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CFI 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 2021

CHAIRMAN'S STATEMENT

On behalf of the Board, I report the annual results of the Group for the year ended 31 December 2021.

RESULTS

The Group recorded a net loss attributable to owners of the parent of HK\$517 million in the year under review as compared with a net loss of HK\$689 million in the previous year. This year's loss was attributable mainly to non-cash loss and provisions as further elaborated in the section headed "**Financial Review**" of this announcement.

FINAL DIVIDEND

Given the current adverse situation, the Group intends to conserve cash resources to combat the difficulties and challenges going forward. Therefore, the Board did not recommend the payment of a final dividend for 2021 (2020 final dividend: Nil). The Company did not pay any interim dividend for 2021 (2020 interim dividend: Nil).

BUSINESS REVIEW

In 2021, the Group was principally engaged in (i) property business; (ii) securities business; (iii) Blackbird's multi-faceted automotive business; (iv) investment in collectible precision devices; and (v) cultural entertainment business.

PROPERTY BUSINESS

Property Business in Hong Kong

In 2021, Hong Kong's property market experienced gradual recovery. However, the retail segments continued to be impacted by the COVID-19 pandemic, mainly due to cross-border travel restrictions. The recent surge in COVID infections due to spread of Omicron variant further pose uncertainties in the recovery of the property market. Nevertheless, we maintain our confidence in the long-term prospects of the Hong Kong property market, which is expected to rebound as when the virus is contained and reopening of the borders.

Our property portfolio is diversified and comprises luxury residential properties, retail properties, commercial and industrial properties and car parks. The value of our property portfolio has appreciated substantially over the years.

In 2021, the property investment and holding segment recorded profit of HK\$6 million, mainly attributable to unrealised fair value gains of our investment properties, due to the recovery of the residential property market.

Mainland Property Business

After termination of cooperation in respect of the Joint Venture in 2020, the Company ceased to have any investment in the Joint Venture. As such, the Company did not share results of the Joint Venture in 2021.

SECURITIES BUSINESS

In 2021, the Company's financial assets at fair value through profit or loss mainly represented investment in 53,667,100,000 shares of GBA, held for trading purposes. These shares representing approximately 29.19% (2020: 29.19%) of the total number of issued shares of GBA. The GBA Group is principally engaged in property development business and finance business.

In 2021, the Company intended to realise its investment in GBA so as to better allocate its resources to focus on its other principal businesses and to generate cash flow and improve its financial position. On 15 November 2021, certain members of the Group entered into a sale and purchase agreement (the "**Agreement**") with Top Pioneer Holdings Limited (the "**Purchaser**"), an independent third party, under which the Group has agreed to sell all its 29.19% shareholdings in GBA to the Purchaser. The transactions contemplated under the Agreement as amended and supplemented by the supplemental agreement dated 14 December 2021 was approved by the Shareholders in the special general meeting held on 17 January 2022. The Agreement was further amended and supplemented by the second supplemental agreement dated 26 January 2022 and the third supplemental agreement dated 15 March 2022 entered into by the parties to the Agreement. As at the date of this announcement, the transactions contemplated under the Agreement as amended and supplemented by the supplemental agreement, the second supplemental agreement and the third supplemental agreement (the "**Proposed Transactions**") have not yet been completed. In the event the Proposed Transactions proceed to completion, the Company will cease to have any shareholding interest in GBA.

Based on a professional valuation of our investment of the 53.7 billion shares of GBA, the fair value of such investment as at 31 December 2021 was HK\$250 million, representing approximately 6.2% of the total assets of the Group. Based on the closing price of HK\$0.01 per share, the fair value of our investment in GBA as at 31 December 2020 was approximately HK\$537 million, representing approximately 12.0% of the total assets of the Group. An unrealised fair value loss of HK\$287 million was hence recognised, representing the fair value changes during 2021.

During 2021, save for the Proposed Transactions, the Company did not trade any shares of GBA and did not receive any dividend from these securities.

BLACKBIRD GROUP

The Blackbird Group, under the leadership of its chairman and chief executive officer (“CEO”), Mr. TK Mak, is principally engaged in (i) the official dealership of Ferrari in Hong Kong and Macau, including the repair and servicing business; (ii) as from April 2021 the official importership of Maserati in Hong Kong and Macau, also including the repair and servicing business; (iii) a classic car trading and investment business; and (iv) a car logistics business. The management is very pleased with the continuing development of the Blackbird Group’s multi-faceted automotive operations.

Ferrari Dealership Business

2021 represents the fourth year of Blackbird Concessionaires’ official Ferrari dealership operations in Hong Kong and Macau. During the year under review, Ferrari’s new model launch programme continued and Blackbird Concessionaires was pleased to introduce five more new models. These included the convertible versions of Ferrari’s flagship V8 hybrid sports car, the SF90 Spider, and the updated GT car, the Portofino M. Both new cars feature the innovative retractable folding hardtop and were unveiled to clients in Blackbird Concessionaires’ Repulse Bay showroom. Ferrari also unveiled online a limited series car, the 812 Competizione, available in both coupe and Aperta (open top) versions.

In the second half of 2021, Ferrari announced its latest hybrid range model, the 296 GTB, now featuring a V6 engine. Finally, in November, Ferrari unveiled the next car in its special Icona programme, the Daytona SP3. This model follows on from the highly successful Monza SP1 and Monza SP2. Clients for the 812 Competizione and Daytona SP3 were selected by the Ferrari factory on an invitation basis.

As a result of these activities, we received very strong and solid support from our customers and achieved new car sales orders within a short period of time after each event.

Deliveries of new cars began to increase as production in Italy recovered after being affected by the COVID-19 pandemic. The remaining limited series Ferrari Monzas arrived in Hong Kong, as did the first allocation of the highly successful new Roma GT car.

Our Ferrari after-sales centre in Kwai Chung, which occupies about 70,000 square feet, continues to perform very well. This facility is equipped to provide a full range of services including, but not limited to, repairing and maintenance, painting, body shop, restoration, pre-delivery inspection service and car storage. The facility continues to be very well received and strongly supported by customers.

Maserati Importership Business

In the first half of 2021, definitive agreements relating to the Maserati importership were entered into between Maserati S.p.A. and the Group’s new subsidiary company, Blackbird Tridente Company Limited (“Blackbird Tridente”), pursuant to which Blackbird Tridente was appointed as the official importer and distributor for Maserati vehicles and the provider of after-sales services in Hong Kong and Macau. The management considers that this importership appointment represents another major milestone for the Blackbird Group in the development of its automotive business.

Shortly after the appointment, a temporary Maserati showroom was established in Repulse Bay and the company's fully equipped service centre became operational in Chai Wan. Furthermore, during the second half of the year, Blackbird Tridente launched Maserati's all-new sports car, the MC20, and received a number of orders immediately. In addition, the company will also be launching Maserati's latest model, the Grecale SUV, in the spring of 2022. Blackbird Tridente anticipates high demand and therefore, good volumes of orders for this new vehicle as part its plans to reintroduce the Maserati brand to Hong Kong and Macau. Another significant milestone will be the opening Blackbird Tridente's new flagship Hong Kong showroom during the second half of 2022.

Classic Car Trading and Investment Business

During the year, the classic and investment car market continued to be affected by the global economic slowdown due to the COVID-19 pandemic. However, the management remains cautiously optimistic regarding the long-term improvement of the classic car market.

Car Logistics Business

The Group's car logistics business performed well during the year with a good operating margin. Continuing its expansion programme, the Group has established its own call centre. Furthermore, new contracts were achieved with some additional 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.

INVESTMENT IN COLLECTIBLE PRECISION DEVICES

The Watch Manual division continues to gain international visibility in 2021, retaining support from global brands for the well-regarded print publication and online platforms. It enjoys a steady growth in readership with a very high degree of engagement, and is often in consultation with key brands on strategic projects. In addition, the continuing representation by Mr. TK Mak, the chairman and the CEO of the Blackbird Group, who sits on the watch advisory board for Phillips auction house, maintains our position in the luxury watch industry and has generated considerable international exposure for the Blackbird Group, with a highly anticipated third collaboration in 2022, Phillips x Blackbird: The Third Instalment, where he will curate key pieces from the 20th century that have defined contemporary art, design, watches, sports cars, and fashion.

CULTURAL ENTERTAINMENT BUSINESS

The Company's cultural entertainment business comprises film operations, and stage audio, lighting and engineering operations. In 2021, this business division continued to be negatively impacted by the COVID-19 pandemic, as a result of tightening social distancing measures and prolonged cross-border traveling restrictions.

Film Operations

Our entertainment company has invested in the large scale crime thriller film entitled "Sons of the Neon Night" (風林火山) together with other companies. Shooting of this movie has already been completed. However, cinema release version has been delayed as a result of the COVID pandemic. The recent surge in COVID infections driven by the spread of the Omicron variant will likely result in further delay in the public release of this film.

Stage Audio, Lighting and Engineering Operations

The stage audio, lighting and engineering operations represent the leasing and sale of audio and lighting equipment and provision of audio, lighting and mechanical and engineering services for live performance events.

In 2021, the operating environment of stage performance segment remained difficult as very few concerts, shows, and entertainment events were performed, due to the restrictions on public gatherings and cross-border travel. Given the adverse situation, the stage performance segment continued its cost reduction measures. Nevertheless, this segment recorded an operating loss of HK\$78 million in 2021, mainly due to impairment of goodwill of HK\$63 million and expected credit loss provision of HK\$4 million (as elaborated below), in the total amount of HK\$67 million, under the current unprecedented challenging situation.

On 27 July 2020, an agreement (the “**GWE Agreement**”) was entered into between AHM and Mr. Lam Kong Ming (“**Mr. Lam**”), under which AHM agreed to sell and Mr. Lam agreed to purchase a 91% shareholding interest in Golden Wish Enterprises Limited (“**GWE**”), and an assignment of a shareholder’s loan to Mr. Lam for a total consideration of HK\$30,000,000 (the “**GWE Transaction**”), of which the first payment of HK\$5,000,000 would be payable on completion of the GWE Transaction and the balance of the consideration of HK\$25,000,000 (the “**Balance Consideration**”) would be payable by 66 monthly instalments, commencing from 30 June 2021. The Target Company, together with its subsidiary (the “**GWE Group**”) is engaged in the sale and leasing of audio, lighting and stage equipment and production and provision ancillary engineering services for live performance events in Macau (the “**Macau Stage Business**”). The GWE Transaction was completed on 21 January 2021 and members of the GWE Group ceased to be subsidiaries of the Company. Further details of the GWE Transactions have been set out in the Company’s announcements dated 27 July 2020, 14 August 2020, 30 October 2020, 31 December 2020 and 21 January 2021. After completion of the GWE Transaction, the management can focus on the stage service operations mainly in Hong Kong.

As a result of the COVID-19 pandemic and the spread of the Omicron variant, the Macau Stage Business has not yet been reopened due to the cross-border travel restrictions between Hong Kong and Macau. Furthermore, the gaming business and tourism in Macau have been negatively impacted by the pandemic, which has, in turn, adversely affected the demand of services for the Macau Stage Business. As such, Mr. Lam has not been able to begin payment of the monthly instalments of the Balance Consideration following completion of the GWE Transaction, as he needs additional time to reopen the Macau Stage Business before he can seek job orders. In light of the current situation, on 17 March 2022, AHM and Mr. Lam agreed in writing to further extend the due date for payment of the first monthly instalment of the Balance Consideration to two months after the date of reopening of the Macau Stage Business, with the payment of the remainder monthly instalments to follow accordingly.

Under such circumstances, AHM has made provision of expected credit loss of HK\$4 million against the outstanding balance of the Balance Consideration, based on a professional valuation in respect of the expected credit loss of the Balance Consideration.

INDUSTRIAL PRODUCT BUSINESS

As a result of the COVID-19 and deteriorating operating environment, the Company terminated the Industrial Product Business in July 2020.

OUTLOOK

Looking forward, 2022 remain uncertain and challenging. It is expected that the spread of the Omicron variant, rising inflation and interest hike, the prolonged Sino-US trade conflict and geopolitical tensions will continue to pose greatest challenges to the local and global economic recovery.

Despite the current challenging environment, Blackbird's Ferrari dealership continues to perform well. We are also pleased with the new Maserati importership, which represents an important milestone of the Blackbird Group in the development of its automotive business globally. We consider that the Maserati importership will enhance Blackbird's reputation and status in the global automotive sector and will open up a new avenue for growth of income and profit.

In the existing adverse circumstance, we will conserve our cash and continue our on-going cost savings initiatives. We will retain our strength and lay the groundwork for the recovery to come. With our resilient and experienced management, we consider that we can withstand the impact caused by these unprecedented challenges. We will try to turn risks into opportunities and continue to pursue our core strategy of achieving long-term sustainable growth for the Company and enhancing long-term value to our shareholders.

APPRECIATION

On behalf of the Board, I wish to express our gratitude to the directors, the management and all our employees for their dedication, loyalty, and hard work to meet the challenges during the year. Furthermore, I am most grateful to our customers, shareholders, investors, bankers, landlords and suppliers for their continued encouragement and strong support to the Company throughout these unprecedented times.

Mak Shiu Tong, Clement
Chairman

Hong Kong, 31 March 2022

FINANCIAL REVIEW

OVERVIEW OF 2021 FINANCIAL RESULTS

HK\$ million	2021	2020	% increase/ (decrease)
Continuing operations:			
Revenue	<u>731</u>	<u>505</u>	44.8%
Gross Profit	<u>121</u>	<u>54</u>	124.1%
Loss from continuing operations	(521)	(693)	(24.8%)
Loss from discontinued operation	<u>-</u>	<u>(3)</u>	(100.0%)
Loss for the year	<u>(521)</u>	<u>(696)</u>	(25.1%)
Attributable to:			
Owners of the parent	(517)	(689)	(25.0%)
Non-controlling interests	<u>(4)</u>	<u>(7)</u>	(42.9%)
	<u>(521)</u>	<u>(696)</u>	(25.1%)
Loss attributable to owners of the parent:			
Continuing operations	(517)	(686)	(24.6%)
Discontinued operation	<u>-</u>	<u>(3)</u>	(100.0%)
	<u>(517)</u>	<u>(689)</u>	(25.0%)
Basic and diluted loss per share attributable to ordinary equity holders of the parent			
- For loss for the year	<u>(HK\$0.59)</u>	<u>(HK\$0.79)</u>	(25.3%)
- For loss from continuing operations	<u>(HK\$0.59)</u>	<u>(HK\$0.79)</u>	(25.3%)
Dividend per share	<u>Nil</u>	<u>Nil</u>	N/A

The Group's revenue from continuing operations for 2021 of HK\$731 million was HK\$226 million or 44.8% higher than 2020, driven mainly by the recovery of the Ferrari dealership.

In the year under review, the Company recorded a net loss attributable to owners of the parent of HK\$517 million as compared with a net loss of HK\$689 million in the previous year.

This year's loss was mainly attributable to the net effect of following non-cash items:

- (i) unrealised revaluation losses of HK\$287 million, arising from fair value changes of our 29.19% shareholdings in GBA;
- (ii) loss of HK\$63 million arising from impairment of goodwill in respect of the audio and lighting operations; and
- (iii) expected credit loss provision of HK\$4 million against the remaining consideration arising from disposal of the audio and light business in Macau.

Net loss attributable to non-controlling interests represented share of net loss by the minority shareholders of the stage audio, lighting and engineering operations.

ANALYSIS BY BUSINESS SEGMENT

HK\$ million	2021		2020		% increase/ (decrease)
	Amount	Relative %	Amount	Relative %	
<u>Continuing operations:</u>					
Property investment and holding	10	1.3%	11	2.2%	(9.1%)
Securities business	-*	-	-	-	N/A
Ferrari dealership	537	67.0%	413	81.8%	30.0%
Maserati importership	17	2.1%	-	-	N/A
Classic cars trading and logistics business	152	19.0%	26	5.1%	484.6%
Stage audio, lighting and engineering operations	45	5.6%	20	4.0%	125.0%
Other operations	40	5.0%	35	6.9%	14.3%
	801	100.0%	505	100.0%	58.6%
Less: Inter-segment revenue	(70)		-*		N/A
Total for continuing operations	731		505		44.8%
<u>Discontinued operation:</u>					
Industrial Product Business	-		11		(100.0%)
Total	731		516		41.7%

**Less than HK\$1 million*

HK\$ million	Operating (loss)/profit		% increase/ (decrease)
	2021	2020	
<u>Continuing operations:</u>			
Property investment and holding	6	(84)	N/A
Securities business	(287)	(1)	28,600.0%
Ferrari dealership	6	(22)	N/A
Maserati importership	(6)	-	N/A
Classic cars trading and logistics business	(23)	(9)	155.6%
Classic cars investment	-*	(14)	(100.0%)
Film operations	(4)	(7)	(42.9%)
Stage audio, lighting and engineering operations	(78)	(49)	59.2%
Other operations	(34)	(25)	36.0%
Total for continuing operations	<u>(420)</u>	<u>(211)</u>	99.1%
<u>Discontinued operation:</u>			
Industrial Product Business	-	(3)	(100.0%)
Total	<u>(420)</u>	<u>(214)</u>	96.3%

* Operating profit less than HK\$1 million

CONTINUING OPERATIONS

Property business

Property investment and holding

In 2021, the property investment business delivered revenue of HK\$10 million, down HK\$1 million or 9.1% from 2020 as a result of the impact led by the COVID-19 pandemic. This segment recorded operating profit of HK\$6 million as compared with operating loss of HK\$84 million in the previous year. The operating profit in 2021 was primarily attributable to unrealised fair value gains of HK\$6 million arising from fair value changes of our investment property portfolio as a result of recovery of residential property market. On the other hand, unrealised fair value losses of HK\$84 million were recorded in the previous corresponding period.

Securities business

In 2021, the securities business recognised an operating loss of HK\$287 million, primarily representing unrealised revaluation losses of HK\$287 million of our 29.19% shareholdings in GBA, as a result of fair value change of such investment in 2021.

Ferrari dealership

In 2021, the Ferrari dealership business continued to perform well. This segment recorded revenue of HK\$537 million, up 30.0% from increase in sales of Ferrari cars. Furthermore, the Ferrari service center in Kwai Chung continued to perform well amid the COVID-19 pandemic. The Ferrari dealership business recorded an operating profit of HK\$6 million in 2021 as opposed to an operating loss of HK\$22 million in 2020. The improvement of the segment's results was primarily due to increase in revenue.

Maserati importership

The Maserati importership business generated a revenue of HK\$17 million after commencing operations in the second half of 2021. This new business recorded an operating loss of HK\$6 million, mainly as a result of start-up costs. We believe this business will open up for the Group a new avenue of income and profit growth in the coming years.

Classic cars trading and logistics business

Given these unprecedented times, the classic car and logistic segments incurred an operating loss of HK\$23 million (2020: operating loss of HK\$9 million).

Classic cars investment

The operating profit of the classic car investment was less than HK\$1 million, as opposed to an operating loss of HK\$14 million in the previous year. The change was mainly attributable to unrealised fair value gains in the amount of HK\$2 million in respect of our classic car investment portfolio, whereas fair value loss of HK\$7 million was recognised in the previous year.

Film operations

No revenue was recorded from our film operations in both 2021 and 2020 as no film was released during these two years. The film segment recorded an operating loss of HK\$4 million in 2021 (2020: operating loss of HK\$7 million), mainly from operating expenses.

Stage audio, lighting and engineering operations

This business segment recorded a revenue of HK\$45 million in 2021, represented 125.0% increase from HK\$20 million in 2020. Operating loss was HK\$78 million (2020: operating loss of HK\$49 million), primarily led by impairment of goodwill in the amount of HK\$63 million and provision for expected credit loss of HK\$4 million against the remaining consideration receivable in respect of the disposal of business in Macau.

Other operations

Other operations comprise the classic car services center, the multimedia business, investment of collectible precision devices, artist management and other new ventures which are in the development and start-up stage. This segment's revenue increased by 14.3% to HK\$40 million in 2021. This segment recorded an operating loss of HK\$34 million, increased by 36.0% from HK\$25 million in 2020.

DISCONTINUED OPERATION

Industrial Product Business

As a result of the COVID-19 pandemic and deteriorating operating environment, the Industrial Product Business was discontinued in July 2020.

ANALYSIS BY GEOGRAPHICAL SEGMENT

HK\$ million	2021				Revenue				2020				% increase/ (decrease)
	Continuing operations	Discontinued operation	Total	Relative %	Continuing operations	Discontinued operation	Total	Relative %					
Hong Kong, Macau and Mainland	612	-	612	83.7%	503	5	508	98.4%	20.5%				
Rest of the world	119	-	119	16.3%	2	6	8	1.6%	1,387.5%				
Total	731	-	731	100.0%	505	11	516	100.0%	41.7%				

Approximately 83.7% of our total revenue was generated in Hong Kong, Macau and the Mainland, of which most of our revenue was generated in Hong Kong. The revenue from our major market regions was HK\$612 million, up HK\$104 million or 20.5% as compared with 2020, mainly due to recovery of the Ferrari dealership in 2021. The revenue from rest of the world represented mainly sale of classic cars to the overseas markets.

CAPITAL STRUCTURE AND GEARING RATIO

HK\$ million	2021		2020	
	Amount	Relative %	Amount	Relative %
Bank borrowings	1,623	47.7%	1,648	42.6%
Other borrowings	117	3.5%	32	0.8%
Lease liabilities	42	1.2%	54	1.4%
Total borrowings	<u>1,782</u>	<u>52.4%</u>	<u>1,734</u>	<u>44.8%</u>
Equity attributable to owners of the parent	<u>1,621</u>	<u>47.6%</u>	<u>2,138</u>	<u>55.2%</u>
Total capital employed	<u><u>3,403</u></u>	<u><u>100.0%</u></u>	<u><u>3,872</u></u>	<u><u>100.0%</u></u>

Equity attributable to owners of the parent as at 31 December 2021 was HK\$1,621 million, representing a decrease of HK\$517 million compared with HK\$2,138 million at the beginning of the year. This change was primarily attributable to the net loss attributable to owners of the parent for 2021.

The Group's gearing ratio increased from 44.8% as at 31 December 2020 to 52.4% as at 31 December 2021, driven mainly by the decrease in equity. The Group's gearing ratio continued to maintain at a relatively reasonable level under the current extraordinary time.

Total outstanding bank and other borrowings were HK\$1,782 million (2020: HK\$1,734 million). Approximately 84.6% of these bank and other borrowings were of short-term nature, primarily representing mortgage loans on properties held by the Group.

As at 31 December 2021, 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\$1,508 million*, HK\$139 million and HK\$135 million, respectively (2020: HK\$316 million, HK\$933 million and HK\$485 million, respectively). There was no material effect of seasonality on the Group's borrowing requirements.

* See elaboration in the section headed "**LIQUIDITY AND FINANCIAL RESOURCES**" of this announcement.

LIQUIDITY AND FINANCIAL RESOURCES

HK\$ million	2021	2020
Current assets	1,303	1,694
Current liabilities	<u>1,879</u>	<u>650</u>
Net current (liabilities)/assets	<u>(576)</u>	<u>1,044</u>

The Group's net current liabilities as at 31 December 2021 was HK\$576 million (2020: net current assets of HK\$1,044 million). The change in net current position was primarily due to the reclassification of approximately HK\$1,051 million bank borrowings from non-current liabilities to current liabilities in 2021. The reclassification was resulted from non-compliance of a debt covenant related to the amount of shareholders' fund under certain facilities agreements entered into by the Group with one of its bankers, which has been made known to the banker by the Group before the year end date. Subsequent to the end of the reporting period, the bank has revised the debt covenant, upon which the Group has rectified the non-compliance. The bank borrowings of approximately HK\$1,051 million will be reclassified back to non-current liabilities in 2022 as a result of the rectification of the non-compliance.

The Group derives its working capital mainly from cash on hand, net cash generated from operating activities, and bank borrowings. The Board expects that the Group will rely on net cash from operating activities, and additional borrowings (if required) and sale of non-core assets to meet demand of working capital and capital expenditure, if any.

CAPITAL COMMITMENTS

As at 31 December 2021, capital commitment of the Group amounted to approximately HK\$5 million (2020: HK\$6 million). The Group intends to finance the capital commitment by the internal resources.

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 2021, the Group's receipts were mainly denominated in HK\$ and US\$. Payments were mainly made in HK\$ and US\$. Cash was generally placed in short-term deposits denominated in HK\$. In 2021, the Group's borrowings were mainly denominated in HK\$, 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.

ACQUISITION AND DISPOSAL OF MATERIAL SUBSIDIARIES AND ASSOCIATES

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

SIGNIFICANT INVESTMENT

Save for the shares of GBA held by the Company, as elaborated in further details in the section headed “**BUSINESS REVIEW – Securities Business**” of this announcement, the Group did not hold any significant investment as at 31 December 2021.

PLEDGE OF ASSETS

As at 31 December 2021, certain of the Group’s assets with a net book value of approximately HK\$2,274 million (2020: HK\$2,275 million) and time deposits of HK\$40 million (2020: HK\$43 million) were pledged to secure the Group’s bank loans.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group had following contingent liabilities:

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 by 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 2021 was 271 (2020: 318). 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. As at 31 December 2021, there were no outstanding share options issued by the Company (2020: 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 Shares during the year ended 31 December 2021.

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 2021, except for the minor deviations from the following 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. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing; 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. Every director, including those appointed for a specific term, 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 2021 and will be disclosed in the corporate governance report contained in the 2021 annual report of the Company, which will be despatched to the Shareholders on or before 30 April 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

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 2021.

EVENTS AFTER THE REPORTING PERIOD

Particulars of events after the reporting period have been stated in Note 14 of this announcement.

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 two meetings during the financial year ended 31 December 2021.

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 2021.

Further information of the Audit Committee will be disclosed in the corporate governance report contained in the 2021 annual report of the Company, which will be despatched to the Shareholders on or before 30 April 2022.

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 2021.

Further information of the Remuneration Committee will be disclosed in the corporate governance report contained in the 2021 annual report of the Company, which will be despatched to the Shareholders on or before 30 April 2022.

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. The Nomination Committee held one meeting during the financial year ended 31 December 2021.

Further information of the Nomination Committee will be disclosed in the corporate governance report contained in the 2021 annual report of the Company, which will be despatched to the Shareholders on or before 30 April 2022.

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 2021.

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, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Company'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 annual results announcement of the Company for the year ended 31 December 2021 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 2021 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 2022.

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, 31 March 2022

ANNUAL RESULTS

The Board presents the consolidated annual results of the Group for the year ended 31 December 2021, together with the comparative amounts for the previous year as follows:

Consolidated Statement of Profit or Loss

For the year ended 31 December 2021

HK\$ million	Notes	2021	2020
CONTINUING OPERATIONS			
REVENUE	3,4	731	505
Cost of sales		<u>(610)</u>	<u>(451)</u>
Gross profit		121	54
Other income and gains, net	4	25	29
Selling and distribution costs		(20)	(8)
Administrative expenses		(227)	(221)
Other expenses, net		(355)	(461)
Finance costs	5	(64)	(76)
Share of loss of a joint venture		-	(14)
Share of loss of an associate		<u>(1)</u>	<u>(1)</u>
LOSS BEFORE TAX FROM CONTINUING OPERATIONS			
	6	(521)	(698)
Income tax credit	7	<u>-</u>	<u>5</u>
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS			
		(521)	(693)
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	8	<u>-</u>	<u>(3)</u>
LOSS FOR THE YEAR			
		<u>(521)</u>	<u>(696)</u>

Consolidated Statement of Profit or Loss (Continued)*For the year ended 31 December 2021*

HK\$ million	<i>Note</i>	2021	2020
Attributable to:			
Owners of the parent			
Continuing operations		(517)	(686)
Discontinued operation		<u>-</u>	<u>(3)</u>
		(517)	(689)
Non-controlling interests			
Continuing operations		(4)	(7)
Discontinued operation		<u>-</u>	<u>-</u>
		(4)	(7)
		(521)	(696)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	<i>10</i>		
Basic and diluted			
For loss for the year		<u>(HK\$0.59)</u>	<u>(HK\$0.79)</u>
For loss from continuing operations		<u>(HK\$0.59)</u>	<u>(HK\$0.79)</u>

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2021

HK\$ million	2021	2020
LOSS FOR THE YEAR	<u>(521)</u>	<u>(696)</u>
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Reclassification adjustment for a joint venture disposed of during the year	<u>-</u>	<u>5</u>
Other comprehensive income for the year	<u>-</u>	<u>5</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(521)</u>	<u>(691)</u>
Attributable to:		
Owners of the parent	<u>(517)</u>	<u>(684)</u>
Non-controlling interests	<u>(4)</u>	<u>(7)</u>
	<u>(521)</u>	<u>(691)</u>

Consolidated Statement of Financial Position

31 December 2021

HK\$ million	<i>Notes</i>	2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment	<i>11</i>	732	783
Investment properties		1,651	1,645
Goodwill		17	80
Intangible assets		3	10
Investment in an associate		-	1
Classic cars held for investment		173	100
Collectible precision devices held for investment		167	166
Other receivables		1	1
Deferred tax assets		1	1
Total non-current assets		<u>2,745</u>	<u>2,787</u>
Current assets			
Inventories		78	115
Stock of classic cars held for sale		89	89
Trade receivables	<i>12</i>	247	238
Investment in a film		80	80
Prepayments and other receivables		456	475
Financial assets at fair value through profit or loss		256	545
Pledged time deposits		40	43
Cash and cash equivalents		57	48
		<u>1,303</u>	<u>1,633</u>
Assets of a disposal group classified as held for sale		-	61
Total current assets		<u>1,303</u>	<u>1,694</u>
Total assets		<u>4,048</u>	<u>4,481</u>

Consolidated Statement of Financial Position (Continued)
31 December 2021

HK\$ million	<i>Note</i>	2021	2020
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Issued capital		87	87
Reserves		<u>1,534</u>	<u>2,051</u>
		1,621	2,138
Non-controlling interests		<u>9</u>	13
Total equity		<u>1,630</u>	<u>2,151</u>
Non-current liabilities			
Interest-bearing bank and other borrowings		274	1,418
Convertible bonds		243	240
Deferred tax liabilities		<u>22</u>	<u>22</u>
Total non-current liabilities		<u>539</u>	<u>1,680</u>
Current liabilities			
Trade payables	13	46	58
Tax payable		3	3
Other payables and accruals		322	236
Interest-bearing bank and other borrowings		<u>1,508</u>	<u>316</u>
		1,879	613
Liabilities directly associated with the assets classified as held for sale		<u>-</u>	<u>37</u>
Total current liabilities		<u>1,879</u>	<u>650</u>
Total liabilities		<u>2,418</u>	<u>2,330</u>
Total equity and liabilities		<u>4,048</u>	<u>4,481</u>
Net current (liabilities)/assets		<u>(576)</u>	<u>1,044</u>
Total assets less current liabilities		<u>2,169</u>	<u>3,831</u>

Notes:

1. BASIS OF PREPARATION

As at 31 December 2021, the Group had cash and cash equivalents and pledged time deposits with an aggregate carrying amount of HK\$97 million. As at the same date, the Group had outstanding interest-bearing bank and other borrowings with an aggregate carrying amount of HK\$1,782 million, comprising a current portion of HK\$1,508 million and a non-current portion of HK\$274 million. Among the current portion, approximately HK\$1,051 million bank borrowings originally repayable over one year and HK\$157 million bank borrowings classified as within one year or repayable on demand were classified as current liabilities in accordance with the relevant accounting standards. The classification was resulted from non-compliance of a debt covenant related to the amount of shareholders' fund under certain facilities agreements entered into by the Group with its bankers, which has been made known to the bankers by the Group before the year end date. Subsequent to the end of the reporting period, the banks have revised or waived the debt covenants and the balances repayable over one year of HK\$1,051 million were reclassified by the Group to non-current liabilities.

The financial statements were prepared based on the assumption that the Group can be operated as a going concern and the Company's directors are of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from 31 December 2021, after taking into consideration the following:

- (i) the available banking facilities of the Group;
- (ii) the estimated cash flows of the Group for the next twelve months from the end of the reporting period;
- (iii) the net proceeds from the disposal of listed equity investment held by the Group; and
- (iv) receipt of settlement payment of a legal case by the Group as detailed in note 14 of this announcement.

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, collectible precision devices held for investment, investment in a film 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 revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>COVID-19 Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

The nature and the impact of the revised HKFRSs are described below:

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

The Group had certain interest-bearing bank and other borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate (“HIBOR”) as at 31 December 2021. The Group expects that HIBOR will continue to exist and the interest rate benchmark reform has not had an impact on the Group's HIBOR-based borrowings.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the year ended 31 December 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. A reduction in the lease payments arising from the rent concessions of HK\$160,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2021. There was no impact on the opening balance of equity as at 1 January 2021.

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 investment and holding segment which represents investment and holding of properties;
- (b) the securities business segment representing the trading in securities and holding of securities, financial assets and treasury products;
- (c) 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;
- (d) Maserati importership business segment representing the import and distribution of Maserati cars and provision of after-sale services as official importer of Maserati in Hong Kong and Macau;
- (e) classic cars trading and logistics segment representing the trading and sale of classic cars and car logistics 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 stage audio, lighting and engineering operations segment representing the sale and leasing of audio and lighting equipment, and provision of technical and engineering services and metal construction work for stage performance events;

3. OPERATING SEGMENT INFORMATION (Continued)

- (i) other operations segment which is engaged in supportive business and start-up business including multimedia operations, the running of a classic car service center, artist management, magazine publication, and investment in collectible precision devices; and
- (j) the Industrial Product Business segment representing the manufacture of plastic components and trading of child products (discontinued in July 2020 (note 8)).

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 loss before tax except that non-lease-related finance costs, a loss on disposal of a joint venture, share of losses of a joint venture and an associate and head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets and 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.

3. OPERATING SEGMENT INFORMATION (Continued)

For the year ended 31 December 2021

HK\$ million	Continuing operations										Reconciliations	Total	
	Property investment and holding	Securities business	Ferrari dealership	Maserati importership	Classic cars trading and logistics	Investment in classic cars	Film operations	Stage audio, lighting and engineering operations	Other operations	Total continuing operations			
Segment revenue:													
Sales to external customers	10	-*	467	17	152	-	-	45	40	731	-	731	
Intersegment revenue	-	-	70	-	-	-	-	-	-	70	(70)	-	
Other revenue	10	-*	537	17	152	-	-	45	40	801	(70)	731	
	-	-	4	-	1	-	-	1	7	13	-	13	
	10	-*	541	17	153	-	-	46	47	814	(70)	744	
Operating profit/(loss)	6	(287)	6	(6)	(23)	-**	(4)	(78)	(34)	(420)	-	(420)	
Finance costs (other than interest on lease liabilities)										(63)	-	(63)	
Reconciled items:													
Corporate and other unallocated expenses										(37)	-	(37)	
Share of loss of an associate										(1)	-	(1)	
Loss before tax										(521)	-	(521)	
Income tax										-	-	-	
Loss for the year										(521)	-	(521)	

* Less than HK\$1 million

** Operating profit less than HK\$1 million

3. OPERATING SEGMENT INFORMATION (Continued)

For the year ended 31 December 2021 (continued)

HK\$ million	Continuing operations										Reconciliations	Total
	Property investment and holding	Securities Business	Ferrari dealership	Maserati importership	Classic cars trading and logistics	Investment in classic cars	Film operations	Stage audio, lighting and engineering operations	Other operations	Total continuing operations		
Other segment information:												
Expenditure for non-current assets	-	-	20	5	3	1	-	6	29	64	-	64
Depreciation and amortisation	(8)	-	(47)	-	(3)	-	(1)	(11)	(17)	(87)	-	(87)
Other material non-cash items:												
Fair value gains on investment properties, net	6	-	-	-	-	-	-	-	-	6	-	6
Fair value gains on classic cars held for investment	-	-	-	-	-	2	-	-	-	2	-	2
Fair value gains on collectible precision devices held for investment, net	-	-	-	-	-	-	-	-	1	1	-	1
Gain on disposal of items in property, plant and equipment	-	-	-	-	-	-	-	2	-	2	-	2
Share of loss of an associate	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Fair value (losses)/gains on financial assets at fair value through profit or loss, net	-	(287)	-	-	-	-	-	-	1	(286)	-	(286)
Gain on disposal of subsidiaries	-	-	-	-	-	-	-	1	-	1	-	1
Impairment of goodwill	-	-	-	-	-	-	-	(63)	-	(63)	-	(63)
Impairment of trade receivables	-	-	-	-	-	-	-	(2)	-	(2)	-	(2)
Impairment of other receivables	-	-	-	-	-	-	-	(4)	-	(4)	-	(4)
Segment assets	1,657	790	232	60	150	177	84	70	342	3,562	-	3,562
Reconciled items:												
Corporate and other unallocated assets	-	-	-	-	-	-	-	-	-	-	486	486
Total assets	1,657	790	232	60	150	177	84	70	342	3,562	486	4,048
Segment liabilities	956	315	406	40	69	-	-	55	96	1,937	-	1,937
Reconciled items:												
Corporate and other unallocated liabilities	-	-	-	-	-	-	-	-	-	-	481	481
Total liabilities	956	315	406	40	69	-	-	55	96	1,937	481	2,418

3. OPERATING SEGMENT INFORMATION (Continued)

For the year ended 31 December 2020

HK\$ million	Continuing operations									Discontinued operation		Total	
	Property investment and holding	Securities business	Ferrari dealership	Maserati importership	Classic cars trading and logistics	Investment in classic cars	Film operations	Stage audio, lighting and engineering operations	Other operations	Total continuing operations	Industrial Product Business		Reconciliations
Segment revenue:													
Sales to external customers	11	-	413	-	26	-	-	20	35	505	11	-	516
Intersegment sales	-	-	-	-	-*	-	-	-	-	-*	-	(-*)	-
	11	-	413	-	26	-	-	20	35	505	11	(-*)	516
Other revenue	-	-	10	-	3	-	-	2	14	29	-	-	29
	11	-	423	-	29	-	-	22	49	534	11	(-*)	545
Operating loss	(84)	(1)	(22)	-	(9)	(14)	(7)	(49)	(25)	(211)	(3)	-	(214)
Finance costs (other than interest on lease liabilities)										(73)	-	-	(73)
Reconciled items:													
Corporate and other unallocated expenses										(53)	-	-	(53)
Loss on disposal of a joint venture										(346)	-	-	(346)
Share of loss of a joint venture										(14)	-	-	(14)
Share of loss of an associate										(1)	-	-	(1)
Loss before tax										(698)	(3)	-	(701)
Income tax credit										5	-	-	5
Loss for the year										(693)	(3)	-	(696)

* Less than HK\$1 million

3. OPERATING SEGMENT INFORMATION (Continued)

For the year ended 31 December 2020 (continued)

HK\$ million (Restated)	Continuing operations										Discontinued operation		Total
	Property investment and holding	Securities business	Ferrari dealership	Maserati importership	Classic cars trading and logistics	Investment in classic cars	Film operations	Stage audio, lighting and engineering operations	Other operations	Total continuing operations	Industrial Product Business	Reconciliations	
Other segment information:													
Expenditure for non-current assets	-	-	15	-	1	-	-	2	2	20	-	-	20
Depreciation and amortisation	(8)	(1)	(47)	-	(3)	-	(1)	(16)	(5)	(81)	(1)	-	(82)
Interest in an associate	-	-	-	-	-	-	-	-	-	-	-	1	1
Other material non-cash items:													
Fair value losses on investment properties, net	(84)	-	-	-	-	-	-	-	-	(84)	-	-	(84)
Fair value losses on classic cars held for investment, net	-	-	-	-	-	(7)	-	-	-	(7)	-	-	(7)
Fair value losses on collectible precision devices held for investment, net	-	-	-	-	-	-	-	-	(1)	(1)	-	-	(1)
Share of loss of a joint venture	-	-	-	-	-	-	-	-	-	-	-	(14)	(14)
Share of loss of an associate	-	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Loss on disposal of a joint venture	-	-	-	-	-	-	-	-	-	-	-	(346)	(346)
Impairment of goodwill	-	-	-	-	-	-	-	(9)	-	(9)	-	-	(9)
Impairment of trade receivable	-	-	(1)	-	-	(1)	-	(8)	(2)	(12)	-	-	(12)
Segment assets	1,652	1,087	384	-	111	113	85	184	342	3,958	-	-	3,958
Reconciled items:													
Corporate and other unallocated assets	-	-	-	-	-	-	-	-	-	-	-	523	523
Total assets	1,652	1,087	384	-	111	113	85	184	342	3,958	-	523	4,481
Segment liabilities	862	398	456	-	12	-	-	94	94	1,916	-	-	1,916
Reconciled items:													
Corporate and other unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	414	414
Total liabilities	862	398	456	-	12	-	-	94	94	1,916	-	414	2,330

Geographical information

(a) Revenue from external customers

HK\$ million	2021	2020
Continuing operations		
Hong Kong, Macau and Mainland	612	503
Rest of the world	119	2
	<u>731</u>	<u>505</u>
Discontinued operation		
Hong Kong, Macau and Mainland	-	5
Rest of the world	-	6
	<u>-</u>	<u>11</u>
	<u>731</u>	<u>516</u>

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

(b) Non-current assets

HK\$ million	2021	2020
Hong Kong, Macau and Mainland	2,623	2,736
Rest of the world	120	49
	<u>2,743</u>	<u>2,785</u>

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

Information about major customers

For the years ended 31 December 2021 and 2020, no single customer contributed 10% or more of the Group's total revenue from continuing operations.

4. REVENUE, OTHER INCOME AND GAINS, NET

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

HK\$ million	2021	2020
Revenue		
<i>Revenue from contracts with customers</i>		
Classic cars trading and logistics service income	152	26
Income from Ferrari dealership	467	413
Income from Maserati importership	17	-
Provision and leasing of stage audio, lighting equipment and engineering services	45	20
Income from other operations	40	35
	<u>721</u>	<u>494</u>
<i>Revenue from other sources</i>		
Gross rental income from investment properties, fixed payments	10	11
	<u>731</u>	<u>505</u>
Other income and gains, net		
Fair value gains on investment properties, net	6	-
Fair value gains on classic cars held for investment, net	2	-
Fair value gain on collectible precision devices held for investment, net	1	-
Gain on disposal of items of property, plant and equipment	2	-
Gain on disposal of subsidiaries	1	-
Government grants*	-	13
COVID-19 related rent concessions from lessors	-**	4
Others	13	12
	<u>25</u>	<u>29</u>

* There are no unfulfilled conditions on contingencies relating to these grants.

** Less than HK\$1 million

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2021

HK\$ million	Continuing operations					Total continuing operations	Discontinued operation	Total
	Ferrari dealership	Maserati importership	Classic cars trading and logistics	Stage audio, lighting and engineering operations	Other operations		Industrial Product Business	
Type of goods or services								
Sale of classic cars	395	4	119	-	-	518	-	518
Sale of other goods	-	-	-	2	1	3	-	3
Sale and leasing of stage audio and lighting equipment	-	-	-	42	-	42	-	42
Provision of other services	72	13	33	1	39	158	-	158
Total revenue from contracts with customers	467	17	152	45	40	721	-	721
Geographical markets								
Hong Kong, Macau and Mainland	467	17	33	45	40	602	-	602
Rest of the world	-	-	119	-	-	119	-	119
Total revenue from contracts with customers	467	17	152	45	40	721	-	721
Timing of revenue recognition								
Goods transferred at a point in time	395	4	119	2	1	521	-	521
Services transferred over time	72	13	33	43	39	200	-	200
Total revenue from contracts with customers	467	17	152	45	40	721	-	721

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (continued)

For the year ended 31 December 2020

HK\$ million	Continuing operations					Discontinued operation		Total
	Ferrari dealership	Maserati importership	Classic cars trading and logistics	Stage audio, lighting and engineering operations	Other operations	Total continuing operations	Industrial Product Business	
Type of goods or services								
Sale of classic cars	345	-	3	-	-	348	-	348
Sale of plastic components and child products	-	-	-	-	-	-	11	11
Sale of other goods	-	-	-	-	8	8	-	8
Sale and leasing of stage audio and lighting equipment	-	-	-	18	-	18	-	18
Provision of other services	68	-	23	2	27	120	-	120
Total revenue from contracts with customers	413	-	26	20	35	494	11	505
Geographical markets								
Hong Kong, Macau and Mainland	413	-	24	20	35	492	5	497
Rest of the world	-	-	2	-	-	2	6	8
Total revenue from contracts with customers	413	-	26	20	35	494	11	505
Timing of revenue recognition								
Goods transferred at a point in time	345	-	3	-	8	356	11	367
Services transferred over time	68	-	23	20	27	138	-	138
Total revenue from contracts with customers	413	-	26	20	35	494	11	505

Revenue from contracts with customers (Continued)

(a) *Disaggregated revenue information (continued)*

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

HK\$ million	2021	2020
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of Ferrari cars	<u>132</u>	<u>101</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 Maserati cars

The performance obligation is satisfied upon delivery of Maserati 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 logistics 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 completion of services.

Sale of stage audio and lighting equipment

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

Leasing of stage audio and lighting equipment and provision of stage technical and 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.

Revenue from contracts with customers (Continued)

(b) Performance obligations (continued)

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.

All the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised within one year.

5. FINANCE COSTS

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

HK\$ million	2021	2020
Interest on bank and other loans	48	58
Interest on convertible bonds	15	15
Interest on lease liabilities	1	3
Total interest expense on financial liabilities not at fair value through profit or loss	64	76

6. LOSS BEFORE TAX

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

HK\$ million	2021	2020
Cost of classic cars sold	117	2
Cost of Ferrari dealership business	393	368
Cost of Maserati importership business	11	-
Cost of automotive services provided	18	13
Cost of sale and leasing of stage audio and lighting equipment and provision of stage technical engineering services	38	32
Cost of other operations	26	25
Depreciation of property, plant and equipment (including right-of-use assets)	80	74
Amortisation of intangible assets	7	7
Auditors' remuneration	3	3
Employee benefit expense (excluding directors' and chief executive's remuneration)		
Wages and salaries	74	80
Pension scheme contributions	3	3
	<u>77</u>	<u>83</u>
Foreign exchange differences, net	-*	-*
Loss on disposal of a joint venture	-	346
Gain on disposal items of property, plant and equipment	(2)	-
Gain on disposal of subsidiaries	(1)	-
Fair value (gains)/losses on investment properties, net	(6)	84
Fair value (gains)/losses on classic cars held for investment, net	(2)	7
Fair value (gains)/losses on collectible precision devices held for investment, net	(1)	1
Impairment of goodwill	63	9
Impairment of trade receivables	2	12
Impairment of other receivables	4	-
Fair value losses on financial assets at fair value through profit or loss, net	<u>286</u>	<u>-</u>

* Less than HK\$1 million

7. INCOME TAX

No provision for Hong Kong profits tax has been made in respect of the year ended 31 December 2021 as the Group did not generate any assessable profits arising in Hong Kong during the year. Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year ended 31 December 2020. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

HK\$ million	2021	2020
Current – Hong Kong		
Charge for the year	-	1
Current – Mainland	-*	-*
Deferred	-	(6)
	<hr/>	<hr/>
Total tax credit for the year	-*	(5)

** Less than HK\$1 million*

8. DISCONTINUED OPERATION

The Company terminated the Industrial Product Business on 24 July 2020.

The results of the discontinued operation for the prior year are presented below:

HK\$ million	2020
Revenue	11
Other income and gain, net	-
Expenses	(14)
Loss before tax from the discontinued operation	(3)
Income tax	-
	<hr/>
Loss for the year from the discontinued operation	(3)
	<hr/>
Loss attributable to:	
Owners of the parent	(3)
Non-controlling interests	-
	<hr/>
	(3)
	<hr/>
Loss per share from the discontinued operation:	
Basic and diluted (HK\$)	-

8. DISCONTINUED OPERATION (continued)

The calculations of the basic and diluted loss per share from the discontinued operation is based on:

HK\$ million	2020
Loss attributable to ordinary equity holders of the parent from the discontinued operation, used in basic and diluted loss per share calculation	<u>(3)</u>
	Number of Shares
	2020
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	<u>873,111,452</u>

9. DIVIDENDS

The Board did not recommend the payment of a final dividend for the year 2021 (2020: Nil). The Board did not recommend and pay an interim dividend for 2021 (2020 interim dividend: Nil). No dividend for the whole year of 2021 was recommended (2020: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

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

HK\$ million	2021	2020
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation:		
From continuing operations	(517)	(686)
From a discontinued operation	-	(3)
	<u>(517)</u>	<u>(689)</u>
Interest on convertible bonds	<u>15</u>	<u>15</u>
Loss attributable to ordinary equity holders of the parent before interest on convertible bonds	<u>(502)</u>	<u>(674)</u>
Attributable to:		
Continuing operations	(502)	(671)
Discontinued operation	-	(3)
	<u>(502)</u>	<u>(674)</u>

	Number of Shares	
	2021	2020
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	873,111,452	873,111,452
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 loss per share calculation	<u>1,220,611,452</u>	<u>1,220,611,452</u>

Because the diluted loss per share amount is decreased when taking convertible bonds into account, the convertible bonds had an anti-dilutive effect on the basic loss per share for the year and were ignored in the calculation of diluted loss per share. Therefore, the diluted loss per share amounts are based on the loss for the year and the loss attributable to continuing operations of HK\$517 million (2020: HK\$689 million) and HK\$517 million (2020: HK\$686 million) respectively, and the weighted average number of ordinary shares of 873,111,452 (2020: 873,111,452) in issue during the year.

11. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2021, the Group acquired fixed assets and right-of-use assets of approximately HK\$63 million (2020: HK\$19 million) and disposed of fixed assets of HK\$34 million (2020: HK\$18 million).

12. 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	2021		2020	
	Balance	Percentage	Balance	Percentage
Within 180 days	36	15	26	11
181 to 365 days	4	2	3	1
1 to 2 years	1	-	8	3
Over 2 years	206	83	201	85
	<u>247</u>	<u>100</u>	<u>238</u>	<u>100</u>

The credit term given by the Group to its customers is generally one month. The credit term granted to the customers of trading securities is up to 365 days (2020: 365 days). Each customer has a maximum credit limit.

13. 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	2021		2020	
	Balance	Percentage	Balance	Percentage
Current to 30 days	13	28	2	3
31 to 60 days	11	24	29	50
61 to 90 days	12	26	2	3
Over 90 days	10	22	25	44
	<u>46</u>	<u>100</u>	<u>58</u>	<u>100</u>

The trade payables were interest free, unsecured and were normally settled on a 60-day term.

14. EVENTS AFTER THE REPORTING PERIOD

The following is a summary of legal proceedings initiated by the Group against Party A and Party B :

- (a) Back in December 2013 and March 2014, Goldbay Fortis Limited (“**GF**”), an indirect wholly-owned subsidiary of the Company, initiated legal proceedings respectively against Party A and Party B (Party A is an indirect wholly-owned subsidiary of Party B) in relation to the intended sale and purchase of a commercial development project in Hong Kong and 49% interest of the car park development at the same premises (collectively the “**Legal Actions**”).
- (b) By a Judgment handed down by the Court of First Instance on 16 June 2021 (the “**Judgment**”), the Court found in favour of GF, dismissed the counter-claims made by Party A and Party B, and awarded GF damages, interests and costs against Party A and Party B (on a joint and several basis).
- (c) Subsequently, Party A and Party B have lodged an appeal against the Judgment (the “**Appeals**”) which Appeals have been listed to be heard before the Court of Appeal in December 2022.
- (d) Through amicable settlement discussions/negotiations, GF and Party A and Party B have come to an agreement in full and final settlement of the Legal Actions and all related matters (inclusive of the Appeals) by payment of an all-inclusive settlement sum of HK\$93,250,000 to GF.
- (e) Pursuant to the settlement agreement dated 24 March 2022 executed between GF, Party A and Party B, all parties have been fully and absolutely discharged from all or any liabilities and claims and/or counterclaims, remedies, cause of action of whatever nature, interests, costs, rights and entitlements arising out of or in connection with the Legal Actions, all related applications and Appeals as well as the subject matter of the Legal Actions.

As a result of the settlement of the aforesaid legal proceedings, it is expected that the Group will recognise an unaudited gain of approximately HK\$93 million in the profit and loss for the year ending 31 December 2022.

GLOSSARY OF TERMS

General Terms

“Blackbird Concessionaires”	Blackbird Concessionaires Limited, a company incorporated in Hong Kong with limited liability, being a wholly-owned subsidiary of the Company under the Blackbird Group
“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 collectible precision devices and other new business ventures
“Board”	The board of Directors
“CG Code”	The Corporate Governance Code and Corporate Governance Report as contained 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
“Child Products Trading Business”	The business of trading and sale of the Child Products previously engaged by the Group
“China” or “PRC”	The People’s Republic of China
“Company”	CCT Fortis Holdings Limited (stock code: 00138), 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
“Director(s)”	The director(s) of the Company
“GBA”	GBA Holdings Limited (stock code: 00261), a company incorporated in Bermuda with limited liability, the shares of which are listed in the Main Board of the Stock Exchange
“GBA Group”	GBA and its subsidiaries, from time to time
“Group”	The Company and its subsidiaries, from time to time
“HK” or “Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Industrial Product Business”	The businesses of manufacturing and sale of plastic components and the Child Products Trading Business, previously carried out by the Group, which was discontinued in July 2020

“INED(s)”	Independent non-executive Director(s)
“Joint Venture”	the joint venture which is engaged in property development business in Xinjiang, China, in which the Company acquired an equity interest of 50.5% in 2018
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mainland”	The mainland of the PRC
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“N/A”	Not applicable
“Share(s)”	Ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	Holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US”	The United States of America
“US\$”	US dollar(s), the lawful currency of the US
“RMB”	Renminbi, the lawful currency of China
“%”	Per cent.

Financial Terms

“Net Current Assets/ (Liabilities)”	Current assets less current liabilities
“Loss Per Share”	Loss 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 lease liabilities) divided by total capital employed (i.e. total Shareholders’ fund plus total borrowings)
“Operating profit/(loss)”	Operating profit/(loss) before interest, tax and unallocated income and expenses