at 5% p.a. and pays a fixed rate of interest on the HK$ notional amount at 5.5% p.a. The swap is being used to hedge the foreign currency exposure of a 10% fixed rate secured bank loan with a face value of RMB5,000,000.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange forward and swap contracts match the terms of the expected highly probable forecast transactions and the secured bank loan (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the foreign exchange forward and swap contracts are identical to the hedged risk components. To measure the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

Derivative financial instruments (continued)	
In situations in which an entity frequently resets (i.e. discontinues and restarts) hedging relationships because both the hedging instrument and the hedged item frequently change (i.e. the entity uses a dynamic process in which both the exposure and the hedging instruments used to manage that exposure do not remain the same for long - such as in the example in HKFRS 9.B6.5.24(b)) the entity:	HKFRS7.23C
1. is exempt from providing the disclosures required by HKFRS 9.23A and 23B	-(a)
2. shall disclose:	-(b)
a. information about what the ultimate risk management strategy is in relation to those hedging relationships	-(b)(i)
b. a description of how it reflects its risk management strategy by using hedge accounting and designating those particular hedging relationships	-(b)(ii)
c. an indication of how frequently the hedging relationships are discontinued and restarted as part of the entity's process in relation to those hedging relationships	-(b)(iii)
3. when the volume of hedging relationships to which the exemption in HKFRS 7.23C applies is unrepresentative of normal volumes during the period (i.e., the volume at the reporting date does not reflect the volumes during the period), disclose that fact and the reason it believes the volumes are unrepresentative	HKFRS7.24D
An entity shall disclose by risk category a description of the sources of hedge ineffectiveness that are expected to affect the hedging relationship during its term	HKFRS7.23D
If other sources of hedge ineffectiveness emerge in a hedging relationship, an entity shall disclose those sources by risk category and explain the resulting hedge ineffectiveness	HKFRS7.23E
An entity shall disclose, in a tabular format, the following amounts related to items designated as hedging instruments separately by risk category for each type of hedge (fair value hedge, cash flow hedge or hedge of a net investment in a foreign operation):	HKFRS7.24A
1. the carrying amount of the hedging instruments (financial assets separately from financial liabilities)	-(a)
2. the line item in the statement of financial position that includes the hedging instrument	-(b)
3. the change in fair value of the hedging instrument used as the basis for recognising hedge ineffectiveness for the period	-(c)
4. the nominal amounts (including quantities such as tonnes or cubic metres) of the hedging instruments	-(d)
For cash flow hedges, an entity shall disclose:	
1. a description of any forecast transaction for which hedge accounting had been used in the previous period, but which is no longer expected to occur	HKFRS7.23F
2. in tabular format, the following amounts separately by risk category:	HKFRS7.24B(b)
a. the change in value of the hedged item used as the basis for recognising hedge ineffectiveness for the period (i.e. for cash flow hedges the change in value used to determine the recognised hedge ineffectiveness in accordance with HKFRS 9.6.5.11(c))	-(i)
b. the balances in the cash flow hedge reserve for continuing hedges that are accounted for in accordance with HKFRS 9.6.5.11	-(ii)
c. the balances remaining in the cash flow hedge reserve from any hedging relationships for which hedge accounting is no longer applied	-(iii)
d. hedging gains or losses of the reporting period that were recognised in other comprehensive income	HKFRS7.24C(b)(i)
e. the line item in the statement of comprehensive income that includes the recognised hedge ineffectiveness	HKFRS7.24C(b)(iii)
f. the amount reclassified from the cash flow hedge reserve into profit or loss as a reclassification adjustment (differentiating between amounts for which hedge accounting had previously been used, but for which the hedged future cash flows are no longer expected to occur, and amounts that have been transferred because the hedged item has affected profit or loss)	HKFRS7.24C(b)(iv)
g. hedge ineffectiveness recognised in profit or loss	HKFRS7.24C(b)(ii)
h. the line item in the statement of comprehensive income that includes the reclassification adjustment	HKFRS7.24C(b)(v)
i. for hedges of net positions, the hedging gains or losses recognised in a separate line item in the statement of comprehensive income	HKFRS7.24C(b)(vi)

31. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the forecasted sales and purchases and the hedging instruments
- Different interest rate curves applied to discount the hedged items and hedging instruments
- The counterparties' credit risks differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amounts of cash flows of hedged items and hedging instruments

The Group holds the following foreign exchange forward and swap contracts:

	Maturity					
	Less than 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 2 years	Total
As at 31 December 2020						
Foreign currency forward contracts (highly probable forecast sales)						
Notional amount (in HK$'000)	13,000	13,500	14,000	14,200	-	54,700
Average forward rate (EUR/HK$)	9.0696	9.2464	9.1907	9.2637	-	
Foreign currency forward contracts (highly probable forecast purchases)						
Notional amount (in HK$'000)	21,000	21,500	21,800	22,200	-	86,500
Average forward rate (RMB/HK$)	1.1372	1.1358	1.1343	1.1334	-	
Foreign currency swap contract (10% RMB5,000,000 secured bank loan)						
Notional amount (in HK$'000)	-	-	-	-	5,650	5,650
Hedged rate (RMB/HK$)	-	-	-	-	1.13	

The impacts of the hedging instruments on the statement of financial position are as follows:

	Notional amount HK$'000	Carrying amount HK$'000	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the year HK$'000
As at 31 December 2020				
Foreign currency forward contracts	54,700	(615)	Derivative financial instruments (liabilities)	(615)
Foreign currency forward contracts	86,500	1,026	Derivative financial instruments (assets)	1,026
Foreign currency swap contract	5,650	418	Derivative financial instruments (assets)	418

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31. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The impacts of the hedged items on the statement of financial position are as follows:

	Change in fair value used for measuring hedge ineffectiveness for the year HK$'000	Cash flow hedge reserve HK$'000
As at 31 December 2020		
Highly probable forecast sales	(494)	(201)
Highly probable forecast purchases	1,266	552
10% RMB5,000,000 secured bank loan	346	-
	1,118	351

The effects of the cash flow hedge on the statement of profit or loss and the statement of comprehensive income are as follows:

	Total hedging gain/(loss) recognised in other comprehensive income			Hedge ineffectiveness recognised in profit or loss	Line item in the statement of profit or loss	Amount reclassified from other comprehensive income to profit or loss			Line item (gross amount) in the statement of profit or loss
	Gross amount HK$'000	Tax effect HK$'000	Total HK$'000	HK$'000		Gross amount HK$'000	Tax effect HK$'000	Total HK$'000	
Year ended 31 December 2020									
Highly probable forecast sales	(494)	162	(332)	(121)	Other expenses	195	(64)	131	Revenue
Highly probable forecast purchases	1,026	(337)	689	-	N/A	-	-	-	N/A
10% RMB5,000,000 secured bank loan	346	(114)	232	72	Other income and gains	(346)	114	(232)	Finance costs

Derivative financial instruments (continued)	
For fair value hedges, an entity shall disclose in tabular format, the following amounts separately by risk category:	HKFRS7.24B(a)
1. the carrying amount of the hedged item recognised in the statement of financial position (presenting assets separately from liabilities)	-(i)
2. the accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item recognised in the statement of financial position (presenting assets separately from liabilities)	-(ii)
3. the line item in the statement of financial position that includes the hedged item	-(iii)
4. the change in value of the hedged item used as the basis for recognising hedge ineffectiveness for the period	-(iv)
5. the accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedged items that have ceased to be adjusted for hedging gains and losses in accordance with HKFRS 9.6.5.10	-(v)
6. hedge ineffectiveness (i.e. the difference between the hedging gains or losses of the hedging instrument and the hedged item) recognised in profit or loss (or other comprehensive income for hedges of an equity instrument for which an entity has elected to present changes in fair value in other comprehensive income in accordance with HKFRS 9.5.7.5)	HKFRS7.24C(a)(i)
7. the line item in the statement of comprehensive income that includes the recognised hedge ineffectiveness	HKFRS7.24C(a)(ii)
For hedges of net investments in foreign operation, an entity shall disclose the following amounts separately by risk category:	HKFRS7.24B(b)
1. the change in value of the hedged item used as the basis for recognising hedge ineffectiveness for the period	-(i)
2. the balances in the foreign currency translation reserve for continuing hedges that are accounted for in accordance with HKFRS 9.6.5.13(a)	-(ii)
3. the balances remaining in the foreign currency translation reserve from any hedging relationships for which hedge accounting is no longer applied	-(iii)
4. hedging gains or losses of the reporting period that were recognised in other comprehensive income	HKFRS7.24C(b) -(i)
5. hedge ineffectiveness recognised in profit or loss	-(ii)
6. the line item in the statement of comprehensive income that includes the recognised hedge ineffectiveness	-(iii)
7. the amount reclassified from the foreign currency translation reserve into profit or loss as a reclassification adjustment (differentiating between amounts for which hedge accounting had previously been used, but for which the hedged future cash flows are no longer expected to occur, and amounts that have been transferred because the hedged item has affected profit or loss)	-(iv)
8. the line item in the statement of comprehensive income that includes the reclassification adjustment	-(v)
9. for hedges of net positions, the hedging gains or losses recognised in a separate line item in the statement of comprehensive income	-(vi)
Commentary:	
1. An entity shall provide a reconciliation of each component of equity and an analysis of other comprehensive income in accordance with HKAS 1 that, taken together:	HKFRS7.24E
a. differentiates, at a minimum, between the amounts that relate to the disclosures in HKFRS 7.24C(b)(i) and (b)(iv) as well as the amounts accounted for in accordance with HKFRS 9.6.5.11(d)(i) and (d)(iii)	-(a)
b. differentiates between the amounts associated with the time value of options that hedge transaction related hedged items and the amounts associated with the time value of options that hedge time-period related hedged items when an entity accounts for the time value of an option in accordance with HKFRS 9.6.5.15	-(b)
c. differentiates between the amounts associated with forward elements of forward contracts and the foreign currency basis spreads of financial instruments that hedge transaction related hedged items, and the amounts associated with forward elements of forward contracts and the foreign currency basis spreads of financial instruments that hedge time-period related hedged items when an entity accounts for those amounts in accordance with HKFRS 9.6.5.16	-(c)
2. An entity shall disclose the information required in HKFRS 7.24E separately by risk category. This disaggregation by risk may be provided in the notes to the financial statements	HKFRS7.24F

31. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Fair value hedge – Interest rate risk

At 31 December 2020, the Group had an interest rate swap agreement in place with a notional amount of US$... whereby it receives interest at a fixed rate of …% and pays interest at a variable rate equal to LIBOR on the notional amount. The swap is used to hedge the exposure to changes in the fair value of its …% secured loan.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap is identical to that of the hedged risk component. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- differences in the timing of cash flows of the hedged item and the hedging instrument
- the counterparties' credit risks differently impacting the fair value movements of the hedging instrument and the hedged item

The impact of the hedging instrument on the statement of financial position is as follows:

	Notional amount HK$'000	Carrying amount HK$'000	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the year HK$'000
As at 31 December 2020				
Interest rate swap	…	…	Derivative financial instruments (liabilities)	…

The impact of the hedged item on the statement of financial position is as follows:

	Carrying amount HK$'000	Accumulated fair value adjustments HK$'000	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the year HK$'000
As at 31 December 2020				
8.25% US$3,600,000 secured bank loan	…	…	Interest-bearing bank and other borrowings	…

Derivative financial instruments (continued)	
For hedging relationships to which an entity applies the exceptions set out in HKFRS 9.6.8.4-6.8.12 or HKAS 39.102D-102N, an entity shall disclose:	HKFRS7.24H
1. the significant interest rate benchmarks to which the entity's hedging relationships are exposed	-(a)
2. the extent of the risk exposure the entity manages that is directly affected by the interest rate benchmark reform	-(b)
3. how the entity is managing the process to transition to alternative benchmark rates	-(c)
4. a description of significant assumptions or judgements the entity made in applying these paragraphs (e.g., assumptions or judgements about when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows)	-(d)
5. the nominal amount of the hedging instruments in those hedging relationships	-(e)
Option to designate a credit exposure as measured at fair value through profit or loss	
If an entity designated a financial instrument, or a proportion of it, as measured at fair value through profit or loss because it uses a credit derivative to manage the credit risk of that financial instrument, it shall disclose:	HKFRS7.24G
1. for credit derivatives that have been used to manage the credit risk of financial instruments designated as measured at fair value through profit or loss in accordance with HKFRS 9.6.7.1, a reconciliation of each of the nominal amount and the fair value at the beginning and at the end of the period	-(a)
2. the gain or loss recognised in profit or loss on designation of a financial instrument, or a proportion of it, as measured at fair value through profit or loss in accordance with HKFRS 9.6.7.1	-(b)
3. on discontinuation of measuring a financial instrument, or a proportion of it, at fair value through profit or loss, that financial instrument's fair value that has become the new carrying amount in accordance with HKFRS 9.6.7.4 and the related nominal or principal amount (except for providing comparative information in accordance with HKAS 1, an entity does not need to continue this disclosure in subsequent periods)	-(c)
Offsetting financial assets and financial liabilities	
An entity shall disclose information to enable users of its financial statements to evaluate the effect or potential effect of netting arrangements on the entity's financial position. This includes the effect or potential effect of rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities that are within the scope of HKFRS 7.13A	HKFRS7.13B
To meet the objective in HKFRS 7.13B, an entity shall disclose, at the end of the reporting period, the following quantitative information separately for recognised financial assets and recognised financial liabilities that are within the scope of HKFRS 7.13A:	HKFRS7.13C
1. the gross amounts of those recognised financial assets and recognised financial liabilities	-(a)
2. the amounts that are set off in accordance with the criteria in HKAS 32.42 when determining the net amounts presented in the statement of financial position	-(b)
3. the net amounts presented in the statement of financial position	-(c)
4. the amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in HKFRS 7.13C(b), including:	-(d)
a. amounts related to recognised financial instruments that do not meet some or all of the offsetting criteria in HKAS 32.42; and	-(d)(i)
b. amounts related to financial collateral (including cash collateral)	-(d)(ii)
5. the net amount after deducting the amounts in HKFRS 7.13C(d) from the amounts in HKFRS 7.13C(c)	-(e)
The information shall be presented in a tabular format separately for financial assets and financial liabilities, unless another format is more appropriate	HKFRS7.13C
An entity shall include a description in the disclosures of the rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities subject to enforceable master netting arrangements and similar agreements that are disclosed in accordance with HKFRS 7.13C(d), including the nature of those rights	HKFRS7.13E
Commentary:	
1. The disclosures in HKFRS 7 in relation to offsetting financial assets and financial liabilities are required for all recognised financial instruments that are set off in accordance with HKAS 32.42. In addition, financial instruments are within the scope of the disclosure requirements in HKFRS 7.13B to 13E if they are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.42	HKFRS7.B40
2. The total amount disclosed in accordance with HKFRS 7.13C(d) for an instrument shall be limited to the amount in HKFRS 7.13C(c) for that instrument	HKFRS7.13D

31. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Interest rate benchmark reform

Following the decision by global regulators to phase out the existing interest rate benchmarks and replace them with RFRs, the Group is evaluating the impact on its existing hedge relationships. The evaluation is performed by a team headed by the chief financial officer and progress updates are made to the audit committee twice a year for interim and annual financial reporting. The Group has adopted the temporary reliefs provided by the amendments to HKFRS 9, HKAS 39 and HKFRS 7 which enable the hedge accounting of the Group to continue during the period of uncertainty, which is before the replacement of an existing interest rate benchmark with an RFR.

The table below indicates the nominal amount and weighted average maturity of derivatives in hedging relationships that may be affected by the interest rate benchmark reform, analysed by interest rate benchmarks. The derivative hedging instruments provide a close approximation to the extent of the risk exposure that the Group manages through hedging relationships.

As at 31 December 2020

	Nominal amount HK$'000	Weighted average maturity (Years)
Interest rate swap:		
United States dollar LIBOR	…	…
…	…	…
	…	

Interest-bearing bank and other borrowings	
An entity shall classify a liability as current when:	HKAS1.69
1. it expects to settle the liability in its normal operating cycle	-(a)
2. it holds the liability primarily for the purpose of trading	-(b)
3. the liability is due to be settled within twelve months after the reporting period	-(c)
4. it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification	-(d)
An entity shall classify all other liabilities as non-current	HKAS1.69
The classification of a term loan in accordance with HKAS 1.69(d) shall depend on whether or not the borrower has an unconditional right to defer payment for at least twelve months after the reporting period. Consequently, amounts repayable under a loan agreement which includes a clause that gives the lender the unconditional right to call the loan at any time shall be classified by the borrower as current in its statement of financial position	HK-Int5.11
An entity shall disclose information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance	HKFRS7.7
The carrying amounts of financial liabilities at fair value through profit or loss, showing separately (i) those designated as such upon initial recognition or subsequently in accordance with HKFRS 9.6.7.1 and (ii) those mandatorily measured at fair value through profit or loss in accordance with HKFRS 9, shall be disclosed either in the statement of financial position or in the notes	HKFRS7.8(e)
If the entity has designated a financial liability as at fair value through profit or loss and is required to present the effects of changes in that liability's credit risk in other comprehensive income, it shall disclose:	
1. the amount of change, cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk of that	HKFRS7.10(a)
2. the difference between the financial liability's carrying amount and the amount the entity would be contractually required to pay at maturity to the holder of the obligation	HKFRS7.10(b)
3. if a liability is derecognised during the period, the amount (if any) presented in other comprehensive income that was realised at derecognition	HKFRS7.10(d)
4. the detailed description of the methods used to comply with the requirements in HKFRS 7.10(a), including an explanation of why the method is appropriate	HKFRS7.11(a)
5. if the entity believes that the disclosure it has given, either in the statement of financial position or in the notes, to comply with the requirements in HKFRS 7.10(a) does not faithfully represent the change in the fair value of the financial asset or financial liability attributable to changes in its credit risk, the reasons for reaching this conclusion and the factors it believes are relevant	HKFRS7.11(b)
The entity shall disclose a detailed description of the methodology or methodologies used to determine whether presenting the effects of changes in a liability's credit risk in other comprehensive would create or enlarge an accounting mismatch in profit or loss (see HKFRS 9.5.7.7 and HKFRS 9.5.7.8). If an entity is required to present the effects of changes in a liability's credit risk in profit or loss (see HKFRS 9.5.7.8), the disclosure must include a detailed description of the economic relationship described in HKFRS 9.B5.7.6	HKFRS7.11(c)
If the entity has designated a financial liability as at fair value through profit or loss and is required to present all changes in fair value of that liability (including the effects of changes in the credit risk of the liability) in profit or loss, it shall disclose:	HKFRS7.10A
1. the amount of change, during the period and cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk of that liability	HKFRS7.10A(a)
2. the difference between the financial liability's carrying amount and the amount the entity would be contractually required to pay at maturity to the holder of the obligation	HKFRS7.10A(b)
3. a detailed description of the methods used to comply with the requirements in HKFRS 7.10A(a), including an explanation of why the method is appropriate	HKFRS7.11(a)
4. if the entity believes that the disclosure it has given, either in the statement of financial position or in the notes, to comply with the requirements in HKFRS 7.10A(a) does not faithfully represent the change in the fair value of the financial asset or financial liability attributable to changes in its credit risk, the reasons for reaching this conclusion and the factors it believes are relevant	HKFRS7.11(b)

32. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2020			2019		
	Effective interest rate (%)	Maturity	HK$'000	Effective interest rate (%)	Maturity	HK$'000
Current						
Lease liabilities (note 16(b))	9 - 15	2021	15,923	8 - 11	2020	12,428
Bank overdrafts – secured	10 - 12	On demand	2,102	9 - 10	On demand	22,604
Bank loans – unsecured	12 - 14	2021	61,257	10 - 13	2020	60,529
Bank loans – secured	10 - 12	2021	52,133	9 - 10	2020	83,776
Current portion of long term bank loans – secured	10 - 12	2021	3,119	9 - 10	2020	2,299
			134,534			181,636
Non-current						
Lease liabilities (note 16(b))	9 - 15	2022 - 2025	18,663	8 - 11	2021 - 2024	15,190
8.25% US$3,600,000 secured bank loan	LIBOR+0.1	30 April 2025	27,900	-	-	-
10% RMB5,000,000 secured bank loan*	10	30 June 2024	5,650	-	-	-
Other secured bank loans	10 - 12	2022 - 2024	9,373	9 - 10	2021 - 2023	3,215
Other loans – unsecured	11 - 12	2022 - 2023	15,906	10 - 11	2021 - 2023	61,507
			77,492			79,912
Convertible bonds (note 33)	Weighted average of 9.4	2022 - 2024	26,429	-	-	-
			103,921			79,912
			238,455			261,548

* Includes the effects of a related foreign currency swap as further detailed in note 31 to the financial statements

Interest-bearing bank and other borrowings (continued)	
The entity shall disclose:	HKFRS7.11
1. a detailed description of the methods used to comply with the requirements in HKFRS 9.5.7.7(a) *(see commentary below)*, including an explanation of why the method is appropriate	-(a)
2. if the entity believes that the disclosure it has given, either in the statement of financial position or in the notes, to comply with the requirements in HKFRS 9.5.7.7(a) does not faithfully represent the change in the fair value of the financial asset or financial liability attributable to changes in its credit risk, the reasons for reaching this conclusion and the factors it believes are relevant	-(b)
3. a detailed description of the methodology or methodologies used to determine whether presenting the effects of changes in a liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. If an entity is required to present the effects of changes in a liability's credit risk in profit or loss, the disclosure must include a detailed description of the economic relationship described in HKFRS 9.B5.7.6	-(c)
Commentary:	
An entity shall present a gain or loss on a financial liability that is designated as at fair value through profit or loss in accordance with HKFRS 9.4.2.2 or HKFRS 9.4.3.5 as follows:	HKFRS9.5.7.7
1. the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income	-(a)
2. the remaining amount of change in the fair value of the liability shall be presented in profit or loss	-(b)
An entity shall disclose:	HKFRS7.14
1. the carrying amount of financial assets it has pledged as collateral for liabilities or contingent liabilities, including amounts that have been reclassified in accordance with HKFRS 9.3.2.23(a)	-(a)
2. the terms and conditions relating to its pledge	-(b)
For loans payable recognised at the end of the reporting period, an entity shall disclose:	HKFRS7.18
1. details of any defaults during the period of principal, interest, sinking fund, or redemption terms of those loans payable	-(a)
2. the carrying amount of the loans payable in default at the end of the reporting period	-(b)
3. whether the default was remedied, or the terms of the loans payable were renegotiated, before the financial statements were authorised for issue	-(c)
If, during the period, there were breaches of loan agreement terms other than those described in HKFRS 7.18 above, an entity shall disclose the same information as required by HKFRS 7.18 if those breaches permitted the lender to demand accelerated repayment (unless the breaches were remedied, or the terms of the loan were renegotiated, on or before the end of the reporting period)	HKFRS7.19
The financial statements shall disclose the existence and amounts of restrictions on title, and property, plant and equipment pledged as security for liabilities	HKAS16.74(a)
An entity is **encouraged** to disclose the amount of undrawn borrowing facilities that may be available for future operating activities and to settle capital commitments, indicating any restrictions on the use of these facilities	HKAS7.50(a)
In relation to loans and borrowings a listed issuer shall provide in its financial statements, except where the listed issuer is a banking company, an analysis as at the date of statement of financial position, firstly of bank loans and overdrafts and, secondly of other borrowings, showing the aggregate amounts repayable:	A16(22) /GEM18.21
1. on demand or within a period not exceeding one year	-(a)/(1)
2. within a period of more than one year but not exceeding two years	-(b)/(2)
3. within a period of more than two years but not exceeding five years	-(c)/(3)
4. within a period of more than five years	-(d)/(4)

32. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

	2020 HK$'000	2019 HK$'000
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	118,611	169,208
In the second year	8,608	2,413
In the third to fifth years, inclusive	3,103	802
Beyond five years	31,212	-
	161,534	172,423
Other borrowings repayable:		
Within one year	15,923	12,428
In the second year	16,508	6,667
In the third to fifth years, inclusive	44,490	70,030
Beyond five years	…	…
	76,921	89,125
	238,455	261,548

Notes:

(a) The Group's overdraft facilities amounting to HK$15,000,000 (2019: HK$25,000,000), of which HK$2,102,000 (2019: HK$22,604,000) had been utilised as at the end of the reporting period, are secured by the pledge of certain of the Group's time deposits amounting to HK$10,500,000 (2019: Nil).

(b) Certain of the Group's bank loans are secured by:
   (i) mortgages over the Group's investment properties situated in Hong Kong, which had an aggregate carrying value at the end of the reporting period of HK$40,000,000 (2019: HK$40,000,000);
   (ii) mortgages over the Group's buildings, which had a net carrying value at the end of the reporting period of approximately HK$12,642,000 (2019: HK$729,000);
   (iii) floating charges over certain of the Group's inventories totalling HK$5,350,000 (2019: HK$4,670,000); and
   (iv) the pledge of certain of the Group's time deposits amounting to HK$25,500,000 (2019: HK$25,500,000).

   In addition, the Company's ultimate holding company has guaranteed certain of the Group's bank loans up to HK$50,000,000 (2019: HK$90,000,000) as at the end of the reporting period.

(c) Except for the 8.25% secured bank loan which is denominated in United States dollars, all borrowings are in Hong Kong dollars.

(d) The Group's other loans are unsecured, bear interest at 3% above the Hong Kong dollar prime rate per annum and are repayable by 24 monthly equal instalments commencing on 1 January 2022.

For loans payable recognised at the end of the reporting period, disclose details of any defaults during the year of principal, interest, sinking fund or redemption terms of those loans payable in accordance with HKFRS 7.18

Convertible bonds If an entity has issued an instrument that contains both a liability and an equity component and the instrument has multiple embedded derivatives whose values are interdependent (such as a callable convertible debt instrument), it shall disclose the existence of those features	HKFRS7.17
Disclose the breakdown of the equity and liability components of a compound instrument issued during the year	BP
In relation to transactions in its securities, or securities of its subsidiaries during the financial year a listed issuer shall include:	
1. details of the classes, numbers and terms of any convertible securities, options, warrants or similar rights issued or granted by the listed issuer or any of its subsidiaries, together with the consideration received by the listed issuer or any of its subsidiaries therefor	A16(10)(1) /GEM18.11
2. particulars of any exercise of any conversion or subscription rights under any convertible securities, options, warrants or similar rights issued or granted at any time by the listed issuer or any of its subsidiaries	A16(10)(2) /GEM18.12

33. CONVERTIBLE BONDS

On 1 January 2020, the Company issued 30,000,000 7% convertible bonds with a nominal value of HK$30,000,000. There was no movement in the number of these convertible bonds during the year. The bonds are convertible at the option of the bondholders into ordinary shares on 1 January 2021 on the basis of one ordinary share for every three HK$1 bonds held. The bonds are redeemable at the option of the bondholders at a price of HK$1.20 per bond on 1 January 2022. Any convertible notes not converted will be redeemed on 31 December 2024 at a price of HK$1.20 per HK$1 bond. The bonds carry interest at a rate of 7% per annum, which is payable half-yearly in arrears on 30 June and 31 December.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

The convertible bonds issued during the year have been split into the liability and equity components as follows:

	2020 HK$'000	2019 HK$'000
Nominal value of convertible bonds issued during the year	30,000	-
Equity component	(3,852)	-
Direct transaction costs attributable to the liability component	(…)	-
Liability component at the issuance date	26,148	-
Interest expense	2,381	-
Interest paid	(2,100)	-
Liability component at 31 December (note 32)	26,429	-

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Provisions	
For each class of provision, an entity shall disclose:	HKAS37.84
1. the carrying amount at the beginning and end of the period	-(a)
2. additional provisions made in the period, including increases to existing provisions	-(b)
3. amounts used (i.e., incurred and charged against the provision) during the period	-(c)
4. unused amounts reversed during the period	-(d)
5. the increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate	-(e)
Comparative information is not required	HKAS37.84
An entity shall disclose the following for each class of provision:	HKAS37.85
1. a brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits	-(a)
2. an indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events that may affect the amount required to settle an obligation	-(b)&HKAS37.48
3. the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement	-(c)
Where a provision and a contingent liability arise from the same set of circumstances, an entity makes the disclosures in a way that shows the link between the provision and the contingent liability	HKAS37.88
In extremely rare cases, disclosure of some or all of the information required by HKAS 37.84 to HKAS 37.89 can be expected to prejudice seriously the position of the entity in a dispute with other parties on the subject matter of the provision, contingent liability or contingent asset. In such cases, an entity need not disclose the information, but shall disclose the general nature of the dispute, together with the fact that, and reason why, the information has not been disclosed	HKAS37.92
Disclose any contingent liabilities being recognised in a business combination (refer to HKFRS 3.56 regarding the measurement of these contingent liabilities)	BP

34. PROVISION

	Warranties HK$'000
At 1 January 2020	7,248
Additional provision	2,342
Amounts utilised during the year	(2,577)
Reversal of unutilised amounts	…
Increase in discounted amounts arising from the passage of time	805
Exchange realignment	227
At 31 December 2020	8,045
Portion classified as current liabilities	(2,503)
Non-current portion	5,542

The Group provides two-year warranties to its customers on certain of its industrial products and warranties ranging from one to five years to its customers for construction services for general repairs of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

A contingent liability at a fair value of HK$… was recognised at the acquisition date of the acquiree … . The claim is subject to legal arbitration and is expected to be finalised in late 2021. At the end of the reporting period, the provision has been reassessed and as a result thereof, it has been increased to HK$... .

Deferred tax	
The following shall be disclosed separately:	HKAS12.81
1. the aggregate current and deferred tax relating to items that are charged or credited directly to equity	-(a)
2. the amount of income tax relating to each component of other comprehensive income	-(ab)
3. the amount (and expiry date, if any) of deductible temporary differences, unused tax losses, and unused tax credits for which no deferred tax asset is recognised in the statement of financial position	-(e)
4. the aggregate amount of temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, for which deferred tax liabilities have not been recognised	-(f)
5. in respect of each type of temporary difference, and in respect of each type of unused tax losses and unused tax credits:	-(g)
a. the amount of the deferred tax assets and liabilities recognised in the statement of financial position for each period presented	-(g)(i)
b. the amount of the deferred tax income or expense recognised in profit or loss, if this is not apparent from the changes in the amounts recognised in the statement of financial position	-(g)(ii)
6. the effects of taxes on income, if any, resulting from the revaluation of property, plant and equipment recognised	HKAS16.42
7. if a business combination in which the entity is the acquirer causes a change in the amount recognised for its pre-acquisition deferred tax asset, the amount of that change	HKAS12.81(j)
8. if the deferred tax benefits acquired in a business combination are not recognised at the acquisition date but are recognised after the acquisition date, a description of the event or change in circumstances that caused the deferred tax benefits to be recognised	HKAS12.81(k)
An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:	HKAS12.82
1. the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences; and	-(a)
2. the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates	-(b)

35. DEFERRED TAX

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

Deferred tax liabilities

	2020								
	Fair value adjustments of equity investments at fair value through other comprehensive income HK$'000	Costs to obtain contracts HK$'000	Depreciation allowance in excess of related depreciation HK$'000	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Development costs HK$'000	Right-of-use assets HK$'000	Cash flow hedges HK$'000	Withholding taxes HK$'000	Total HK$'000
At 1 January 2020	…	…	1,079	293	200	…	-	-	1,572
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10)	…	…	269	(21)	(53)	…	171	…	366
Exchange differences	-	-	(37)	-	-	-	-	-	(37)
Gross deferred tax liabilities at 31 December 2020	…	…	1,311	272	147	…	171	…	1,901

Deferred tax assets

	2020			
	Lease liabilities HK$'000	Impairment of financial and contract assets HK$'000	Loss available for offsetting against future taxable profits HK$'000	Total HK$'000
At 1 January 2020	…	82	…	82
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	…	47	…	47
Gross deferred tax assets at 31 December 2020	…	129	…	129

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35. DEFERRED TAX (continued)

Deferred tax liabilities

	2019			
	Depreciation allowance in excess of related depreciation HK$'000	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Development costs HK$'000	Total HK$'000
At 1 January 2019	1,011	308	235	1,554
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10)	68	(15)	(35)	18
Gross deferred tax liabilities recognised in the consolidated statement of financial position at 31 December 2019	1,079	293	200	1,572

Deferred tax assets

	2019		
	Impairment of financial and contract assets HK$'000	Losses available for offsetting against future taxable profits HK$'000	Total HK$'000
At 1 January 2019	75	…	75
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	7	…	7
Gross deferred tax assets at 31 December 2019	82	…	82

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2020 HK$'000	2019 HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	-	-
Net deferred tax liabilities recognised in the consolidated statement of financial position	1,772	1,490
Net deferred tax liabilities included in the disposal group (note 11)	(84)	-
Net deferred tax liabilities in respect of continuing operations	1,688	1,490

Deferred tax (continued) Where practicable, entities are **encouraged** to disclose the amounts of the unrecognised deferred tax liabilities arising from investments in subsidiaries, branches and associates and interests in joint ventures because financial statement users may find such information useful	HKAS12.87
Commentary: Although the disclosure requirement under HKAS 12.87 is not mandatory, HKAS 12.81(f) requires the disclosure of temporary differences associated with those investments for which deferred tax liabilities are not recognised	
The amount of income tax consequences of dividends to shareholders of the entity that were proposed or declared before the financial statements were authorised for issue, but are not recognised as a liability in the financial statements shall be disclosed separately	HKAS12.81(i)
An entity shall disclose the nature of the potential income tax consequences that would result from the payment of dividends to its shareholders if:	HKAS12.82A
1. income taxes are payable at a higher or lower rate if part or all of the net profit or retained earnings is paid out as a dividend to shareholders of the entity	HKAS12.52A
2. income taxes may be refundable or payable if part or all of the net profit or retained earnings is paid out as a dividend to shareholders of the entity	HKAS12.52A
In addition, the entity shall disclose the amounts of the potential income tax consequences practicably determinable and whether there are any potential income tax consequences not practicably determinable	HKAS12.82A &HKAS12.87B
HKAS 12.82A above requires an entity to disclose the nature of the potential income tax consequences that would result from the payment of dividends to its shareholders. An entity shall disclose the important features of the income tax systems and the factors that will affect the amount of the potential income tax consequences of dividends	HKAS12.87A

35. DEFERRED TAX (continued)

Where the amount of deferred tax recognised in the statement of profit or loss is evident from the changes in the amounts recognised in the statement of financial position, i.e., the movement between the opening and closing balances goes through the statement of profit or loss only, disclosure of the movement is not required (para 81(g)(ii) of HKAS 12)

The Group has tax losses arising in Hong Kong of HK$1,198,000 (2019: HK$868,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.
The Group also has tax losses arising in Mainland China of HK$... (2019: HK$...) that will expire in one to five years for offsetting against future taxable profits.
Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Where there is a combination of deductible temporary differences, unused tax credits or tax losses for which no deferred tax asset is recognised in the statement of financial position, a table format may be more appropriate. Note: Disclosure of the tax effect is not required

Deferred tax assets have not been recognised in respect of the following items:

	2020 HK$'000	2019 HK$'000
Tax losses	…	…
Deductible temporary differences	…	…
Unused tax credits	…	…
	…	…

The above tax losses are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

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

(*Where no deferred tax has been recognised for withholding tax, e.g., in respect of PRC subsidiaries of an overseas parent under HKAS 12.39*) At 31 December 2020, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries and joint ventures established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries and joint ventures will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries and joint ventures in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$... at 31 December 2020 (2019: HK$...).
Or
At 31 December 2020, there was no significant unrecognised deferred tax liability (2019: Nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries, associates or joint ventures as the Group has no liability to additional tax should such amounts be remitted due to the availability of double taxation relief.

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

Share capital	
For each class of share capital, an entity shall disclose the following, either in the statement of financial position or the statement of changes in equity, or in the notes:	HKAS1.79(a)
1. the number of shares authorised	-(i)
2. the number of shares issued and fully paid, and issued but not fully paid	-(ii)
3. par value per share, or that the shares have no par value	-(iii)
4. a reconciliation of the number of shares outstanding at the beginning and at the end of the period	-(iv)
5. the rights, preferences and restrictions attaching to that class including restrictions on the distribution of dividends and the repayment of capital	-(v)
6. shares in the entity held by the entity or by its subsidiaries or associates	-(vi)
7. shares reserved for issue under options and contracts for the sale of shares, including terms and amounts	-(vii)
An entity shall disclose, either in the statement of financial position or in the notes, further subclassifications of the line items presented, classified in a manner appropriate to the entity's operations. For example, equity capital and reserves are disaggregated into various classes, such as paid-in capital, share premium and reserves	HKAS1.78(e) &77
From 3 March 2014, shares in a company incorporated in Hong Kong shall have no nominal value. This applies to shares issued before the commencement date of S135 of the Companies Ordinance as well as shares issued on or after that date	S135(1)&(2)
A listed issuer shall include particulars of any redemption or purchase or cancellation by the listed issuer or any of its subsidiaries of its redeemable securities and the amount of such securities outstanding at the end of the relevant financial year	A16(10)(3) /GEM18.13
In the case of any issue for cash of equity securities made otherwise than shareholders in proportion to their shareholdings and which has not been specifically authorised by the shareholders, a listed issuer shall disclose:	A16(11) /GEM18.32
1. the reasons for making the issue	-(1)
2. the classes of equity securities issued	-(2)
3. as respect each class of equity securities, the number issued, their aggregate nominal value, if any	-(3)
4. the issue price of each security	-(4)
5. the net price to the listed issuer of each security	-(5)
6. the names of the allottees, if less than six in number, and, in the case of six or more allottees, a brief generic description of them	-(6)
7. the market price of the securities concerned on a named date, being the date on which the terms of the issue were fixed	-(7)
8. the use of the proceeds	-(8)
Commentary:	
1. Despite section 37 of Schedule 11 to the Companies Ordinance, a company may, on or after the commencement date of S135 of the Companies Ordinance (i.e., 3 March 2014), use the amount that was standing to the credit of its share premium account immediately before that commencement date to:	Sch11.38(1)
a. pay up, in accordance with an agreement made before that commencement date, shares that are to be issued on or after that commencement date to members of the company as fully paid bonus shares	-(1)(a)
b. write off the preliminary expenses of the company incurred before that commencement date; or write off the expenses incurred, commission paid, or discount allowed, before that commencement date, in respect of any issue of shares in the company; or	-(1)(b)(i)&(ii)
c. provide for the premium payable on redemption of redeemable preference shares issued before 1 September 1991	-(1)(c)
2. Despite section 37 of Schedule 11 to the Companies Ordinance, if redeemable shares issued by a company on or after 1 September 1991 but before the commencement date of S135 of the Companies Ordinance are redeemed on or after the commencement date of S135, any premium payable on their redemption may be paid out of the proceeds of a fresh issue of shares made for the purpose of the redemption, up to an amount equal to the lesser of:	Sch11.38(2)
a. the aggregate of the premiums received by the company on the issue of the shares redeemed	-(a)
b. the amount that was standing to the credit of the company's share premium account immediately before the commencement date of S135 of the Companies Ordinance less any amounts already applied under Sch11.38(1)	-(b)
If an amount is paid under Sch11.38(2), the remaining amount available for the purposes of Sch11.38(1) or Sch11.38(2) must be reduced by a corresponding amount	Sch11.38(3)
3. For these illustrative financial statements, the balance included in the share option reserve in respect of the share options exercised on or after 3 March 2014 has been transferred to share capital upon exercise of the options. This is not mandatory under the Companies Ordinance and alternative treatments may be adopted	

36. SHARE CAPITAL

Shares

	2020 HK$'000	2019 HK$'000
Issued and fully paid:		
650,954,288 (2019: 415,035,970) ordinary shares	280,187	199,437

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

	Number of shares in issue	Share capital HK$'000
At 1 January 2019	415,035,970	199,437
(*2019 movements*)	…	…
At 31 December 2019 and 1 January 2020	415,035,970	199,437
Rights issue (Note (a))	207,517,985	74,707
Shares repurchased	(…)	-
Share options exercised (Note (b))	28,400,000	9,760
Warrants exercised (Note (c))	333	-
	235,918,318	84,467
Share issue expenses	-	(3,717)
At 31 December 2020	650,954,288	280,187

Notes:

(a) A rights issue of one rights share for every two existing shares held by members on the register of members on 1 February 2020 was made, at an issue price of HK$0.36 per rights share, resulting in the issue of 207,517,985 shares for a total cash consideration, before expenses, of HK$74,706,475.

(If the Company had share repurchases during the year)

(…) The Company purchased … of its shares on the Hong Kong Stock Exchange at a total consideration of HK$... which was paid wholly out of retained profits in accordance with section 257 of the Hong Kong Companies Ordinance. The purchased shares were cancelled during the year and the total amount paid for the purchase of the shares of HK$ … has been charged to retained profits of the Company.

(b) The subscription rights attaching to 28,400,000 share options were exercised at the subscription price of HK$0.295 per share (note 37), resulting in the issue of 28,400,000 shares for a total cash consideration, before expenses, of HK$8,378,000. An amount of HK$1,382,000 was transferred from the share option reserve to share capital upon the exercise of the share options.

(c) 333 shares were issued for cash at a subscription price of HK$0.50 per share pursuant to the exercise of the Company's warrants for a total cash consideration, before expenses, of HK$167.

Share capital (continued)	
An entity shall disclose a description of ordinary share transactions or potential ordinary share transactions (other than capitalisation, bonus issue, share split or reverse share split) that occur after the reporting period and that would have changed significantly the number of ordinary shares or potential ordinary shares outstanding at the end of the period if those transactions had occurred before the end of the reporting period. Examples of ordinary share transactions described above include:	HKAS33.70(d) HKAS33.71
1. an issue of shares for cash	-(a)
2. an issue of shares when the proceeds are used to repay debt or preference shares outstanding at the end of the reporting period	-(b)
3. the redemption of ordinary shares outstanding	-(c)
4. the conversion or exercise of potential ordinary shares outstanding at the end of the reporting period into ordinary shares	-(d)
5. an issue of options, warrants, or convertible instruments	-(e)
6. the achievement of conditions that would result in the issue of contingently issuable shares	-(f)
The amount of treasury shares held is disclosed separately either in the statement of financial position or in the notes. An entity provides disclosure of a related party transaction if the entity reacquires its own equity instruments from related parties	HKAS32.34
In relation to transactions in its securities, or securities of its subsidiaries during the financial year a listed issuer shall include:	
1. details of the classes, numbers and terms of any convertible securities, options, warrants or similar rights issued or granted by the listed issuer or any of its subsidiaries, together with the consideration received by the listed issuer or any of its subsidiaries therefor	A16(10)(1) /GEM18.11
2. particulars of any exercise of any conversion or subscription rights under any convertible securities, options, warrants or similar rights issued or granted at any time by the listed issuer or any of its subsidiaries	A16(10)(2) /GEM18.12
Share option scheme	
An entity shall disclose information that enables users of the financial statements to understand the nature and extent of share-based payment arrangements that existed during the period	HKFRS2.44
An entity shall disclose at least a description of each type of share-based payment arrangement that existed at any time during the period, including the general terms and conditions of each arrangement, such as vesting requirements, the maximum term of options granted, and the method of settlement (e.g., whether in cash or equity). An entity with substantially similar types of share-based payment arrangements may aggregate this information, unless separate disclosure of each arrangement is necessary to enable users of the financial statements to understand the nature and extent of share-based payment arrangements that existed during the period	HKFRS2.45(a) &44
The listed issuer must include in its annual report a summary of each share option scheme approved by its shareholders setting out:	Ch17.09 /GEM23.09
1. the purpose of the scheme	-(1)
2. the participants of the scheme	-(2)
3. the total number of securities available for issue under the scheme together with the percentage of the issued shares that it represents as at the date of the annual report	-(3)
4. the maximum entitlement of each participant under the scheme	-(4)
5. the period within which the securities must be taken up under an option	-(5)
6. the minimum period, if any, for which an option must be held before it can be exercised	-(6)
7. the amount, if any, payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid	-(7)
8. the basis of determining the exercise price	-(8)
9. the remaining life of the scheme	-(9)
In relation to transactions in its securities, or securities of its subsidiaries during the financial year a listed issuer shall include:	
1. details of the classes, numbers and terms of any convertible securities, options, warrants or similar rights issued or granted by the listed issuer or any of its subsidiaries, together with the consideration received by the listed issuer or any of its subsidiaries therefor	A16(10)(1) /GEM18.11
2. particulars of any exercise of any conversion or subscription rights under any convertible securities, options, warrants or similar rights issued or granted at any time by the listed issuer or any of its subsidiaries	A16(10)(2) /GEM18.12

36. SHARE CAPITAL (continued)

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 37 to the financial statements.

Warrants

During the year, a bonus issue of warrants was made in the proportion of one warrant for every six shares held by members on the register of members on 18 October 2020, resulting in 108,492,325 warrants being issued. Each warrant entitles the holder thereof to subscribe for one ordinary share at a subscription price of HK$0.50 per share, payable in cash and subject to adjustment, from the date of issue to 31 December 2020.

During the year, 333 warrants were exercised for 333 shares at a price of HK$0.50 per share. At the end of the reporting period, the Company had 108,491,992 warrants outstanding. The exercise in full of such warrants would, under the present capital structure of the Company, result in the issue of 108,491,992 additional shares.

37. SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, the Company's shareholders, and any non-controlling shareholder in the Company's subsidiaries. The Scheme became effective on 3 August 2013 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of 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 directors, and commences after a vesting period of one to three years and ends on a date which is not later than five years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Share option scheme (continued)	
An entity shall disclose at least the following that enables users of the financial statements to understand the nature and extent of share-based payment arrangements that existed during the period:	HKFRS2.44
1. the number and weighted average exercise prices of share options for each of the following groups of options:	HKFRS2.45 -(b)
a. outstanding at the beginning of the period	-(b)(i)
b. granted during the period	-(b)(ii)
c. forfeited during the period	-(b)(iii)
d. exercised during the period	-(b)(iv)
e. expired during the period	-(b)(v)
f. outstanding at the end of the period	-(b)(vi)
g. exercisable at the end of the period	-(b)(vii)
2. for share options exercised during the period, the weighted average share price at the date of exercise. If options were exercised on a regular basis throughout the period, the entity may instead disclose the weighted average share price during the period	-(c)
3. for share options outstanding at the end of the period, the range of exercise prices and weighted average remaining contractual life. If the range of exercise prices is wide, the outstanding options shall be divided into ranges that are meaningful for assessing the number and timing of additional shares that may be issued and the cash that may be received upon exercise of those options	-(d)

37. SHARE OPTION SCHEME (continued)

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

	2020		2019	
	Weighted average exercise price HK$ per share	Number of options '000	Weighted average exercise price HK$ per share	Number of options '000
At 1 January	0.295	45,900	0.295	37,900
Granted during the year	0.320	54,500	0.295	8,000
Forfeited during the year	0.295	(1,000)	-	-
Exercised during the year	0.295	(28,400)	-	-
Expired during the year	0.295	(500)	-	-
At 31 December	0.314	70,500	0.295	45,900

The weighted average share price at the date of exercise for share options exercised during the year was HK$0.338 per share (2019: No share options were exercised).

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

2020

Number of options '000	Exercise price* HK$ per share	Exercise period
16,000	0.295	1-11-19 to 22-12-22
54,500	0.32	1-12-21 to 30-11-23
70,500		

2019

Number of options '000	Exercise price* HK$ per share	Exercise period
8,000	0.295	2-7-20 to 1-7-21
37,900	0.295	1-11-19 to 22-12-22
45,900		

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

The fair value of the share options granted during the year was HK$2,800,000 (HK$0.05 each) (2019: HK$415,000, HK$0.05 each), of which the Group recognised a share option expense of HK$1,090,000 (2019: HK$415,000) during the year ended 31 December 2020.

Share option scheme (continued)	
An entity shall disclose information that enables users of the financial statements to understand how the fair value of the goods or services received, or the fair value of the equity instruments granted, during the period was determined	HKFRS2.46
If the entity has measured the fair value of goods or services received as consideration for share options of the entity indirectly, by reference to the fair value of the share options granted, the entity shall disclose at least the following for share options granted during the period:	HKFRS2.47
1. the weighted average fair value of those options at the measurement date	-(a)
2. information on how that fair value was measured, including:	-(a)
a. the option pricing model used and the inputs to that model, including the weighted average share price, exercise price, expected volatility, option life, expected dividends, the risk-free interest rate and any other inputs to the model, including the method used and the assumptions made to incorporate the effects of expected early exercise	-(a)(i)
b. how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	-(a)(ii)
c. whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition	-(a)(iii)
If the entity has measured directly the fair value of goods or services received during the period, the entity shall disclose how that fair value was determined, for example, whether fair value was measured at a market price for those goods or services	HKFRS2.48
For transactions with parties other than employees, if an entity has rebutted the presumption that the fair value of the goods or services received can be estimated reliably, it shall disclose that fact, and give an explanation of why the presumption was rebutted	HKFRS2.49
For liabilities arising from share-based payment transactions, the entity shall disclose:	HKFRS2.51(b)
1. the total carrying amount at the end of the period	-(i)
2. the total intrinsic value at the end of the period of liabilities for which the counterparty's right to cash or other assets had vested by the end of the period (e.g., vested share appreciation rights)	-(ii)
If the information required to be disclosed by HKFRS 2 does not satisfy the principles in HKFRS 2.44, 46 and 50, the entity shall disclose such additional information as is necessary to satisfy them. For example, if an entity has classified any share-based payment transactions as equity-settled in accordance with HKFRS 2.33F, the entity shall disclose an estimate of the amount that it expects to transfer to the tax authority to settle the employee's tax obligation when it is necessary to inform users about the future cash flow effects associated with the share-based payment arrangement	HKFRS2.52
Major ordinary share transactions and potential ordinary share transactions after the reporting period are examples of non-adjusting events after the reporting period that would generally result in disclosure	HKAS10.22(f)
An entity shall disclose a description of ordinary share transactions or potential ordinary share transactions (other than capitalisation, bonus issue, share split or reverse share split) that occur after the reporting period and that would have changed significantly the number of ordinary shares or potential ordinary shares outstanding at the end of the period if those transactions had occurred before the end of the reporting period. Examples of ordinary share transactions described above include:	HKAS33.70(d) HKAS33.71
1. the conversion or exercise of potential ordinary shares outstanding at the end of the reporting period into ordinary shares	-(d)
2. an issue of options, warrants, or convertible instruments	-(e)
Commentary: Share-based payment transactions within the scope of HKFRS 2 are scoped out of the measurement and disclosure requirements of HKFRS 13	HKFRS13.6(a)
Reserves	
An entity shall disclose, either in the statement of financial position or in the notes, further subclassifications of the line items presented, classified in a manner appropriate to the entity's operations. For example, equity capital and reserves are disaggregated into various classes, such as paid-in capital, share premium and reserves	HKAS1.78(e) &77
An entity shall disclose a description of the nature and purpose of each reserve within equity, either in the statement of financial position or the statement of changes in equity, or in the notes	HKAS1.79(b)
An entity shall disclose the following for each class of assets:	HKAS36.126
1. The amount of impairment losses on revalued assets recognised in other comprehensive income during the period	-(c)
2. The amount of reversals of impairment losses on revalued assets recognised in other comprehensive income during the period	-(d)

37. SHARE OPTION SCHEME (continued)

The fair value of equity-settled share options granted during the year, except for the excess number of 1,000,000 share options granted to Mr. T, was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2020	2019
Dividend yield (%)	3.13	3.13
Expected volatility (%)	15.00	15.00
Historical volatility (%)	15.00	15.00
Risk-free interest rate (%)	4.10	3.90
Expected life of options (year)	0.50	0.50
Weighted average share price (HK$ per share)	0.32	0.295

The expected life of the options is based on the historical data over the past three years 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 options granted was incorporated into the measurement of fair value.

The 28,400,000 share options exercised during the year resulted in the issue of 28,400,000 ordinary shares of the Company and new share capital of HK$9,760,000 (before issue expenses), as further detailed in note 36 to the financial statements.

At the end of the reporting period, the Company had 70,500,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 70,500,000 additional ordinary shares of the Company and additional share capital of HK$22,160,000 (before issue expenses).

Subsequent to the end of the reporting period, on 28 February 2021, a total of 10,000,000 share options were granted to certain of the directors of the Company in respect of their services to the Group in the forthcoming year. These share options vest on 30 September 2022 and have an exercise price of HK$0.37 per share and an exercise period ranging from 30 September 2022 to 30 March 2024. The price of the Company's shares at the date of grant was HK$0.36 per share.

At the date of approval of these financial statements, the Company had 80,500,000 share options outstanding under the Scheme, which represented approximately 12.4% of the Company's shares in issue as at that date.

38. 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 pages 33 to 34 of the financial statements.

The Group's contributed surplus represents the excess of the [previous] nominal value of the shares of the subsidiaries acquired pursuant to the Group reorganisation set out in note … over the [previous] nominal value of the Company's shares issued in exchange therefor.

Pursuant to the relevant laws and regulations for Sino-foreign joint venture enterprises, a portion of the profits of the Group's joint ventures which are established in the People's Republic of China has been transferred to reserve funds which are restricted as to use.

Provide further details where the balance is material

Reserves (continued)	
An entity shall disclose net exchange differences recognised in other comprehensive income and accumulated in a separate component of equity, and a reconciliation of the amount of such exchange differences at the beginning and end of the period	HKAS21.52(b)
If items of property, plant and equipment are stated at revalued amounts, the revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders shall be disclosed	HKAS16.77(f)
An entity shall disclose significant restrictions (e.g., statutory, contractual and regulatory restrictions) on its ability to access or use the assets and settle the liabilities of the group, such as:	HKFRS12.13(a)
1. those that restrict the ability of a parent or its subsidiaries to transfer cash or other assets to (or from) other entities within the group	-(i)
2. guarantees or other requirements that may restrict dividends and other capital distributions being paid, or loans and advances being made or repaid, to (or from) other entities within the group	-(ii)
An entity shall disclose the nature and extent of any significant restrictions (e.g., resulting from borrowing arrangements, regulatory requirements or contractual arrangements between investors with joint control of a joint venture or an associate) on the ability of joint ventures or associates to transfer funds to the entity in the form of cash dividends, or to repay loans or advances made by the entity	HKFRS12.22(a)
If the entity has designated a financial liability as at fair value through profit or loss in accordance with HKFRS 9.4.2.2 and is required to present the effects of changes in that liability's credit risk in other comprehensive income, it shall disclose any transfers of the cumulative gain or loss within equity during the period including the reason for such transfers	HKFRS7.10(c)
The aggregate current and deferred tax relating to items that are charged or credited directly to equity shall be disclosed separately	HKAS12.81(a)
Commentary: Schedule 4 to the Companies Ordinance requires that if a group produces consolidated financial statements, the holding company's statement of financial position and a note disclosing the movement in the holding company's reserves must be included in the notes to the consolidated financial statements. The holding company's statement of financial position to be contained in the notes to the consolidated financial statements for a financial year is not required to contain any other notes	

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Partly-owned subsidiaries with material non-controlling interests	
An entity shall disclose for each of its subsidiaries that have non-controlling interests that are material to the reporting entity:	HKFRS12.12
1. the name of the subsidiary	-(a)
2. the principal place of business (and country of incorporation if different from the principal place of business) of that subsidiary	-(b)
3. the proportion of ownership interests held by non-controlling interests	-(c)
4. the proportion of voting rights held by non-controlling interests, if different from the proportion of ownership interests held	-(d)
5. the profit or loss allocated to non-controlling interests of the subsidiary during the reporting period	-(e)
6. accumulated non-controlling interests of the subsidiary at the end of the reporting period	-(f)
7. dividends paid to non-controlling interests	HKFRS12.B10(a)
8. summarised financial information about the assets, liabilities, profit or loss and cash flows of the subsidiary that enables users to understand the interest that non-controlling interests have in the group's activities and cash flows. That information might include but is not limited to, for example, current assets, non-current assets, non-current liabilities, revenue, profit or loss and total comprehensive income	HKFRS12.B10(b)
Commentary:	
1. HKFRS 12 requires the above information only in respect of subsidiaries that have non-controlling interests which are material to the reporting entity. The information should be provided separately for each such subsidiary	
2. The summarised financial information required by HKFRS 12.B10(b) shall be the amounts before inter-company eliminations	HKFRS12.B11
3. When an entity's interest in a subsidiary is classified (or included in a disposal group that is classified) as held for sale in accordance with HKFRS 5, the entity is not required to disclose summarised financial information for that subsidiary in accordance with HKFRS 12.B10	HKFRS12.B17
4. Although HKFRS 12 does not specifically state that the summarised financial information should be based on the HKFRS financial statements of those subsidiaries with material non-controlling interests, it is expected that an entity should have the information required available in preparing the group's consolidated financial statements (HKFRS 12.BC29). Therefore, it is expected that the financial information will be based on HKFRSs, using the same accounting policies of the parent	

39. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2020	2019
Percentage of equity interest held by non-controlling interests:		
CCC Enterprise Limited	55%	60%
GGG Limited	52%	52%

	2020 HK$'000	2019 HK$'000
Profit/(loss) for the year allocated to non-controlling interests:		
CCC Enterprise Limited	1,728	(126)
GGG Limited	2,400	3,940
Dividends paid to non-controlling interests of GGG Limited	1,627	-
Accumulated balances of non-controlling interests at the reporting date:		
CCC Enterprise Limited	11,078	11,250
GGG Limited	10,891	10,118

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2020	CCC Enterprise Limited HK$'000	GGG Limited HK$'000
Revenue	131,220	110,124
Total expenses	(128,078)	(105,509)
Profit for the year	3,142	4,615
Total comprehensive income for the year	3,142	4,615
Current assets	26,420	40,132
Non-current assets	4,172	11,342
Current liabilities	(9,794)	(30,530)
Non-current liabilities	(656)	-
Net cash flows from operating activities	148	1,032
Net cash flows from/(used in) investing activities	(832)	526
Net cash flows used in financing activities	-	(680)
Net increase/(decrease) in cash and cash equivalents	(684)	878

Business combinations	
An entity shall disclose, in aggregate, in respect of obtaining control of subsidiaries or other businesses during the period each of the following:	HKAS7.40
1. the total consideration paid	-(a)
2. the portion of the consideration consisting of cash and cash equivalents	-(b)
3. the amount of cash and cash equivalents in the subsidiaries or other businesses over which control is obtained	-(c)
4. the amount of the assets and liabilities other than cash or cash equivalents in the subsidiaries or other businesses over which control is obtained, summarised by each major category	-(d)
The aggregate amount of the cash paid as consideration for obtaining control of subsidiaries or other businesses is reported in the statement of cash flows net of cash and cash equivalents acquired as part of such transactions, events or changes in circumstances	HKAS7.42
The acquirer shall disclose information that enables users of its financial statements to evaluate the nature and financial effect of a business combination that occurs during the current reporting period	HKFRS3.59(a)
An acquirer shall disclose the following information for each business combination that occurs during the reporting period:	HKFRS3.B64
1. the name and a description of the acquiree	-(a)
2. the acquisition date	-(b)
3. the percentage of voting equity interests acquired	-(c)
4. the primary reasons for the business combination and a description of how the acquirer obtained control of the acquiree	-(d)
5. a qualitative description of the factors that make up the goodwill recognised, such as expected synergies from combining operations of the acquiree and the acquirer, intangible assets that do not qualify for separate recognition or other factors	-(e)
6. the acquisition-date fair value of the total consideration transferred and the acquisition-date fair value of each major class of consideration, such as:	-(f)
a. cash	-(f)(i)
b. other tangible or intangible assets, including a business or subsidiary of the acquirer	-(f)(ii)
c. liabilities incurred, for example, a liability for contingent consideration	-(f)(iii)
d. equity interests of the acquirer, including the number of instruments or interests issued or issuable and the method of measuring the fair value of those instruments or interests	-(f)(iv)
7. the amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed	-(i)
For individually immaterial business combinations occurring during the reporting period that are material collectively, the acquirer shall disclose in aggregate the information required by HKFRS 3.B64(e) to HKFRS 3.B64(q)	HKFRS3.B65
If the specific disclosures required by HKFRS 3 and other HKFRSs do not meet the objectives to enable users of the financial statements to evaluate the nature and financial effect of a business combination that occurs during the current reporting period or after the end of the reporting period but before the financial statements are authorised for issue, the acquirer shall disclose whatever additional information is necessary to meet those objectives	HKFRS3.63&59
Commentary:	
1. For assets and liabilities that are measured at fair value on a non-recurring basis in the statement of financial position, HKFRS 13 requires an entity to disclose information that helps users of its financial statements to assess the relevant assets and liabilities, the valuation techniques and inputs used to develop those measurements after initial recognition. As such, the disclosure requirements in HKFRS 13 for assets and liabilities that are measured at fair value on a non-recurring basis do not apply to the initial recognition of fair values of the identifiable assets and liabilities acquired in a business combination (except for contingent consideration payable which is required to be measured at fair value at the end of each reporting period)	HKFRS13.91 HKFRS13.93(a)
2. HKFRS 3.28B requires the lease liability to be measured at the present value of the remaining lease payments as if the acquired lease were a new lease at the acquisition date. That is, the acquirer applies HKFRS 16's initial measurement provisions using the present value of the remaining lease payments at the acquisition date. The right-of-use asset is measured at an amount equal to the lease liability, adjusted to reflect the favourable or unfavourable terms of the lease when compared with market terms (Note). The acquirer is not required to recognise right-of-use assets and lease liabilities for:	HKFRS3.28B HKFRS3.28A
a. leases for which the lease term ends within 12 months of the acquisition date	-(a)
b. leases for which the underlying asset is of low value (as described in HKFRS 16.B3-B8)	-(b)
Note: Because the off-market nature of the lease is captured in the right-of-use asset, the acquirer does not separately recognise an intangible asset or liability for favourable or unfavourable lease terms relative to market terms	

39. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

2019	CCC Enterprise Limited HK$'000	GGG Limited HK$'000
Revenue	124,100	105,100
Total expenses	(124,310)	(97,523)
Profit/(loss) for the year	(210)	7,577
Total comprehensive income for the year	2,596	7,577
Current assets	25,804	39,011
Non-current assets	3,970	12,040
Current liabilities	(10,368)	(31,593)
Non-current liabilities	(656)	-
Net cash flows from/(used in) operating activities	480	(341)
Net cash flows from investing activities	120	32
Net cash flows from/(used in) financing activities	(68)	200
Net increase/(decrease) in cash and cash equivalents	532	(109)

40. BUSINESS COMBINATION

On 30 September 2020, the Group acquired a 100% interest in FFF Limited from a fellow subsidiary of the Company. FFF Limited is engaged in the manufacture of industrial products. Further details of the transaction are included in note 46(b)(ii) to the financial statements. The acquisition was made as part of the Group's strategy to expand its market share of industrial products in the European Union. The purchase consideration for the acquisition was in the form of cash, with HK$1,000,000 paid at the acquisition date and the remaining HK$1,530,000 paid on 30 November 2020.

(*Add if the Group does not acquire a 100% interest in the acquiree*) The Group has elected to measure the non-controlling interest in … Limited at the non-controlling interest's proportionate share of … Limited's identifiable net assets.

Business combinations (continued)	
An acquirer shall disclose the following information for each business combination that occurs during the reporting period:	HKFRS3.B64
1. for contingent consideration arrangements and indemnification assets:	-(g)
a. the amount recognised as of the acquisition date	-(g)(i)
b. a description of the arrangement and the basis for determining the amount of the payment	-(g)(ii)
c. an estimate of the range of outcomes (undiscounted) or, if a range cannot be estimated, that fact and the reasons why a range cannot be estimated. If the maximum amount of the payment is unlimited, the acquirer shall disclose that fact	-(g)(iii)
2. for acquired receivables:	
a. the fair value of the receivables	-(h)(i)
b. the gross contractual amounts receivable	-(h)(ii)
c. the best estimate at the acquisition date of the contractual cash flows not expected to be collected	-(h)(iii)
The disclosures shall be provided by major class of receivable, such as loans, direct finance leases and any other class of receivables	
3. the total amount of goodwill that is expected to be deductible for tax purposes	-(k)
4. the amount of acquisition-related costs and, separately, the amount of those costs recognised as an expense and the line item or items in the statement of comprehensive income in which those expenses are recognised. The amount of any issue costs not recognised as an expense and how they were recognised shall also be disclosed	-(m)
5. in a bargain purchase:	-(n)
a. the amount of any gain recognised in accordance with HKFRS 3.34 and the line item in the statement of comprehensive income in which the gain is recognised	-(n)(i)
b. a description of the reasons why the transaction resulted in a gain	-(n)(ii)
6. the amounts of revenue and profit or loss of the acquiree since the acquisition date included in the consolidated statement of comprehensive income for the reporting period, and if disclosure of the information is impracticable, the acquirer shall disclose that fact and explain why the disclosure is impracticable	-(q)(i)
7. the revenue and profit or loss of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period, and if disclosure of the information is impracticable, the acquirer shall disclose that fact and explain why the disclosure is impracticable	-(q)(ii)
<u>Incomplete initial accounting for a business combination</u>	
Commentary:	
For the business combination illustrated in Hong Kong Listed Limited, the combination has been completed by the end of the reporting period and so the fair values of the identifiable assets and liabilities illustrated in note 40 to the financial statements are not recognised on a provisional basis. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Please refer to HKFRS 3.B67(a) for the relevant disclosure requirements	HKFRS3.45-50
In accordance with HKFRS 3, if the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected, the acquirer:	
1. accounts for the combination using those provisional values	
2. recognises any adjustments to those provisional values as a result of completing the initial accounting within the measurement period, which will not exceed twelve months from the acquisition date	
In such circumstances, it might also not be possible to complete the initial allocation of the goodwill recognised in the combination before the end of the annual period in which the combination is effected. When this is the case, the entity discloses the information required by HKAS 36.133	HKAS36.85
If, in accordance with HKAS 36.84, any portion of the goodwill acquired in a business combination during the period has not been allocated to a cash-generating unit (group of units) at the end of the reporting period, the amount of the unallocated goodwill shall be disclosed together with the reasons why that amount remains unallocated	HKAS36.133

40. BUSINESS COMBINATION (continued)

The fair values of the identifiable assets and liabilities of FFF Limited as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition HK$'000
Property, plant and equipment	14	1,450
Patents and licences		…
Right-of-use assets	16(a)	…
Cash and bank balances		205
Trade receivables		655
Prepayments and other receivables		195
Trade payables		(170)
Accruals and other payables		(50)
Deferred tax liabilities		…
Contingent liabilities		…
Lease liabilities	16(b)	…
Total identifiable net assets at fair value		2,285
Non-controlling interests		(…)
Goodwill on acquisition	17	245
Gain on bargain purchase recognised in other income and gains in the consolidated statement of profit or loss		(…)
Satisfied by cash		2,530

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to HK$655,000 and HK$70,000, respectively. The gross contractual amounts of trade receivables and other receivables were HK$655,000 and HK$75,000, respectively, of which other receivables of HK$5,000 are expected to be uncollectible.

The Group incurred transaction costs of HK$150,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the consolidated statement of profit or loss.

Included in the goodwill of HK$245,000 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.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the leases relative to market terms.

As part of the purchase agreement, contingent consideration is payable, which is dependent on the amount of profit before tax of … Limited during the 12-month period subsequent to the acquisition. The initial amount recognised was HK$... which was determined using the discounted cash flow model and is within Level 3 fair value measurement. The consideration is due for final measurement and payment to the former shareholders on 30 November 2021. At the date of approval of these financial statements, no further significant changes to the consideration are expected.

Significant unobservable valuation inputs for the fair value measurement of contingent consideration are as follows:

Projected profit before tax of … Limited	HK$... to HK$...
Discount rate	…%
Discount for own non-performance risk	…%

Business combinations (continued)	
Commentary:	
Other disclosure requirements related to business combinations not illustrated in the consolidated financial statements of Hong Kong Listed Limited are as follows:	HKFRS3.B64
1. for each contingent liability recognised, disclose the information required in paragraph 85 of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. If a contingent liability is not recognised because its fair value cannot be measured reliably, the acquirer shall disclose:	-(j) -(j)(i)
a. the information required by HKAS 37.86	-(j)(ii)
b. the reasons why the liability cannot be measured reliably	
2. for transactions that are recognised separately from the acquisition of assets and assumption of liabilities in the business combination, disclose:	-(l)
a. a description of each transaction	-(l)(i)
b. how the acquirer accounted for each transaction	-(l)(ii)
c. the amounts recognised for each transaction and the line item in the financial statements in which each amount is recognised	-(l)(iii)
d. if the transaction is the effective settlement of a pre-existing relationship, the method used to determine the settlement amount	-(l)(iv)
3. for each business combination in which the acquirer holds less than 100% of the equity interests in the acquiree at the acquisition date, disclose:	-(o)
a. the amount of the non-controlling interest in the acquiree recognised at the acquisition date and the measurement basis for that amount	-(o)(i)
b. for each non-controlling interest in an acquiree measured at fair value, the valuation technique(s) and significant inputs used to measure that value	-(o)(ii)
4. in a business combination achieved in stages, disclose:	-(p)
a. the acquisition-date fair value of the equity interest in the acquiree held by the acquirer immediately before the acquisition date	-(p)(i)
b. the amount of any gain or loss recognised as a result of remeasuring to fair value the equity interest in the acquiree held by the acquirer before the business combination and the line item in the statement of comprehensive income in which that gain or loss is recognised	-(p)(ii)
5. The acquirer shall disclose information as detailed in HKFRS 3.B67 that enables users of its financial statements to evaluate the financial effects of adjustments recognised in the current reporting period that relate to business combinations that occurred in the period or previous reporting periods. If the specific disclosures required by HKFRS 3 and other HKFRSs fail to meet this objective, the acquirer shall disclose whatever additional information is necessary to meet this objective	HKFRS3.61,62 &63
Disposal of a subsidiary	
An entity shall disclose, in aggregate, in respect of losing control of subsidiaries or other businesses during the period each of the following:	HKAS7.40
1. the total consideration received	-(a)
2. the portion of the consideration consisting of cash and cash equivalents	-(b)
3. the amount of cash and cash equivalents in the subsidiaries or other businesses over which control is lost	-(c)
4. the amount of the assets and liabilities other than cash or cash equivalents in the subsidiaries or other businesses over which control is lost, summarised by each major category	-(d)
The aggregate amount of the cash received as consideration for losing control of subsidiaries or other businesses is reported in the statement of cash flows net of cash and cash equivalents disposed of as part of such transactions, events or changes in circumstances	HKAS7.42
An entity shall disclose the following information in the notes in the period in which a non-current asset (or disposal group) has been either classified as held for sale or sold:	HKFRS5.41
1. a description of the non-current asset (or disposal group)	-(a)
2. a description of the facts and circumstances of the sale, or leading to the expected disposal, and the expected manner and timing of that disposal	-(b)
3. if applicable, the reportable segment in which the non-current asset (or disposal group) is presented in accordance with HKFRS 8	-(d)

40. BUSINESS COMBINATION (continued)

A significant increase (decrease) in the profit before tax of … Limited would result in a significant increase (decrease) in the fair value of the contingent consideration liability. A significant increase (decrease) in the discount rate would result in a significant decrease (increase) in the fair value of the contingent consideration liability.

Refer to the disclosure requirements of HKFRS 13.93 in respect of fair value measurement on pages (110) and (111)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	HK$'000
Cash consideration	(2,530)
Cash and bank balances acquired	205
Net outflow of cash and cash equivalents included in cash flows from investing activities	(2,325)
Transaction costs of the acquisition included in cash flows from operating activities	(150)
	(2,475)

Where the purchase consideration in a business combination includes shares (equity instruments), refer to the disclosure requirements of HKFRS 3.B64(f)(iv) on page (156)

Since the acquisition, FFF Limited contributed HK$12,379,000 to the Group's revenue and HK$1,023,000 to the consolidated profit for the year ended 31 December 2020.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the year would have been HK$725,171,000 and HK$33,207,000, respectively.

41. DISPOSAL OF A SUBSIDIARY

	Note	2020 HK$'000	2019 HK$'000
Net assets disposed of:			
Property, plant and equipment		-	1,912
Cash and bank balances		-	10,833
Trade receivables		-	12,401
Prepayments and other receivables		-	2,171
Trade payables		-	(10,045)
Accruals and other payables		-	(2,220)
Tax payable		-	(395)
Non-controlling interests		-	(1,344)
		-	13,313
Exchange fluctuation reserve		-	…
		-	13,313
Gain on disposal of a subsidiary	5	-	950
		-	14,263
Satisfied by:			
Cash		-	14,263

Notes to the consolidated statement of cash flows	
Investing and financing transactions that do not require the use of cash or cash equivalents shall be excluded from a statement of cash flows. Such transactions shall be disclosed elsewhere in the financial statements in a way that provides all the relevant information about these investing and financing activities	HKAS7.43
An entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes	HKAS7.44A
To the extent necessary to satisfy the requirement in HKAS 7.44A, an entity shall disclose the following changes in liabilities arising from financing activities:	HKAS7.44B
1. changes from financing cash flows	-(a)
2. changes arising from obtaining or losing control of subsidiaries or other businesses	-(b)
3. the effect of changes in foreign exchange rates	-(c)
4. changes in fair values	-(d)
5. other changes	-(e)
Commentary:	
1. The disclosure requirement in HKAS 7.44A also applies to changes in financial assets (for example, assets that hedge liabilities arising from financing activities) if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities	HKAS7.44C
2. One way to fulfil the disclosure requirement in HKAS 7.44A is by providing a reconciliation between the opening and closing balances in the statement of financial position or liabilities arising from financing activities, including the changes identified in HKAS 7.44B. Where an entity discloses such a reconciliation, it shall provide sufficient information to enable users of the financial statements to link items included in the reconciliation to the statement of financial position and the statement of cash flows	HKAS7.44D
3. If an entity provides the disclosures required by HKAS 7.44A in combination with disclosures of changes in other assets and liabilities, it shall disclose the changes in liabilities arising from financing activities separately from changes in those other assets and liabilities	HKAS7.44E

41. DISPOSAL OF A SUBSIDIARY (continued)

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

	2020 HK$'000	2019 HK$'000
Cash consideration	-	14,263
Cash and bank balances disposed of	-	(10,833)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	-	3,430

42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$21,251,000 (2019: HK$6,345,000) and HK$21,251,000 (2019: HK$6,345,000), respectively, in respect of lease arrangements for plant and equipment.

(b) Changes in liabilities arising from financing activities

2020

	Bank and other loans HK$'000	Lease liabilities HK$'000	Convertible bonds HK$'000	Amount due to the ultimate parent HK$'000
At 1 January 2020	211,326	27,618	-	…
Changes from financing cash flows	(35,988)	(13,563)	30,000	…
Equity component of convertible bonds	-	-	(3,852)	-
New leases	-	21,251	-	-
Foreign exchange movement	…	…	…	…
Interest expense	-	2,570	2,381	…
Interest paid classified as operating cash flows	-	(2,570)	(2,100)	…
Covid-19-related rent concessions from lessors	-	(720)	-	-
Reassessment and revision of lease terms	-	(…)	-	-
Increase arising from acquisition of subsidiaries	…	…	…	…
At 31 December 2020	175,338	34,586	26,429	…

Notes to the consolidated statement of cash flows	
Investing and financing transactions that do not require the use of cash or cash equivalents shall be excluded from a statement of cash flows. Such transactions shall be disclosed elsewhere in the financial statements in a way that provides all the relevant information about these investing and financing activities	HKAS7.43
Taxes paid are usually classified as cash flows from operating activities. However, when it is practicable to identify the tax cash flow with an individual transaction that gives rise to cash flows that are classified as investing or financing activities the tax cash flow is classified as an investing or financing activity as appropriate. When tax cash flows are allocated over more than one class of activity, the total amount of taxes paid is disclosed	HKAS7.36
Additional information may be relevant to users in understanding the financial position and liquidity of an entity. Disclosure of this information, together with a commentary by management, is encouraged and may include:	HKAS7.50
1. the amount of undrawn borrowing facilities that may be available for future operating activities and to settle capital commitments, indicating any restrictions on the use of these facilities	-(a)
2. the aggregate amount of cash flows that represent increases in operating capacity separately from those cash flows that are required to maintain operating capacity	-(c)
3. the amount of the cash flows arising from the operating, investing and financing activities of each reportable segment	-(d)
A lessee shall disclose the amount of total cash outflow for leases for the reporting period	HKFRS16.53(g)

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

(b) Changes in liabilities arising from financing activities (continued)

2019

	Bank and other loans HK$'000	Lease liabilities HK$'000	Amount due to the ultimate parent HK$'000
At 1 January 2019	214,245	33,815	…
Changes from financing cash flows	(2,919)	(12,542)	…
New leases	-	6,345	-
Foreign exchange movement	…	…	…
Interest expense	-	1,606	…
Interest paid classified as operating cash flows	-	(1,606)	…
At 31 December 2019	211,326	27,618	…

(c) Total cash outflow for leases

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

	2020 HK$'000	2019 HK$'000
Within operating activities	3,012	1,981
Within investing activities	…	…
Within financing activities	13,563	12,542
	16,575	14,523

Contingent liabilities – general disclosure requirements	
Unless the possibility of any outflow in settlement is remote, an entity shall disclose for each class of contingent liability at the end of the reporting period a brief description of the nature of the contingent liability and, where practicable:	HKAS37.86
1. an estimate of its financial effect	-(a)
2. an indication of the uncertainties relating to the amount or timing of any outflow	-(b)
3. the possibility of any reimbursement	-(c)
Where a provision and a contingent liability arise from the same set of circumstances, an entity makes the disclosures in a way that shows the link between the provision and the contingent liability	HKAS37.88
Where an inflow of economic benefits is probable, an entity shall disclose a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect	HKAS37.89
Where any of the information required by HKAS 37.86 and HKAS 37.89 above is not disclosed because it is not practicable to do so, that fact shall be stated	HKAS37.91
In extremely rare cases, disclosure of some or all of the information required by HKAS 37.84 to HKAS 37.89 can be expected to prejudice seriously the position of the entity in a dispute with other parties on the subject matter of the provision, contingent liability or contingent asset. In such cases, an entity need not disclose the information, but shall disclose the general nature of the dispute, together with the fact that, and reason why, the information has not been disclosed	HKAS37.92
Contingent liabilities – disclosure requirements for specific items	
An entity discloses any tax-related contingent liabilities and contingent assets, for example, from unresolved disputes with the taxation authorities	HKAS12.88
Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised shall be disclosed	HKAS20.39(c)
An entity shall disclose in accordance with HKAS 37, unless the probability of loss is remote, contingent liabilities incurred relating to its interests in joint ventures or associates (including its share of contingent liabilities incurred jointly with other investors with joint control of, or significant influence over, the joint ventures or associates), separately from the amount of other contingent liabilities	HKFRS12.23(b)
For each business combination, if a contingent liability is not recognised because its fair value cannot be measured reliably, the acquirer shall disclose:	HKFRS3.B64(j)
1. the information required by HKAS 37.86 above	-(i)
2. the reasons why the liability cannot be measured reliably	-(ii)
If an entity concludes it is probable that a taxation authority will accept an uncertain tax treatment, the entity shall determine whether to disclose the potential effect of the uncertainty as a tax-related contingency applying HKAS 12.88	HK(IFRIC)-Int23.A5
Pledge of assets	
An entity shall disclose:	HKFRS7.14
1. the carrying amount of financial assets it has pledged as collateral for liabilities or contingent liabilities, including amounts that have been reclassified in accordance with HKFRS 9.3.2.23(a)	-(a)
2. the terms and conditions relating to its pledge	-(b)
When an entity holds collateral (of financial or non-financial assets) and is permitted to sell or repledge the collateral in the absence of default by the owner of the collateral, it shall disclose:	HKFRS7.15
1. the fair value of the collateral held	-(a)
2. the fair value of any such collateral sold or repledged, and whether the entity has an obligation to return it	-(b)
3. the terms and conditions associated with its use of the collateral	-(c)

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

(*This note is only required if there are tax paid amounts included under "Investing activities" or in "Financing activities" in the consolidated statement of cash flows - see guidance on page (37)*)

(d) Total taxes paid

The total taxes paid during the year were:

	2020 HK$'000	2019 HK$'000
Operating activities:		
Hong Kong profits tax (paid)/refunded	(…)	(…)
Overseas taxes paid	(…)	(…)
	(…)	(…)
Investing activities:		
Hong Kong profits tax paid	(…)	(…)
Overseas taxes paid	(…)	(…)
	(…)	(…)
Financing activities:		
Hong Kong profits tax paid	(…)	(…)
Overseas taxes paid	(…)	(…)
	(…)	(…)
	(…)	(…)

43. CONTINGENT LIABILITIES

A subsidiary of the Group is currently a defendant in a lawsuit brought by a party alleging that the subsidiary breached and repudiated a verbal contract to purchase a residential property located in Wuhan in Mainland China. The directors, based on the advice from the Group's legal counsel, believe that the subsidiary has a valid defence against the allegation and, accordingly, have not provided for any claim arising from the litigation, other than the related legal and other costs.

44. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans and overdrafts, and for a bank loan granted to a major supplier are included in notes 32 and 23, respectively, to the financial statements.

Commitments	
An entity shall disclose the amount of contractual commitments for the acquisition of property, plant and equipment	HKAS16.74(c)
An entity shall disclose the amount of contractual commitments for the acquisition of intangible assets	HKAS38.122(e)
An entity shall disclose contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements	HKAS40.75(h)
An entity shall disclose total commitments it has made but not recognised at the reporting date (including its share of commitments made jointly with other investors with joint control of a joint venture) relating to its interests in joint ventures which include:	HKFRS12.B18& B19
1. unrecognised commitments to contribute funding or resources as a result of, for example:	-(a)
a. the constitution or acquisition agreements of a joint venture (that, for example, require an entity to contribute funds over a specific period)	-(i)
b. capital-intensive projects undertaken by a joint venture	-(ii)
c. unconditional purchase obligations, comprising procurement of equipment, inventory or services that an entity is committed to purchasing from, or on behalf of, a joint venture	-(iii)
d. unrecognised commitments to provide loans or other financial support to a joint venture	-(iv)
e. unrecognised commitments to contribute resources to a joint venture, such as assets or services	-(v)
f. other non-cancellable unrecognised commitments relating to a joint venture	-(vi)
2. unrecognised commitments to acquire another party's ownership interest (or a portion of that ownership interest) in a joint venture if a particular event occurs or does not occur in the future	-(b)
Commitments are those that may give rise to a future outflow of cash or other resources	HKFRS12.B18
A lessee shall disclose the amount of its lease commitments for short-term leases accounted for applying HKFRS 16.6 <u>if</u> the portfolio of short-term leases to which it is committed at the end of the reporting period is <u>dissimilar</u> to the portfolio of short-term leases to which the short-term lease expense disclosed applying HKFRS 16.53(c) relates	HKFRS16.55
In addition to the disclosures required in HKFRS 16.53-58, a lessee shall disclose additional qualitative and quantitative information about its leasing activities necessary to meet the disclosure objective in HKFRS 16.51. This additional information may include, but is not limited to, information that helps users of financial statements to assess future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities, including leases not yet commenced to which the lessee is committed	HKFRS16.59(b) -(iv)

45. COMMITMENTS

(a) The Group had the following capital commitments at the end of the reporting period:

	2020 HK$'000	2019 HK$'000
Contracted, but not provided for:		
Buildings	3,706	8,079
Plant and machinery	7,902	5,903
Capital contributions payable to joint ventures	1,000	-
	12,608	13,982

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

	2020 HK$'000	2019 HK$'000
Contracted, but not provided for	400	-

At the end of the reporting period, the Group did not have any significant commitments.

(b) The Group has various lease contracts that have not yet commenced as at 31 December 2020. The future lease payments for these non-cancellable lease contracts are HK$... due within one year, HK$... due in the second to fifth years, inclusive and HK$... due after five years.

Disclose the amount of the Group's lease commitments for short-term leases accounted for applying HKFRS 16.6 if the portfolio of short-term leases to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 16(c) to the financial statements applying HKFRS 16.53(c) relates

Related party transactions	
Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed	HKAS24.13
If an entity has had related party transactions during the periods covered by the financial statements it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. At a minimum, disclosures shall include:	HKAS24.18
1. the amount of the transactions	-(a)
2. the amount of outstanding balances, including commitments, and:	-(b)
a. their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement	-(b)(i)
b. details of any guarantees given or received	-(b)(ii)
3. provisions for doubtful debts related to the amount of outstanding balances	-(c)
4. the expense recognised during the period in respect of bad or doubtful debts due from related parties	-(d)
5. amounts incurred by the entity for the provision of key management personnel services that are provided by a separate management entity	HKAS24.18A
The disclosures required by HKAS 24.18 above shall be made separately for each of the following categories:	HKAS24.19
1. the parent	-(a)
2. entities with joint control of, or significant influence over, the entity	-(b)
3. subsidiaries	-(c)
4. associates	-(d)
5. joint ventures in which the entity is a venturer	-(e)
6. key management personnel of the entity or its parent	-(f)
7. other related parties	-(g)
8. related party transactions with post-employment benefit plans	HKAS19.151(a)
An entity provides disclosure in accordance with HKAS 24 if the entity reacquires its own equity instruments from related parties	HKAS32.34
Disclosures that related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated	HKAS24.23
Items of a similar nature may be disclosed in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the entity	HKAS24.24
The financial statements for a financial year must contain, in the notes to the statements, the information prescribed by the regulations made under sections 451 and 452 of the Companies Ordinance about material interests of directors (including shadow directors as defined in section 2(1) of the Companies Ordinance) in transactions, arrangements or contracts entered into by the company	S383(1)(e)
The following particulars of any transaction, arrangement or contract entered into by the company and in which a person who at any time during the financial year was a director of the company had, directly or indirectly, a material interest must be contained in the notes to the financial statements of the company for a financial year:	C(DIBD)R.22 -(1)&(2)
1. the principal terms of the transaction, arrangement or contract	-(3)(a)
2. a statement of the fact that the transaction, arrangement or contract was entered into or subsisted during the financial year	-(3)(b)
3. the names of the parties to the transaction, arrangement or contract	-(3)(c)
4. the name of the director having the material interest and the nature of that interest	-(3)(d)
5. (if that director is treated as having the material interest by virtue of C(DIBD)R.22(4) below) the name of the director's connected entity and the nature of the connection	-(3)(e)
For the purpose of C(DIBD)R.22, a director of a public company is treated as having a material interest in a transaction, arrangement or contract entered into by the public company if a connected entity (as defined in section 486 of the Companies Ordinance) of that director has a material interest in that transaction, arrangement or contract	C(DIBD)R.22(4)
Commentary: A reference to a transaction, arrangement or contract under C(DIBD)R.22 is a reference to a transaction, arrangement or contract that is significant in relation to the company's business	C(DIBD)R.22(5)

46. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	Notes	2020 HK$'000	2019 HK$'000
Management fees paid to the ultimate holding company		150	145
Associates:			
Sales of products	(i)	5,850	700
Purchases of products	(ii)	5,850	700
Joint ventures:			
Sales of products	(i)	5,850	700
Commission income	(iii)	480	715
Fellow subsidiaries:			
Distribution charges paid to a fellow subsidiary	(iv)	25,579	23,230
Purchases of plant, vehicles, furniture and fixtures		1,890	-
Interest income from directors		200	150
Purchases of raw materials from a company of which a director of the Company is a controlling shareholder	(v)	7,900	2,400
Key management personnel service fees paid to a company	(vi)	…	…

Notes:

(i) The sales to the associates and the joint ventures were made according to the published prices and conditions offered to the major customers of the Group, except that a longer credit period of up to six months is normally granted.

(ii) The purchases from the associates were made according to the published prices and conditions offered by the associates to their major customers.

(iii) The commission income arose from the sale of properties of a joint venture arranged by a subsidiary, which in return received a commission based on 2% of the transaction value (2019: 2%).

(iv) The distribution charges were based on the direct costs incurred, plus margins ranging from 5% to 15%, depending on the nature and location of the services performed. The charges are substantially in line with those offered by the fellow subsidiary to its major customers. There was no outstanding balance with this fellow subsidiary as at 31 December 2020 (2019: Nil).

(v) The purchases were made from Industrial Limited, a company of which Mr. A is a controlling shareholder. The directors consider that the purchases of raw materials were made according to the published prices and conditions similar to those offered to the major customers of the supplier, except that interest was not charged on overdue balances. The balance owing to the supplier as at 31 December 2020 was HK$550,000 (2019: HK$250,000).

(vi) The fees were paid for the management and administrative services provided by Company X, a company of which Mr. P is the sole shareholder. The fees were charged pursuant to the terms in the agreement signed between the Company and Company X on … .

Related party transactions (continued) An entity shall disclose key management personnel compensation in total and for each of the following categories:	
1. short-term employee benefits	HKAS24.17(a)
2. post-employment benefits	HKAS19.151(b) &HKAS24.17 (b)
3. other long-term benefits	HKAS19.158 &HKAS24.17(c)
4. termination benefits	HKAS19.171 &HKAS24.17(d)
5. share-based payment	HKAS24.17(e)
Commentary:	
1. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity	HKAS24.9
2. If an entity obtains key management personnel services from another entity (the "management entity"), the entity is not required to apply the requirements in HKAS 24.17 above to the compensation paid or payable by the management entity to the management entity's employees or directors that act as key management personnel of the reporting entity	HKAS24.17A &HKAS24.BC50-52
Issuers should disclose details of any remuneration payable to members of senior management by band in their annual reports	CP B.1.5
Please refer to page (100) for the definition of senior management under the Listing Rules	
When the listed issuer discloses in its annual report information of any related party transaction under the accounting standards for preparing its annual financial statements, it must specify whether the transaction is a connected transaction or continuing connected transaction (as the case may be) under Chapter 14A of the Listing Rules and whether it has complied with the requirements in Chapter 14A of the Listing Rules	A16(8)(2) &Ch14A.72 /GEM18.09(2) &GEM20.70
Disclosure requirements in respect of commitments and outstanding balances with related parties are included on page (163)	

46. RELATED PARTY TRANSACTIONS (continued)

(b) Other transactions with related parties:

(i) During the year, a subsidiary used the warehouse facilities of a fellow subsidiary of the Company for a period of eight months free of charge, while its own facilities were being refurbished.

(ii) During the year, the Group acquired a subsidiary, FFF Limited, from a subsidiary of the Company's ultimate holding company at a consideration of HK$2,530,000, based on an internal valuation of the business performed by the directors of the Company. Further details of the transaction are included in note 40 to the financial statements.

(iii) The Company's ultimate holding company has guaranteed certain bank loans made to the Group of up to HK$50,000,000 (2019: HK$90,000,000) as at the end of the reporting period, as disclosed in note 32(b) to the financial statements.

(iv) The Group has guaranteed banking facilities granted to an associate amounting to HK$40,824,000 (2019: HK$2,473,000) as at the end of the reporting period, as further detailed in note 30(c) to the financial statements.

(c) Commitments with related parties

On 1 August 2020, a subsidiary of the Group entered into a two-year agreement ending 31 July 2022 with Industrial Limited, a company of which Mr. A is a controlling shareholder, to purchase raw materials for the Group's future production. The amount of total purchases from Industrial Limited for the year is included in note 46(a)(v) to the financial statements. The Group expects total purchases from Industrial Limited in 2021 and 2022 to be approximately HK$18,000,000 and HK$10,000,000, respectively.

(d) Outstanding balances with related parties:

(i) The Group had an outstanding balance due to its ultimate holding company of HK$27,656,000 (2019: HK$3,992,000) as at the end of the reporting period. This balance is unsecured, interest-free and has no fixed terms of repayment.

(ii) Details of the Group's loans to/from its associates as at the end of the reporting period are included in note 20 to the financial statements, and details of the Group's loans to its joint ventures are included in note 19 to the financial statements.

(iii) Details of the Group's trade balances with its joint ventures and associates as at the end of the reporting period are disclosed in notes 23 and 29 to the financial statements.

(iv) Details of the Group's loans to the Company's directors are included in note 26 to the financial statements.

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

	2020 HK$'000	2019 HK$'000
Short term employee benefits	6,534	9,542
Post-employment benefits	222	147
Equity-settled share option expense	350	80
Total compensation paid to key management personnel	7,106	9,769

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

The related party transactions in respect of items … and … above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Financial instruments by category	
The carrying amounts of each of the following categories, as specified in HKFRS 9, shall be disclosed either in the statement of financial position or in the notes:	HKFRS7.8
1. financial assets measured at fair value through profit or loss, showing separately (i) those designated as such upon initial recognition or subsequently in accordance with HKFRS 9.6.7.1 and (ii) those mandatorily measured at fair value through profit or loss in accordance with HKFRS 9	-(a)
2. financial liabilities at fair value through profit or loss, showing separately (i) those designated as such upon initial recognition or subsequently in accordance with HKFRS 9.6.7.1 and (ii) those that meet the definition of held for trading in HKFRS 9	-(e)
3. financial assets measured at amortised cost	-(f)
4. financial liabilities measured at amortised cost	-(g)
5. financial assets measured at fair value through other comprehensive income, showing separately (i) financial assets that are measured at fair value through other comprehensive income in accordance with HKFRS 9.4.1.2A and (ii) investments in equity instruments designated as such upon initial recognition in accordance with HKFRS 9.5.7.5	-(h)
When HKFRS 7 requires disclosures by class of financial instrument, an entity shall group financial instruments into classes that are appropriate to the nature of the information disclosed and that take into account the characteristics of those financial instruments. An entity shall provide sufficient information to permit reconciliation to the line items presented in the statement of financial position	HKFRS7.6
Commentary: The classes described in HKFRS 7.6 are determined by the entity and are, thus, distinct from the categories of financial instruments specified in HKFRS 9 (which determine how financial instruments are measured and where changes in fair value are recognised)	HKFRS7.B1

47. 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:

2020

Financial assets

	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income			
	Designated as such upon initial recognition HK$'000	Mandatorily designated as such HK$'000	Debt investments HK$'000	Equity investments HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Equity investments at fair value through other comprehensive income	-	-	-	15,568	-	15,568
Debt investments at fair value through other comprehensive income	-	-	…	-	-	…
Loans to joint ventures	-	-	-	-	500	500
Loans to associates	-	-	-	-	3,068	3,068
Trade receivables	-	-	-	-	100,388	100,388
Financial assets included in prepayments, other receivables and other assets	-	-	…	-	21,501	21,501
Financial assets at fair value through profit or loss	…	20,100	-	-	-	20,100
Derivative financial instruments	-	1,444	-	-	-	1,444
Pledged deposits	-	-	-	-	36,000	36,000
Cash and cash equivalents	-	-	-	-	73,053	73,053
	…	21,544	…	15,568	234,510	271,622

Financial liabilities

	Financial liabilities at fair value through profit or loss			
	Designated as such upon initial recognition HK$'000	Held for trading HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
Loans from associates	-	-	500	500
Trade and bills payables	-	-	73,146	73,146
Financial liabilities included in other payables and accruals (note 30)	-	-	4,932	4,932
Derivative financial instruments	-	947	-	947
Convertible bonds	-	-	26,429	26,429
Interest-bearing bank and other borrowings	…	-	212,026	212,026
Due to the ultimate holding company	-	-	27,656	27,656
	…	947	344,689	345,636

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47. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

2019

Financial assets

	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income			
	Designated as such upon initial recognition HK$'000	Mandatorily designated as such HK$'000	Debt investments HK$'000	Equity investments HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Equity investments at fair value through other comprehensive income	-	-	-	5,575	-	5,575
Loans to joint ventures	-	-	-	-	500	500
Loans to associates	-	-	-	-	1,688	1,688
Trade receivables	-	-	-	-	104,091	104,091
Financial assets included in prepayments, other receivables and other assets	-	-	…	-	20,396	20,396
Financial assets at fair value through profit or loss	…	5,000	-	-	-	5,000
Pledged deposits	-	-	-	-	25,500	25,500
Cash and cash equivalents	-	-	-	-	30,032	30,032
	…	5,000	…	5,575	182,207	192,782

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Loans from associates	500
Trade and bills payables	64,817
Financial liabilities included in other payables and accruals (note 30)	5,690
Interest-bearing bank and other borrowings	261,548
Due to the ultimate holding company	3,992
	336,547

… . TRANSFERS OF FINANCIAL ASSETS

The HKFRS 7 Amendments require extensive qualitative and quantitative disclosures about (i) transferred financial assets that are not derecognised in their entirety and (ii) continuing involvement in transferred financial assets that are derecognised in their entirety, irrespective of when the related transfer transaction occurred. The disclosures are required to be presented in a single note to the financial statements. Please refer to Appendix 7 for the illustrative disclosures and the relevant disclosure requirements for transfers of financial assets under the HKFRS 7 Amendments.

Fair value of financial instruments	
For each class of financial assets and financial liabilities, an entity shall disclose the fair value of that class of assets and liabilities in a way that permits it to be compared with its carrying amount	HKFRS7.25
In disclosing fair values, an entity shall group financial assets and financial liabilities into classes, but shall offset them only to the extent that their carrying amounts are offset in the statement of financial position	HKFRS7.26
Disclosures of fair value are not required:	HKFRS7.29
1. when the carrying amount is a reasonable approximation of fair value, for example, short-term trade receivables and payables	-(a)
2. for a contract containing a discretionary participation feature (as described in HKFRS 4) if the fair value of that feature cannot be measured reliably	-(c)
3. for lease liabilities	-(d)
In the cases described in HKFRSs 7.29 (c), an entity shall disclose information to help users of the financial statements make their own judgements about the extent of possible differences between the carrying amount of those financial assets or financial liabilities and their fair value, including:	HKFRS7.30
1. the fact that fair value information has not been disclosed for these instruments because their fair value cannot be measured reliably	-(a)
2. a description of the financial instruments, their carrying amount, and an explanation of why fair value cannot be measured reliably	-(b)
3. information about the market for the instruments	-(c)
4. information about whether and how the entity intends to dispose of the financial instruments	-(d)
5. if financial instruments whose fair value previously could not be reliably measured are derecognised, that fact, their carrying amount at the time of derecognition, and the amount of gain or loss recognised	-(e)
The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price (i.e., the fair value of the consideration given or received, see also HKFRS 13). If an entity determines that the fair value at initial recognition differs from the transaction price as mentioned in HKFRS 9.5.1.1A, the entity shall account for that instrument at that date as follows:	HKFRS9.B5.1.2A
1. at the measurement required by HKFRS 9.5.1.1 if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e., Level 1 input) or based on a valuation technique that uses only data from observable markets. An entity shall recognise the difference between the fair value at initial recognition and the transaction price as a gain or loss	-(a)
2. in all other cases, at the measurement required by HKFRS 9.5.1.1, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the entity shall recognise that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability	-(b)
In such cases, the entity shall disclose by class of financial asset or financial liability:	HKFRS7.28
1. the aggregate difference yet to be recognised in profit or loss at the beginning and end of the period and a reconciliation of changes in the balance of this difference	-(b)
2. why the entity concluded that the transaction price was not the best evidence of fair value, including description of the evidence that supports the fair value	-(c)
For financial assets and financial liabilities, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly, an entity shall state that fact and disclose the effect of those changes. The entity shall disclose how the effect of a change to reflect a reasonably possible alternative assumption was calculated. For that purpose, significance shall be judged with respect to profit or loss, and total assets or total liabilities, or when changes in fair value are recognised in other comprehensive income, total equity	HKFRS13.93(h) -(ii)
For a liability measured at fair value and issued with an inseparable third-party credit enhancement, an issuer shall disclose the existence of that credit enhancement and whether it is reflected in the fair value measurement of the liability	HKFRS13.98

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2020	2019	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets				
Pledged deposits, non-current portion	25,500	25,500	24,300	24,100
Equity investments designated at fair value through other comprehensive income	15,568	5,575	15,568	5,575
Debt investments at fair value through other comprehensive income	…	-	…	-
Financial assets at fair value through profit or loss	20,100	5,000	20,100	5,000
Derivative financial instruments	1,444	-	1,444	-
	62,612	36,075	61,412	34,675
Financial liabilities				
Derivative financial instruments	947	-	947	-
Interest-bearing bank borrowings	161,534	172,423	162,898	172,091
Other borrowings (other than lease liabilities)	15,906	61,507	16,409	59,915
Convertible bonds	26,429	-	25,735	-
	204,816	233,930	205,989	232,006

Management has assessed that the fair values of cash and cash equivalents, the current portion of pledged deposits, trade receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, loans to joint ventures and associates, financial liabilities included in other payables and accruals, amounts due from/to subsidiaries, an amount due to the ultimate holding company, loans from associates and guarantees given to banks in connection with facilities granted to an associate approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department 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 chief financial officer. 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 following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of pledged deposits, 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 changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2020 were assessed to be insignificant. The fair value of the liability portion of the convertible bonds is estimated by discounting the expected future cash flows using an equivalent market interest rate for a similar convertible bond with consideration of the Group's own non-performance risk.

Fair value hierarchy of financial instruments *Commentary*: 1. Other than the disclosure requirements of HKFRS 7 for the fair value of financial instruments, an entity is required to disclose the information in respect of its financial instruments in accordance with HKFRS 13. Disclosure requirements of HKFRS 13.93 are included on pages (110) and (111) 2. Due to the availability of market data, there is a trend for companies using the market-based valuation technique to estimate the fair value of unlisted investments. Accordingly, Hong Kong Listed Limited has adopted the market-based valuation approach for the estimation of fair value of its unlisted equity investments. However, the discounted cash flow valuation model can also be used for the estimation of fair value under HKFRS 13	

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple and price to earnings ("P/E") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with AAA credit ratings. Derivative financial instruments, including forward currency contracts, foreign currency swaps and interest rate swaps, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts, foreign currency swaps and interest rate swaps are the same as their fair values.

As at 31 December 2020, the mark-to-market value of the derivative asset position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

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48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2020 and 2019:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average EV/EBITDA multiple of peers (***Or*** Average P/E multiple of peers)	… to … (2019: … to …)	…% (2019: …%) increase/decrease in multiple would result in increase/ decrease in fair value by … (2019: …)
		Discount for lack of marketability	… to … (2019: … to …)	…% (2019: …%) increase/decrease in discount would result in decrease/ increase in fair value by … (2019: …)

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

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48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

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

Assets measured at fair value:

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Equity investments designated at fair value through other comprehensive income	9,993	-	5,575	15,568
Debt investments at fair value through other comprehensive income	…	…	…	…
Financial assets at fair value through profit or loss	19,500	600	-	20,100
Derivative financial instruments	-	1,444	-	1,444
	29,493	2,044	5,575	37,112

As at 31 December 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Equity investments designated at fair value through other comprehensive income	-	-	5,575	5,575
Financial assets at fair value through profit or loss	4,500	500	-	5,000
	4,500	500	5,575	10,575

Fair value disclosures for assets and liabilities not measured at fair value For each class of assets and liabilities not measured at fair value in the statement of financial position but for which the fair value is disclosed, an entity shall disclose the information required by HKFRS 13.93(b), (d) and (i). However, an entity is not required to provide the quantitative disclosures about significant unobservable inputs used in fair value measurements categorised within Level 3 of the fair value hierarchy required by HKFRS 13.93(d). For such assets and liabilities, an entity does not need to provide the other disclosures required by HKFRS 13 Disclosure requirements for HKFRS 13.93(b), (d) and (i) are included on pages (110) and (111)	HKFRS13.97

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)
The movements in fair value measurements within Level 3 during the year are as follows:

	2020 HK$'000	2019 HK$'000
Equity investments at fair value through other comprehensive income		
At 1 January	5,575	5,575
Total gains[/(losses)] recognised in the statement of profit or loss included in other income	…	…
Total gains[/(losses)] recognised in other comprehensive income	…	…
Purchases	…	…
Disposals	…	…
At 31 December	5,575	5,575

Liabilities measured at fair value:

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Derivative financial instruments	-	947	-	947

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

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 for both financial assets and financial liabilities (2019: Nil).

Assets for which fair values are disclosed:

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Pledged deposits, non-current portion	-	24,300	-	24,300

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48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)
Assets for which fair values are disclosed: (continued)

As at 31 December 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Pledged deposits, non-current portion	-	24,100	-	24,100

Liabilities for which fair values are disclosed:

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Interest-bearing bank borrowings	-	162,898	-	162,898
Other borrowings (other than lease liabilities)	-	16,409	-	16,409
Convertible bonds	-	-	25,735	25,735
	-	179,307	25,735	205,042

As at 31 December 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Interest-bearing bank borrowings	-	172,091	-	172,091
Other borrowings (other than lease liabilities)	-	59,915	-	59,915
	-	232,006	-	232,006

Financial risk management objectives and policies – general disclosure requirements	
An entity shall disclose information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance	HKFRS7.7
The disclosures required by HKFRS 7.31 to HKFRS 7.42 (the disclosure requirements of which are included on pages (173) to (177)) regarding the nature and extent of risks arising from financial instruments shall be either given in the financial statements or incorporated by cross-reference from the financial statements to some other statement, such as a management commentary or risk report, that is available to users of the financial statements on the same terms as the financial statements and at the same time	HKFRS7.B6
An entity shall disclose information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the end of the reporting period. These risks typically include, but are not limited to, credit risk, liquidity risk and market risk	HKFRS7.31&32
Providing qualitative disclosures in the context of quantitative disclosures enables users to link related disclosures and hence form an overall picture of the nature and extent of risks arising from financial instruments. The interaction between qualitative and quantitative disclosures contributes to disclosure of information in a way that better enables users to evaluate an entity's exposure to risks	HKFRS7.32A
Commentary: The following definitions are adopted under HKFRS 7: 1. **market risk** is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: **currency risk**, **interest rate risk** and **other price risk** a. **currency risk** is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates b. **interest rate risk** is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates c. **Other price risk** is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from **interest rate risk** or **currency risk**), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market 2. **liquidity risk** is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset 3. **credit risk** is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation	HKFRS7.AppA
For each type of risk arising from financial instruments, an entity shall disclose:	
1. the exposures to risk and how they arise	HKFRS7.33(a)
2. its objectives, policies and processes for managing the risk and the methods used to measure the risk	HKFRS7.33(b)
3. any changes in (1) or (2) above from the previous period	HKFRS7.33(c)
4. summary quantitative data about its exposure to that risk at the end of the reporting period. This disclosure shall be based on the information provided internally to key management personnel of the entity	HKFRS7.34(a)
5. concentrations of risk if not apparent from the disclosures made in accordance with HKFRS 7.34(a) and (b)	HKFRS7.34(c)
HKFRS 7.34(a) requires disclosures of summary quantitative data about an entity's exposure to risks based on the information provided internally to key management personnel of the entity. When an entity uses several methods to manage a risk exposure, the entity shall disclose information using the method or methods that provide the most relevant and reliable information	HKFRS7.B7
HKFRS 7.34(c) requires disclosures about concentrations of risk. Concentrations of risk arise from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions. The identification of concentrations of risk requires judgement taking into account the circumstances of the entity. Disclosure of concentrations of risk shall include:	HKFRS7.B8
1. a description of how management determines concentrations	-(a)
2. a description of the shared characteristic that identifies each concentration (e.g., counterparty, geographical area, currency or market)	-(b)
3. the amount of the risk exposure associated with all financial instruments sharing that characteristic	-(c)
If the quantitative data disclosed as at the end of the reporting period are unrepresentative of an entity's exposure to risk during the period, an entity shall provide further information that is representative	HKFRS7.35
Disclosure requirements of interest rate risk are included in the market risk disclosures on page (174)	

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans and overdrafts, convertible bonds, finance leases, other interest-bearing loans, 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 Group also enters into derivative transactions, including principally interest rate swaps and forward currency contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

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

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. The Group's policy is to maintain between 25% and 65% of its interest-bearing borrowings at fixed interest rates. To manage this mix in a cost-effective manner, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 December 2020, after taking into account the effect of the interest rate swaps, approximately 45% (2019: 25%) of the Group's interest-bearing borrowings bore interest at fixed rates.

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 (***Or*** after) tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before (***Or*** after) tax HK$'000	Increase/ (decrease) in equity* HK$'000
2020			
Hong Kong dollar	…	…	…
United States dollar	…	…	…
Hong Kong dollar	…	…	…
United States dollar	…	…	…
2019			
Hong Kong dollar	…	…	…
United States dollar	…	…	…
Hong Kong dollar	…	…	…
United States dollar	…	…	…

* Excluding retained profits

Financial risk management objectives and policies – market risk	
Unless an entity complies with HKFRS 7.41, it shall disclose:	HKFRS7.40
1. a sensitivity analysis for each type of market risk (i.e., currency risk, interest rate risk and other price risk) to which the entity is exposed at the end of the reporting period, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date	-(a)
2. the methods and assumptions used in preparing the sensitivity analysis	-(b)
3. changes from the previous period in the methods and assumptions used, and the reasons for such changes	-(c)
If an entity prepares a sensitivity analysis, such as value-at-risk, that reflects interdependencies between risk variables (e.g., interest rates and exchange rates) and uses it to manage financial risks, it may use that sensitivity analysis in place of the analysis specified in HKFRS 7.40. The entity shall also disclose:	HKFRS7.41
1. an explanation of the method used in preparing such a sensitivity analysis, and of the main parameters and assumptions underlying the data provided	-(a)
2. an explanation of the objective of the method used and of limitations that may result in the information not fully reflecting the fair value of the assets and liabilities involved	-(b)
When the sensitivity analyses disclosed in accordance with HKFRS 7.40 or HKFRS 7.41 are unrepresentative of a risk inherent in a financial instrument (for example because the year-end exposure does not reflect the exposure during the year), the entity shall disclose that fact and the reason it believes the sensitivity analyses are unrepresentative	HKFRS7.42
Commentary:	
1. In preparing the sensitivity analysis, an entity is not required to determine what the profit or loss for the period would have been if relevant risk variables had been different. Instead, an entity discloses the effect on profit or loss and equity at the end of the reporting period assuming that a reasonably possible change in the relevant risk variable had occurred at the end of the reporting period and had been applied to the risk exposures in existence at that date. In determining what a reasonably possible change in the relevant risk variable is, an entity should consider the economic environments in which it operates. A reasonably possible change should not include remote or “worst case” scenarios or “stress tests”	HKFRS7.B18&19
2. An entity is not required to disclose the effect on profit or loss and equity for each change within a range of reasonably possible changes of the relevant risk variable. Disclosure of the effects of the changes at the limits of the reasonably possible range would be sufficient	HKFRS7.B18
An entity shall provide sensitivity analyses for the whole of its business, but may provide different types of sensitivity analysis for different classes of financial instruments	HKFRS7.B21
Financial risk management objectives and policies – market risk – interest rate risk	
For interest rate risk, the sensitivity analysis might show separately the effect of a change in market interest rates on:	
1. interest income and expense	
2. other line items of profit or loss (such as trading gains and losses)	
3. when applicable, equity	
An entity might disclose a sensitivity analysis for interest rate risk for each currency in which the entity has material exposures to interest rate risk	HKFRS7.IG34
Commentary:	
Interest rate risk also arises on some financial instruments not recognised in the statement of financial position (e.g., some loan commitments)	HKFRS7.B22
Financial risk management objectives and policies – market risk – currency risk	
Commentary:	
1. For the purpose of HKFRS 7, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency	HKFRS7.B23
2. A sensitivity analysis is disclosed for each currency to which an entity has significant exposure	HKFRS7.B24
3. Concentrations of foreign exchange risk may arise if an entity has a significant net open position in a single foreign currency, or aggregate net open positions in several currencies that tend to move together	HKFRS7.IG18

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk (continued)

Refer to HKFRS 7.IG36 for an illustrative example of a narrative approach that meets the disclosure requirements in HKFRS 7.40(a). Alternatively, the Group may elect to present the sensitivity analysis, such as value-at-risk, that reflects interdependencies between risk variables if the Group uses it to manage financial risk. Refer to the relevant disclosure requirements on page (174).

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. Approximately …% (2019: …%) of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sale, whilst approximately …% (2019: …%) of costs were denominated in the units' functional currencies. The Group requires all its operating units to use foreign currency forward contracts to eliminate the foreign currency exposures on any individual transactions in excess of HK$800,000, for which payment is anticipated more than one month after the Group has entered into a firm commitment for a sale or purchase. The foreign currency forward contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

At 31 December 2020, the Group had hedged …% (2019: …%) of its foreign currency sales for which firm commitments existed at the end of the reporting period.

In addition, the Group has currency exposures from its interest-bearing bank borrowings. The Group has used a foreign currency swap contract to reduce the exposure to RMB arising from the borrowings.

It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the EUR and RMB exchange rate, with all other variables held constant, of the Group's profit before (***Or*** after) tax (due to changes in the fair values of monetary assets and liabilities) and the Group's equity (due to changes in the fair value of forward currency contracts).

	Increase/ (decrease) in EUR/RMB rate %	Increase/ (decrease) in profit before (***Or*** after) tax HK$'000	Increase/ (decrease) in equity* HK$'000
2020			
If the Hong Kong dollar weakens against the EUR	…	…	…
If the Hong Kong dollar strengthens against the EUR	…	…	…
If the Hong Kong dollar weakens against the RMB	…	…	…
If the Hong Kong dollar strengthens against the RMB	…	…	…
2019			
If the Hong Kong dollar weakens against the EUR	…	…	…
If the Hong Kong dollar strengthens against the EUR	…	…	…
If the Hong Kong dollar weakens against the RMB	…	…	…
If the Hong Kong dollar strengthens against the RMB	…	…	…

* Excluding retained profits

Financial risk management objectives and policies – credit risk	
The credit risk disclosures shall enable users of financial statements to understand the effect of credit risk on the amount, timing and uncertainty of future cash flows. To achieve this objective, credit risk disclosures shall provide:	HKFRS7.35B
1. information about an entity's credit risk management practices and how they relate to the recognition and measurement of expected credit losses, including the methods, assumptions and information used to measure expected credit losses	-(a)
2. quantitative and qualitative information that allows users of financial statements to evaluate the amounts in the financial statements arising from expected credit losses, including changes in the amount of expected credit losses and the reasons for those changes	-(b)
3. information about an entity's credit risk exposure (i.e., the credit risk inherent in an entity's financial assets and commitments to extend credit) including significant credit risk concentrations	-(c)
An entity shall explain its credit risk management practices and how they relate to the recognition and measurement of expected credit losses. To meet this objective an entity shall disclose information that enables users of financial statements to understand and evaluate:	HKFRS7.35F
1. how an entity determined whether the credit risk of financial instruments has increased significantly since initial recognition, including, if and how:	-(a)
a. financial instruments are considered to have low credit risk in accordance with HKFRS 9.5.5.10, including the classes of financial instruments to which it applies	-(a)(i)
b. the presumption in HKFRS 9.5.5.11, that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due, has been rebutted	-(a)(ii)
2. an entity's definitions of default, including the reasons for selecting those definitions	-(b)
3. how the instruments were grouped if expected credit losses were measured on a collective basis	-(c)
4. how an entity determined that financial assets are credit-impaired financial assets	-(d)
5. an entity's write-off policy, including the indicators that there is no reasonable expectation of recovery and information about the policy for financial assets that are written-off but are still subject to enforcement activity	-(e)
6. how the requirements in HKFRS 9.5.5.12 for the modification of contractual cash flows of financial assets have been applied, including how an entity:	-(f)
a. determines whether the credit risk on a financial asset that has been modified while the loss allowance was measured at an amount equal to lifetime expected credit losses, has improved to the extent that the loss allowance reverts to being measured at an amount equal to 12-month expected credit losses in accordance with HKFRS 9.5.5.5	-(f)(i)
b. monitors the extent to which the loss allowance on financial assets meeting the criteria in (a) is subsequently remeasured at an amount equal to lifetime expected credit losses in accordance with paragraph HKFRS 9.5.5.3	-(f)(ii)
To enable users of financial statements to assess an entity's credit risk exposure and understand its significant credit risk concentrations, an entity shall disclose, by credit risk rating grades, the gross carrying amount of financial assets and the exposure to credit risk on loan commitments and financial guarantee contracts. This information shall be provided separately for financial instruments:	HKFRS7.35M
1. for which the loss allowance is measured at an amount equal to 12-month expected credit losses	-(a)
2. for which the loss allowance is measured at an amount equal to lifetime expected credit losses and that are	-(b)
a. financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets	-(i)
b. financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired)	-(ii)
c. trade receivables, contract assets or lease receivables for which the loss allowances are measured in accordance with HKFRS 9.5.5.15	-(iii)
3. that are purchased or originated credit-impaired financial assets	-(c)
For all financial instruments within the scope of HKFRS 7, but to which the impairment requirements in HKFRS 9 are not applied, an entity shall disclose by class of financial instrument:	HKFRS7.36
1. the amount that best represents its maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements (e.g., netting agreements that do not qualify for offset in accordance with HKAS 32). This disclosure is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk	-(a)
2. a description of collateral held as security and of other credit enhancements, and their financial effect (e.g., a quantification of the extent to which collateral and other credit enhancements mitigate credit risk) in respect of the amount that best represents the maximum exposure to credit risk (whether disclosed in accordance with HKFRS 7.36(a) or represented by the carrying amount of a financial instrument)	-(b)

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Refer to HKFRS 7.IG36 for an illustrative example of a narrative approach that meets the disclosure requirements in HKFRS 7.40(a)

Alternatively, the Group may elect to present the sensitivity analysis, such as value-at-risk, that reflects interdependencies between risk variables if the Group uses it to manage financial risk. Refer to the relevant disclosure requirements on page (174)

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 and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

Maximum exposure and year-end staging

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

For listed debt investments, the Group also monitors them by using external credit ratings.

The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Debt investments at fair value through other comprehensive income					
- AAA to AA−	…	…	…	-	…
- A+ to BBB−	…	…	…	-	…
- BB+ to B−	…	…	…	-	…
- …	…	…	…	-	…
Loans to joint ventures	500	-	-	-	500
Loans to associates	3,068	-	-	-	3,068
Contract assets*	-	-	-	29,375	29,375
Trade receivables*	-	-	-	100,774	100,774
Financial assets included in prepayments, other receivables and other assets					
- Normal**	21,501	-	-	-	21,501
- Doubtful**	-	…	…	…	…
Pledged deposits					
- Not yet past due	36,000	-	-	-	36,000
Cash and cash equivalents					
- Not yet past due	73,053	-	-	-	73,053
Guarantees given to banks in connection with facilities granted to an associate					
- Facilities not yet drawn by an associate	5,824	-	-	-	5,824
- Facilities drawn by an associate					
- Not yet past due	35,000	-	-	-	35,000
- Less than 1 month past due	…	…	…	…	…
- 1 to 3 months past due	…	…	…	…	…
- More than 3 months past due	…	…	…	…	…
	174,946	-	-	130,149	305,095

Financial risk management objectives and policies – credit risk (continued)	
Disclosure of concentrations of risk shall include:	HKFRS7.B8
1. a description of how management determines concentrations	-(a)
2. a description of the shared characteristic that identifies each concentration (e.g., counterparty, geographical area, currency or market)	-(b)
3. the amount of the risk exposure associated with all financial instruments sharing that characteristic	-(c)
To enable users of financial statements to understand the nature and effect of modifications of contractual cash flows on financial assets that have not resulted in derecognition and the effect of such modifications on the measurement of expected credit losses, an entity shall disclose:	HKFRS7.35J
1. the amortised cost before the modification and the net modification gain or loss recognised for financial assets for which the contractual cash flows have been modified during the reporting period while they had a loss allowance measured at an amount equal to lifetime expected credit losses	-(a)
2. the gross carrying amount at the end of the reporting period of financial assets that have been modified since initial recognition at a time when the loss allowance was measured at an amount equal to lifetime expected credit losses and for which the loss allowance has changed during the reporting period to an amount equal to 12-month expected credit losses	-(b)
To enable users of financial statements to understand the effect of collateral and other credit enhancements on the amounts arising from expected credit losses, an entity shall disclose by class of financial instrument:	HKFRS7.35K
1. the amount that best represents its maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements (e.g., netting agreements that do not qualify for offset in accordance with HKAS 32)	-(a)
2. a narrative description of collateral held as security and other credit enhancements, including:	-(b)
a. a description of the nature and quality of the collateral held	-(i)
b. an explanation of any significant changes in the quality of that collateral or credit enhancements as a result of deterioration or changes in the collateral policies of the entity during the reporting period	-(ii)
c. information about financial instruments for which an entity has not recognised a loss allowance because of the collateral	-(iii)
d. a narrative description of collateral and its effect on amounts of expected credit losses might include information about:	HKFRS7.B8G
i. the main types of collateral held as security and other credit enhancements (examples of the latter being guarantees, credit derivatives and netting agreements that do not qualify for offset in accordance with HKAS 32)	-(a)
ii. the volume of collateral held and other credit enhancements and its significance in terms of the loss allowance	-(b)
iii. the policies and processes for valuing and managing collateral and other credit enhancements	-(c)
iv. the main types of counterparties to collateral and other credit enhancements and their creditworthiness	-(d)
v. information about risk concentrations within the collateral and other credit enhancements	-(e)
3. quantitative information about the collateral held as security and other credit enhancements (for example, quantification of the extent to which collateral and other credit enhancements mitigate credit risk) for financial assets that are credit-impaired at the reporting date	HKFRS7.35K(c)
These disclosures do not apply to lease receivables	HKFRS7.35A(b)
Commentary:	
1. An entity need not duplicate information that is already presented elsewhere, provided that the information is incorporated by cross-reference from the financial statements to other statements, such as a management commentary or risk report that is available to users of the financial statements on the same terms as the financial statements and at the same time. Without the information incorporated by cross-reference, the financial statements are incomplete	HKFRS7.35C
2. HKFRS 7.35K(a) and HKFRS 7.36(a) require disclosure of the amount that best represents the entity's maximum exposure to credit risk. For a financial asset, this is typically the gross carrying amount, net of:	HKFRS7.B9
a. any amounts offset in accordance with HKAS 32	-(a)
b. any loss allowance recognised in accordance with HKFRS 9	-(b)
3. For trade receivables, contract assets and lease receivables to which an entity applies HKFRS 9.5.5.15, the information provided in accordance with HKFRS 7.35M may be based on a provision matrix. Refer to notes 23 and 25 for illustrative disclosures for trade receivables and contract assets, respectively	HKFRS7.35N
4. The number of credit risk rating grades used to disclose the information in accordance with HKFRS 7.35M shall be consistent with the number that the entity reports to key management personnel for credit risk management process. If past due information is the only borrower-specific information available and an entity uses past due information to assess whether credit risk has increased significantly since initial recognition in accordance with HKFRS 9.5.5.11, an entity shall provide an analysis by past due status for those financial assets	HKFRS7.B8I

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

As at 31 December 2019

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Loans to joint ventures	500	-	-	-	500
Loans to associates	1,688	-	-	-	1,688
Contract assets*	-	-	-	27,891	27,891
Trade receivables*	-	-	-	104,481	104,481
Financial assets included in prepayments, other receivables and other assets					
- Normal**	20,396	-	-	-	20,396
- Doubtful**	-	…	…	…	…
Pledged deposits					
- Not yet past due	25,500	-	-	-	25,500
Cash and cash equivalents					
- Not yet past due	30,032	-	-	-	30,032
Guarantees given to banks in connection with facilities granted to an associate					
- Facilities not yet drawn by an associate	2,473	-	-	-	2,473
- Facilities drawn by an associate					
- Not yet past due	…	…	…	…	…
- Less than 1 month past due	…	…	…	…	…
- 1 to 3 months past due	…	…	…	…	…
- More than 3 months past due	…	…	…	…	…
	80,589	-	-	132,372	212,961

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 23 and 25 to the financial statements, respectively.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 23 to the financial statements.

Financial risk management objectives and policies – credit risk (continued) *Commentary*: (continued) 5. For trade receivables, contract assets and lease receivables, the disclosure requirement in HKFRS 7.35J(a) applies to those trade receivables, contract assets or lease receivables on which lifetime expected credit losses are recognised in accordance with HKFRS 9.5.5.15 if those financial assets are modified while more than 30 days past due	HKFRS7.35A(a)
Financial risk management objectives and policies – liquidity risk An entity shall disclose:	HKFRS7.39
1. a maturity analysis for non-derivative financial liabilities (including issued financial guarantee contracts) that shows the remaining contractual maturities	-(a)
2. a maturity analysis for derivative financial liabilities. The maturity analysis shall include the remaining contractual maturities for those derivative financial liabilities for which contractual maturities are essential for an understanding of the timing of the cash flows (e.g., an interest rate swap with a remaining maturity of five years in a cash flow hedge of a variable rate financial asset or liability or all loan commitments)	-(b)& HKFRS7.B11B
3. a description of how it manages the liquidity risk inherent in HKFRS 7.39(a) and HKFRS 7.39(b)	-(c)
If the outflows of cash (or another financial asset) included in the summary quantitative data about an entity's exposure to liquidity risk could either: 1. occur significantly earlier than indicated in the data; or 2. be for significantly different amounts from those indicated in the data (e.g., for a derivative that is included in the data on a net settlement basis but for which the counterparty has the option to require gross settlement) the entity shall state that fact and provide quantitative information that enables users of its financial statements to evaluate the extent of this risk unless that information is included in the contractual maturity analyses	HKFRS7.B10A
An entity shall disclose a maturity analysis of financial assets it holds for managing liquidity risk (e.g., financial assets that are readily saleable or expected to generate cash inflows to meet cash outflows on financial liabilities), if that information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk	HKFRS7.B11E
Commentary: In preparing the maturity analyses:	
1. an entity uses its judgement to determine an appropriate number of time bands	HKFRS7.B11
2. an entity shall not separate an embedded derivative from a hybrid (combined) financial instrument. For such an instrument, an entity shall apply HKFRS 7.39(a)	HKFRS7.B11A
3. contractual amounts disclosed in the maturity analyses are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position because the amount in that statement is based on discounted cash flows, for example: a. gross lease liabilities (before deducting finance charges) b. prices specified in forward agreements to purchase financial assets for cash c. net amounts for pay-floating/receive-fixed interest rate swaps for which net cash flows are exchanged d. contractual amounts to be exchanged in a derivative financial instrument (e.g., a currency swap) for which gross cash flows are exchanged e. gross loan commitments	HKFRS7.B11D
4. when the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period	HKFRS7.B11D
5. when a counterparty has a choice of when an amount is paid, the liability is allocated to the earliest period in which the entity can be required to pay. For example, financial liabilities that an entity can be required to repay on demand (e.g., demand deposits) are included in the earliest time band	HKFRS7.B11C (a)
6. when an entity is committed to make amounts available in instalments, each instalment is allocated to the earliest period in which the entity can be required to pay. For example, an undrawn loan commitment is included in the time band containing the earliest date it can be drawn down	HKFRS7.B11C (b)
7. for issued financial guarantee contracts the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called	HKFRS7.B11C (c)
8. a lessee shall disclose a maturity analysis of lease liabilities applying HKFRS 7.39 and HKFRS 7.B11 separately from the maturity analyses of other financial liabilities	HKFRS16.58

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries.

Or

At the end of the reporting period, the Group had certain concentrations of credit risk as …% (2019: …%) and …% (2019: …%) of the Group's trade receivables were due from the Group's largest customer and five largest customers, respectively, within the … segment.

Disclose how management determines the concentrations

Liquidity risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, convertible bonds, lease liabilities and other interest-bearing loans. The Group's policy is that not more than 75% of borrowings should mature in any 12-month period. 63% of the Group's debts would mature in less than one year as at 31 December 2020 (2019: 73%) based on the carrying value of borrowings reflected in the financial statements.

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

Group			2020			
	On demand HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Convertible bonds	-	-	2,100	42,300	-	44,400
Lease liabilities	-	4,330	12,574	25,798	-	42,702
Interest-bearing bank and other borrowings (excluding lease liabilities)	2,102	5,361	125,791	71,880	2,315	207,449
Trade and bills payables	-	68,273	4,873	-	-	73,146
Other payables	-	4,932	-	-	-	4,932
Due to the ultimate holding company	27,656	-	-	-	-	27,656
Loans from associates	500	-	-	-	-	500
Derivative financial instruments	-	947	-	-	-	947
Guarantees given to banks in connection with facilities granted to an associate	35,000	-	-	-	-	35,000
	65,258	83,843	145,338	139,978	2,315	436,732

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49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

	2019					
	On demand HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Lease liabilities	-	3,797	11,392	17,676	-	32,865
Interest-bearing bank and other borrowings (excluding lease liabilities)	22,604	13,718	148,466	83,258	-	268,046
Trade and bills payables	-	60,279	4,538	-	-	64,817
Other payables	-	5,690	-	-	-	5,690
Due to the ultimate holding company	3,992	-	-	-	-	3,992
Loans from associates	500	-	-	-	-	500
	27,096	83,484	164,396	100,934	-	375,910

Disclose details of any significant commodity price risk

Financial risk management objectives and policies – market risk – equity price risk Other price risk arises on financial instruments because of changes in, for example, commodity prices or equity prices. An entity might disclose the effect of a decrease in a specified stock market index, commodity price, or other risk variable. For example, if an entity gives residual value guarantees that are financial instruments, the entity discloses an increase or decrease in the value of the assets to which the guarantee applies	HKFRS7.B25
Commentary: Financial instruments that an entity classifies as equity instruments are not remeasured. Neither profit or loss nor equity will be affected by the equity price risk of those instruments. Accordingly, no sensitivity analysis is required	HKFRS7.B28

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(*Where the Group is exposed to significant equity price risk at the end of the reporting period*)
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 included in financial assets at fair value through profit or loss (note 27) and equity investments at fair value through other comprehensive income (note 21) as at 31 December 2020. The Group's listed investments are listed on the Hong Kong, Shenzhen and Shanghai stock exchanges* and are valued at quoted market prices at the end of the reporting period. (*Where the conversion option is a derivative liability*) The Group is also exposed to equity price risk arising from changes in the price of the Company's own shares to the extent that the Company's own equity investments underlie the fair values of derivatives. As at the end of the reporting period, the Group was exposed to this risk through the conversion rights attached to the convertible bonds (note 33) issued by the Company.

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

	31 December 2020	High/low 2020	31 December 2019	High/low 2019
Hong Kong – Hang Seng Index*	…	…/…	…	…/…
Shenzhen – A Share Index*	…	…/…	…	…/…
Shanghai – A Share Index*	…	…/…	…	…/…

Where there are significant particular concentrations of risk within the portfolio held, it may be more appropriate to disclose information which is more specific. For example, highest/lowest point information or volatility in the share price by industry sector (e.g., property and pharmaceutical) or by specific shareholding

The following table demonstrates the sensitivity to every …% change in the fair values of the equity investments and the conversion option of the convertible bonds, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. (*Add if the sensitivity analysis might impact on impairment assessments*) For the purpose of this analysis, for the equity investments at fair value through other comprehensive income, the impact is deemed to be on the fair value reserve

Where appropriate, consider disclosing a sensitivity analysis based on other specific risk variables reflecting particular concentrations of risk, for which a change is considered reasonably possible, e.g., for a particular industry sector and relevant indices

** Disclose information for a particular stock exchange only if the Group holds investments listed on that exchange. Include additional exchanges as applicable*

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49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Equity price risk (continued)

	Carrying amount of equity investments/ conversion option HK$'000	Increase/ (decrease) in profit before tax HK$'000	Increase/ (decrease) in equity* HK$'000
2020			
Investments listed in:			
Hong Kong – Equity investments at fair value through other comprehensive income	…	…	…
– Financial assets at fair value through profit or loss	…	…	…
Shenzhen – Equity investments at fair value through other comprehensive income	…	…	…
Shanghai – Equity investments at fair value through other comprehensive income	…	…	…
Unlisted investments at fair value			
– Equity investments at fair value through other comprehensive income	…	…	…
Conversion option	…	…	…
2019			
Investments listed in:			
Hong Kong – Equity investments at fair value through other comprehensive income	…	…	…
– Financial assets at fair value through profit or loss	…	…	…
Shenzhen – Equity investments at fair value through other comprehensive income	…	…	…
Shanghai – Equity investments at fair value through other comprehensive income	…	…	…
Unlisted investments at fair value			
– Equity investments at fair value through other comprehensive income	…	…	…
Conversion option	…	…	…

* Excluding retained profits

Financial risk management objectives and policies – capital management	
An entity shall disclose the following information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital:	HKAS1.134 &HKAS1.135
1. qualitative information about its objectives, policies and processes for managing capital, including:	HKAS1.135(a)
a. a description of what it manages as capital	-(i)
b. when an entity is subject to externally imposed capital requirements, the nature of those requirements and how those requirements are incorporated into the management of capital	-(ii)
c. how it is meeting its objectives for managing capital	-(iii)
2. summary quantitative data about what it manages as capital. Some entities regard some financial liabilities (e.g., some forms of subordinated debt) as part of capital. Other entities regard capital as excluding some components of equity (e.g., components arising from cash flow hedges)	HKAS1.135(b)
3. any changes in (1) and (2) from the previous period	HKAS1.135(c)
4. whether during the period it complied with any externally imposed capital requirements to which it is subject	HKAS1.135(d)
5. when the entity has not complied with such externally imposed capital requirements, the consequences of such non-compliance	HKAS1.135(e)
The entity bases these disclosures on the information provided internally to key management personnel	HKAS1.135
An entity may manage capital in a number of ways and be subject to a number of different capital requirements. For example, a conglomerate may include entities that undertake insurance activities and banking activities and those entities may operate in several jurisdictions. When an aggregate disclosure of capital requirements and how capital is managed would not provide useful information or distorts a financial statement user's understanding of an entity's capital resources, the entity shall disclose separate information for each capital requirement to which the entity is subject	HKAS1.136

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

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

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

The Group monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. The Group's policy is to maintain the gearing ratio between …% and …%. Net debt includes interest-bearing bank and other borrowings (other than convertible bonds), an amount due to the ultimate holding company, loans from associates, trade and bills payables, and certain other payables and accruals, less cash and cash equivalents, and excludes the discontinued operation. Capital includes convertible bonds and equity attributable to owners of the parent, less cash flow hedge reserve. The gearing ratios as at the end of the reporting periods were as follows:

	2020 HK$'000	2019 HK$'000
Interest-bearing bank and other borrowings (note 32)	212,026	261,548
Trade and bills payables	73,146	64,817
Other payables and accruals (note 30)	7,527	6,776
Loans from associates (note 20)	500	500
Due to the ultimate holding company	27,656	3,992
Less: Cash and cash equivalents	(73,053)	(30,032)
Net debt	247,802	307,601
Convertible bonds, the liability component	26,429	-
Equity attributable to owners of the parent	376,837	274,447
Less: Cash flow hedge reserve	(351)	-
Adjusted capital	402,915	274,447
Capital and net debt	650,717	582,048
Gearing ratio	38%	53%

There is no specific definition of the gearing ratio for the above disclosure. If an entity monitors its capital using a gearing ratio, the entity should disclose the basis used. In the MD&A section of an annual report, the directors of a listed issuer should comment on the gearing ratio and disclose the basis on which the gearing ratio is computed (A16(32)(10) and A16(32.2)). The information disclosed above should be consistent with that disclosed in the MD&A section.

Events after the reporting period	
If an entity receives information after the reporting period about conditions that existed at the end of the reporting period, it shall update disclosures that relate to those conditions, in the light of the new information	HKAS10.19
If non-adjusting events after the reporting period are material, non-disclosure could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Accordingly, an entity shall disclose the following for each material category of non-adjusting event after the reporting period:	HKAS10.21
1. the nature of the event	-(a)
2. an estimate of its financial effect, or a statement that such an estimate cannot be made	-(b)
Major ordinary share transactions and potential ordinary share transactions after the reporting period are examples of non-adjusting events after the reporting period that would generally result in disclosure	HKAS10.22(f)
If the acquisition date of a business combination is after the end of the reporting period but before the financial statements are authorised for issue, the acquirer shall disclose the information required by HKFRS 3.B64 unless the initial accounting for the business combination is incomplete at the time the financial statements are authorised for issue. In that situation, the acquirer shall describe which disclosures could not be made and the reasons why they cannot be made	HKFRS3.B66

50. EVENTS AFTER THE REPORTING PERIOD

(a) On 2 February 2021, the Group entered into a sale and purchase agreement with an independent third party to dispose of certain of its land and buildings situated in Mainland China for a cash consideration of HK$6,750,000. This transaction is scheduled to be completed on 20 July 2021 and is expected to result in a gain on disposal before tax of approximately HK$1,500,000.

(b) On 12 February 2021, the Group entered into a sale and purchase agreement to dispose of its entire interest in III Corporation, an associate as at 31 December 2020, to an independent third party for a total consideration of HK$8,000,000. The gain on disposal before tax is expected to be approximately HK$2,500,000.

(c) On 28 February 2021, 10,000,000 share options were granted to certain directors of the Company, as further detailed in note 37 to the financial statements.

(d) On 3 March 2021, the Group acquired a 70% interest in SSS Limited, which is engaged in the manufacture of industrial products. The Group has acquired SSS Limited to further expand its market share of industrial products in the European Union. The purchase consideration of HK$7,000,000 for the acquisition was in the form of cash and was paid on the acquisition date. The Group plans to measure the non-controlling interest in SSS Limited at fair value.

Because the acquisition of SSS Limited was effected shortly before the date of approval of these financial statements, it is not practicable to disclose further details about the acquisition.

Comparative amounts Except when HKFRSs permit or require otherwise, an entity shall present comparative information in respect of the preceding period for all amounts reported in the current period's financial statements. An entity shall include comparative information for narrative and descriptive information if it is relevant to understanding the current period's financial statements	HKAS1.38
An entity shall present a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements required in HKAS 1.38A if:	HKAS1.40A
1. it applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements; and	-(a)
2. the retrospective application, retrospective restatement or the reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period	-(b)
In the circumstances described in HKAS 1.40A, an entity shall present three statements of financial position as at:	HKAS1.40B
1. the end of the current period	-(a)
2. the end of the preceding period	-(b)
3. the beginning of the preceding period	-(c)
When an entity is required to present an additional statement of financial position in accordance with paragraph HKAS 1.40A, it need not present the related notes to the opening statement of financial position as at the beginning of the preceding period	HKAS1.40C
If an entity changes the presentation or classification of items in its financial statements, it shall reclassify comparative amounts unless reclassification is impracticable. When an entity reclassifies comparative amounts, it shall disclose (including as at the beginning of the preceding period):	HKAS1.41
1. the nature of the reclassification	-(a)
2. the amount of each item or class of items that is reclassified	-(b)
3. the reason for the reclassification	-(c)
When it is impracticable to reclassify comparative amounts, an entity shall disclose:	HKAS1.42
1. the reason for not reclassifying the amounts	-(a)
2. the nature of the adjustments that would have been made if the amounts had been reclassified	-(b)
When a change in accounting policy is applied retrospectively, an entity shall adjust the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied	HKAS8.22
An entity shall re-present the disclosures in HKFRS 5.33 for prior periods presented in the financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented	HKFRS5.34
If the initial accounting for a business combination was incomplete by the end of last reporting period in which the combination occurred, during the measurement period (i.e., the period after the acquisition date during which an entity may adjust the provisional amounts recognised for a business combination), the acquirer shall recognise adjustments to the provisional amounts as if the accounting for the business combination had been completed at the acquisition date. Thus, an entity shall revise comparative information for prior periods presented in financial statements as needed, and disclose the nature and amount of any measurement period adjustments recognised during the reporting period	HKFRS3.49 &B67(a)(iii)

51. COMPARATIVE AMOUNTS

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

As further explained in note 2.2 to the financial statements, due to the adoption of the revised HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made, and certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment, and a third statement of financial position as at 1 January 2019 has been presented.

Statement of financial position of the Company A listed issuer (whether or not it is incorporated in Hong Kong) shall include disclosures of statement of financial position in notes to annual consolidated financial statements as required by Schedule 4 Part 1(2) of the Companies Ordinance	A16(28)(1)(b)(ii) /GEM18.07A(1)(b)(ii)
The annual consolidated financial statements for a financial year:	Sch4.Part1.2 (1)
1. must contain, in the notes to the statements, the holding company's statement of financial position for the financial year; and	-(a)
2. must include a note disclosing the movement in the holding company's reserves	-(b)
Commentary:	
1. Despite section 380(4) of the Companies Ordinance, the holding company's statement of financial position to be contained in the notes to the annual consolidated financial statements for a financial year is not required to contain any notes	Sch4.Part1.2 (2)
2. The statement of financial position of the Company must be in the format in which that statement would have been prepared if the Company had not been required to prepare any annual consolidated financial statements for the financial year	Sch4.Part1.2 (3)
Approval and signing of the statement of financial position A statement of financial position that forms part of any financial statements must be approved by the directors and must be signed by 2 directors on the directors' behalf or in the case of a company having only one director, by the director	S387(1)
Every copy of a statement of financial position that forms part of any financial statements laid before a company in general meeting under section 429, or sent to a member under section 430 or otherwise circulated, published or issued by the company, must state the name of the person who signed the statement on the directors' behalf	S387(2)

52. 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:

	2020 HK$'000	2019 HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	29,994	40,045
Investments in subsidiaries	376,347	369,972
Investments in joint ventures	400	400
Investments in associates	500	500
Equity investments at fair value through other comprehensive income	780	-
Total non-current assets	408,021	410,917
CURRENT ASSETS		
Due from subsidiaries	85,244	54,104
Prepayments, other receivables and other assets	15,081	29,017
Cash and cash equivalents	42,782	3,446
Total current assets	143,107	86,567
CURRENT LIABILITIES		
Due to subsidiaries	27,912	34,375
Other payables and accruals	35,921	9,316
Interest-bearing bank and other borrowings	94,399	133,316
Total current liabilities	158,232	177,007
NET CURRENT LIABILITIES	(15,125)	(90,440)
TOTAL ASSETS LESS CURRENT LIABILITIES	392,896	320,477
NON-CURRENT LIABILITIES		
Convertible bonds	26,429	-
Interest-bearing bank and other borrowings	23,934	63,589
Financial guarantee contracts	…	…
Deferred tax liabilities	…	…
Total non-current liabilities	50,363	63,589
Net assets	342,533	256,888
EQUITY		
Share capital	280,187	199,437
Treasury shares	…	…
Equity component of convertible bonds (note)	3,852	-
Other reserves (note)	58,494	57,451
Total equity	342,533	256,888

(For companies incorporated in Hong Kong)

....

Name of director* Name of director*

Director Director

(*Insert the name as appropriate)

Summary of the Company's reserves An entity shall disclose, either in the statement of financial position or the statement of changes in equity, or in the notes, a description of the nature and purpose of each reserve within equity	HKAS1.79(b)
Approval of the financial statements An entity shall disclose the date when the financial statements were authorised for issue and who gave that authorisation. If the entity's owners or others have the power to amend the financial statements after issue, the entity shall disclose that fact	HKAS10.17
A statement of financial position that forms part of any financial statements must be approved by the directors and must be signed by 2 directors on the directors' behalf or in the case of a company having only one director, by the director	S387(1)

52. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

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

	Equity component of convertible bonds HK$'000	Fair value reserve of financial assets at fair value through other comprehensive income HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 January 2019	-	-	…	1,820	54,431	56,251
Total comprehensive income for the year	-	-	-	-	785	785
Equity-settled share option arrangements	-	-	-	415	-	415
At 31 December 2019 and 1 January 2020	-	-	…	2,235	55,216	57,451
Final 2019 dividend declared	-	-	…	-	(4,150)	(4,150)
Total comprehensive income for the year	-	-	-	-	11,709	11,709
Issue of shares	-	-	-	(1,382)	-	(1,382)
Issue of convertible bonds	3,852	-	-	-	-	3,852
Changes in fair value of equity investments at fair value through other comprehensive income	…	…	-	-	-	…
Deferred tax	…	…	-	-	-	…
Equity-settled share option arrangements	-	-	-	1,090	-	1,090
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	-	(73)	73	-
Interim 2020 dividend	-	-	-	-	(6,224)	(6,224)
At 31 December 2020	3,852	…	…	1,870	56,624	62,346

The Company's contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the reorganisation referred to in note…, over the previous nominal value of the Company's shares issued in exchange therefor. *(Add if applicable)* Pursuant to Country X company law, a company may make distributions to its members out of the contributed surplus in certain circumstances.

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

53. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 12 March 2021.

Particulars of properties	
Where any of the percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) of a listed issuer's properties held for development and/or sale or for investment purposes exceeds 5%, the listed issuer shall include the following information:	A16(23)/ GEM18.23
1. in the case of property held for development and/or sale:	-(1)
a. an address sufficient to identify the property, which generally must include the postal address, lot number and such further designation as is registered with the appropriate government authorities in the jurisdiction in which the property is located	-(1)(a)
b. if in the course of construction, the stage of completion as at the date of the annual report	-(1)(b)
c. if in the course of construction, the expected completion date	-(1)(c)
d. the existing use (e.g., shops, offices, factories, residential, etc.)	-(1)(d)
e. the site and gross floor area of the property	-(1)(e)
f. the percentage interest in the property	-(1)(f)
2. in the case of property held for investment:	
a. an address sufficient to identify the property, which generally must include the postal address, lot number and such further designation as is registered with the appropriate government authorities in the jurisdiction in which the property is located	-(2)(a)
b. the existing use (e.g., shops, offices, factories, residential, etc.)	-(2)(b)
c. whether the property is held on short lease, medium term lease or long lease or, if situated outside Hong Kong, is freehold	-(2)(c)
If a listed issuer has an excessive number of the properties, the statement need only include details for properties which in the opinion of the directors are material	A16(23)(2)/ GEM18.23(3)
Commentary: Although under the Listing Rules the percentage interest in the property is not required for investment properties, it is best practice to include this	BP

PARTICULARS OF PROPERTIES
31 December 2020

INVESTMENT PROPERTIES

Location	Use	Tenure	Attributable interest of the Group
Flat A, 20th Floor Shatin Plaza, Shatin New Territories Hong Kong	Office	Medium term lease	100%
No. 10 Wing Yip Street Tai Po, New Territories Hong Kong	Industrial	Long term lease	100%

PROPERTIES UNDER DEVELOPMENT/PROPERTIES FOR SALE

Location	Use	Site area (sq.m.)	Gross floor area (sq.m.)	Stage of completion	Expected completion date	Attributable interest of the Group
ABC Building 38-42 ABC Road Hong Kong	Commercial/ residential	1,410	18,812	Foundation work in progress	September 2021	100%
DEF Building 49-53 DEF Road Hong Kong	Commercial/ residential	3,430	52,812	Foundation work in progress	January 2022	100%

Five year financial summary A listed issuer shall include a summary, in the form of a comparative table, of the published results and of the assets and liabilities of the group for the last five financial years. Where the published results and statement of assets and liabilities have not been prepared on a consistent basis this must be explained in the summary *Commentary*: 1. While the minimum disclosure requirement under the Listing Rules is a three-line disclosure showing the results, assets and liabilities of the entity, in practice, a more extensive note is often shown. Prior year amounts should be restated to reflect the provisions of new or revised HKFRSs or accounting policies, and discontinued operations 2. The summary is not part of the audited financial statements	A16(19) /GEM18.33

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 restated/reclassified as appropriate, is set out below. (*Add if applicable*) The amounts for each year in the five year financial summary have been adjusted for the effects of the retrospective changes in the accounting policy affecting …, as detailed in note 2.2 to the financial statements.

	Year ended 31 December				
	2020	**2019**	**2018**	**2017**	**2016**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
CONTINUING OPERATIONS					
REVENUE	692,986	601,105	607,001	458,589	502,177
Cost of sales	(520,355)	(443,727)	(482,380)	(490,073)	(387,677)
Gross profit/(loss)	172,631	157,378	124,621	(31,484)	114,500
Other income and gains	6,892	7,079	2,702	2,112	1,993
Selling and distribution expenses	(65,357)	(56,220)	(49,140)	(26,802)	(40,168)
Administrative expenses	(73,426)	(63,604)	(56,370)	(35,003)	(38,004)
Other expenses	(7,280)	(2,702)	(3,482)	(4,585)	(5,021)
Finance costs	(19,353)	(18,666)	(9,532)	(8,457)	(6,540)
Share of profits and losses of:					
Joint ventures	988	807	481	322	-
Associates	7,129	8,682	8,989	6,588	1,503
PROFIT/(LOSS) BEFORE TAX	22,224	32,754	18,269	(97,309)	28,263
Tax	833	(5,475)	(4,490)	(6,086)	(2,090)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	23,057	27,279	13,779	(103,395)	26,173
DISCONTINUED OPERATION					
Profit/(loss) for the year from a discontinued operation	9,178	7,970	6,000	(5,299)	2,505
PROFIT/(LOSS) FOR THE YEAR	32,235	35,249	19,779	(108,694)	28,678
Attributable to:					
Owners of the parent	28,123	32,165	18,558	(107,546)	28,562
Non-controlling interests	4,112	3,084	1,221	(1,148)	116
	32,235	35,249	19,779	(108,694)	28,678

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2020	**2019**	**2018**	**2017**	**2016**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	791,823	663,175	638,143	454,383	469,127
TOTAL LIABILITIES	(390,788)	(365,115)	(378,685)	(303,287)	(231,832)
NON-CONTROLLING INTERESTS	(24,198)	(23,613)	(19,067)	(32,150)	(25,010)
	376,837	274,447	240,391	118,946	212,285

Auditor's report *Commentary*: This appendix illustrates an auditor's report for a company incorporated in Bermuda/the Cayman Islands/the PRC and listed on the Hong Kong Stock Exchange. For a company incorporated in the Cayman Islands or in the PRC, the main difference as compared to a company incorporated in Bermuda relates to certain text in the *Auditor's responsibilities for the audit of the consolidated financial statements* section, as illustrated on page 191. The auditor's report for a company incorporated in Hong Kong is illustrated on pages 20 to 23	

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Independent auditor's report
To the shareholders of Hong Kong Listed Limited
(Incorporated in Bermuda/the Cayman Islands/the PRC with limited liability)

Opinion
We have audited the consolidated financial statements of Hong Kong Listed Limited (the "Company") and its subsidiaries (the "Group") set out on pages 24 to 185, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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

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

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

[*Description of each key audit matter in accordance with HKSA 701*]

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

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

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

Auditor's report (continued) The auditor's report for a non-Hong Kong incorporated company should indicate the act, ordinance or other legislation in accordance with which the annual accounts have been drawn up and the authority or body whose auditing standards have been applied	Ch19.23, 19.50 &19A.34 /GEM31.45, 24.16&25.28

Independent auditor's report (continued)
To the shareholders of Hong Kong Listed Limited
(Incorporated in Bermuda/the Cayman Islands/the PRC with limited liability)

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

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

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

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

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

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

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

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Independent auditor's report (continued)
To the shareholders of Hong Kong Listed Limited
(Incorporated in Bermuda/the Cayman Islands/the PRC with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is [*insert name*].

Ernst & Young
Certified Public Accountants
Hong Kong
12 March 2021

Appendix 2 – Illustration of the "Statement of profit or loss and other comprehensive income" using the single statement approach

Year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
CONTINUING OPERATIONS			
REVENUE	5	692,986	601,105
Cost of sales		(520,355)	(443,727)
Gross profit		172,631	157,378
Other income and gains	5	6,892	7,079
Selling and distribution expenses		(65,357)	(56,220)
Administrative expenses		(73,426)	(63,604)
Impairment losses on financial and contract assets[, net]		(…)	(…)
Gain[/(loss)] on disposal of financial assets measured at amortised cost		…	…
Other expenses		(7,280)	(2,702)
Finance costs	7	(19,353)	(18,666)
Share of profits and losses of:			
Joint ventures		988	807
Associates		7,129	8,682
PROFIT[/(LOSS)] BEFORE TAX FROM CONTINUING OPERATIONS	6	22,224	32,754
Income tax credit/(expense)	10	833	(5,475)
PROFIT[/(LOSS)] FOR THE YEAR FROM CONTINUING OPERATIONS		23,057	27,279
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation	11	9,178	7,970
PROFIT[/(LOSS)] FOR THE YEAR		32,235	35,249
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods			
Debt investments at fair value through other comprehensive income:			
Changes in fair value		…	…
Reclassification adjustments for gains[/(losses)] included in the consolidated statement of profit or loss			
- gain on disposal		…	…
- impairment losses		…	…
Income tax effect		…	…
		…	…
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments arising during the year	31	878	-
Reclassification adjustments for gains included in profit or loss		(151)	-
Income tax effect		(239)	-
		488	-

continued/…

Year ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Exchange differences on translation of foreign operations		(570)	3,432
Share of other comprehensive income of joint ventures		…	…
Share of other comprehensive income of associates		…	…
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		(82)	3,432
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		550	850
Income tax effect		…	…
		550	850
Gains on property revaluation		…	…
Income tax effect		…	…
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		550	850
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		468	4,282
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		32,703	39,531
Profit attributable to:			
Owners of the parent		28,123	32,165
Non-controlling interests		4,112	3,084
		32,235	35,249
Total comprehensive income attributable to:			
Owners of the parent		28,591	33,641
Non-controlling interests		4,112	5,890
		32,703	39,531
EARNINGS[/(LOSS)] PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic			
- For profit[/(loss)] for the year		HK5.0 cents	HK6.9 cents
- For profit[/(loss)] from continuing operations		HK3.4 cents	HK5.2 cents
Diluted			
- For profit[/(loss)] for the year		HK4.8 cents	HK6.7 cents
- For profit[/(loss)] from continuing operations		HK3.2 cents	HK5.1 cents

Appendix 3 – Additional illustration for note 2.3 “Issued but not yet effective Hong Kong Financial Reporting Standards”

The key changes that are expected to significantly affect Hong Kong Listed Limited upon the adoption of the new and revised HKFRSs that have been issued but are not yet effective for the year ended 31 December 2020 are disclosed in note 2.3. Other possible changes upon the adoption of the new and revised HKFRSs that have not been disclosed in note 2.3 are summarised as follows:

(a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 *Interest Rate Benchmark Reform - Phase 2*

The Group currently has applied a cash flow hedge to manage the cash flow interest rate risk of a bank borrowing, denominated in United States dollars based on LIBOR, by using an interest rate swap. The Group will amend the formal designation of that hedging relationship upon modification of the interest rate swap and the bank borrowing.

Or

The Group currently has applied a fair value hedge to manage the fair value interest rate risk of a bank borrowing carrying interest at a fixed rate of …% by using an interest rate swap. The Group will amend the formal designation of that hedging relationship upon modification of the interest rate swap and the bank borrowing.

Or *add other expected impact of the amendments upon initial application*

(b) HKFRS 17 *Insurance Contracts*

HKFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, HKFRS 17 will replace the existing HKFRS 4 *Insurance Contracts*. The standard applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of the standard is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in HKFRS 4, which are largely based on grandfathering previous local accounting policies, the standard provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of the standard is the general model, supplemented by:

- a specific adaptation for contracts with direct participation features (the variable fee approach); and
- a simplified approach (the premium allocation approach) mainly for short-duration contracts.

HKFRS 17 is effective for reporting periods beginning on or after 1 January 2023. Early application is permitted, provided the entity also applies HKFRS 9 and HKFRS 15 on or before the date it first applies HKFRS 17. The standard is not expected to have any impact on the Group.

Or *add the expected impact of the standard upon initial application*

(c) Amendments to HKFRS 17 *Insurance Contracts*

Amendments to HKFRS 17 include changes to simplify certain requirements in the standard and make financial performance easier to explain. The amendments also provide additional reliefs to reduce the effort required for the transition to HKFRS 17. In addition, the amendments defer the effective date of HKFRS 17 to annual reporting periods beginning on or after 1 January 2023 with earlier application permitted. As a result of the deferral, the HKICPA issued the amendments to HKFRS 4 to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023. The amendments are not expected to have any impact on the Group.

Or *add the expected impact of the amendments upon initial application*

(d) Details of amendments under *Annual Improvements to HKFRSs 2018-2020*

- HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards*: permits a subsidiary that elects to apply paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to HKFRSs. This amendment also applies to an associate or joint venture that elects to apply paragraph D16(a) of HKFRS 1. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not applicable to the Group’s financial statements.

  Or *add the expected impact of the amendment upon initial application*

- HKAS 41 *Agriculture*: removes the requirement to exclude cash flows for taxation when measuring the fair value of assets within the scope of HKAS 41. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not applicable to the Group’s financial statements.

  Or *add the expected impact of the amendment upon initial application*

Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate and connected entities	
The following information about loans, quasi-loans and other dealings in favour of directors, their controlled bodies corporate and their connected entities must be contained in the notes to the financial statements of a company for a financial year if the transaction is entered into by the company for a person who at any time during the financial year was (i) a director of the company or of its holding company; (ii) a controlled body corporate of such a director; or (iii) in the case of a specified company, a connected entity of such a director; or the transaction is entered into by a subsidiary undertaking of the company for a person who at any time during the financial year was a director of the company:	C(DIBD)R.15 -(1)&(2)
1. the name of the person for whom the transaction was entered into:	-(3)(a)
a. if the person was a connected entity of a director of the company or of its holding company, the name of that director and the nature of the connection; or	-(3)(a)(ii)
b. if the person was a controlled body corporate of a director of the company or of its holding company, the name of that director	-(3)(a)(i)
2. if the transaction consists of a loan, quasi-loan or credit transaction:	
a. the principal terms of the loan, quasi-loan or credit transaction, including the amounts payable under it (whether in a lump sum or instalments, or by way of periodical payments or otherwise), the rate of interest, if any, and the security for it, if any	-(3)(b)(i)
b. the amount outstanding on the loan, quasi-loan or credit transaction, in respect of principal and interest or otherwise, at the beginning of the financial year	-(3)(b)(ii)
c. the amount so outstanding at the end of the financial year	-(3)(b)(iia)
d. (if, at different times during the financial year, the amounts so outstanding are different) the greatest of those amounts	-(3)(b)(iii)
e. the amount, if any, that, having fallen due, has not been paid	-(3)(b)(iv)
f. the amount of any provision made in respect of any failure or anticipated failure to repay the whole or part of the loan, quasi-loan or credit transaction, or to pay the whole or part of any interest or otherwise on the loan, quasi-loan or credit transaction	-(3)(b)(v)
The financial statements for a financial year are not required, by virtue of S383(3) of the Companies Ordinance, to contain the particulars specified in C(DIBD)R.15(3)(b) in respect of a quasi-loan or credit transaction, if the notes to the financial statements for the financial year contain a statement showing, in respect of each person named in the notes under C(DIBD)R.15(3)(a), the following information:	C(DIBD)R.16(1)(a)
1. the aggregate of the amounts outstanding referred to in C(DIBD)R.15(3)(b)(ii) on those quasi-loans and credit transactions	C(DIBD)R.16 -(2)(a)(i)
2. the aggregate of the amounts outstanding referred to in C(DIBD)R.15(3)(b)(iia) on those quasi-loans and credit transactions	-(2)(a)(ia)
3. the aggregate of the amounts referred to in C(DIBD)R.15(3)(b)(iv) in respect of those quasi-loans and credit transactions	-(2)(a)(ii)
4. the aggregate of the amounts of provision referred to in C(DIBD)R.15(3)(b)(v) in respect of those quasi-loans and credit transactions	-(2)(a)(iii)
Transactions consisting of a guarantee or security in connection with a loan, quasi-loan or credit transaction	
If the transaction referred to in C(DIBD)R.15(1)&(2) consists of a guarantee or security in connection with a loan, quasi-loan or credit transaction, disclose:	C(DIBD)R.15(3)(c)
1. the amount representing the maximum liability that may be incurred under the guarantee or security at the beginning and at the end of the financial year	-(i)&(ia)
2. (if, at different times during the financial year, the amounts representing the maximum liability that may be so incurred are different) the greatest of those amounts; and	-(ii)
3. the amount paid and the amount of any liability incurred during the financial year for the purpose of fulfilling the guarantee or discharging the security, including any loss incurred by reason of the enforcement of the guarantee or security	-(iii)
If the notes to the financial statements for the financial year contain a statement showing, in respect of each person named in the notes under C(DIBD)R.15(3)(a), the following information, the financial statements for a financial year are not required, by virtue of S.383(3) of the Companies Ordinance, to contain the particulars specified in C(DIBD)R.15(3)(c) in respect of a guarantee or security in connection with a quasi-loan or credit transaction:	C(DIBD)R.16(1)(b)
1. the aggregate of the amounts representing the maximum liability referred to in C(DIBD)R.15(3)(c)(i) that may be incurred under those guarantees and security	C(DIBD)R.16 -(2)(b)(i)
2. the aggregate of the amounts representing the maximum liability referred to in C(DIBD)R.15(3)(c)(ia) that may be incurred under those guarantees and security; and	-(2)(b)(ia)
3. the aggregate of the amounts referred to in C(DIBD)R.15(3)(c)(iii) in respect of those guarantees or security	-(2)(b)(ii)

A company that is or where its subsidiary undertaking is an authorised financial institution	
In the case of a transaction entered into for any person by a company that is, or a company's subsidiary undertaking that is, an authorised financial institution, the information prescribed by C(DIBD)R.15 is not required, by virtue of S383(3) of the Companies Ordinance, to be contained in the financial statements of the company for a financial year if:	C(DIBD)R.17(3)
1. the value of the transaction is not greater, and the terms of it are not more favourable than what is reasonable to expect the institution to have offered to a person of the same financial standing but unconnected with the institution; or	-(3)(a)
2. in any other case, the aggregate of the following amounts does not exceed $10,000,000 or an amount equivalent to 10 per cent of the paid up capital and reserves of the institution, whichever is the lower:	-(3)(b)
a. the amount outstanding, in respect of principal and interest or otherwise, during the financial year on all loans and quasi-loans (except those falling within C(DIBD)R.17(3)(a)) made by the institution to, and all credit transactions (except those falling within C(DIBD)R.17(3)(a)) entered into by the institution as a creditor for, that person or (if, at different times during the financial year, the amounts so outstanding are different) the greatest of those amounts; and	-(3)(b)(i)
b. the amount representing the maximum liability that may be incurred during the financial year under all guarantees (except those falling within C(DIBD)R.17(3)(a)) given, and all security (except those falling within C(DIBD)R.17(3)(a)) provided, by the institution in connection with loans or quasi-loans made to, and all credit transactions entered into for, that person or (if, at different times during the financial year, the amounts representing the maximum liability that may be so incurred are different) the greatest of those amounts	-(3)(b)(ii)
If a company is an authorised financial institution, the notes to the financial statements of the company for a financial year must contain a statement showing:	C(DIBD)R.17(1)
1. the aggregate of the following amounts as at the end of the financial year:	-(a)
a. the amount outstanding, in respect of principal and interest or otherwise, on all loans and quasi-loans made by the company to, and all credit transactions entered into by the company as a creditor for, persons each of whom was, at any time during the financial year:	-(a)(i)
i. a director of the company or of its holding company	-(a)(i)(A)
ii. a controlled body corporate of such a director	-(a)(i)(B)
iii. in the case of a specified company, a connected entity of such a director	-(a)(i)(C)
b. the amount representing the maximum liability that may be incurred under all guarantees given, and all security provided, by the company in connection with all loans and quasi-loans made to, and all credit transactions entered into for, the persons referred to in C(DIBD)R.17(1)(a)(i)	-(a)(ii)
2. (if, at different times during the financial year, the aggregates of the amounts referred to in C(DIBD)R.17(1)(a)(i) and C(DIBD)R.17(1)(a)(ii) are different) the greatest of those aggregates	-(b)

If any subsidiary undertaking of a company is an authorised financial institution, the notes to the financial statements of the company for a financial year must contain a statement showing:	C(DIBD)R.17(2)
1. the aggregate of the following amounts as at the end of the financial year:	-(a)
a. the amount outstanding, in respect of the principal and interest or otherwise, on all loans and quasi-loans made by the institution to, and all credit transactions entered into by the institution as a creditor for, persons each of whom was, at any time during the financial year, a director of the company	-(a)(i)
b. the amount representing the maximum liability that may be incurred under all guarantees given, and all security provided, by the institution in connection with all loans and quasi-loans made to, and all credit transactions entered into for, the persons referred to in C(DIBD)R.17(2)(a)(i)	-(a)(ii)
2. (if, at different times during the financial year, the aggregates of the amounts referred to in C(DIBD)R.17(2)(a)(i) & (ii) are different) the greatest of those aggregates	-(b)
Exemption for employees	
Part 3 of C(DIBD)R does not apply to a loan or quasi-loan made by a company to an employee of the company or by a subsidiary undertaking of the company to an employee of the subsidiary undertaking, or a credit transaction entered into by a company as a creditor for an employee of the company or by a subsidiary undertaking of the company as a creditor for an employee of the subsidiary undertaking, if:	C(DIBD)R.18
1. the value of the loan, quasi-loan or credit transaction does not exceed $100,000	-(a)
2. the loan or quasi-loan is certified by the directors of the company or the subsidiary undertaking to have been made, or the credit transaction is so certified to have been entered into, in accordance with the relevant practice adopted or about to be adopted by the company or the subsidiary undertaking	-(b)
3. the loan or quasi-loan is not made, or the credit transaction is not entered into, by the company under a guarantee given, or security provided, by a subsidiary undertaking of the company	-(c)
4. the loan or quasi-loan is not made, or the credit transaction is not entered into, by the subsidiary undertaking under a guarantee given, or security provided, by the company or any other subsidiary undertaking of the company	-(d)

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In the case of defined benefit plans, a listed issuer shall include an outline of the results of the most recent formal independent actuarial valuation (which should be as at a date not earlier than 3 years prior to the date of statement of financial position) or later formal independent review of the scheme on an ongoing basis. This should include disclosure of:	A16(26)(3) /GEM18.34(3)
1. the name and qualifications of the actuary, the actuarial method used and a brief description of the main actuarial assumptions	-(a)
2. the market value of the scheme assets at the date of their valuation or review (unless the assets are administered by an independent trustee in which case this information may be omitted)	-(b)
3. the level of funding expressed in percentage terms	-(c)
4. comments on any material surplus or deficiency (including quantification of the deficiency) indicated by Appendix 16(26)(3)(c) of the Listing Rules	-(d)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Other employee benefits

Defined benefit plan

The Group operates a defined benefit pension plan which requires contributions to be made to a separately administered fund. The benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Remeasurements arising from defined benefit pension plans, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under “cost of sales” and “administrative expenses” in the consolidated statement of profit or loss by function:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- net interest expense or income

… . DEFINED BENEFIT OBLIGATIONS

The Group operates an unfunded defined benefit plan for all its qualifying employees in the United States. Under the plan, the employees are entitled to retirement benefits at rates varying from …% to …% of their final salaries on attainment of a retirement age of ….

The Group’s defined benefit plan is a final salary plan, which requires contributions to be made to a separately administered fund. The plan has the legal form of a foundation and it is administrated by independent trustees with the assets held separately from those of the Group. The trustees are responsible for the determination of the investment strategy of the plan.

The trustees review the level of funding in the plan by the end of each reporting period. Such a review includes the asset-liability matching strategy and investment risk management policy. This includes employing the use of annuities and longevity swaps to manage the risks. The trustees decide the contribution based on the results of the annual review. The investment portfolio targets a mix of …% in equity and property and …% in debt instruments.

The plan is exposed to interest rate risk, the risk of changes in the life expectancy for pensioners and equity market risk.

The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligations were carried out on 31 December 2020 by ABC Co., a member of the Actuarial Society of Hong Kong, using the projected unit credit actuarial valuation method.

An entity shall disclose:	HKAS19.139
1. information about the characteristics of its defined benefit plans, including:	-(a)
a. the nature of the benefits provided by the plan (e.g., final salary defined benefit plan or contribution-based plan with guarantee)	-(a)(i)
b. a description of the regulatory framework in which the plan operates, for example the level of any minimum funding requirements, and any effect of the regulatory framework on the plan, such as the asset ceiling (see HKAS 19.64)	-(a)(ii)
c. a description of any other entity's responsibilities for the governance of the plan, for example responsibilities of trustees or of board members of the plan	-(a)(iii)
2. a description of the risks to which the plan exposes the entity, focused on any unusual, entity-specific or plan-specific risks, and of any significant concentrations of risk. For example, if plan assets are invested primarily in one class of investments, e.g., property, the plan may expose the entity to a concentration of property market risk	-(b)
3. a description of any plan amendments, curtailments and settlements	-(c)
An entity shall disclose a description of any asset-liability matching strategies used by the plan or the entity, including the use of annuities and other techniques, such as longevity swaps, to manage risk	HKAS19.146
A listed issuer shall include in addition to the information required under the relevant accounting standard in respect of pension schemes a brief outline of how contributions are calculated or benefits funded	A16(26)(1) /GEM18.34(1)
In the case of defined benefit plans, an outline of the results of the most recent formal independent actuarial valuation (which should be as at a date not earlier than 3 years prior to the date of statement of financial position) or later formal independent review of the scheme on an ongoing basis. This should include disclosure of:	A16(26)(3) /GEM18.34(3)
1. the name and qualifications of the actuary, the actuarial method used and a brief description of the main actuarial assumptions	-(a)
2. the market value of the scheme assets at the date of their valuation or review (unless the assets are administered by an independent trustee in which case this information may be omitted)	-(b)
3. the level of funding expressed in percentage terms	-(c)
4. comments on any material surplus or deficiency (including quantification of the deficiency) indicated by Appendix 16(26)(3)(c) of the Listing Rules	-(d)
An entity shall disclose the principal actuarial assumptions used to determine the present value of the defined benefit obligation (see HKAS 19.76). Such disclosure shall be in absolute terms (for example, as an absolute percentage, and not just as a margin between different percentages or other variables). When an entity provides disclosures in total for a grouping of plans, it shall provide such disclosures in the form of weighted averages or relatively narrow ranges	HKAS19.144
An entity shall disclose:	HKAS19.145
1. a sensitivity analysis for each significant actuarial assumption (as disclosed under HKAS 19.144) as of the end of the reporting period, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at that date	-(a)
2. the methods and assumptions used in preparing the sensitivity analyses required by HKAS 19.145(a) and the limitations of those methods	-(b)
3. changes from the previous period in the methods and assumptions used in preparing the sensitivity analyses, and the reasons for such changes	-(c)

… . DEFINED BENEFIT OBLIGATIONS (continued)

The principal actuarial assumptions used as at the end of the reporting period are as follows:

	2020	2019
Discount rate (%)	…	…
Expected rate of future pension cost increases (%)	…	…
Expected rate of salary increases (%)	…	…
Others	…	…

The actuarial valuation showed that the market value of plan assets was HK$... (2019: HK$...) and that the actuarial value of these assets represented …% of the benefits that had accrued to qualifying employees. The deficiency of HK$... is expected to be cleared over the remaining service period of … years.

A quantitative sensitivity analysis for significant assumptions as at the end of the reporting period is shown below:

	Increase in rate %	Increase/ (decrease) in defined benefit obligations HK$'000	Decrease in rate %	Increase/ (decrease) in defined benefit obligations HK$'000
2020				
Discount rate	…	…	…	…
Future salary increase	…	…	…	…
Future pension cost increase	…	…	…	…
2019				
Discount rate	…	…	…	…
Future salary increase	…	…	…	…
Future pension cost increase	…	…	…	…

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

… . DEFINED BENEFIT OBLIGATIONS (continued)

The total expenses recognised in the consolidated statement of profit or loss in respect of the plan are as follows:

	2020 HK$'000	2019 HK$'000
Current service cost	…	…
Interest cost	…	…
Net benefit expenses	…	…
Recognised in cost of sales	…	…
Recognised in administrative expenses	…	…
	…	…

The movements in the present value of the defined benefit obligations are as follows:

	2020 HK$'000	2019 HK$'000
At 1 January	…	…
Current service cost	…	…
Interest cost	…	…
Benefit paid	…	…
Exchange differences on a foreign plan	…	…
At 31 December	…	…

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An entity shall provide a reconciliation from the opening balance to the closing balance for each of the following, if applicable:	HKAS19.140
1. the net defined benefit liability (asset), showing separate reconciliations for:	-(a)
a. plan assets	-(a)(i)
b. the present value of the defined benefit obligation	-(a)(ii)
c. the effect of the asset ceiling	-(a)(iii)
2. any reimbursement rights. An entity shall also describe the relationship between any reimbursement right and the related obligations	-(b)
Each reconciliation listed in HKAS 19.140 shall show each of the following, if applicable:	HKAS19.141
1. current service cost	-(a)
2. interest income or expense	-(b)
3. remeasurements of the net defined benefit liability (asset), showing separately:	-(c)
a. the return on plan assets, excluding amounts included in interest in HKAS 19.141(b)	-(c)(i)
b. actuarial gains and losses arising from changes in demographic assumptions (see HKAS 19.76(a))	-(c)(ii)
c. actuarial gains and losses arising from changes in financial assumptions (see HKAS 19.76(b))	-(c)(iii)
d. changes in the effect of limiting a net defined benefit asset to the asset ceiling, excluding amounts included in interest in HKAS 19.141(b). An entity shall also disclose how it determined the maximum economic benefit available, i.e., whether those benefits would be in the form of refunds, reductions in future contributions or a combination of both	-(c)(iv)
4. past service cost and gains and losses arising from settlements. As permitted by HKAS 19.100, past service cost and gains and losses arising from settlements need not be distinguished if they occur together	-(d)
5. the effect of changes in foreign exchange rates	-(e)
6. contributions to the plan, showing separately those by the employer and by plan participants	-(f)
7. payments from the plan, showing separately the amount paid in respect of any settlements	-(g)
8. the effects of business combinations and disposals	-(h)

… . DEFINED BENEFIT OBLIGATIONS (continued)

The movements in the defined benefit obligations and the fair value of plan assets are as follows:

2020

		Pension cost charged to profit or loss				Remeasurement gains/(losses) in other comprehensive income						
	1 January 2020 HK$'000	Service cost HK$'000	Net interest expense HK$'000	Sub-total included in profit or loss HK$'000	Benefit paid HK$'000	Return on plan assets (excluding amounts included in net interest expense) HK$'000	Actuarial changes arising from changes in demographic assumptions HK$'000	Actuarial changes arising from changes in financial assumptions HK$'000	Experience adjustments HK$'000	Sub-total included in other comprehensive income HK$'000	Contribution by employer HK'000	31 December 2020 HK$'000
Defined benefit obligations	…	…	…	…	…	…	…	…	…	…	…	…
Fair value of plan assets	…	…	…	…	…	…	…	…	…	…	…	…
Benefit liability	…	…	…	…	…	…	…	…	…	…	…	…

2019

		Pension cost charged to profit or loss				Remeasurement gains/(losses) in other comprehensive income						
	1 January 2019 HK$'000	Service cost HK$'000	Net interest expense HK$'000	Sub-total included in profit or loss HK$'000	Benefit paid HK$'000	Return on plan assets (excluding amounts included in net interest expense) HK$'000	Actuarial changes arising from changes in demographic assumptions HK$'000	Actuarial changes arising from changes in financial assumptions HK$'000	Experience adjustments HK$'000	Sub-total included in other comprehensive income HK$'000	Contribution by employer HK'000	31 December 2019 HK$'000
Defined benefit obligations	…	…	…	…	…	…	…	…	…	…	…	…
Fair value of plan assets	…	…	…	…	…	…	…	…	…	…	…	…
Benefit liability	…	…	…	…	…	…	…	…	…	…	…	…

An entity shall disaggregate the fair value of the plan assets into classes that distinguish the nature and risks of those assets, subdividing each class of plan asset into those that have a quoted market price in an active market (as defined in HKFRS 13) and those that do not. For example, and considering the level of disclosure discussed in HKAS 19.136, an entity could distinguish between:	HKAS19.142
1. cash and cash equivalents	-(a)
2. equity instruments (segregated by industry type, company size, geography, etc.)	-(b)
3. debt instruments (segregated by type of issuer, credit quality, geography, etc.)	-(c)
4. real estate (segregated by geography, etc.)	-(d)
5. derivatives (segregated by type of underlying risk in the contract, for example, interest rate contracts, foreign exchange contracts, equity contracts, credit contracts, longevity swaps, etc.)	-(e)
6. investment funds (segregated by type of fund)	-(f)
7. asset-backed securities; and	-(g)
8. structured debt	-(h)
An entity shall disclose the fair value of the entity's own transferable financial instruments held as plan assets, and the fair value of plan assets that are property occupied by, or other assets used by, the entity	HKAS19.143
To provide an indication of the effect of the defined benefit plan on the entity's future cash flows, an entity shall disclose:	HKAS19.147
1. a description of any funding arrangements and funding policy that affect future contributions	-(a)
2. the expected contributions to the plan for the next annual reporting period	-(b)
3. information about the maturity profile of the defined benefit obligation. This will include the weighted average duration of the defined benefit obligation and may include other information about the distribution of the timing of benefit payments, such as a maturity analysis of the benefit payments	-(c)
Multi-employer plans	
If an entity participates in a multi-employer defined benefit plan, it shall disclose:	HKAS19.148
1. a description of the funding arrangements, including the method used to determine the entity's rate of contributions and any minimum funding requirements	-(a)
2. a description of the extent to which the entity can be liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plan	-(b)
3. a description of any agreed allocation of a deficit or surplus on:	-(c)
a. wind-up of the plan; or	-(c)(i)
b. the entity's withdrawal from the plan	-(c)(ii)
4. if the entity accounts for that plan as if it were a defined contribution plan in accordance with HKAS 19.34, it shall disclose the following, in addition to the information required by HKAS 19.148(a)-(c):	-(d)
a. the fact that the plan is a defined benefit plan	-(d)(i)
b. the reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan	-(d)(ii)
c. the expected contributions to the plan for the next annual reporting period	-(d)(iii)
d. information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the entity	-(d)(iv)
e. an indication of the level of participation of the entity in the plan compared with other participating entities. Examples of measures that might provide such an indication include the entity's proportion of the total contributions to the plan or the entity's proportion of the total number of active members, retired members, and former members entitled to benefits, if that information is available	-(d)(v)
Defined benefit plans that share risks between entities under common control	
If an entity participates in a defined benefit plan that shares risks between entities under common control, it shall disclose:	HKAS19.149
1. the contractual agreement or stated policy for charging the net defined benefit cost or the fact that there is no such policy	-(a)
2. the policy for determining the contribution to be paid by the entity	-(b)
3. if the entity accounts for an allocation of the net defined benefit cost as noted in HKAS 19.41, all the information about the plan as a whole required by HKAS 19.135-147	-(c)
4. if the entity accounts for the contribution payable for the period as noted in HKAS 19.41, the information about the plan as a whole required by HKAS 19.135-137, 139, 142-144 and 147(a) and (b)	-(d)
Commentary:	
The information required by HKAS 19.149(c) and (d) can be disclosed by cross-reference to disclosures in another group entity's financial statements if:	
1. that group entity's financial statements separately identify and disclose the information required about the plan; and	HKAS19.150 -(a)
2. that group entity's financial statements are available to users of the financial statements on the same terms as the financial statements of the entity and at the same time as, or earlier than, the financial statements of the entity	-(b)

… . DEFINED BENEFIT OBLIGATIONS (continued)

The major categories of the fair value of the total plan assets are as follows:

	2020 HK$'000	2019 HK$'000
Equity instruments, quoted in an active market	…	…
Debt instruments	…	…
Property	…	…
Cash and cash equivalents	…	…

The plan assets included ordinary shares of the Company with a fair value of HK$... (2019: HK$...) and a property occupied by the Group with a fair value of HK$... (2019: HK$...).

Expected contributions to the defined benefit plan in future years are as follows:

	2020 HK$'000	2019 HK$'000
Within the next 12 months	…	…
Between 2 and 5 years	…	…
Between 5 and 10 years	…	…
Over 10 years	…	…
Total expected payments	…	…

The average duration of the defined benefit obligations at the end of the reporting period is … years (2019: … years).

A reporting entity is exempt from the disclosure requirements of HKAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:	HKAS24.25
1. a government that has control or joint control of, or significant influence over, the reporting entity	-(a)
2. another entity that is a related party because the same government has control or joint control of, or significant influence over, both the reporting entity and the other entity	-(b)
If a reporting entity applies the exemption in HKAS 24.25, it shall disclose the following about the transactions and related outstanding balances referred to in HKAS 24.25:	HKAS24.26
1. the name of the government and the nature of its relationship with the reporting entity (i.e., control, joint control or significant influence)	-(a)
2. the following information in sufficient detail to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements:	-(b)
a. the nature and amount of each individually significant transaction	-(b)(i)
b. for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent. Types of transactions include those listed in HKAS 24.21	-(b)(ii)
In using its judgement to determine the level of detail to be disclosed in accordance with the requirements in HKAS 24.26(b), the reporting entity shall consider the closeness of the related party relationship and other factors relevant in establishing the level of significance of the transaction such as whether it is:	HKAS24.27
1. significant in terms of size	-(a)
2. carried out on non-market terms	-(b)
3. outside normal day-to-day business operations, such as the purchase and sale of businesses	-(c)
4. disclosed to regulatory or supervisory authorities	-(d)
5. reported to senior management	-(e)
6. subject to shareholder approval	-(f)

46. RELATED PARTY TRANSACTIONS (continued)

(f) The Company is a state-owned enterprise which is subject to the control of the State Council of the PRC Government. The Group had the following individually significant or collectively significant transactions with the PRC government-related entities during the year:

(i) During the year, the Group obtained a loan from a bank controlled by the PRC government. The loan, which amounted to RMB... million (equivalent to HK$... million) as at 31 December 2020, is repayable in full in March 2021 and bears interest at 6% per annum which is comparable to the market interest rate. Further details of the loan are included in note 32 to the financial statements.

(ii) On 1 December 2020, the Company entered into a sale and purchase agreement with the local government authority in Shenzhen to acquire a 90% equity interest in NNN Limited at a total cash consideration of RMB... million. The sale and purchase agreement has been approved by independent shareholders at the extraordinary general meeting on 9 January 2021.

(iii) The Group enters into extensive raw material purchase transactions with certain state-controlled entities, which are controlled by the State Council of the PRC Government through its government authorities, in the normal course of business on commercial terms. Approximately 30% of the Group's purchases for the year were made from these state-controlled entities.

Transfers of financial assets	
The disclosure requirements in HKFRS 7.42B-42H relating to transfers of financial assets supplement the other disclosure requirements of this HKFRS. An entity shall present the disclosures required by HKFRS 7.42B-42H in **a single note** in its financial statements. An entity shall provide the required disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in a transferred asset, existing at the reporting date, irrespective of when the related transfer transaction occurred. For the purposes of applying the disclosure requirements in those paragraphs, an entity transfers all or a part of a financial asset (the transferred financial asset), if, and only if, it either:	HKFRS7.42A
1. transfers the contractual rights to receive the cash flows of that financial asset; or	-(a)
2. retains the contractual rights to receive the cash flows of that financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement	-(b)
An entity shall disclose information that enables users of its financial statements:	HKFRS7.42B
1. to understand the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities; and	-(a)
2. to evaluate the nature of, and risks associated with, the entity's continuing involvement in derecognised financial assets	-(b)
For the purposes of applying the disclosure requirements in HKFRS 7.42E-42H, an entity has continuing involvement in a transferred financial asset if, as part of the transfer, the entity retains any of the contractual rights or obligations inherent in the transferred financial asset or obtains any new contractual rights or obligations relating to the transferred financial asset. For the purposes of applying the disclosure requirements in HKFRS 7.42E-42H, the following do not constitute continuing involvement:	HKFRS7.42C
1. normal representations and warranties relating to fraudulent transfer and concepts of reasonableness, good faith and fair dealings that could invalidate a transfer as a result of legal action	-(a)
2. forward, option and other contracts to reacquire the transferred financial asset for which the contract price (or exercise price) is the fair value of the transferred financial asset; or	-(b)
3. an arrangement whereby an entity retains the contractual rights to receive the cash flows of a financial asset but assumes a contractual obligation to pay the cash flows to one or more entities and the conditions in HKFRS 9.3.2.5(a)-(c) are met	-(c)
Transferred financial assets that are not derecognised in their entirety	
An entity may have transferred financial assets in such a way that part or all of the transferred financial assets do not qualify for derecognition. To meet the objectives set out in paragraph HKFRS 7.42B(a), the entity shall disclose at each reporting date for each class of transferred financial assets that are not derecognised in their entirety:	HKFRS7.42D
1. the nature of the transferred assets	-(a)
2. the nature of the risks and rewards of ownership to which the entity is exposed	-(b)
3. a description of the nature of the relationship between the transferred assets and the associated liabilities, including restrictions arising from the transfer on the reporting entity's use of the transferred assets	-(c)
4. when the counterparty (counterparties) to the associated liabilities has (have) recourse only to the transferred assets, a schedule that sets out the fair value of the transferred assets, the fair value of the associated liabilities and the net position (the difference between the fair value of the transferred assets and the associated liabilities)	-(d)
5. when the entity continues to recognise all of the transferred assets, the carrying amounts of the transferred assets and the associated liabilities	-(e)
6. when the entity continues to recognise the assets to the extent of its continuing involvement (see HKFRS 9.3.2.6(c)(ii) and HKFRS 9.3.2.16), the total carrying amount of the original assets before the transfer, the carrying amount of the assets that the entity continues to recognise, and the carrying amount of the associated liabilities	-(f)

… . TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

(a) At 31 December 2020, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "Endorsed Bills") with a carrying amount of RMB… (equivalent to HK$...) (2019: RMB…, equivalent to HK$...) to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Bills during the year to which the suppliers have recourse was RMB… (equivalent to HK$...) (2019: RMB…, equivalent to HK$...) as at 31 December 2020.

(b) As part of its normal business, the Group entered into a trade receivable factoring arrangement (the "Arrangement") and transferred certain trade receivables to a bank. Under the Arrangement, the Group may be required to reimburse the bank for loss of interest if any trade debtors have late payment up to 180 days. The Group is not exposed to default risks of the trade debtors after the transfer. Subsequent to the transfer, the Group did not retain any rights on the use of the trade receivables, including the sale, transfer or pledge of the trade receivables to any other third parties. The original carrying value of the trade receivables transferred under the Arrangement that have not been settled as at 31 December 2020 was HK$… (2019: HK$...). The carrying amount of the assets that the Group continued to recognise as at 31 December 2020 was HK$... (2019: HK$...) and that of the associated liabilities as at 31 December 2020 was HK$... (2019: HK$...).

Transferred financial assets that are derecognised in their entirety

At 31 December 2020, … Limited, a subsidiary of the Group, endorsed certain bills receivable accepted by banks in Mainland China (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB… (equivalent to HK$...). The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the year ended 31 December 2020, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the year.

Transferred financial assets that are derecognised in their entirety	
To meet the objectives set out in HKFRS 7.42B(b), when an entity derecognises transferred financial assets in their entirety (see HKFRS 9.3.2.6(a) and HKFRS 9.3.2.6(c)(i)) but has continuing involvement in them, the entity shall disclose, as a minimum, for each type of continuing involvement at each reporting date:	HKFRS7.42E
1. the carrying amount of the assets and liabilities that are recognised in the entity's statement of financial position and represent the entity's continuing involvement in the derecognised financial assets, and the line items in which the carrying amount of those assets and liabilities are recognised	-(a)
2. the fair value of the assets and liabilities that represent the entity's continuing involvement in the derecognised financial assets	-(b)
3. the amount that best represents the entity's maximum exposure to loss from its continuing involvement in the derecognised financial assets, and information showing how the maximum exposure to loss is determined	-(c)
4. the undiscounted cash outflows that would or may be required to repurchase derecognised financial assets (e.g., the strike price in an option agreement) or other amounts payable to the transferee in respect of the transferred assets. If the cash outflow is variable then the amount disclosed should be based on the conditions that exist at each reporting date	-(d)
5. a maturity analysis of the undiscounted cash outflows that would or may be required to repurchase the derecognised financial assets or other amounts payable to the transferee in respect of the transferred assets, showing the remaining contractual maturities of the entity's continuing involvement	-(e)
6. qualitative information that explains and supports the quantitative disclosures required in HKFRS 7.42E(a)-(e)	-(f)
An entity may aggregate the information required by HKFRS 7.42E in respect of a particular asset if the entity has more than one type of continuing involvement in that derecognised financial asset, and report it under one type of continuing involvement	HKFRS7.42F
In addition, an entity shall disclose for each type of continuing involvement:	HKFRS7.42G
1. the gain or loss recognised at the date of transfer of the assets	-(a)
2. income and expenses recognised, both in the reporting period and cumulatively, from the entity's continuing involvement in the derecognised financial assets (e.g., fair value changes in derivative instruments)	-(b)
3. if the total amount of proceeds from transfer activity (that qualifies for derecognition) in a reporting period is not evenly distributed throughout the reporting period (e.g., if a substantial proportion of the total amount of transfer activity takes place in the closing days of a reporting period):	
a. when the greatest transfer activity took place within that reporting period (e.g., the last five days before the end of the reporting period)	-(c)(i)
b. the amount (e.g., related gains or losses) recognised from transfer activity in that part of the reporting period; and	-(c)(ii)
c. the total amount of proceeds from transfer activity in that part of the reporting period	-(c)(iii)
An entity shall provide this information for each period for which a statement of comprehensive income is presented	HKFRS7.42G
Supplementary information	
An entity shall disclose any additional information that it considers necessary to meet the disclosure objectives in HKFRS 7.42B	HKFRS7.42H
Commentary:	
1. An entity need not provide the disclosures required by the amendments to HKFRS 7 *Disclosures – Transfers of Financial Assets* for any period presented that begins before the date of initial application of the amendments	HKFRS7.44M
2. Please refer to paragraphs B29 to B39 of HKFRS 7 for guidance in applying HKFRS 7.42C, HKFRS 7.42E-42H, HKFRS 7.42E(e), HKFRS 7.42E(f) and HKFRS 7.42G(a)	
3. Paragraphs IG40B and IG40C of HKFRS 7 provide illustrative disclosures to meet the requirements in HKFRS 7.42D-42E	

For entities which choose to continue to apply the hedge accounting requirements of HKAS 39, please refer to the accounting policy for "Derivative financial instruments and hedge accounting" below

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of commodity purchase contracts that meet the definition of a derivative as defined by HKFRS 9 is recognised in the statement of profit or loss as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Amounts recognised in other comprehensive income are transferred to the statement of profit or loss when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability.

Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in other comprehensive income are transferred to the statement of profit or loss in the same period or periods during which the asset acquired or liability assumed affects the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)

Cash flow hedges (continued)

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expenses. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in the statement of profit or loss as other expenses.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the statement of profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the statement of profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the statement of profit or loss. The changes in the fair value of the hedging instrument are also recognised in the statement of profit or loss.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

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