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CCF FORTIS HOLDINGS LIMITED

(中 建 富 通 集 團 有 限 公 司)

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

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to report the annual results of the Group for the year ended 31 December 2018.

RESULTS

In 2018, revenue of the Company was HK\$919 million and profit attributable to owners of the parent was HK\$34 million. The Company continued to achieve significant development of its new business ventures as elaborated in more details in the “**BUSINESS REVIEW**” section of this announcement.

FINAL DIVIDEND AND BONUS SHARE ISSUE

In view of the global economic slowdown, the Group intends to conserve cash resources to finance operations and business development and therefore the Board did not recommend the payment of a final dividend for the year 2018 (2017 final dividend: HK\$0.035 per Share). The Group has paid an interim dividend for 2018 of HK\$0.035 per Share (2017 interim dividend: HK\$0.035 per Share) on 4 October 2018. The total dividend per share for the whole year of 2018 would amount to HK\$0.035 (2017: HK\$0.07).

The Board recommended the issue of bonus shares on the basis of one bonus share for every ten existing Shares held by the Shareholders, subject to the approval of the Shareholders at the forthcoming AGM. The resolutions will be proposed at the forthcoming AGM. Further information of the issue of the bonus shares will be published by the Company and such information will also be set out in a circular for despatch by the Company to the Shareholders in due course.

BUSINESS REVIEW

The Group's businesses comprise principally: (i) property development, trading and investment; (ii) securities business; (iii) Blackbird's multi-faceted automotive business; (iv) investment and trading in time pieces; (v) multimedia business; (vi) cultural entertainment business; and (vii) industrial product business.

PROPERTY BUSINESS

The Hong Kong property market rallied in 2017 and prices rose significantly. The strong momentum continued in the first three quarters of 2018 but there was certain price consolidation in the fourth quarter of the year. Although we are optimistic in the long-term future of the Hong Kong property market, its short-term outlook is uncertain and is affected by property policies of the Hong Kong Government, the global economic slowdown and the results of the trade negotiations between China and the US. Under such circumstances, the Company intends to divest part of its property portfolio in 2019, should suitable opportunities arise.

Property development and trading

During 2018, the Group's trading property portfolio in Hong Kong comprised the two consecutive floors of retail property at No. 8 Russell Street (the "**Russell Street Property**"), located in the center of the busiest shopping and tourist area of Causeway Bay, Hong Kong.

As a result of robust local consumption and further rebound of inbound tourism, the retail property market continued to recover. During the year, we rented out the Russell Street Property at a satisfactory rental. The management is optimistic in the long-term prospect of the Russell Street Property because of its excellent location and good quality. This year's operating profit of HK\$5 million was mainly attributable to rental income and reversal of part of the previous impairment loss as a result of revaluation of the Russell Street Property at year end.

Property investment and holding

Our portfolio of investment properties is diversified and comprises luxury residential houses, office properties, retail properties and shops, industrial properties and car parks. Our strategy in property investment is not only looking for rental yield but also seeking value appreciation over the long term. With this strategy in mind and our excellence in vision and insight in the property market, we have acquired a good combination of investment properties, the value of which has appreciated substantially over the years.

During 2018, the property investment and holding segment delivered an operating profit of HK\$83 million for 2018, attributable mainly to fair value gains arising from revaluation of properties and rental income.

Mainland Property Business

In 2018, the Company acquired interest in the Joint Venture, which is engaged in property development business in Xinjiang, China. As a result of the transaction, a gain on bargain purchase in the amount of HK\$147 million was recognised in the consolidated statement of profit or loss.

Xinjiang is positioned as the "Silk Road Economic Belt Core Area" under the Belt and Road Initiative (the "**Initiative**"), which is a significant development strategy launched by the Chinese Government with the intention of promoting economic co-operation among countries along the proposed Belt and Road routes. The Initiative has been designed to enhance the orderly free-flow of economic factors and the efficient allocation of resources. It is also intended to further market integration and create a regional economic co-operation framework of benefit to all. We believe Xinjiang has promising growth potentials under the Initiative.

SECURITIES BUSINESS

In 2018, the Hong Kong stock market was extremely volatile. Picking up the momentum from 2017, the stock market rallied at the beginning of 2018 and Hang Seng Index reached the record high of 33,484 points in January 2018. Since then, the stock market reversed its upward trend and the share index turned downward. The market volatility rose as the trade tensions between China and the US escalated. As a result, the Hang Seng Index fell to 25,846 points on the last trading day of 2018, shed 7,638 points or approximately 23% from its record high.

In 2018, the Company's financial assets at fair value through profit or loss represented mainly listed shares of GBA Holdings. During the year, we sold part of our interest in the shares of GBA Holdings. The Company's securities business recorded an operating loss of HK\$1 million. As at 31 December 2018, we held approximately 28.5 billion shares of GBA Holdings.

BLACKBIRD GROUP

The Blackbird Group, under the leadership of its chief executive officer, Mr. TK Mak, is principally engaged in (i) the dealership business of Ferrari, and repair and servicing business for Ferrari in Hong Kong; and (ii) the classic car trading and investment business, and the car logistics business.

The management is very pleased with the rapid development of the Blackbird Group's multi-faceted automotive businesses.

Ferrari Dealership Business

June 2018 marked the one-year anniversary of Blackbird Concessionaires' appointment as Hong Kong's official Ferrari dealer.

Following the new car launch event for the Ferrari 812 Superfast in November 2017 and during the year under review, Blackbird was pleased to present three more new Ferraris. These were the Portofino, the Lusso T and the special series model named Ferrari 488 Pista. Launch events were arranged in March, May and June 2018, respectively. As a result of these activities, we received very strong and solid support from our customers and achieved many new car sales orders within a short period of time after each event. The Ferrari factory launched the 488 Pista Spider in August 2018, followed by the first of its new 'Icona' range of limited series cars in September 2018, the Monza.

After a few months of refurbishment and outfitting, our new Ferrari after-sales centre in Kwai Chung, which occupies about 70,000 square feet, opened and became operational in July 2018. This new facility is equipped to provide a full range of services including, but not limited to, repairing and maintenance, painting, body shop, pre-delivery inspection service and car storage. The facility is well received and strongly supported by customers.

In 2018, the Ferrari dealership contributed a total revenue of approximately HK\$258 million (2017: HK\$7 million) to the Company, represented a significant growth compared to the full year of 2017.

Looking ahead, the Group expects a strong performance from the Ferrari business in 2019 as increasing number of new cars ordered will arrive in 2019. Ferrari is also forecasting to launch four new models in 2019, all of which are expected to be well received by Hong Kong customers.

Classic Cars Trading and Investment Business

During the year ended 31 December 2018, we sold a number of classics, racing and investment grade Ferraris, both in Hong Kong and overseas. In 2018, the classic car market was affected by the global economic slowdown and the increasing trade tensions between China and the US. The management is cautiously optimistic in the long-term outlook of the classic car market.

Car Logistics Business

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

Prospect and Business Strategy of the Blackbird Group for 2019

The Board is very happy with the continuing growth of the Blackbird Group's new Ferrari dealership and with its classic car trading and investment, and logistics businesses. We maintain our firm commitment to develop the Group's multi-faceted operations into a worldwide leader in the region. Management will continue to explore opportunities to expand operations, both vertically and horizontally. In the meantime, we are optimistic about the prospects of the new Ferrari dealership and of further expansion of our vehicle transportation business. As a result, we expect that these businesses will deliver strong growth in revenue, profit and cash flow in the coming years.

INVESTMENT AND TRADING IN TIME PIECES

Investments in the time piece portfolio increased in 2018, as a number of historically significant pieces were able to be acquired through auction and off-market, thanks to our expertise in authentication, and access to prominent collectors to aid acquisitions. Growth was consistent on the existing portfolio and this is expected to continue over the next 12 months.

While 2019 is expected to be an uncertain year with regards to wider financial markets, in previous downturns, alternative assets such as watches, cars and artwork, have not only weathered the storm, but increased in value, as more traditional investors look to diversify their portfolios to mitigate further risk. As a result, we see further opportunity for significant returns on the collection, especially as distressed owners are forced to liquidate important collections, allowing us to acquire previously unobtainable pieces at reasonable prices.

In a significant development for the consultancy arm of Blackbird Watch Manual, in May 2019 we will partner with the auction house Phillips and their international market leading watch department, for a thematic auction focusing on sports watches. Blackbird will have direct involvement of the curation for the auction.

MULTIMEDIA BUSINESS

2018 was a challenging year for printed media as many advertisers had decreased their marketing and promotion budget on events or advertisements. To counter the tough market environment, we strive to gain extra new business particularly through expanding the categories, creating new contents, and served international clients in building up and up-hosting their branding and profile via various marketing events. We will also create extra pop-up shops and work on brand collaboration projects. We aim at providing one-stop and all-rounded services and solutions for our customers in brand development. Having recognizing the need for developing into digital platforms, we are striking to balancing both printed social media and digital media. We aim to cultivate different variety of clients for higher income.

CULTURAL ENTERTAINMENT BUSINESS

We have set a strong foothold in the fast-growing entertainment sector. Our cultural entertainment operations comprise film investment and distribution, audio, lighting and stage engineering operations, and artist management.

Film operations

Our entertainment company have invested in the large-scale crime thriller film entitled “Sons of the Neon Night” (風林火山) (“SONN”) together with Beijing J.Q. Media & Culture Company Limited (北京嘉映文化傳媒有限公司) and Shaw Brothers Picture International Limited (邵氏兄弟國際影業有限公司). The cast for SONN include four very popular and famous male actors from Hong Kong and Taiwan and popular actresses from Hong Kong and China. Production and shooting of this movie has already been completed in January 2018 and post-production work is in good progress. SONN already attracts strong market interest before its release. Management plans to present world premiere of SONN in international film festivals in 2020.

We have also invested into two general-scale films with certain famous film distribution companies. These films have been released and received positive comments and acclaim.

Audio, lighting and stage engineering operations

In 2018, we were engaged to provide audio, lighting and stage engineering services for a large number of pop live concerts and events in Hong Kong, mainland China and Macau. These operations delivered marginal increase in revenue from HK\$192 million in 2017 to HK\$193 million in 2018. With a dedicated and well-trained operation team, a wide range of advanced equipment and our competitive strengths of long-established relationship with popular performers and concert and event organisers, we believe our stage operations will continue to grow in the future.

Artist Management

Since establishment of artist management operation in 2017, we have signed management contract with a very famous and popular female singer in Hong Kong. Our cooperation with the female singer is very successful as she won many awards in the 2018 Chinese-pop music awards in Hong Kong. We consider that the artist management sector has good potential to grow and we will cooperate with more artists and singers in the future.

INDUSTRIAL GROUP

The Industrial Group is engaged in the manufacture of plastic components business and the trading of child products. During 2018, the Industrial Group recorded revenue of HK\$172 million (2017: HK\$213 million). The decrease in revenue was mainly attributable to the decrease in revenue of manufacture of plastic components business caused by the declining cordless phone market and keen competition.

OUTLOOK

Looking forward, the global economic outlook continues to be uncertain and is overshadowed by results of the trade negotiation between China and the US, global economic slowdown and geopolitical risks.

We are very pleased with the performance of our established businesses as well as the development of our new business ventures. We are optimistic about all these new business ventures and consider that they have promising prospects. We maintain our commitment to grow these businesses and believe that they will become a key driver of growth for revenue and profitability in the future.

Our business is in good shape. We have developed a diversified portfolio and business models and an integrated global aspect. Our core strategy is to achieve long term sustainable growth of the Group and create long term value to the Shareholders. With a strong balance sheet and solid financial position, the Group is positioned well to continue to deliver sustainable profits and strong financial results in the coming years.

APPRECIATION

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

Mak Shiu Tong, Clement
Chairman

Hong Kong, 29 March 2019

FINANCIAL REVIEW

OVERVIEW OF 2018 FINANCIAL RESULTS

HK\$ million	2018	2017	% increase/ (decrease)
Revenue	<u>919</u>	585	57.1%
Gross Profit	<u>149</u>	72	106.9%
G.P. Ratio	<u>16.2%</u>	12.3%	31.7%
Other income	273	413	(33.9%)
Profit before tax	25	173	(85.5%)
Income tax credit	<u>10</u>	6	66.7%
Profit for the year	<u>35</u>	179	(80.4%)
Profit attributable to:			
Owners of the parent	34	181	(81.2%)
Non-controlling interests	<u>1</u>	(2)	N/A
	<u>35</u>	179	(80.4%)
Return on Equity	1.1%	5.6%	
Earnings per share attributable to ordinary equity holders of the parent			
- Basic	<u>HK\$0.04</u>	HK\$0.21	(81.0%)
- Diluted	<u>HK\$0.04</u>	HK\$0.16	(75.0%)
Dividend per share	<u>HK\$0.035</u>	HK\$0.07	(50.0%)

In 2018, the Group's revenue of HK\$919 million was HK\$334 million or 57.1% higher than 2017. This strong revenue growth was mainly attributable to significant increase in revenue from Blackbird Group's automotive businesses by HK\$342 million in aggregate. As a result of increase in revenue, the Group's gross profit was doubled, from HK\$72 million in 2017 to HK\$149 million in 2018. The G.P. Ratio also rose from 12.3% in 2017 to 16.2% in 2018, due primarily to the higher G.P. Ratio of the Company's new businesses.

The other income in the current year under review represents mainly fair value gains on our property portfolio and gain on bargain purchase from acquisition of the Joint Venture. The other income decreased by HK\$140 million mainly due to less fair value gains on our properties and less gain from disposal property.

Profit before taxation for the year was HK\$25 million and profit attributable to owners of the parent of HK\$34 million. The decrease in profit was mainly attributable to less other income in the current reporting year as compared with the last corresponding year.

Non-controlling interests represented share of results of the minority shareholders in the audio, lighting and stage engineering operations.

The change in the basic earnings per share is broadly in line with the change in profit attributable to owners of the parent.

Return on equity (“ROE”), representing profit attributable to owners of parent over average shareholder’s equity, was 1.1% in 2018, reduced by 4.5% compared with 5.6% for the last corresponding period. The decline in ROE was mainly attributable to decrease in the profit attributable to owners of parent.

ANALYSIS BY BUSINESS SEGMENT

HK\$ million	Revenue				% increase/ (decrease)
	2018		2017		
	Amount	Relative %	Amount	Relative %	
Property development and trading	3	0.3%	-	-	N/A
Property investment and holding	13	1.4%	11	1.9%	18.2%
Securities business	6	0.7%	3	0.5%	100.0%
Ferrari dealership	258	28.1%	7	1.2%	3,585.7%
Classic car trading and logistic business	196	21.3%	105	17.9%	86.7%
Audio, lighting and stage engineering operations	193	21.0%	192	32.8%	0.5%
Industrial Group	172	18.7%	213	36.4%	(19.2%)
Other operations	78	8.5%	54	9.3%	44.4%
Total	919	100.0%	585	100.0%	57.1%

HK\$ million	Operating profit/ (loss)			% increase/ (decrease)
	2018	2017		
Property development and trading	5	11	(54.5%)	
Property investment and holding	83	328	(74.7%)	
Securities business	(1)	-	N/A	
Ferrari dealership	(28)	(22)	27.3%	
Classic car trading and logistic business	6	(11)	N/A	
Investment in classic cars	-	16	(100%)	
Film operations	(20)	(6)	233.3%	
Audio, lighting and stage engineering operations	12	19	(36.8%)	
Industrial Group	(4)	3	N/A	
Other operations	(43)	(66)	(34.8%)	
Total	10	272	(96.3%)	

Property development and trading

The HK\$3 million income in the current reporting period represented rental income from the properties held for sale. This segment recorded operating profit of HK\$5 million, down from HK\$11 million in the last equivalent year. The two years' segmental profit represented primarily rental income and reversal of part of the impairment loss recognised in prior year, as a result of fair value changes in the year under review.

Property investment and holding

Our investment properties continued to generate steady rental revenue of HK\$13 million for 2018. Operating profit of this segment was HK\$83 million, decreased by HK\$245 million or 74.7% as compared with last corresponding year. This notable change was primarily led by decrease in fair value gains from HK\$302 million in 2017 to HK\$79 million in 2018 as property prices rose modestly in 2018 after surge in prices in 2017.

Securities business

During the year, the revenue of our securities business is mainly arising from disposal of our financial assets. This segment recorded an operating loss of HK\$1 million in 2018.

Ferrari Dealership

It is encouraging to see strong growth in the Ferrari dealership business as its revenue surged from HK\$7 million in 2017 to HK\$258 million in 2018, increased by HK\$251 million. The Ferrari dealership recorded an operating loss of HK\$28 million mainly as a result of start-up costs and higher marketing and promotional costs in its first year of operations. It is expected that this business will contribute significant revenue stream to the Group and will open up a new avenue of income and profit growth in the coming years.

Classic car trading and logistic business

This segment's revenue of HK\$196 million, was HK\$91 million or 86.7% higher, driven by increase in revenue from trading of classic cars and the logistic business. This segment recorded an operating profit of HK\$6 million in 2018 as opposed to an operating loss of HK\$11 million incurred in 2017, as a result of the combined effect of additional revenue and cost savings.

Investment in classic cars

There was no fair value gains from revaluation of our investment in classic cars in 2018 (2017: fair value gains of HK\$12 million). As a result, this segment did not generate any revenue and operating profit compared with a profit of HK\$16 million for the last corresponding year.

Film operations

The film operations did not generate any revenue in 2017 and 2018 as we have not received any receipts from the films which we invested in. As such, the film operations incurred a loss of HK\$20 million (2017: loss of HK\$6 million), represented mainly the administrative expenses and operating loss of this segment. We expect this business segment will generate income starting from 2020.

Audio, lighting and stage engineering operations

The audio, lighting and stage engineering operations recorded revenue of HK\$193 million in 2018, marginally increased by HK\$1 million or 0.5%. The operating profit of HK\$12 million was HK\$7 million or 36.8% lower. This decrease was mainly due to increase in operating costs.

Industrial Group

The revenue of the Industrial Group was HK\$172 million, decreased by 19.2% in 2018 as compared with 2017. The decrease in the segment's revenue was mainly attributable to the decrease in revenue of manufacture of plastic components business caused by the declining cordless phone market and keen competition. As a result, the Industrial Group recorded an operating loss of HK\$4 million in 2018 as opposed to an operating profit of HK\$3 million in 2017.

Other operations

Other operations include the classic car service center, the multimedia operations, investment in time pieces and other new ventures which are in the development and start-up stage, or those operations which are not significant to be classified as a business segment. These operations recorded revenue of HK\$78 million and incurred an operating loss of HK\$43 million, caused mainly by start-up and development costs and operating expenses.

ANALYSIS BY GEOGRAPHICAL SEGMENT

HK\$ million	2018		2017		% increase/ (decrease)
	Amount	Relative %	Amount	Relative %	
Hong Kong, mainland China and Macau	673	73.2%	401	68.5%	67.8%
Europe	141	15.3%	79	13.5%	78.5%
North America and other countries	105	11.5%	105	18.0%	-
Total	<u>919</u>	<u>100.0%</u>	<u>585</u>	<u>100.0%</u>	57.1%

Over 73% of the Group's total revenue was generated in Hong Kong, mainland China and Macau, in which the Group's core businesses are operated. The revenue from these market regions was HK\$673 million, increased by HK\$272 million or 67.8% as compared with 2017. The increase was primarily attributable to revenue of Ferrari dealership of HK\$258 million, increased by HK\$251 million as compared with last year. The revenue from North America and other countries represented mainly sale of child products and classic cars.

CAPITAL STRUCTURE AND GEARING RATIO

HK\$ million	2018		2017	
	Amount	Relative %	Amount	Relative %
Bank borrowings	1,492	32.7%	1,338	28.6%
Other borrowings	100	2.2%	5	0.1%
Finance lease payable	6	0.1%	9	0.2%
Total borrowings	<u>1,598</u>	<u>35.0%</u>	<u>1,352</u>	<u>28.9%</u>
Equity attributable to owners of the parent	<u>2,963</u>	<u>65.0%</u>	<u>3,331</u>	<u>71.1%</u>
Total capital employed	<u><u>4,561</u></u>	<u><u>100.0%</u></u>	<u><u>4,683</u></u>	<u><u>100.0%</u></u>

Equity attributable to owners of the parent as at 31 December 2018 was HK\$2,963 million, representing a decrease of HK\$368 million compared with HK\$3,331 million at the beginning of the year. This change was primarily attributable to the net profit attributable to owners of the parent for 2018 less the dividend paid and the loss on disposal of financial assets through other comprehensive income during the year.

The Group's gearing ratio marginally increased from 28.9% as at 31 December 2017 to 35.0% as at 31 December 2018, driven mainly by the net increase in bank borrowings and the decrease in equity. The Group's gearing ratio was maintained at low level, reflecting the strong financial position of the Group.

Total outstanding bank and other borrowings were HK\$1,598 million (2017: HK\$1,352 million). Approximately 85.2% of these bank borrowings were of long-term nature, primarily representing mortgage loans on properties held by the Group.

As at 31 December 2018, the maturity profile of the bank and other borrowings of the Group falling due within one year, in the second to the fifth year and beyond five years amounted to HK\$236 million, HK\$799 million and HK\$563 million, respectively (2017: HK\$456 million, HK\$518 million and HK\$378 million, respectively). There was no material effect of seasonality on the Group's borrowing requirements.

LIQUIDITY AND FINANCIAL RESOURCES

HK\$ million	2018	2017
Current assets	1,824	2,495
Current liabilities	<u>642</u>	<u>702</u>
Current ratio	<u><u>284.1%</u></u>	<u><u>355.4%</u></u>

The Group's current ratio as at 31 December 2018 was 284.1% (2017: 355.4%), reflecting very high liquidity of the Group's assets and a strong financial position.

The Group's cash balance at year end was HK\$127 million, decreased by HK\$4 million as compared with HK\$131 million one year earlier. This decrease was largely attributable to the dividend payments during the year. In view of the Group's current cash position and the banking facilities available, the Group continued to maintain a sound financial position and has sufficient resources to finance its operations and its future expansion plan.

CAPITAL COMMITMENTS

There was no capital commitment of the Group as at 31 December 2018 (2017: HK\$102 million).

TREASURY MANAGEMENT

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

During the financial year 2018, the Group's receipts were mainly denominated in Hong Kong dollar, USD and Euro. Payments were mainly made in Hong Kong dollar, US dollar, Euro and RMB. Cash was generally placed in short-term deposits denominated in Hong Kong dollar and RMB. In 2018, the Group's borrowings were mainly denominated in Hong Kong dollar, and interest on the borrowings was principally determined on a floating rate basis.

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

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

ACQUISITION AND DISPOSAL OF MATERIAL SUBSIDIARIES AND ASSOCIATES

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

SIGNIFICANT INVESTMENT

Save as approximately 28.5 billion shares in GBA Holdings held by the Company for trading purpose as elaborated in the section headed "**BUSINESS REVIEW – Securities Business**" of this announcement, the Group did not hold any significant investment as at 31 December 2018 (2017: nil).

PLEDGE OF ASSETS

As at 31 December 2018, certain of the Group's assets with a net book value of approximately HK\$2,563 million (2017: HK\$2,486 million) and time deposits of HK\$35 million (2017: HK\$28 million) which were pledged to secure the Group's bank loans.

CONTINGENT LIABILITIES

As at 31 December 2018, the Group had following contingent liabilities:

- (a) corporate guarantees with aggregate amount of approximately HK\$53 million (2017: HK\$146 million) given by the Company to guarantee banking facilities of certain members of GBA Holdings Group, of which approximately HK\$18 million of the banking facilities were utilized by the GBA Holdings Group (2017: HK\$73 million);
- (b) performance guarantee provided by a bank on behalf of the Group in respect to the payment obligations of a subsidiary of the Company for an amount not exceeding HK\$35 million (2017: HK\$35 million); and
- (c) during 2017 and in or about August 2018, various property purchasers initiated legal proceedings against a subsidiary of the Company (the “**Relevant Subsidiary**”) concerning alleged misrepresentations on the part of the Relevant Subsidiary in relation to certain properties sold by the Relevant Subsidiary. In September 2018, the Court ordered that all individual legal proceedings against the Relevant Subsidiary were consolidated into one legal proceedings. Based on the existing legal documents and advice of the legal advisor of the Company, the directors of the Company are of the opinion that there is a reasonably good chance of success in the defence of the Relevant Subsidiary. In the opinion of the Directors, no provision is considered necessary for the claims arising from the legal proceedings at the end of the reporting period.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees of the Group as at 31 December 2018 was 467 (2017: 633). The Group’s remuneration policy is built on principle of equality, motivating, performance-oriented and market-competitive remuneration package to employees. Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance related bonuses. Share options may also be granted to eligible employees and persons of the Group. At 31 December 2018, there were no outstanding share options issued by the Company (2017: nil).

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

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities during the year ended 31 December 2018.

CORPORATE GOVERNANCE

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

In the opinion of the Directors, the Company has complied with all the Code Provisions under the CG Code throughout the year ended 31 December 2018, except for the following minor deviations from the Code Provisions of the CG Code:-

Code Provision A.2.1: the roles of chairman and chief executive should be separate and should not be

performed by the same individual; and

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

Detailed information of such deviations and their respective considered reasons as well as other information on the corporate governance practices of the Company have been disclosed in the interim report of the Company for the six months ended 30 June 2018 and will be disclosed in the corporate governance report contained in the 2018 annual report of the Company, which will be despatched to the Shareholders on or before 30 April 2019.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS OF THE COMPANY

The Company has adopted its code of conduct regarding the securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standard set out in the Model Code adopted by the Company throughout the financial year ended 31 December 2018.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) since 2000 with specific written terms of reference formulated in accordance with the requirements of the Listing Rules. The Audit Committee consists of three members who are the INEDs, namely Mr. Tam King Ching, Kenny (“**Mr. Kenny Tam**”), Mr. Chen Li and Mr. Chow Siu Ngor (“**Mr. Chow**”). The Audit Committee is currently chaired by Mr. Kenny Tam, who is a qualified accountant and has extensive experience in accounting and financial matters. The Audit Committee held four meetings during the financial year ended 31 December 2018.

The Audit Committee has reviewed and discussed the adopted accounting principles and practices and the auditing, internal control and financial reporting matters of the Group. The Audit Committee has also reviewed the consolidated financial statements of the Group for the financial year ended 31 December 2018.

Further information of the Audit Committee will be disclosed in the corporate governance report contained in the 2018 annual report of the Company, which will be despatched to the Shareholders on or before 30 April 2019.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the “**Remuneration Committee**”) since 2005 with specific written terms of reference formulated in accordance with the requirements of the Listing Rules. The Remuneration Committee consists of five members comprising three INEDs, namely Mr. Kenny Tam, Mr. Chen Li and Mr. Chow, and two executive Directors namely Mr. Mak Shiu Tong, Clement (“**Mr. Mak**”) and Mr. Tam Ngai Hung, Terry (“**Mr. Terry Tam**”). The Remuneration Committee is currently chaired by Mr. Chow. The Remuneration Committee held one meeting during the financial year ended 31 December 2018.

Further information of the Remuneration Committee will be disclosed in the corporate governance report contained in the 2018 annual report of the Company, which will be despatched to the Shareholders on or before 30 April 2019.

NOMINATION COMMITTEE

The Company has established a nomination committee (the “**Nomination Committee**”) since 2012 with specific written terms of reference in line with the Code Provisions under the CG Code. The Nomination Committee consists of five members comprising three INEDs, namely Mr. Kenny Tam, Mr. Chen Li and Mr. Chow and two executive Directors, namely Mr. Mak and Mr. Terry Tam. The Nomination Committee is currently chaired by Mr. Mak, who is the chairman of the Board. The Nomination Committee held two meetings during the financial year ended 31 December 2018.

Further information of the Nomination Committee will be disclosed in the corporate governance report contained in the 2018 annual report of the Company, which will be despatched to the Shareholders on or before 30 April 2019.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

The Company has complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of a sufficient number of the INEDs and at least an INED with appropriate professional qualifications or accounting or related financial management expertise and the number of INEDs representing at least one-third of the Board throughout the financial year ended 31 December 2018.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out in the preliminary announcement have been agreed by the Group’s auditors, Ernst & Young, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

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

The results announcement of the Company for the year ended 31 December 2018 is published on the website of the Company at www.cct-fortis.com/eng/investor/announcements.php and that of the Stock Exchange at www.hkexnews.hk. The annual report and corporate governance report will be despatched to the Shareholders and made available on the website of the Company and that of the Stock Exchange on or before 30 April 2019.

BOARD OF DIRECTORS

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

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

Hong Kong, 29 March 2019

ANNUAL RESULTS

The Board presents the consolidated annual results of the Group for the year ended 31 December 2018, together with the comparative amounts for the previous year as follows:

Consolidated Statement of Profit or Loss

For the year ended 31 December 2018

HK\$ million	<i>Notes</i>	2018	2017
REVENUE	3,4	919	585
Cost of sales		<u>(770)</u>	<u>(513)</u>
Gross profit		149	72
Other income and gains, net	4	273	413
Selling and distribution costs		(25)	(9)
Administrative expenses		(270)	(216)
Other expenses		(27)	(30)
Finance costs	5	(78)	(55)
Share of profits of a joint venture		4	-
Share of losses of an associate		<u>(1)</u>	<u>(2)</u>
PROFIT BEFORE TAX	6	25	173
Income tax credit	7	<u>10</u>	<u>6</u>
PROFIT FOR THE YEAR		<u>35</u>	<u>179</u>
Attributable to:			
Owners of the parent		34	181
Non-controlling interests		<u>1</u>	<u>(2)</u>
		<u>35</u>	<u>179</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic		<u>HK\$0.04</u>	<u>HK\$0.21</u>
Diluted		<u>HK\$0.04</u>	<u>HK\$0.16</u>

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2018

HK\$ million	2018	2017
PROFIT FOR THE YEAR	<u>35</u>	<u>179</u>
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Available-for sale investments:		
Changes in fair value	-	33
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Equity investment designated at fair value through other comprehensive income:		
Changes in fair value (non-recycling)	(346)	-
Net other comprehensive (loss)/income for the year	<u>(346)</u>	<u>33</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	<u>(311)</u>	<u>212</u>
Attributable to:		
Owners of the parent	(313)	214
Non-controlling interests	<u>2</u>	<u>(2)</u>
	<u>(311)</u>	<u>212</u>

Consolidated Statement of Financial Position
31 December 2018

HK\$ million	<i>Notes</i>	2018	2017
ASSETS			
Non-current assets			
Property, plant and equipment	<i>10</i>	895	844
Investment properties		1,532	1,456
Goodwill		103	103
Intangible assets		24	28
Interest in a joint venture		601	-
Interest in an associate		9	10
Classic cars held for investment		107	120
Time pieces held for investment		153	32
Available-for-sale investments		-	113
Other receivables and other assets		3	17
Total non-current assets		<u>3,427</u>	<u>2,723</u>
Current assets			
Inventories		93	23
Stock of properties held for sale		279	274
Stock of classic cars held for sale		89	176
Trade receivables	<i>11</i>	309	1,661
Investment in films		56	59
Prepayments, other receivables and other assets		543	140
Financial assets at fair value through profit or loss		293	3
Pledged time deposits		35	28
Cash and cash equivalents		127	131
Total current assets		<u>1,824</u>	<u>2,495</u>
Total assets		<u><u>5,251</u></u>	<u><u>5,218</u></u>

Consolidated Statement of Financial Position (Continued)
31 December 2018

HK\$ million	<i>Note</i>	2018	2017
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Issued capital		88	88
Reserves		2,875	3,243
		2,963	3,331
Non-controlling interests		23	19
Total equity		2,986	3,350
Non-current liabilities			
Interest-bearing bank and other borrowings		1,362	896
Convertible bonds		235	232
Deferred tax liabilities		26	38
Total non-current liabilities		1,623	1,166
Current liabilities			
Trade payables	12	77	45
Tax payable		56	56
Other payables and accruals		273	95
Interest-bearing bank and other borrowings		236	456
Convertible bonds		-	50
Total current liabilities		642	702
Total liabilities		2,265	1,868
Total equity and liabilities		5,251	5,218
Net current assets		1,182	1,793
Total assets less current liabilities		4,609	4,516

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, classic cars held for investment, time pieces held for investment, investment in films and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest million except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance Contracts</i>
HKFRS 9	<i>Financial Instruments</i>
HKFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i>
Amendments to HKAS 40	<i>Transfers of Investment Property</i>
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration</i>
<i>Annual Improvements 2014-2016 Cycle</i>	<i>Amendments to HKFRS 1 and HKAS 28</i>

Other than as explained below regarding the impact of HKFRS 9 and HKFRS 15, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

- (a) HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

Classification and measurement

The following information sets out the impacts of adopting HKFRS 9 on the statement of financial position.

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 January 2018 is as follows:

HK\$ million	Notes	HKAS 39 measurement		Reclassi- fication	Others	HKFRS 9 measurement	
		Category	Amount			Amount	Category
<u>Financial assets</u>							
Available-for-sale investments		AFS ²	113	(113)	-	-	N/A
To: Financial assets at fair value through other comprehensive income	(i)			(78)			
To: Financial assets at fair value through profit or loss	(ii)			(35)			
Financial assets at fair value through other comprehensive income		N/A	-	78	-	78	FVOCI ¹
From: Available-for-sale investments	(i)			78			
Trade receivables		L&R ³	1,661	-	-	1,661	AC ⁴
Investment in films	(iii)	L&R	59	-	-	59	FVPL
Financial assets included in prepayments, other receivables and other assets		L&R	157	-	-	157	AC
Financial assets at fair value through profit or loss		FVPL ⁵	3	35	5	43	FVPL
From: Available-for-sale investments	(ii)			35			
Pledged time deposits		L&R	28	-	-	28	AC
Cash and cash equivalents		L&R	131	-	-	131	AC
			2,152	-	5	2,157	
<u>Financial liabilities</u>							
Trade payables		AC	45	-	-	45	AC
Other payables and accruals		AC	95	-	-	95	AC
Interest-bearing bank and other borrowings		AC	1,352	-	-	1,352	AC
Convertible bonds		AC	282	-	-	282	AC
			1,774	-	-	1,774	

¹ FVOCI: Financial assets at fair value through other comprehensive income

² AFS: Available-for-sale investments

³ L&R: Loans and receivables

⁴ AC: Financial assets or financial liabilities at amortised cost

⁵ FVPL: Financial assets at fair value through profit or loss

Notes:

- (i) The Group has elected the option to irrevocably designate one of its previous available-for-sale equity investments as a financial asset at fair value through other comprehensive income.
- (ii) The Group has reclassified certain investments from available-for-sale investments to financial assets measured at fair value through profit or loss as these non-equity investments did not pass the contractual cash flow characteristics test in HKFRS 9.
- (iii) The Group has reclassified investment in films from loans and receivables to financial assets at fair value through profit or loss as the investment in films did not pass the contractual cash flow characteristics test in HKFRS 9.

Impairment

The impact of the adoption of HKFRS 9 to the aggregate opening impairment allowances under HKAS 39 and the ECL allowances for trade and other receivables and available-for-sale investments under HKFRS 9 is not significant to the Group.

Impact on reserves and retained profits

The impact of transition to HKFRS 9 on reserves and retained profits is as follows:

HK\$ million	Reserves and retained profits
<u>Asset revaluation reserve</u>	
Balance as at 31 December 2017	69
Reclassification of financial assets from available-for-sale investments to financial assets at fair value through profit or loss	<u>(33)</u>
Balance as at 1 January 2018	<u><u>36</u></u>
<u>Fair value reserve (non-recycling) under HKFRS 9</u>	
Balance as at 31 December 2017 under HKAS 39	-
Reclassification of financial assets from available-for-sale investments to financial assets at fair value through profit or loss	<u>33</u>
Balance as at 1 January 2018 under HKFRS 9	<u><u>33</u></u>
<u>Investment revaluation reserve under HKFRS 9</u>	
Balance as at 31 December 2017 under HKAS 39	2
Reclassification of financial assets from available-for-sale investments to financial assets at fair value through profit or loss	<u>(2)</u>
Balance as at 1 January 2018 under HKFRS 9	<u><u>-</u></u>
<u>Retained profits</u>	
Balance as at 31 December 2017 under HKAS 39	1,230
Reclassification of financial assets from available-for-sale investments to financial assets at fair value through profit or loss	2
Remeasurement of an available-for-sale investment previously stated at cost reclassified to financial assets through profit or loss upon adoption of HKFRS9	<u>5</u>
Balance as at 1 January 2018 under HKFRS 9	<u><u>1,237</u></u>

- (b) HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 January 2018.

The adoption of HKFRS 15 has had no significant impact on the opening balance of retained profits as at 1 January 2018, other comprehensive income or on the Group's operating, investing and financing cash flows.

3. OPERATING SEGMENT INFORMATION

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

- (a) the property development and trading segment representing the development and trading of properties;
- (b) the property investment and holding segment which represents investment and holding of properties;
- (c) the securities business segment representing the trading in securities and holding of securities, financial assets and treasury products;
- (d) Ferrari dealership business segment representing the sale and distribution of Ferrari cars and provision of after-sale services as official dealer of Ferrari in Hong Kong and Macau;
- (e) classic cars trading and logistic segment representing the trading and sale of classic cars and car logistic business;
- (f) investment in classic cars segment which is the acquisition of classic cars for long-term investment purpose;
- (g) the film operations segment representing production, investment and distribution of films worldwide;
- (h) the audio, lighting and stage engineering operations segment representing the provision and leasing of audio and lighting equipment, services and provision of metal construction work and engineering services for production of concert, entertainment and other events;

3. OPERATING SEGMENT INFORMATION (continued)

- (i) the Industrial Group segment representing the manufacture of plastic components and trading of child products; and
- (j) other operations segment which is engaged in supportive business and start-up business including multimedia operations, classic car service centre, magazine publication, and investment in time pieces.

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

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

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

For the year ended 31 December 2018

HK\$ million	Property development and trading	Property investment and holding	Securities business	Ferrari dealership	Classic cars trading and logistic	Investment in classic cars	Film operations	Audio, lighting and stage engineering operations	Industrial Group	Other operations	Reconciliations	Total
Segment revenue:												
Sales to external customers	3	13	6	258	196	-	-	193	172	78	-	919
Other revenue	-	4	-	3	-	-	-	-	2	10	-	19
Intersegment revenue	-	2	-	-	-	-	-	-	-	-	(2)	-
	3	19	6	261	196	-	-	193	174	88	(2)	938
Operating profit/ (loss)	5	83	(1)	(28)	6	-	(20)	12	(4)	(43)	-	10
Finance costs												(78)
Reconciled items:												
Corporate and other unallocated expenses												(56)
Gain on bargain purchase from acquisition of a joint venture												147
Share of profit of a joint venture												4
Share of loss of an associate												(1)
Others												(1)
Profit before tax												25
Income tax credit												10
Profit for the year												35

For the year ended 31 December 2018 (continued)

HK\$ million	Property development and trading	Property investment and holding	Securities business	Ferrari dealership	Classic cars trading and logistic	Investment in classic cars	Film operations	Audio, lighting and stage engineering operations	Industrial Group	Other operations	Reconciliations	Total
Other segment information:												
Expenditure for non-current assets	-	2	-	90	3	-	-	12	2	100	-	209
Depreciation and amortisation	-	(9)	(1)	(13)	(3)	-	(1)	(12)	(1)	(19)	-	(59)
Interest in a joint venture	-	-	-	-	-	-	-	-	-	601	-	601
Interest in an associate	-	-	-	-	-	-	-	-	-	9	-	9
Other material non-cash items:												
Fair value gain on investment properties	-	79	-	-	-	-	-	-	-	3	-	82
Fair value gain on time pieces held for investment	-	-	-	-	-	-	-	-	-	24	-	24
Gain on disposal of investment properties	-	1	-	-	-	-	-	-	-	-	-	1
Share of profits of a joint venture	-	-	-	-	-	-	-	-	-	4	-	4
Share of loss of an associate	-	-	-	-	-	-	-	-	-	(1)	-	(1)
Reversal of impairment loss on stock of properties	5	-	-	-	-	-	-	-	-	-	-	5
Segment assets	980	1,952	836	292	134	157	77	241	77	451	-	5,197
Reconciled items:												
Corporate and other unallocated assets	-	-	-	-	-	-	-	-	-	-	54	54
Total assets	980	1,952	836	292	134	157	77	241	77	451	54	5,251
Segment liabilities	404	2	820	247	14	5	-	68	44	91	-	1,695
Reconciled items:												
Corporate and other unallocated liabilities	-	-	-	-	-	-	-	-	-	-	570	570
Total liabilities	404	2	820	247	14	5	-	68	44	91	570	2,265

For the year ended 31 December 2017

HK\$ million	Property development and trading	Property investment and holding	Securities business	Ferrari dealership	Classic cars trading and logistic	Investment in classic cars	Film operations	Audio, lighting and stage engineering operations	Industrial Group	Other operations	Reconciliations	Total
Segment revenue:												
Sales to external customers	-	11	3	7	105	-	-	192	213	54	-	585
Other revenue	1	2	-	1	-	-	1	-	1	6	9	21
Intersegment revenue	-	3	-	-	1	-	-	7	-	8	(19)	-
	1	16	3	8	106	-	1	199	214	68	(10)	606
Operating profit/ (loss)	11	328	-	(22)	(11)	16	(6)	19	3	(66)		272
Finance costs												(55)
Reconciled items:												
Corporate and other unallocated expenses												(37)
Share of loss of an associate												(2)
Impairment loss on investments												(25)
Others												20
Profit before tax												173
Income tax credit												6
Profit for the year												179

For the year ended 31 December 2017 (continued)

HK\$ million	Property development and trading	Property investment and holding	Securities business	Ferrari dealership	Classic cars trading and logistic	Investment in classic cars	Film operations	Audio, lighting and stage engineering operations	Industrial Group	Other operations	Reconciliations	Total
Other segment information:												
Expenditure for non-current assets	-	6	-	44	4	12	2	9	3	50	-	130
Depreciation and amortisation	-	(9)	(1)	(4)	(2)	-	(1)	(11)	(1)	(16)	-	(45)
Interest in an associate	-	-	-	-	-	-	-	-	-	10	-	10
Other material non-cash items:												
Fair value gain on investment properties	-	302	-	-	-	-	-	-	-	-	-	302
Fair value gain on classic cars held for investment	-	-	-	-	-	12	-	-	-	-	-	12
Fair value gain on time pieces held for investment	-	-	-	-	-	-	-	-	-	1	-	1
Gain on disposal of investment properties	-	32	-	-	-	-	-	-	-	-	-	32
Share of loss of an associate	-	-	-	-	-	-	-	-	-	(2)	-	(2)
Reversal of impairment on stock of properties	-	19	-	-	-	-	-	-	-	-	-	19
Impairment loss on an available-for-sale investment	-	-	25	-	-	-	-	-	-	-	-	25
Segment assets	276	1,435	1,589	131	217	155	88	232	75	437	-	4,635
Reconciled items:												
Corporate and other unallocated assets	-	-	-	-	-	-	-	-	-	-	583	583
Total assets	276	1,435	1,589	131	217	155	88	232	75	437	583	5,218
Segment liabilities	118	676	475	173	6	-	-	81	42	116	-	1,687
Reconciled items:												
Corporate and other unallocated liabilities	-	-	-	-	-	-	-	-	-	-	181	181
Total liabilities	118	676	475	173	6	-	-	81	42	116	181	1,868

Geographical information

(a) Revenue from external customers

HK\$ million	2018	2017
Hong Kong, Mainland China and Macau	673	401
Europe	141	79
North America and other countries	105	105
	919	585

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

(b) Non-current assets

HK\$ million	2018	2017
Hong Kong and Macau	2,823	2,593
Mainland China	601	-
	3,424	2,593

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

Information about major customers

For the year ended 31 December 2018, revenue of approximately HK\$101 million and HK\$97 million were derived from sales of the Industrial Group and sales of classic cars to two single customers representing 11% and 11% of the Group's total revenue, respectively.

For the year ended 31 December 2017, revenue of approximately HK\$107 million was derived from sales of the Industrial Group to a single customer, representing 18% of the Group's total revenue.

4. REVENUE, OTHER INCOME AND GAINS, NET

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

HK\$ million	2018	2017
Revenue		
<i>Revenue from contracts with customers</i>		
Classic cars trading and logistics service income	196	105
Income from Ferrari dealership	258	7
Provision and leasing of audio and lighting equipment and stage engineering services	193	192
Manufacture and sale of plastic components and sale of child products	172	213
Income from other operations	71	54
	890	571
<i>Revenue from other sources</i>		
Rental income from investment properties	16	11
Net realised gains from disposal and change in fair value of trading securities	13	3
	29	14
	919	585
Other income and gains, net		
Fair value gain on investment properties	82	302
Fair value gain on classic cars held for investment, net	-	12
Fair value gain on time pieces held for investment, net	24	1
Gain on bargain purchase from acquisition of a joint venture	147	-
Gain on disposal of an investment property	1	32
Reversal of impairment loss on stock of properties	5	19
Gain on disposal of classic car held for investment	1	-
Others	13	47
	273	413

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2018

HK\$ million	Property development and trading	Property investment and holding	Securities business	Ferrari dealership	Classic cars trading and logistic	Investment in classic cars	Film operations	Audio, lighting and stage engineering operations	Industrial Group	Other operations	Total
Type of goods or services											
Sale of classic cars	-	-	-	211	178	-	-	-	-	-	389
Sale of plastic components and child products	-	-	-	-	-	-	-	-	172	-	172
Sale of other goods	-	-	-	-	-	-	-	8	-	7	15
Provision and leasing of audio and lighting equipment	-	-	-	-	-	-	-	134	-	-	134
Provision of other services	-	-	-	47	18	-	-	51	-	64	180
Total revenue from contracts with customers	-	-	-	258	196	-	-	193	172	71	890
Geographical markets											
Hong Kong, Mainland China and Macau	-	-	-	258	84	-	-	187	44	71	644
Europe	-	-	-	-	111	-	-	-	30	-	141
North America and other countries	-	-	-	-	1	-	-	6	98	-	105
Total revenue from contracts with customers	-	-	-	258	196	-	-	193	172	71	890
Timing of revenue recognition											
Goods transferred at a point in time	-	-	-	211	178	-	-	8	172	7	576
Services transferred over time	-	-	-	47	18	-	-	185	-	64	314
Total revenue from contracts with customers	-	-	-	258	196	-	-	193	172	71	890

Revenue from contracts with customers (continued)

(a) Disaggregated revenue information (continued)

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

HK\$ million	2018
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	
Sales of Ferrari cars	<u><u>25</u></u>

(b) Performance obligations

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

Sale of Ferrari cars

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

Sale of classic cars

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

Provision of car towing and after-sale services

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

Sale of plastic components and child products

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

Sale of audio and lighting equipment

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

Provision and leasing of audio and lighting equipment and stage engineering services

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

Provision of advertising services under other operations

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

5. FINANCE COSTS

An analysis of finance costs is as follows:

HK\$ million	2018	2017
Interest on bank loans	63	39
Interest on convertible bonds	15	16
	<hr/>	<hr/>
Total interest expense on financial liabilities not at fair value through profit or loss	78	55
	<hr/>	<hr/>

6. PROFIT BEFORE TAX

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

HK\$ million	2018	2017
Cost of inventories sold	167	206
Cost of classic cars sold	168	43
Cost of Ferrari dealership business	184	-
Cost of automotive services provided	39	59
Cost of provision and leasing of audio and lighting equipment and stage engineering services	140	155
Cost of other operations	72	50
Depreciation	53	42
Amortisation of intangible assets	6	3
Minimum lease payments under operating leases	30	15
Auditors' remuneration	3	3
Employee benefit expense (excluding directors' and chief executive's remuneration)		
Wages and salaries	95	78
Pension scheme contributions	3	3
	<hr/>	<hr/>
	98	81
	<hr/>	<hr/>
Foreign exchange differences, net	2	(1)
Gains from the change in fair value of trading securities, net	(13)	(3)
Gain on disposal of investment properties	(1)	(32)
Reversal of impairment loss on stock of properties	(5)	(19)
Fair value gain on investment properties, net	(82)	(302)
Fair value gain on time pieces held for investment, net	(24)	(1)
Impairment loss on an available-for-sale investment	-	25
Loss on disposal of financial asset at fair value through profit or loss	10	-
Impairment of trade receivables	1	1
Impairment of investment in film	3	-
Fair value gain on classic cars held for investment	-	(12)
	<hr/>	<hr/>

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2017:16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

HK\$ million	2018	2017
Current – Hong Kong		
Charge for the year	3	2
Overprovision in prior year	(1)	(4)
Deferred	(12)	(4)
	<hr/>	<hr/>
Total tax credit for the year	(10)	(6)

8. DIVIDENDS

HK\$ million	2018	2017
Paid interim – HK\$0.035 (2017: HK\$0.035) per ordinary share	30	31
Proposed final – nil (2017: HK\$0.035 per ordinary share) (note)	-	31
	<hr/>	<hr/>
Total	30	62

Note:

As the Group intends to conserve cash resources to finance operations and future business development, the Board did not recommend the payment of a final dividend for the year 2018 (2017: final dividend HK\$0.035 per Share). The Group has paid an interim dividend for 2018 of HK\$0.035 per Share (2017 interim dividend: HK\$0.035 per Share) on 4 October 2018. The total dividend per share for the whole year of 2018 would amount to HK\$0.035 (2017: HK\$0.07).

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

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

HK\$ million	2018	2017
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculations	34	181
Interest on convertible bonds	<u>15</u>	<u>15</u>
Profit attributable to ordinary equity holders of the parent before interest on convertible bonds, used in the diluted earnings per share calculations	<u>49</u>	<u>196</u>
	Number of shares	
	2018	2017
		(restated)
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculations	875,381,452	877,664,866
Effect of dilution – weighted average number of ordinary shares: Convertible bonds	<u>347,500,000</u>	<u>347,500,000</u>
Weighted average number of ordinary shares used in the diluted earnings per share calculations	<u>1,222,881,452</u>	<u>1,225,164,866</u>

10. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2018, the Group acquired fixed assets of approximately HK\$110 million (2017: HK\$50 million) and disposed of fixed assets of HK\$6 million (2017: HK\$1 million).

11. TRADE RECEIVABLES

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

HK\$ million	2018		2017	
	Balance	Percentage	Balance	Percentage
Within 30 days	50	16	1,620	97
31 to 60 days	220	71	18	1
61 to 90 days	16	5	15	1
Over 90 days	23	8	8	1
	<u>309</u>	<u>100</u>	<u>1,661</u>	<u>100</u>

The Group's trading terms with its customers of Industrial Group are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally two months, extending up to three months for major customers. In respect of the Group's car logistics business, the credit period is generally one month. The credit term granted to the customers of trading securities is up to 365 days (2017: 270 days). Each customer has a maximum credit limit.

12. TRADE PAYABLES

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

HK\$ million	2018		2017	
	Balance	Percentage	Balance	Percentage
Current to 30 days	33	43	26	58
31 to 60 days	26	34	10	22
61 to 90 days	3	4	3	7
Over 90 days	15	19	6	13
	<u>77</u>	<u>100</u>	<u>45</u>	<u>100</u>

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

13. EVENTS AFTER THE REPORTING PERIOD

There are no material events after the reporting period.

14. COMPARATIVE AMOUNTS

Certain comparative amounts have been restated in this result announcement as a result of the change in reportable segments to conform with the current year's presentation and disclosures.

GLOSSARY OF TERMS

GENERAL TERMS

“AGM”	The annual general meeting of the Company
“Blackbird Group”	The Blackbird Group established by the Company, which is engaged in the multi-faceted automotive business including the Ferrari dealership, investment and trading of classic cars, car logistics operations and investment in time pieces
“Board”	The board of Directors
“GBA Holdings”	Greater Bay Area Investments Group Holdings Limited (formerly known as “CCT Land Holdings Limited”) (stock code: 261), a company incorporated in Bermuda with limited liability, the shares of which are listed in the Main Board of the Stock Exchange
“GBA Holdings Group”	GBA Holdings and its subsidiaries
“CG Code”	The Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Chairman”	The chairman of the Company
“Child Products”	Feeding, health care, hygiene, safety, toy and other related products for infants and babies, which are the child products currently traded by the Group
“Company”	CCT Fortis Holdings Limited (stock code: 138), a company incorporated in Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed in the Main Board of the Stock Exchange
“Director(s)”	The director(s) of the Company
“Group”	The Company and its subsidiaries
“HK” or “Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“HK\$” or “\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Industrial Group”	An industrial group established by the Company, which is engaged in the manufacture of plastic components and trading of Child Products
“INED(s)”	Independent non-executive Directors

“Joint Venture”	Xinjiang Xingkai Real Estate Development Limited, a property development company established in the Xinjiang, China of which the Group acquired an equity interest of 50.5% in 2018 and which is accounted for as a joint venture using the equity method.
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“Mr. Mak”	Mr. Mak Shiu Tong, Clement, a Director and the controlling shareholder of the Company
“N/A”	Not applicable
“PRC” or “China”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of PRC
“Share(s)”	The ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	The holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US”	The United States of America
“%”	Per cent.

Financial Terms

“Current Ratio”	Current assets divided by current liabilities
“Earnings Per Share”	Profit attributable to ordinary equity holders of the parent divided by weighted average number of ordinary shares in issue during the period
“Gearing Ratio”	Total borrowings (representing bank and other borrowings and finance lease payable) divided by total capital employed (i.e. total Shareholders’ fund plus total borrowings)
“G.P. Ratio”	Gross profit margin as a percentage of total revenue
“Operating Profit/(Loss)”	Operating profit/(loss) before interest, tax and unallocated income and expenses to show operating results of business segment

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