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CCTITM 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)

**MAJOR TRANSACTIONS
AND
VERY SUBSTANTIAL DISPOSAL**

THE ACQUISITION

On 28 September 2018, Goldbay (a wholly-owned subsidiary of the Company), Ever Sino, Madam Han and Riches Rise entered into the First Agreement in relation to the Acquisition.

THE REPURCHASE

On 27 September 2019, CCT Capital (a wholly-owned subsidiary of the Company) and Madam Han entered into the Second Agreement in relation to the Repurchase.

THE DISPOSAL

On 30 November 2020, Goldbay, Riches Rise, Ever Sino, Top Flame, CCT Capital, the Project Company, Madam Han and the JV Partner entered into the Third Agreement in relation to the Disposal.

LISTING RULES IMPLICATIONS

(1) Major transactions - the First Agreement and the Second Agreement

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of each of the Acquisition, the transfer of the Convertible Bonds and the Repurchase is more than 25% but less than 100%, each of the Acquisition, the transfer of the Convertible Bonds and the Repurchase constituted a major transaction of the Company under Chapter 14 of the Listing Rules and was subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

(2) Very substantial disposal - the Third Agreement

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal is more than 75%, the Disposal constituted a very substantial disposal of the Company under Chapter 14 of the Listing Rules and was subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

THE ACQUISITION

On 28 September 2018, Goldbay (a wholly-owned subsidiary of the Company), Ever Sino, Madam Han and Riches Rise entered into the First Agreement in relation to the Acquisition. The principal terms of the First Agreement are set out below.

Subject matter

Goldbay agreed to:

- (i) subscribe for the First Sale Shares, representing 99.9% of the issued share capital of Riches Rise as enlarged upon completion; and
- (ii) acquire the First Shareholder's Loan.

Consideration

The consideration for:

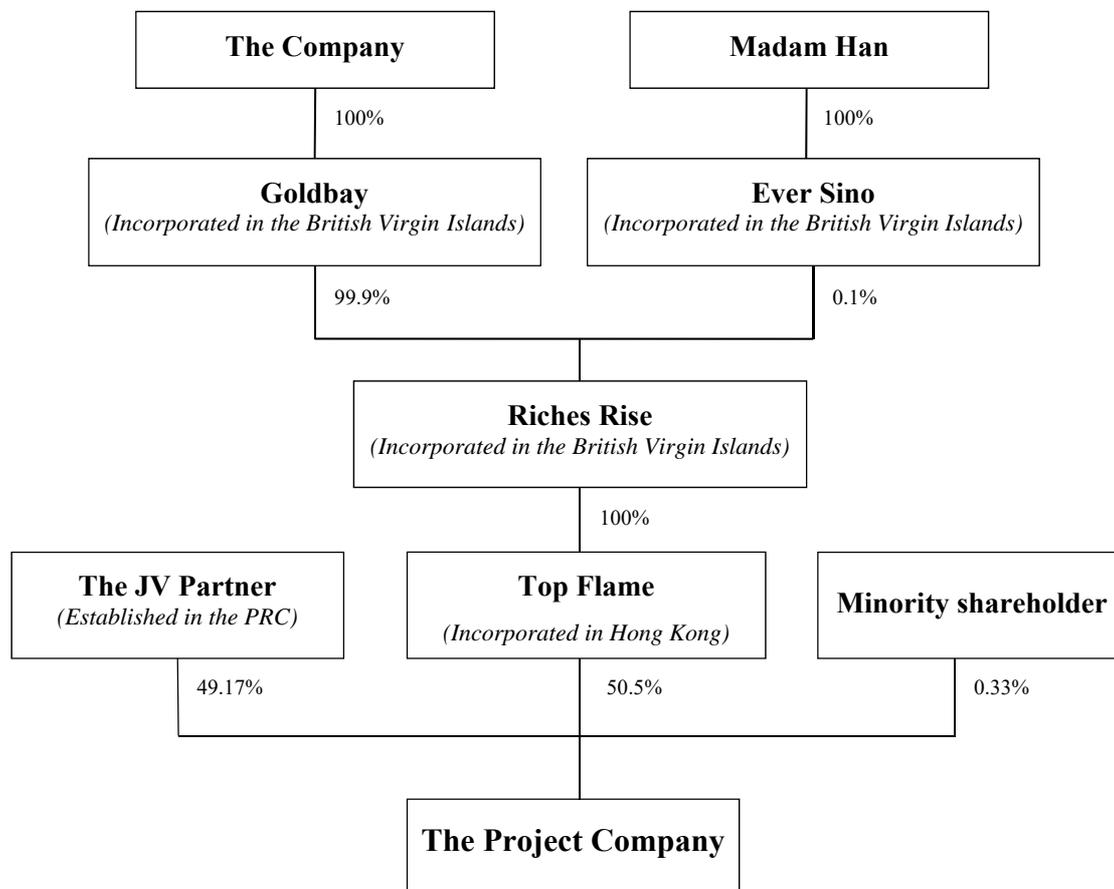
- (i) the subscription of the First Sale Shares was US\$999, which was settled in cash; and
- (ii) the acquisition of the First Shareholder's Loan was HK\$450,000,000, which was settled by the transfer of the Convertible Bonds.

Completion took place on 28 September 2018.

Information of Riches Rise

The principal asset of Riches Rise was its indirect interest of 50.5% in the Project Company, which is the holding company of the Property.

The shareholding structure of the Project Company upon completion of the First Agreement is set out below.



Riches Rise was incorporated in April 2018. It did not have any financial information for the years ended 31 December 2016 and 2017. The unaudited assets of the Riches Rise as at 28 September 2018 (being the date of completion of the Acquisition) was approximately HK\$450,000,000, representing an amount due from Top Flame to finance its investment in the 50.5% equity interest in the Project Company. The only liability of Riches Rise as at 28 September 2018 was the First Shareholder's Loan in the amount of HK\$450,000,000. According to the unaudited accounts of Riches Rise as at 28 September 2018, the unaudited amount of its net assets was zero.

Accounting treatment of the Project Company

Upon completion, the Project Company was accounted as a joint venture using the equity method. It was not accounted as a subsidiary of the Company under Hong Kong Financial Reporting Standard 10 as the Company did not have control of the board of directors of the Project Company, nor was it able to control the financial and operating policies of the Project Company.

On 19 October 2018, the parties to the First Agreement entered into an agreement in relation to the management of the Project Company. It was agreed that the joint venture would first be funded by pre-sale proceeds of the sub-units; secondly, by debt borrowings of the Project Company; and lastly, by shareholders' loan contribution by the shareholders in an amount pro-

rated to their shareholding. The Project Company's profit and loss would be shared among the shareholders of the Project Company on a pro-rata basis. Save with the unanimous consent of the shareholders of the Project Company, the Project Company shall not change the scope of its business or enter into any transaction, the terms of which were not arms' length.

Principal terms of the Convertible Bonds

The principal terms of the Convertible Bonds are set out below.

- Interest : The Convertible Bonds did not bear any interest.
- Issue Date : 7 December 2015
- Maturity Date : The third anniversary of the Issue Date (which must be a business day, and if not, the business day immediately following).
- Redemption : The Convertible Bond would not be redeemed (in whole or in part) at the option of GBA prior to the Maturity Date.
- Status : The obligations of GBA arising under the Convertible Bonds constituted general, unconditional, unsecured, unsubordinated obligations of GBA, and ranked equally among themselves and pari passu with all other present and future unsecured obligations and unsubordinated of GBA except for obligations accorded preference by mandatory provisions of applicable law.
- Conversion Price : HK\$0.01 per share of GBA (subject to adjustment).
- Transferability : The Convertible Bonds were freely transferable and were transferable in whole or in any part(s) in multiples of HK\$3,000,000 provided that unless with the prior written consent of GBA and in full compliance of the Listing Rules and other requirements of the Stock Exchange, none of the Convertible Bonds may be transferred to a connected person of GBA.
- Conversion Period : The period commencing on the Issue Date and expiring on the Maturity Date.
- Adjustments to conversion price : The conversion price was subject to adjustments upon the occurrence of the following events:
- (i) an alteration to the aggregate number of the Shares in issue as a result of consolidation, subdivision, reclassification or otherwise; and
 - (ii) an issue by GBA of any shares credited as fully paid to its shareholders by way of capitalisation of profits or reserves, other than shares issued in lieu (in whole or in part) of a cash dividend, being a dividend which the shareholders concerned would or could otherwise have received.

- Voting rights : Bondholders were not be entitled to vote at any meetings of GBA by reason only of them being the holder of the Convertible Bonds.
- Listing : The Convertible Bonds were not listed on the Stock Exchange or any other stock exchange.

Reasons

The business plan was to subdivide the Property which is located in Xinjiang into smaller units and to renovate the sub-divided units for sale. The Company believed that the sub-sale of the Property would enhance its the revenue and profitability of the Project Company, which would in turn benefit the Company.

The consideration for the Acquisition was determined after arms' length negotiation with reference to the following factors:

(i) The financial position of the Project Company

The unaudited consolidated financial results of the Project Company are set out as follows:

	For the year ended 31 December			
	2016	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit/(loss) before tax	23,057	28,396	27,166	28,499
Profit/(loss) after tax	22,450	28,396	27,166	28,499

The unaudited net assets of the Project Company (before incorporated the revaluation gain on the Property) as at 31 December 2018 and 30 November 2020 (being date of completion of the Disposal) was approximately RMB599,008,000 and RMB607,826,000, respectively.

(ii) The prospect of the Project Company

As disclosed in the 2018 annual report of the Company, at the relevant time of the Acquisition, Xinjiang was positioned as the "Silk Road Economic Belt Core Area" under the Belt and Road Initiative (the "Initiative"). The Initiative is a significant development strategy launched by the PRC government with the intention of promoting economic co-operation among countries along the proposed Belt and Road routes. The Group considered that Xinjiang had promising growth potential under the Initiative.

As evidenced in the 2019 financial results of the Project Company as shown in the table above after completion of the Acquisition, the Project Company was profit making.

(iii) The independent valuation of the Property

The principal asset of the Project Company was the Property. The value of the Property was estimated to be approximately RMB1,253,400,000 at the relevant time. The valuation was arrived at after considering the then recent market transactions of shopping malls located in the vicinity of the Property. The value of the consideration for the Acquisition was at a discount to the fair value of the net identifiable assets of the Project Company, which principally consisted of the Property.

(iv) Settlement of the consideration for the Acquisition

The consideration for the Acquisition of HK\$450,000,000 would not be satisfied in cash but was satisfied by the transfer of the Convertible Bonds with a face value of HK\$252,000,000.

In view of the aforesaid reasons and benefits, the Directors consider that the terms of the First Agreement were normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

THE REPURCHASE

On 27 September 2019, CCT Capital (a wholly-owned subsidiary of the Company) and Madam Han entered into the Second Agreement in relation to the Repurchase.

Subject matter

CCT Capital agreed to acquire:

- (i) the Second Sale Shares, representing the entire issued share capital of Ever Sino as at the date of the Second Agreement; and
- (ii) the Second Shareholder's Loan.

Completion took place on 30 September 2019.

Consideration

The consideration for the Repurchase was HK\$252,000,000.

The Second Agreement provided that the consideration shall be paid on or before 30 September 2020.

At around September 2020, the Company envisaged the possibility of the divestment of its interest in the Project Company and the parties to the Third Agreement commenced negotiation of the terms of the Disposal, hence it was agreed that the payment of the consideration would be deferred as it was intended that the consideration for the Repurchase would be setoff against the consideration for the Disposal. As explained in the paragraph headed "Consideration" under the section headed "**THE DISPOSAL**" below, the consideration was eventually settled by the setoff against the consideration of the Disposal.

As at the date of the Second Agreement, the principal assets of Ever Sino were:

- (i) 25,200,000,000 shares of GBA, through the exercise of the conversion rights of the Convertible Bonds which it received as consideration from the Acquisition; and
- (ii) the remainder 0.1% interest in Riches Rise.

The 25,200,000,000 shares of GBA represented approximately 13.71% of the issued share capital of GBA as at date of completion of the Repurchase on 30 September 2019.

Based on the consideration for the Repurchase of HK\$252,000,000, the consideration per share of GBA is approximately HK\$0.01 per share of GBA, which is equal to the par value of the shares of GBA and was also the closing price of the shares of GBA of HK\$0.01 as at 30 September 2019.

Reasons

In the second half of 2019, Madam Han indicated her intention to divest the investment in the GBA shares. The Company agreed to repurchase the 25,200,000,000 shares in GBA at HK\$252,000,000, based on the then closing price of HK\$0.01 per GBA share, which represented a deep discount of approximately 44% to the price of HK\$450,000,000 for the transfer of the Convertible Bonds.

The consideration was determined after arms' length negotiation. The consideration represents the principal amount of the Convertible Bonds and the then market price of the shares of 25,200,000,000 shares of GBA.

The unaudited financial information of Ever Sino at the relevant time of the Repurchase is set out below:

	For the year ended 31 December	
	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) before tax	N/A	0
Profit/(loss) after tax	N/A	0

As Ever Sino was incorporated in April 2018, it has no financial information for the year ended 31 December 2017. The unaudited assets of the Ever Sino as at 30 September 2019 (being the date of completion of the Repurchase) was approximately HK\$450,000,000, representing the book value of the 25,200,000,000 shares of GBA, based on the transfer price of the Convertible Bonds to satisfy the consideration for the Acquisition. Its only liability is the Second Shareholder's Loan in the amount of HK\$450,000,000. According to the unaudited accounts of Ever Sino as at 30 September 2019, the unaudited amount of its net assets was zero.

The Directors consider that the terms of the Second Agreement were normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

THE DISPOSAL

On 30 November 2020, Goldbay, Riches Rise, Ever Sino, Top Flame, CCT Capital, the Project Company, Madam Han and the JV Partner entered into the Third Agreement in relation to the Disposal.

Subject matter

Top Flame agreed to transfer a 50.5% equity interest in the Project Company to the JV Partner.

Upon completion, the Group no longer held any interest in the Project Company.

Consideration

The consideration for the Disposal was HK\$252,000,000, which was determined with reference to the consideration for the Repurchase so as to restore the position of the parties to the First Agreement to their original position as if the transactions had not happened. The consideration for the Disposal was settled by the setoff against the consideration for the Repurchase on completion of the Disposal.

Completion of the Disposal took place on 30 November 2020.

Reasons

The Project Company had been profit making since the Group completed the Acquisition up to 2019. In 2020, its financial results were adversely affected by COVID-19. As such, the Group decided to divest its investment.

The Disposal was to reverse the Acquisition and the consideration was determined on the basis of restoring the position of the parties to the First Agreement to their original position as if the transactions had not happened, to be setoff against the consideration for the Repurchase.

The Directors consider that the terms of the Third Agreement were normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

FINANCIAL IMPACT

The net effect of the Acquisition, the Repurchase and the Disposal was that the Group was restored to the position had the Acquisition not been entered into. The financial impact of the Acquisition is calculated as follows:

<u>Description</u>	<u>HK\$ million</u>
(i) The Property (at valuation)	1,424
(ii) Total liabilities less other assets (excluding the Property) of the Project Company	(241)
(iii) Net assets of the Project Company attributable to the 49.5% interest held by other shareholders of the Project Company	(586)
(iv) Settlement of the consideration for the Acquisition by transfer of the Convertible Bonds	(252)
The gain arising from the Acquisition and on the disposal of the Convertible Bonds	<u>345</u>

For the Repurchase, based on (i) the consideration of HK\$252,000,000; and (ii) the value of the 25,200,000,000 shares of GBA based on the then market price of HK\$0.01 per GBA share, the Group did not record any gain or loss.

For the Disposal, based on the reversal of (i) the gain arising from the Acquisition and the disposal of the Convertible Bonds of HK\$345,000,000 (as computed above); and (ii) the share of net profit of HK\$1,000,000 from the Project Company from 2018 to 2020, the Group recorded a loss of HK\$346,000,000.

LISTING RULES IMPLICATIONS

(1) Major transactions- the First Agreement and the Second Agreement

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of each of the Acquisition, the transfer of the Convertible Bonds and the Repurchase is more than 25% but less than 100%, each of the Acquisition, the transfer of the Convertible Bonds and the Repurchase constituted a major transaction of the Company under Chapter 14 of the Listing Rules and was subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiry, no shareholder had a material interest in the First Agreement and the Second Agreement and would be required to abstain from voting for the resolution to approve the First Agreement and the Second Agreement should they be put forward to the shareholders to approve at a general meeting of the Company.

A closely allied group of Shareholders comprising Mr. Mak, Capital Force, New Capital and Capital Winner, which together are beneficially interested in an aggregate of 471,614,731 Shares, representing approximately 54.01% of the issued share capital of

the Company as at the date of this announcement, has approved the First Agreement and the Second Agreement by a written shareholders' approval pursuant to Rule 14.44 of the Listing Rules in lieu of a resolution to be passed at a general meeting of the Company. Of the aforesaid 471,614,731 Shares, 25,589,652 Shares, 96,868,792 Shares, 171,357,615 Shares, 177,798,672 Shares are held by Mr. Mak, Capital Force, New Capital and Capital Winner, respectively, representing approximately 2.93%, 11.09%, 19.63% and 20.35%, respectively of the issued share capital of the Company as at the date of this announcement. Accordingly, the Company is exempted from the requirement to convene a shareholders' meeting for the approval of the Acquisition and the Repurchase and no special general meeting will be convened for the purpose of considering, ratifying and approving the First Agreement and the Second Agreement pursuant to Rule 14.44 of the Listing Rules.

(2) Very substantial disposal- the Third Agreement

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal is more than 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and was subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company acknowledges that the notification and announcement and/or shareholders' approval in respect of the First Agreement, the Second Agreement and the Third Agreement as required under Chapter 14 of the Listing Rules had been delayed due to its inadvertent oversight.

The failure to make timely disclosure was due to a misunderstanding that the Company regarded the transactions contemplated under the First Agreement, the Second Agreement and the Third Agreement would fall within Rule 14.04(1)(g) of the Listing Rules as the Company is engaged in the business of property development and securities trading.

For the following reasons, no circular will be despatched with respect to the Acquisition, the Repurchase and the Disposal.

- (1) The Company is not in a position to engage a reporting accountant to prepare an accountant's report for Riches Rise or Ever Sino for the three financial years prior to the date of each of the First Agreement and the Second Agreement as required under Rule 14.67(6)(a) of the Listing Rules with respect to the Acquisition and the Repurchase. As at the date of this announcement, Riches Rise and Ever Sino no longer hold any interest in the Project Company. Save for the 25,200,000,000 GBA shares held by Ever Sino, Riches Rise and Ever Sino do not have any other material asset or business operation. As such, an accountant report on them will not provide the Shareholders with any meaningful information to assess the Acquisition and the Repurchase.
- (2) Nor is the Company in a position to engage a reporting accountant to review the accounts of the Project Company for the three financial years prior to the date the Third Agreement as required under Rule 14.68(2)(a) of the Listing Rules as the Disposal has been completed and the Company is not able to access the financial information of the Project Company.

- (3) All material information in respect of the Acquisition, the Repurchase and the Disposal has been set forth in this announcement.
- (4) The net effect of the Acquisition, the Repurchase and the Disposal was that the Group is in the same position as it would have been had the transactions not been entered into.

INFORMATION ON THE PARTIES

The Company is an investment holding company. The Group is principally engaged in (i) property business; (ii) securities business; (iii) multi-faceted automotive business under the Blackbird Group established by the Company; (iv) investment in collectible precision devices; and (v) cultural entertainment business.

Each of Goldbay, Ever Sino, Riches Rise and Top Flame is an investment holding company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the JV Partner is ultimately owned as to 100% by Mr. Zhang, who is the husband of Madam Han. Immediately prior to completion of the First Agreement, Ever Sino was wholly-owned by Madam Han.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the JV Partner, Madam Han and Mr. Zhang was not a connected person of the Company at the material time.

REMEDIAL ACTIONS

The Company regrets its non-compliance with the Listing Rules but the Company would like to stress that the non-compliance was inadvertent. To prevent similar non-compliance from occurring in the future, the Company has taken the following measures and actions:

- (1) all material contracts of the Company will be prepared and/or reviewed by external legal counsels to ensure the relevant requirements of the Listing Rules are complied with; and
- (2) the Company will conduct an internal training session to explain the relevant Listing Rules' requirements and the reporting procedures for notifiable transactions under the Listing Rules, and to emphasise the importance of identifying such transactions prior to execution.

As at the date of this announcement, both measures have been implemented.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Acquisition”	the subscription of the First Sale Shares and the acquisition of the First Shareholder’s Loan
“Capital Force”	Capital Force International Limited, a company incorporated in the British Virgin Islands with limited liability, the issued shares of which are wholly-owned by Mr. Mak beneficially
“Capital Winner”	Capital Winner Investments Limited, a company incorporated in the British Virgin Islands with limited liability, the issued shares of which are wholly-owned by Mr. Mak beneficially
“CCT Capital”	CCT Capital International Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Company”	CCT Fortis Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the Shares are listed on the Main Board of the Stock Exchange (stock code: 00138)
“Convertible Bonds”	the convertible bonds issued by GBA in the principal amount of HK\$252,000,000 convertible into shares of GBA
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of a 50.5% equity interest in the Project Company under the Third Agreement
“Ever Sino”	Ever Sino Group Limited (永華集團有限公司), a company incorporated in the British Virgin Islands with limited liability
“First Agreement”	the agreement dated 28 September 2018 entered into between Goldbay, Ever Sino, Madam Han and Riches Rise in relation to the Acquisition
“First Sale Shares”	999 shares of Riches Rise, representing 99.9% of the issued capital of Riches Rise as enlarged upon completion
“First Shareholder’s Loan”	the amount owed by Riches Rise to Ever Sino in the amount of HK\$450,000,000 as at the date of the First Agreement
“GBA”	GBA Holdings Limited (formerly known as CCT Land Holdings Limited), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 00261)

“Goldbay”	Goldbay Group Holdings Limited, a company incorporated in British Virgin Islands with limited liability
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“JV Partner”	Korla City Longxing Industrial Co., Ltd.* (庫爾勒市龍興實業有限責任公司), a company established in the PRC with limited liability, which is engaged in property business in Xinjiang, China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Madam Han”	Ms. Han Zhiying (韓志英), a Chinese national
“Mr. Mak”	Mr. Mak Shiu Tong, the chairman, an executive Director and a controlling shareholder of the Company
“Mr. Zhang”	Mr. Zhang Lisheng (張力生), a Chinese national, who is the husband of Madam Han and a controlling shareholder of the JV Partner
“New Capital”	New Capital Industrial Limited, a company incorporated in the British Virgin Islands with limited liability, the issued shares of which are wholly-owned by Mr. Mak beneficially
“N/A”	Not applicable
“US\$”	United States dollars(s), the lawful currency of the United States
“percentage ratios”	has the same meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China
“Project Company”	Xinjiang Xingkai Real Estate Development Limited* (新疆星凱房地產開發有限公司), a company established in the PRC with limited liability
“Property”	a large shopping mall of approximately 161,000 square meters located at Korla Economic and Technology Development Zone, Korla City, Xinjiang
“Repurchase”	the acquisition of the Second Sale Shares and the Second Shareholder’s Loan

“Riches Rise”	Riches Rise Limited (潤發有限公司), a company incorporated in the British Virgin Islands with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Second Agreement”	the agreement dated 27 September 2019 entered into between CCT Capital and Madam Han in relation to the Repurchase
“Second Sale Shares”	the entire issued share capital of Ever Sino as at the date of the Second Agreement
“Second Shareholder’s Loan”	the amount owed by Ever Sino to Madam Han in the amount of HK\$450,000,000 as at the date of the Second Agreement
“Share(s)”	the share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Agreement”	the agreement dated 30 November 2020 entered into between Goldbaby, Riches Rise, Ever Sino, Top Flame, CCT Capital, the Project Company, Madam Han and the JV Partner in relation to the Disposal
“Top Flame”	Top Flame Limited (德豐誠有限公司), a company incorporated in Hong Kong with limited liability
“%”	per cent.

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

Hong Kong, 15 February 2022

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.

** For identification purposes only*