

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

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

**DISCLOSEABLE TRANSACTION
RELATING TO THE DISPOSAL OF
THE SHARES OF GOLDEN WISH ENTERPRISES LIMITED AND
ASSIGNMENT OF THE SHAREHOLDER'S LOAN**

THE AGREEMENT AND THE TRANSACTIONS

On 27 July 2020, the Agreement was entered into between the Vendor and the Purchaser, under which it was agreed that the Vendor would dispose of the Sale Shares and assign the benefit of the Sale Loan to the Purchaser. Upon Completion, the Purchaser would beneficially own 100% of the total number of issued shares of the Target Company. The Target Group is engaged in the Business and owns the Equipment for operating the Business.

The Consideration is HK\$30,000,000, of which the First Payment in the amount of HK\$5,000,000 will be payable on or before the Completion Date and the Balance Consideration in the amount of HK\$25,000,000 will be payable by 66 monthly instalments. Each monthly instalment will include repayment of part of the Balance Consideration and interest calculated at 3% per annum.

Completion will take place on or before 15 August 2020. After Completion, members of the Target Group will cease to be subsidiaries of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios set out in the Listing Rules in respect of the Transactions exceeds 5% and all of the applicable percentage ratios are less than 25%, the Transactions constitute a discloseable transaction for the Company under the Listing Rules and are therefore subject to the announcement requirements but are exempt from the circular and Shareholders' approval requirements under the Listing Rules.

THE AGREEMENT AND THE TRANSACTIONS

The Agreement

The Agreement was entered into between the Vendor and the Purchaser, and the key terms of which are as follows:

Date: 27 July 2020

Parties: (i) the Vendor: AHM Engineering Company Limited, an indirect non-wholly owned subsidiary of the Company
(ii) the Purchaser: Lam Kong Ming

The Purchaser holds 9% of the total number of issued shares of the Target Company and is a member of the management team of the Business. The Purchaser is not a director of any member of the Group.

Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is a third party independent of the Company and connected persons of the Company.

Assets to be disposed of

Pursuant to the Agreement, the Purchaser agreed to acquire, and the Vendor agreed to dispose of, the Sale Shares and the Vendor agreed to assign, and the Purchaser agreed to accept the assignment of, the benefit of the Sale Loan, all free from encumbrance, at the Consideration.

The Consideration, Payment and Prepayment

The Consideration in the sum of HK\$30,000,000 will be paid by the Purchaser in the following manner:

- (i) a sum of HK\$5,000,000, being the first payment of the Consideration (the “**First Payment**”), shall be paid by the Purchaser to the Vendor on or before the Completion Date, by a cashier order issued by a licensed bank in Hong Kong; and
- (ii) the remaining balance of HK\$25,000,000 (the “**Balance Consideration**”) shall be paid by the Purchaser to the Vendor by 66 monthly instalments. Each monthly instalment comprising payment of part of the Balance Consideration and interest calculated at 3% per annum.

The first monthly instalment will be payable one month after the date of reopening of the Business or on 15 January 2021, whichever is the earlier. Subsequent instalments will be payable in the month immediately after the last instalment. The Purchaser may prepay all or part of the outstanding amount of the Balance Consideration at any time by giving not less than seven days’ prior written notice to the Vendor, stating the amount to be prepaid and the date of prepayment. The prepayment notice is irrevocable and the minimum prepayment amount will be HK\$100,000 or multiples of HK\$100,000, unless the prepayment is to settle all the outstanding remaining balance of the Balance Consideration.

As a result of the coronavirus pandemic, the Business has suspended operations since March 2020. Therefore, the Target Group has not earned any revenue for a few months and its cash flow is tight. It is imperative that the Business can be reopened as soon as possible. After Completion, the Purchaser will need to arrange and provide funding to the Target Group to enable it to reopen and to continue the Business. Under such circumstances, the Purchaser indicated that he is not able to find enough funding to pay off all of the Consideration upon Completion or within a short time after Completion as at the same time he needs to find funding to finance the Business. As such, the Vendor agreed to defer payment of the Balance Consideration to be made by 66 monthly instalments in order to allow sufficient time to the Purchaser to revive the Business and to find other sources of funding.

The Consideration was determined after arm’s length negotiations between the Vendor and the Purchaser and is based on the unaudited adjusted net tangible asset value of the Target Group as at 31 December 2019 of approximately HK\$30 million, the calculation of which is set out in the section headed “**INFORMATION OF THE TARGET GROUP**” of this announcement. As explained in the section headed “**REASONS FOR AND BENEFITS OF THE TRANSACTIONS**” of this announcement, the Business has been adversely affected by the unprecedented coronavirus outbreak, which has raged the world for more than six months. As such, the Vendor and the Purchaser agreed that it is fair and reasonable to exclude the Goodwill in the determination of the Consideration as the current situation was unexpected and the operating environment of the Business has changed from the time when the Goodwill was recognized in 2016. In arriving at the Consideration, the Purchaser and

the Vendor have also taken into account the current market conditions and the potential benefits to the Vendor as set out in the section headed “**REASONS FOR AND BENEFITS OF THE TRANSACTIONS**” of this announcement.

Based on the above factors, the Directors (including the independent non-executive Directors) consider the Consideration to be fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Completion

Completion will take place on or before 15 August 2020 or such later date as the Vendor and the Purchaser may agree in writing.

Upon Completion, the Purchaser will own 100% of the total number of issued shares of the Target Company. All the members of the Target Group will cease to be subsidiaries of the Company.

Post-Completion obligations

The Purchaser undertakes to arrange and provide any necessary funding to the Target Group in order to reopen and continue the Business.

INFORMATION ON THE TARGET GROUP

The Target Company was incorporated in Hong Kong with limited liability and its principal activity is investment holding. As at the date of this announcement, the total number of issued shares of the Target Company are held as to 91% by the Vendor and 9% by the Purchaser. The Target Company has only one subsidiary, namely JHM which was incorporated and registered in Macau with limited liability. As at the date of this announcement, the Target Company holds 99.6% of the total issued share capital of JHM with the remaining 0.4% shareholding of the JHM being held by the minority shareholders which will be transferred to the Purchaser prior to Completion. JHM is engaged in the Business and owns the Equipment to operate the Business. The Business and majority of the Equipment were acquired by the Target Company from the companies related to the Purchaser in 2016 for a consideration of HK\$42,500,000.

Set out below is a summary of the key financial information extracted from the unaudited consolidated accounts of the Target Group for the years ended 31 December 2019 and 2018:

	For the year ended 31 December	
	2019	2018
	HK\$'000	HK\$'000
(Loss)/Profit before tax	(4,014)	1,194
(Loss)/Profit after tax	(4,468)	1,044

The unaudited book value of the total assets of the Target Group as at 31 December 2019 was approximately HK\$87 million, which included the Goodwill in the amount of approximately HK\$23 million. The unaudited net asset value of the Target Group as at 31 December 2019 was approximately HK\$5 million. The unaudited book value of the Sale Loan as at 31 December 2019 was approximately HK\$47 million. The unaudited adjusted net asset value of the Target Group as 31 December 2019 was approximately HK\$53 million (representing the net assets of the Target Group not deducting the Sale Loan). The unaudited adjusted net tangible asset value of the Target Group as at 31 December 2019 was approximately HK\$30 million (representing the net tangible assets of the Target Group excluding the Goodwill and not deducting the Sale Loan).

INFORMATION ON THE VENDOR, THE COMPANY AND THE GROUP

The Vendor is an indirect non-wholly owned subsidiary of the Company and its principal activity is in the business of sale and leasing of audio and lighting equipment and provision of related engineering services for live performance events in Hong Kong, the PRC and the rest of the world. The Company is the holding company of the Group. The Group is engaged in (i) property investment, development and trading; (ii) securities business; (iii) multi-faceted car business; (iv) investment in collectible precision devices; (v) cultural entertainment business; and (vi) industrial product business (which has been terminated with effect from 24 July 2020).

After Completion, members of the Target Group will cease to be subsidiaries of the Company. After Completion, the Vendor will remain as a non-wholly owned subsidiary of the Company and will continue to be engaged in the stage audio and lighting business in Hong Kong, the PRC and the rest of the world.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

As a result of the coronavirus pandemic, the Business has suspended operations since March 2020 and has not yet reopened. Macau has imposed cross-border travel restrictions since March 2020 in order to curb the spread of the coronavirus. Under such circumstances, there have been no concerts, shows and other entertainment events performed in Macau in the last few months. As a result, the Target Group did not have any revenue in the past few months and its cash flow has been adversely affected. It needs funding in order to reopen and continue the Business. It is expected that under the current adverse situation, the revenue and results of the Business will be negatively impacted in the first half of 2020. Since 15 July 2020, Macau has eased its border restrictions allowing Chinese visitors with health code to be exempt from the 14-day compulsory quarantine measures when entering Macau from the Guangdong Province. However, the aforesaid exemption does not apply to visitors from Hong Kong for the time being, in view of the recent spike of coronavirus cases in the city. As convenient travel corridor between Hong Kong and Macau has not yet been formed, the Vendor has difficulties of sending its management staff from Hong Kong to Macau to oversee the reopening of the Business. Although the coronavirus outbreak in the PRC and Europe appears to have been contained, the epidemic situation in USA and several other countries is still severe. It is uncertain when the Business can reopen and when the operating

environment of the Business will recover and revive to the situation before the coronavirus pandemic. In view of the uncertain outlook of the Business, the Vendor therefore decides to dispose of the Target Company to the Purchaser. The Vendor has tried to find other interested person(s) to acquire the Business. Under the current adverse situation, there is no other person who is interested in the Business.

The Directors are of the view that the Transactions will result in the following benefits to the Group:

- (a) The Transactions will enable the Group to dispose of the Business, which has an uncertain outlook and the Business is not expected to recover in the near future.
- (b) As a result of the travel restrictions between Hong Kong and Macau, the Vendor finds it difficult to oversee the management of the Business and this situation is not expected to improve in the near future. After Completion, the Vendor does not need to manage the Business anymore and can focus on its own stage audio and lighting business mainly in Hong Kong.
- (c) As the Consideration will be payable in cash, it is expected that the Transactions will provide additional funding for the Vendor and improve its financial position.

In light of the benefits above, the Directors (including the independent non-executive Directors) believe that the terms of the Agreement and the Transactions are on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT AND USE OF PROCEEDS OF THE TRANSACTIONS

It is expected that the Transactions will give rise to an unaudited loss of approximately HK\$23 million representing the difference between the Consideration and the estimated unaudited adjusted net asset value of the Target Group as at 31 December 2019 of approximately HK\$53 million. The actual loss from the Transactions may be different from the above estimated loss of HK\$23 million as the actual loss will be ascertained at Completion based on the adjusted net asset value of the Target Group at Completion.

It is expected that the payment of the First Payment and the Balance Consideration over time will improve the liquidity and financial position of the Vendor. The First Payment and the payment of 66 monthly instalments to settle the Balance Consideration will be applied for the Vendor's working capital.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios set out in the Listing Rules in respect of the Transactions exceeds 5% and all of the applicable percentage ratios are less than 25%, the Transactions constitute a discloseable transaction for the Company under the Listing Rules and are therefore subject to the announcement requirements but are exempt from the

circular and Shareholders' approval requirements under the Listing Rules.

DEFINITIONS

The following words and phrases used in this announcement shall have the following meanings, unless the context otherwise requires:

“Agreement”	the agreement dated 27 July 2020 entered into between the Vendor and the Purchaser in respect of the Transactions
“Balance Consideration”	has the meaning giving to it in the subsection headed “ The Consideration, Payment and Prepayment ” under the section headed “ THE AGREEMENT AND THE TRANSACTIONS ” of this announcement
“Board”	the board of the directors of the Company
“Business”	the business to be conducted by JHM from time to time, being stage production and provision of ancillary engineering services and selling and leasing of audio, lighting and stage equipment for live performance events, primarily in Macau
“Business Day(s)”	a day (other than Saturdays, Sundays, public holidays and on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for general banking business
“Company”	CCT Fortis Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Transactions pursuant to terms and conditions of the Agreement
“Completion Date”	a date falling on or before 15 August 2020 or such later date as the Parties may mutually agree in writing, on which Completion shall take place
“connected person”	has the same meaning as ascribed to it under the Listing Rules
“Consideration”	HK\$30,000,000 which is the consideration payable by the Purchaser to the Vendor for the Transactions, pursuant to the terms and conditions of this Agreement

“Director(s)”	the director(s) (including the independent non-executive directors) of the Company, from time to time
“Equipment”	all those audio, lighting and stage equipment owned by JHM for running the Business
“First Payment”	has the meaning giving to it in the subsection headed “ The Consideration, Payment and Prepayment ” under the section headed “ THE AGREEMENT AND THE TRANSACTIONS ” of this announcement
“Goodwill”	the goodwill of approximately HK\$23 million, which was arisen from the acquisition of the Business and the Equipment by the Target Company from the companies related to the Purchaser in 2016
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JHM”	JHM Engineering Company Limited, a company incorporated and registered in Macau with limited liability, which is a subsidiary of the Target Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“percentage ratios”	has the same meaning as ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China
“Purchaser”	Mr. Lam Kong Ming, a Hong Kong citizen
“Sale Loan”	the loan owing by the Target Company to the Vendor, which is interest-free and repayable on demand, with the outstanding amount as at the date of the Agreement of approximately HK\$47 million
“Sale Shares”	91 issued shares of the Target Company, representing 91% of the total number of issued shares of the Target Company, which are held by the Vendor as at the date of the Agreement

“Share(s)”	the share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Golden Wish Enterprises Limited, a company incorporated in Hong Kong with limited liability, the total number of issued shares of which are held as to 91% by the Vendor and 9% by the Purchaser, as at the date of the Agreement
“Target Group”	the Target Company and its subsidiary(ies), from time to time, including JHM
“Transactions”	the disposal of the Sale Shares and assignment of the benefit of the Sale Loan by the Vendor to the Purchaser as contemplated under the Agreement
“Vendor”	AHM Engineering Company Limited, a company incorporated in Hong Kong, which is an indirect non-wholly owned subsidiary of the Company, the issued shares of which are held indirectly as to approximately 72% by the Company and approximately 28% by Mr. Chan Muk Hing, who is the founder and a director of the Vendor
“%”	per cent.

By Order of the Board of
CCT FORTIS HOLDINGS LIMITED
Cheng Yuk Ching, Flora
Executive Director

Hong Kong, 27 July 2020

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 independent non-executive Directors are Mr. Tam King Ching, Kenny, Mr. Chen Li and Mr. Chow Siu Ngor.