THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in CCT Fortis Holdings Limited, you should at once hand this circular, and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

CCT 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)

VARIATION OF TERMS IN RELATION TO A VERY SUBSTANTIAL DISPOSAL IN RELATION TO DISPOSAL OF SHARES IN GBA HOLDINGS LIMITED & NOTICE OF SPECIAL GENERAL MEETING

A letter from the Board is set out on pages 6 to 21 of this circular.

A notice convening the SGM to be held at 18/F., CCT Telecom Building, 11 Wo Shing Street, Fotan, Shatin, New Territories, Hong Kong on Monday, 3 October 2022 at 10:00 a.m. is set out in "Appendix VI" to this circular. A form of proxy for use by the Shareholders at the SGM is enclosed with this circular. Whether or not you intend to attend and vote at the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable but in any event, not later than 48 hours before the time appointed for holding the SGM (i.e. not later than 10:00 a.m. on Saturday, 1 October 2022). Such form of proxy for use at the SGM is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cct-fortis.com/eng/investor/announcements.php). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM should you so wish.

PRECAUTIONARY MEASURES FOR THE SGM

Please see "Appendix VII" to this circular for measures being taken to try to prevent and control the spread of the Novel Coronavirus (COVID-19) at the SGM, including:

(i) compulsory body temperature checks for each attendee

(ii) compulsory submission of health declaration form for each attendee

(iii) compulsory wearing of a surgical face mask for each attendee

(iv) no distribution of corporate gift and no serving of drinks and refreshment

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the SGM venue. The Company strongly recommends Shareholders to appoint the chairman of the SGM as their proxy to vote on the relevant resolution(s) at the SGM as an alternative to attending the SGM in person.

15 September 2022

CONTENTS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

"2021 Circular"	the circular of the Company dated 28 December 2021 in relation to the Disposal
"Agreement"	the sale and purchase agreement dated 15 November 2021, as amended and supplemented by the Supplemental Agreements, entered into by and among the Vendors, the Purchaser, the Company and Mr. Ong in relation to the Disposal
"Blackbird Group"	the Blackbird Group established by the Company, which is principally engaged in multi-faceted automotive business and investment and sale of collectible precision devices
"Board"	the board of Directors
"Business Day"	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m. and is not lowered at or before 5:00 p.m. or on which a "black" rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m. and is not discontinued at or before 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
"Bye-law(s)"	the memorandum of continuance and bye-law(s) of the Company, as amended from time to time
"Capital Force"	Capital Force International Limited, a company incorporated in the British Virgin Islands with limited liability, the shares in which are owned as to 51% by Mr. Mak and 49% by Mr. Mak Chun Kiu, a son of Mr. Mak, beneficially
"Capital Winner"	Capital Winner Investments Limited, a company incorporated in the British Virgin Islands with limited liability, the shares in which are owned as to 51% by Mr. Mak and 49% by Mr. Mak Chun Kiu, a son of Mr. Mak, beneficially
"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)
"Completion"	completion of the Disposal

"Completion Date"	the Business Day immediately following the date of SGM (subject to the resolution(s) thereunder being approved by the Shareholders)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	HK$250,000,000, being the consideration for the Disposal under the Agreement
"Director(s)"	director(s) of the Company from time to time
"Disposal"	the disposal of the Sale Shares as contemplated under the Agreement
"Fifth Supplemental Agreement"	the fifth supplemental and joinder agreement dated 16 May 2022 entered into among the Vendors, the Purchaser, the Company and Mr. Ong, further particulars of which are set out in the announcement of the Company dated 16 May 2022
"First Vendor"	CCT Telecom Securities Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"Fourth Supplemental Agreement"	the fourth supplemental agreement dated 6 May 2022 entered into among the Vendors, the Purchaser and the Company, further particulars of which are set out in the announcement of the Company dated 6 May 2022
"Group"	the Company and its subsidiaries from time to time
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Latest Practicable Date"	Tuesday, 13 September 2022, being the latest practicable date prior to printing of this circular for the purpose of ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"Mr. Chu"	Mr. Chu Hin Ming Alfonso

"Mr. Mak"	Mr. Mak Shiu Tong, Clement, the chairman, the chief executive officer, an executive Director and the controlling shareholder of the Company
"Mr. Ong"	Mr. Ong Chor Wei
"New Capital"	New Capital Industrial Limited, a company incorporated in the British Virgin Islands, the shares in which are owned as to 51% by Mr. Mak and 49% by Mr. Mak Chun Kiu, a son of Mr. Mak, beneficially
"PRC"	the People's Republic of China
"Promissory Notes"	the promissory notes in the aggregate principal amount of HK$150,000,000 to be issued by the Purchaser in the amounts of HK$120,000,000 to the First Vendor (or its nominee) and HK$30,000,000 to the Second Vendor (or its nominee), respectively, or as allocated in such principal amounts to each of the Vendors (or their nominees) as further notified by the Vendors to the Purchaser, for settlement of the Consideration in part
"Purchaser"	Top Pioneer Holdings Limited, a company incorporated in Hong Kong with limited liability
"Remaining Group"	the Group excluding the investment in the Sale Shares on the assumption that completion of the Disposal had taken place
"Revised Terms"	the amendments and supplements to the terms of the Agreement subsequent to the issue of the 2021 Circular, as contemplated under the Supplemental Agreements
"Sale Shares"	536,671,000 shares in the Target Company (equivalent to 53,667,100,000 shares in the Target Company prior to the Share Consolidation), representing approximately 29.19% of all the issued shares of the Target Company
"Second Supplemental Agreement"	the second supplemental agreement to the Agreement dated 26 January 2022 entered into among the Vendors, the Purchaser and the Company, further particulars of which are set out in the announcement of the Company dated 26 January 2022
"Second Vendor" or "Ever Sino"	Ever Sino Group Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened and held at 18/F., CCT Telecom Building, 11 Wo Shing Street, Fotan, Shatin, New Territories, Hong Kong on Monday, 3 October 2022 at 10:00 a.m. for the purpose of considering and, if thought fit, approve, the Disposal
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Share Charges"	(i) a first-ranking share charge over the entire issued share capital of the Purchaser and (ii) a first-ranking share charge over 50% of the Sale Shares to be held by the Purchaser
"Share Consolidation"	the consolidation of every one hundred (100) shares of par value of HK$0.01 each in the issued share capital of the Target Company into one (1) consolidated share of par value of HK$1.00, effective 20 July 2022
"Shareholders"	holders of the issued Shares
"Sixth Supplemental Agreement"	the sixth supplemental agreement to the Agreement dated 4 July 2022 entered into among the Vendors, the Purchaser, the Company and Mr. Ong, further particulars of which are set out in the announcement of the Company dated 4 July 2022
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Agreement"	the supplemental agreement to the Agreement dated 14 December 2021 entered into between the Vendors, the Purchaser and the Company, further particulars of which are set out in the announcement of the Company dated 14 December 2021
"Supplemental Agreements"	together, the Supplemental Agreement, the Second Supplemental Agreement, the Third Supplemental Agreement, the Fourth Supplemental Agreement, the Fifth Supplemental Agreement and the Sixth Supplemental Agreement
"Target Company"	GBA 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)
"Target Group"	the Target Company and its subsidiaries from time to time

"Third Supplemental Agreement"	the third supplemental agreement to the Agreement dated 15 March 2022 entered into among the Vendors, the Purchaser and the Company, further particulars of which are set out in the announcement of the Company dated 15 March 2022
"Trading Day"	a day on which the Stock Exchange is open for dealing business in Hong Kong
"Vendors"	the First Vendor and the Second Vendor
"Xinjiang Disposal Agreement"	the third agreement dated 30 November 2020 entered into between Goldbay Group Holdings Limited, Riches Rise Limited, Ever Sino, Top Flame Limited, CCT Capital International Holdings Limited, 新疆星凱房地產開發有限公司 (Xinjiang Xingkai Real Estate Development Limited), Madam Han Zhiying and 庫爾勒市龍興實業有限責任公司 (Korla City Longxing Industrial Co., Ltd) in relation to the disposal of a 50.5% equity interest in 新疆星凱房地產開發有限公司 (Xinjiang Xingkai Real Estate Development Limited) at a consideration of HK$250,000,000, further particulars of which are set out in the announcement of the Company dated 15 February 2022
"%"	per cent.

CCT 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)

Executive Directors:
Mak Shiu Tong, Clement
Cheng Yuk Ching, Flora

Independent non-executive Directors:
Chen Li
Chow Siu Ngor
Lau Ho Kit, Ivan

Registered office:
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Head office and principal place of business in Hong Kong:
18/F., CCT Telecom Building
11 Wo Shing Street, Fotan
Shatin, New Territories
Hong Kong

15 September 2022

To the Shareholders

Dear Sir or Madam,

VARIATION OF TERMS IN RELATION TO
A VERY SUBSTANTIAL DISPOSAL
IN RELATION TO DISPOSAL OF SHARES IN
GBA HOLDINGS LIMITED
&
NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

References are made to the announcements of the Company dated 16 November 2021, 10 December 2021, 14 December 2021, 20 December 2021, 26 January 2022, 15 March 2022, 6 May 2022, 16 May 2022, 4 July 2022, 28 July 2022, 18 August 2022, 24 August 2022, 31 August 2022 and the 2021 Circular in relation to the Disposal.

On 15 November 2021, the Vendors, being indirect wholly-owned subsidiaries of the Company, the Purchaser and the Company as guarantor, entered into the Agreement, pursuant to which the Vendors conditionally agreed to sell the Sale Shares to the Purchaser at a total consideration of HK$250,000,000. The Disposal was approved by the Shareholders at the special general meeting of the Company convened on 17 January 2022. Subsequently, the parties agreed to amend and supplement the terms of the Agreement.

The purpose of this circular is to provide you with, among other things, (i) details of the principal terms of the Agreement and the reasons for the variation of the terms of the Agreement; (ii) the financial information of the Group; (iii) the financial information of the Target Company; (iv) the notice convening the SGM; and (v) other information required to be disclosed pursuant to the Listing Rules.

THE AGREEMENT

Set out below is a summary of the principal terms of the Agreement:

Subject Matter

The Sale Shares represent a total of approximately 29.19% of all the issued shares of the Target Company.

Consideration

The Consideration was HK$250,000,000.

As at the Latest Practicable Date, HK$60,000,000 as deposits had been paid by the Purchaser and the balance of HK$190,000,000 would be payable as follows:

(a) HK$40,000,000 shall be payable by the Purchaser to the First Vendor or its nominee (or to each of the Vendors or their nominees in such proportion to be further notified by the Vendors to the Purchaser), upon Completion; and

(b) HK$150,000,000 shall be settled by the Promissory Notes to be issued by the Purchaser to the Vendors (or their nominee(s)), upon Completion.

The Promissory Notes shall carry interest at a coupon rate of 5% per annum, with maturity date on the date of the first anniversary from the Completion Date. The payment and performance of the Promissory Notes by the Purchaser shall be secured by the Share Charges. The obligations of the Purchaser under the Promissory Notes and the Share Charges will be guaranteed by Mr. Ong. Under the Fifth Supplemental Agreement, Mr. Ong and the Purchaser agreed that for so long as the Promissory Notes remain outstanding, unless prior written consent has been obtained from the Vendors, all and any income received by the Purchaser, including but not limited to any proceeds from the disposal of, as well as cash dividends, distributions, other payments or moneys received and/or held by the Purchaser in respect of the Sale Shares, and/or any other assets of the Purchaser shall be immediately applied towards repayment of the Promissory Notes to the Vendors.

Conditions Precedent

Completion is subject to and is conditional upon the satisfaction or waiver (as applicable) of each of the following conditions precedent:

(i) the ordinary shares of the Target Company remaining listed and traded on Main Board of the Stock Exchange at all times from the date of the Agreement to the Completion Date, subject to any suspension or halt of trading in connection with the Agreement and the transactions hereunder, and subject to any other suspension or halt of trading that does not last for more than fourteen (14) consecutive Trading Days;

(ii) it has not come to the attention of the Purchaser that any material adverse change has occurred or is likely to occur prior to the Completion Date;

(iii) the Purchaser being satisfied with the results of the due diligence review;

(iv) if warranties remaining true and accurate and not misleading in all respects and all the undertakings under the Agreement having been complied with by the Vendors;

(v) the Shareholders having approved the entering into of the Agreement and the transaction contemplated thereunder in accordance with the requirements of the Listing Rules;

(vi) all necessary consents, authorisations, licenses and approvals for and in connection with the sale and purchase of the Sale Shares having been obtained by the Vendors; and

(vii) all necessary consents, authorisations, licenses and approvals for and in connection with the sale and purchase of the Sale Shares having been obtained by the Purchaser.

The Purchaser may at any time waive the foregoing conditions set out in items (i), (ii), (iii) and (iv) above. If any of the foregoing conditions precedent has not been satisfied, or, as the case may be, waived by the Purchaser within 120 days from the date of the Agreement or such later date as the Purchaser may agree, the Agreement shall cease and determine (save and except the surviving provisions which shall continue to have full force and effect) and in which event the Purchaser shall within five Business Days of the determination of the Agreement transfer back, at nil consideration, to the Vendors the Sale Shares or any part thereof delivered to the Purchaser and subject to such transfer, the Vendors shall, after deduction of all fees, costs and expenses incurred by the Vendors in connection with the transactions contemplated under the Agreement, refund to the Purchaser the deposit monies actually received (without interest) to the Purchaser within five Business Days of the determination of the Agreement and neither party shall have any obligations and liabilities hereunder save for the surviving provisions and any antecedent breaches of the terms hereof.

As the Latest Practicable Date, conditions (iii) and (vii) have been satisfied.

Other Undertaking

Pursuant to the Agreement, the Vendors agreed and undertook in favour of the Purchaser to procure the holders of 10,914,993,990 Share Options (prior to Share Consolidation) to surrender their respective Share Options for cancellation, and, if necessary, to procure the necessary board resolutions to be duly passed to effectuate the same, on or before Completion. All the holders of the Share Options have indicated that they will surrender their respective Share Options prior to Completion without any compensation payable to them.

As at the Latest Practicable Date, 74,699,939 of the above Share Options (following Share Consolidation) remain outstanding, details of which are as follows:

Share Options Holders	Current Capacity in the Target Company	No. of Share Options (after Share Consolidation)
Mak Shiu Tong, Clement	–	26,200,000
Cheng Yuk Ching, Flora	Consultant	34,450,000
Chow Siu Ngor	–	350,000
Lau Ho Kit, Ivan	–	350,000
Tam King Ching, Kenny	Independent non-executive director	350,000
Other eligible participant	–	12,999,939
Total		74,699,939

COMPLETION

Completion shall take place on the Business Day immediately following the SGM, subject to the resolution proposed under the SGM having been approved by the Shareholders.

As at the Latest Practicable Date, out of the Sale Shares, 180,000,000 Shares, representing approximately 9.79% of all the issued shares of the Target Company, have been transferred by the Second Vendor to the Purchaser. The balance of the Sale Shares will be transferred to the Purchaser at Completion.

Upon Completion, the Vendors will cease to have any shareholding interest in the Target Company.

REASONS AND BENEFITS OF THE AGREEMENT

As stated in the 2021 Circular, the Directors consider that it was a good opportunity for the Group to realise its investment in the Target Company so as to better allocate the Group's resources to focus on the other principal businesses of the Group. The Disposal would generate more cash flow of the Group and enhance the financial position of the Group.

The Company was informed by the Purchaser that due to the recent outbreak of the new wave of the COVID-19 pandemic in the beginning of 2022 and the consequential preventative and other measures imposed by different governmental authorities, there have been dramatic changes to the macro environment and general economy, which led to tighter credit control of financial institutions and the continued delay and disruption in various administrative procedures (including banking procedures). As a result, the Purchaser was not able to arrange its financing for the full payment of the consideration as originally contemplated under the Agreement.

According to the Purchaser, the Consideration was originally to be partially financed by its then shareholders, namely Mr. Ong and Mr. Chu, who held the Purchaser in equal shares at the time when the Agreement was first entered into. Mr. Chu originally planned to source his funding from a financier based in Japan. The Purchaser has stated to the Board that since December 2021, there were various internal communications and administrative obstacles on the part of this Japanese financier due to another wave of outbreak of COVID-19 epidemic in Japan, which caused serious delay and disruption in bank procedures (in particular, travel restrictions which caused difficulties in physical exchange of original documents and face-to-face verification requirements on withdrawal or transmission of substantial amounts of money, as required by the bank). The delay had been further intensified by the hospitalisation of one of the members of senior management of the Japanese financier due to COVID-19, which resulted in significant disturbance on the internal funding approval process.

The Purchaser stated that it has been working to complete the Disposal and avoid further delay. Given that Mr. Chu was not able to access his source of funding for consummating the Disposal, in around May 2022, Mr. Chu and Mr. Ong agreed that Mr. Chu shall transfer all his shareholding in the Purchaser to Mr. Ong, such that Mr. Ong became the sole shareholder of the Purchaser.

Following the acquisition of shareholdings in the Purchaser in May 2022, Mr. Ong proceeded to identify alternative sources of funding in Hong Kong, in order to replace the funding for the portion of the consideration that should have been contributed by Mr. Chu.

As advised by Mr. Ong, as at the Latest Practicable Date, Mr. Ong has received indications from various financiers in providing funding in the amount of HK$150 million to the Purchaser and Mr. Ong. While Mr. Ong has been in active negotiations with those potential financiers to finalise the terms and conditions of the financing, Mr. Ong expected that more time would still be required to conclude the relevant finance documents. As such, the parties agreed that the balance of the consideration of HK$150 million would be settled by the guaranteed and secured Promissory Notes upon completion.

The Purchaser has confirmed to the Company that it has funds readily available to settle the Consideration in part in the amount of HK$40,000,000 upon Completion with the balance to be satisfied by the Promissory Notes. Furthermore, the Purchaser was confident that it would be able to redeem the principal amount of the Promissory Notes and the interests accrued when they fall due. In order to fortify the Purchaser's obligations under the Promissory Notes, it was also agreed that the Promissory Notes will be secured by the Share Charges and the obligations of the Promissory Notes and the Share Charges will be guaranteed by Mr. Ong.

After careful consideration of the following factors, the Board considered that it is in the best interest of the Company and the Shareholders as a whole to accept the variations to the terms of the Agreement and continue to proceed with the Disposal as contemplated under the Agreement:

(i) Performance of the Target Company

In recent years, the Target Company has been in a loss position due to (a) the difficult operating environment for its principal businesses; (b) the Chinese Government's continuing tightened policies on residential properties which affect the Target Company's property development business in China; and (c) the COVID-19 pandemic. The Target Group is in the principal businesses of property development and investment in mainland China and finance business in Hong Kong. Since the second half of 2021, the property development sector has entered into a period of adjustment and the development of the Target Group's property development and investment is uncertain. In Hong Kong, as recently announced by the Hong Kong government, the economy in Hong Kong has shrunk 1.3% in the second quarter of 2022 and the economic performance in the first half of 2022 was worse than expected and the Hong Kong government has revised the real GDP (Gross Domestic Product) growth forecast for 2022 down. This may in turn have an adverse impact on the Target Group's finance business. It is unlikely that the performance of the Target Company will improve in the near future. On the contrary, the business environment in which the Target Group operates may deteriorate.

(ii) Availability of other potential purchasers

The Board had been looking for potential purchasers since June 2021 and the Purchaser was the only willing purchaser for the Sale Shares identified by the Board. The Board considered that the search for potential purchasers for the Sale Shares was not very successful because the Sale Shares did not represent a controlling stake in the Target Company. Since the Purchaser indicated to the Company that it was having difficulty in making deposit payments as originally scheduled, the Board had attempted to look for alternative purchasers. The Board had held discussions with five potential alternative purchasers, including investors from mainland China, Ukraine, Singapore and Korea. However, the offers from these potential purchasers were unattractive, valuing the Sale Shares at or below HK$150,000,000 and when requested, no potential purchasers were able to provide deposit or earnest monies. In light of the recent general continued weak performance of the Hong Kong stock market, the Board considers that it would not be able to find another serious purchaser for the Sale Shares.

(iii) Market value of the Sale Shares

Prior to the Share Consolidation, the shares of the Target Company had been traded at the lowest possible quoted price of HK$0.01 per share for a long period of time and the trading volume had been low. The Share Consolidation became effective on 20 July 2022. On 20 July 2022, the trading price of the shares of the Target Company closed at HK$0.092 per share. For the period from 20 July 2022 to the Latest Practicable Date, the closing prices per share for the shares of the Target Company as quoted on the daily quotation sheet of the Stock Exchange ranged from HK$0.068 to HK$0.106. This implied a market value of the Sale Shares in the range of HK$36,493,628 to HK$56,887,126.

Under the Agreement, the Company will have received a cash payment of HK$100,000,000 for the Sale Shares up to Completion Date and such cash payment alone will far exceed the prevailing market value of the Sale Shares. In addition to the cash payment of HK$100,000,000, the Purchaser will be obliged to redeem the Promissory Notes in the principal amount of HK$150,000,000, which will be secured by the Shares Charges and guaranteed by Mr. Ong, on the first anniversary of the Completion Date. The Board considered that on a risk-benefit analysis, it is in the best interest of the Company and the Shareholders as a whole to continue to proceed with the Disposal as contemplated under the Agreement.

(iv) Business plan of the Purchaser with respect to the Target Company

The Purchaser has informed the Company that it has plans to identify new business opportunities for the Target Company, with the intention of improving the Target Company's business prospects. The Board considers that the Purchaser has bona fide intent to complete the Disposal. The Revised Terms will facilitate the Purchaser to participate in the management of the Target Company and implement its business plan. This may improve the performance of the Target Company and in turn boost the market price of its shares.

(v) Financial capability of the Purchaser and Purchaser Guarantor

The Board had conducted due diligence on Mr. Ong's financial capability, and had considered Mr. Ong's representations on his source of funds, as well as his credentials, including directorships at a number of Singapore and Hong Kong listed companies. Mr. Ong is a substantial shareholder and an executive director of Net Pacific Financial Holdings Limited, and a substantial shareholder and a non-executive director of Joyas International Holdings Limited, both of which are listed on the Singapore Exchange. He is also an independent non-executive director of Denox Environmental & Technology Holdings Limited (stock code: 1452) and Smart Globe Holdings Limited (stock code: 1481), both of which are listed on the Stock Exchange. The Board had also considered Mr. Ong's good reputation in the Hong Kong business community, which was confirmed by third parties active in the Hong Kong financial market.

Notwithstanding the difficulty in making the cash payment as originally contemplated under the Agreement, Mr. Ong has provided to the Board proof of sufficient funds to satisfy the expected cash payment by the Purchaser at Completion. Furthermore, Mr. Ong has provided evidence to the Board showing that the value of his net personal assets exceeds the face value of the Promissory Notes, and he has confirmed that he has no material liabilities that have not been disclosed to the Board.

In conducting due diligence review on Mr. Ong's financial capability in settlement of the Promissory Notes upon maturity, the Board reviewed the following documents and information:

(a) the land search results showing the ownership and mortgages of the properties owned by Mr. Ong in Hong Kong;

(b) desktop valuation showing the value of the properties owned by Mr. Ong of not less than HK$50 million;

(c) the relevant statements from Mr. Ong's bank on the mortgages over the relevant properties;

(d) the proofs of ownership of the equity interests in companies owned by Mr. Ong;

(e) the audited financial statements of the companies owned by Mr. Ong;

(f) the latest management accounts of the companies owned by Mr. Ong; and

(g) public official receiver's search results against Mr. Ong, and his companies (including the Purchaser).

While the principal assets of Mr. Ong mainly consist of illiquid assets, the Board is of the view that, at the same time, such illiquid assets are less volatile and the underlying value attaching to such illiquid assets would be relatively stable, and hence lower risks would be associated with these assets. Furthermore, although such assets may not be readily realised, Mr. Ong may be able to leverage on them to secure finance for repayment of the Promissory Notes.

Taking into account the potential availability to the Purchaser and Mr. Ong of funding in the amount of HK$150 million, the fact that the size of Mr. Ong's net personal assets exceed the face value of the Promissory Notes, and the value of the assets of the Purchaser (including the Sale Shares to be received by the Purchaser upon Completion), the Board is satisfied with the Purchaser and Mr. Ong's financial capability in settlement of the Promissory Notes upon maturity.

In order to allow the Board to monitor the recoverability of the Promissory Notes following Completion, Mr. Ong has agreed that he would promptly deliver or cause to deliver to the Company such information regarding the financial condition, business and liabilities regarding the Purchaser and himself as the Company may reasonably require.

Mr. Ong has also agreed that he would provide documentary proof at the request of the Company to demonstrate that the Purchaser and/or himself shall have sufficient assets to support and finance the payment of the Promissory Notes upon their maturity, including but not limited to the provision of management accounts of the Purchaser and the relevant entities owned by Mr. Ong, the bank statements of Mr. Ong and the Purchaser, from time to time for so long as the Promissory Notes remain outstanding.

The Company will also conduct independent public searches (including but not limited to litigation, winding-up and bankruptcy searches) against the Purchaser and Mr. Ong as and when appropriate.

(vi) Credit enhancement provided by the Purchaser

Under the Revised Terms, the balance of the Consideration will be satisfied by the Promissory Notes, which will be secured by the Share Charges, and the Promissory Notes and the Share Charges will be guaranteed by Mr. Ong.

The Share Charges comprise (a) a first-ranking share charge over the entire issued share capital of the Purchaser and (b) a first-ranking share charge over 50% of the Sale Shares to be held by the Purchaser.

As stated in the paragraph headed "Business plan of the Purchaser with respect to the Target Company" above, the Purchaser intends to identify new business opportunities for the Target Group, and in order to finance such opportunities, the Purchaser considers that it may need to offer part of its shares in the Target Company as security to financiers. Therefore, the Vendors agreed that only 50% of the Sale Shares would be charged in favour of the Vendors such that the Purchaser may use the remaining 50% of the Sale Shares as security for financing which the Purchaser may arrange. As the Vendors will have the benefit of a first-ranking share charge over the entire issued share capital of the Purchaser, which will hold all the Sale Shares, the Company considered that the arrangement is appropriate which has struck a balance of allowing sufficient flexibility to the Purchaser to arrange its financing and protecting the security interest of the Vendors with respect to the Sale Shares.

Mr. Ong was not a party to the original Agreement, and with the Revised Terms, Mr. Ong agreed to be personally liable for the obligations of the Purchaser under the Promissory Notes under personal guarantee. This shows the sincerity on the part of Mr. Ong to proceed with the Agreement and the commitment of Mr. Ong to honour the obligations under the Promissory Notes.

As the Purchaser is liable to redeem the Promissory Notes upon their maturity and Mr. Ong is a guarantor of the obligations of the Purchaser under the Promissory Notes, it is in the interest of the Purchaser and Mr. Ong that the value of the Sale Shares is preserved. Therefore, in the event that the Target Company conducts any equity fund-raising activities in the future which may result in any dilution of the shareholding held by the Purchaser, Mr. Ong and the Purchaser would be incentivized to preserve the value of the Sale Shares.

(vii) Alternatives to consummating the Disposal

The Board considered that it is in the best interest of the Company and the Shareholders as a whole to continue to proceed with the Disposal as contemplated under the Agreement as upon Completion the Company would receive cash payment of HK$100,000,000, which would immediately address the Group's needs to repay its outstanding bank loans.

If the Revised Terms had not been agreed, the Purchaser would likely invoke the relevant terms to terminate the Agreement and seek the return of the deposits already paid to the Company in the aggregate amount of HK$60,000,000, which would impact the Company's cash flows. As at 31 July 2022, excluding pledged time deposits of approximately HK$40 million, the Group had cash and cash equivalents of approximately HK$58 million and total borrowings (being the total of bonds, bank and other borrowings and lease liabilities) of HK$1,963 million. Out of these total borrowings, bank and other borrowings in the amount of approximately HK$462 million will mature in the 12 months following 31 July 2022. The Board expects that in addition to cash generated from operating activities, the Disposal is another source of funds to meet the demands of working capital in next 12 months.

Should the Disposal fail to complete, the Board intends to address the Group's cash flow needs and working capital requirements by undertaking alternative plans, including by seeking to dispose of the Group's investment properties. However, negotiations with regard to property disposals can be time-consuming and it may be difficult to seek potential buyers in the current real estate market to alleviate the cash flow pressure of the Company in timely manner. Accordingly, there can be no certainty that such property sales would be successful.

Based on the above reasons, the Board considered that the Revised Terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE TARGET COMPANY

The Target Company is an investment holding company. The Target Group is principally engaged in the development and sale of properties and money lending business.

The table below sets forth the audited consolidated net loss before and after taxation of the Target Group for the two financial years ended 31 December 2020 and 2021 based on the audited financial information of the Target Company prepared in accordance with Hong Kong Financial Reporting Standards:

	For the year ended 31 December	
	2020	**2021**
	HK$ million	*HK$ million*
Net loss before tax from continuing operations	(135)	(59)
Net loss after tax (including loss from discontinued operation)	(123)	(60)

The audited net asset value of the Target Group as at 31 December 2021 was HK$879,000,000.

INFORMATION ON THE PARTIES

The Company

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

The First Vendor

The First Vendor is an indirect wholly-owned subsidiary of the Company, which is principally engaged in securities business.

The Second Vendor

The Second Vendor is an indirect wholly-owned subsidiary of the Company, which is principally engaged in securities business.

The Purchaser

The Purchaser is a company incorporated in Hong Kong with limited liability, which is principally engaged in investment holding. To the best awareness of the Company, the Purchaser is wholly-owned by Mr. Ong.

Mr. Ong

Mr. Ong an individual residing in Hong Kong. Mr. Ong is an associate member of The Institute of Chartered Accountants in English and Wales and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Ong has over 30 years of experience in finance and accounting.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and Mr. Ong is a third party independent of the Company and connected persons of the Company.

LISTING RULES IMPLICATIONS

The Disposal

At the time of the entering into of the Agreement and the Supplemental Agreement, as one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal is 75% or more, the Disposal constituted a very substantial disposal for the Company under Chapter 14 of the Listing Rules and was therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. The Disposal and the transactions contemplated thereunder were approved by the Shareholders on 17 January 2022 in accordance with the relevant Listing Rules requirements.

The Revised Terms constituted a variation of the terms of the Disposal previously approved by the Shareholders. Therefore, the Company seeks the Shareholders' approval of the Revised Terms.

WAIVER FROM STRICT COMPLIANCE WITH RULE 14.68(2)(A)(I) OF THE LISTING RULES

The Company has applied for, and the Stock Exchange has granted a waiver from strict compliance with the requirements under Rule 14.68(2)(a)(i) of the Listing Rules based on the following grounds:

(a) The Sale Shares to be disposed of under the Agreement only represented 29.19% of the issued share capital of the Target Company as at the date of the Agreement, and hence the Target Company is not a subsidiary of the Company. As such, the assets, liabilities and financial results of the Target Company are not consolidated into the accounts of the Group. The Company will not hold any shares of the Target Company upon Completion of the Disposal. Accordingly, the aforementioned shareholding falls within Note 2 of the Rule 14.68(2)(a)(i) of the Listing Rules.

(b) The Company's investment in the Sale Shares has been accounted as financial assets at fair value through profit or loss given the following reasons:

(i) as abovementioned, the assets, liabilities and financial results of the Target Company are not consolidated into the accounts of the Company; and

(ii) the Sale Shares represent trading stock of a long-established securities trading business of the Company. The Company has always contemplated the eventual sale of the Sale Shares with no intention of holding the Sale Shares for long-term investment. As such, the investment in the Sale Shares has always been accounted for as financial assets at fair value through profit or loss and classified under category of the current assets instead of non-current assets of the Company.

(c) The Target Company is listed on the Main Board of the Stock Exchange, and publishes its annual reports and interim reports on the websites of the Stock Exchange and the Target Company. The audited consolidated financial statements of the Target Company for each of the years ended 31 December 2019, 2020 and 2021 as disclosed in its respective annual reports and published by the Target Company have been audited by the Target Company's auditors in accordance with the Hong Kong Standards on Auditing.

(d) For the purpose of the Company's annual report for the years ended 31 December 2020 and 2021 as well as the Company's announcement of interim results for the six months ended 30 June 2022, the Company prepared relevant disclosures regarding the Target Company based on, and by extracting, Target Company's financial information from the Target Company's published results announcements for the corresponding periods.

(e) The accounting standards and policies adopted by the Company are consistent with those adopted by the Target Company.

(f) Although the Company may not necessarily expect to face unusual practical difficulties in extracting financial information of the Target Company from its published information for preparation of the financial information required under Rule 14.68(2)(a)(i), the Company expects that to have such financial information reviewed by the Company's auditor may cost professional fees in the range of approximately HK$800,000 to HK$1,000,000, and that this work would take at least six weeks of time.

(g) In addition, the Company has practical difficulty in complying with Rule 14.68(2)(a)(i) for the following reasons:

(i) the Company does not have access to the financial information of the Target Company other than those disclosed to the public by the Target Company pursuant to the Listing Rules; and

(ii) the Company had requested the Target Company to provide underlying financial information for the purpose of conducting the review work by auditors in accordance with Rule 14.68(2)(a)(i), but the Target Company declined. To the Company's understanding, the Target Company's board of directors consider that, in discharging their fiduciary duties to the Target Company, they cannot disclose the Target Company's non-public financial information to the Company, and the Target Company has no obligation to disclose such information.

(h) As an alternative disclosure, in "Appendix II" of this circular, the Company will include a summary of the financial information of the Target Company which include the (i) consolidated statements of profit or loss; (ii) consolidated statements of comprehensive income; (iii) consolidated statements of financial position; (iv) consolidated statements of changes in equity; and (v) consolidated statements of cash flows of the Target Company for each of the years ended 31 December 2019, 2020 and 2021; and the (i) unaudited condensed consolidated statement of profit or loss; (ii) unaudited condensed consolidated statement of comprehensive income; and (iii) unaudited condensed consolidated statement of financial position of the Target Company for the six months ended 30 June 2022 to be extracted from the announcement of unaudited interim results of the Target Company published on 30 August 2022, together with the links to the full financial statements of the Target Company. The Target Company has not published its statement of changes in equity and statement of cash flows in its announcement of unaudited interim results for the six months ended 30 June 2022. The Board notes that (i) the purpose of this circular is to, among others, provide investors with information on the variation of terms of the Agreement and (ii) save for the variation of terms of the Agreement, the subject matter of the Disposal has remained the same since Shareholders previously approved the Disposal. Based on the above, the Board considers that the summary of the financial information of the Target Company disclosed in such form and manner together with the links to the full financial statements contain sufficient information to enable the Shareholders to make a properly informed assessment in respect of the Disposal.

(i) Accordingly, the Company considers that having the Company's auditors review the Target Company's financial information in accordance with Rule 14.68(2)(a)(i) of the Listing Rules, in light of the aforementioned circumstances, additional costs and time required, would not be practically possible and would be unduly burdensome, time consuming and costly, and therefore be detrimental to the Company's interests.

(j) Taking into consideration the aforesaid circumstances and the alternative disclosure as set out in paragraph (h) above, the Company considers that the grant of the waiver of strict compliance with the requirements under Rule 14.68(2)(a)(i) of the Listing Rules in this circular is not likely to mislead investors and/or the Shareholders and there would be no other undue risks to the Shareholders and investors.

FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

The Company's investment in the Sale Shares has been accounted as financial assets at fair value through profit or loss. Subject to final audit, it is expected that the Group will record an unaudited loss on the Disposal of approximately HK$2,000,000, which is calculated by the difference between the book value of the Sale Shares in the accounts of the Company as at 31 December 2021 of approximately HK$250,000,000 and the consideration for the Disposal of HK$250,000,000; and less the related transaction costs, taxes and expenses of the Disposal. The actual loss arising from the Disposal at Completion may be different from the abovenamed estimated figures and will be computed based on the actual figures at Completion. As a result of the Disposal, the net asset value of the Remaining Group will be reduced by approximately HK$2,000,000, representing the estimated loss arising from the Disposal.

The Company intends to apply the net proceeds from the Disposal in the amount of HK$248,000,000 as follows:

(i) as to HK$50,000,000 to repay a bank loan in order to release the encumbrances on 284,671,000 shares in the Target Company pledged to the bank *(Note)*;

(ii) approximately HK$48,000,000 to be applied for payment of general and administrative expenses and interest expenses;

(iii) the balance of the net proceeds from the Disposal (upon the settlement of the Promissory Notes) are to be applied as follows:

(a) as to HK$40,000,000 to further repay the bank loan in item (i) above;

(b) as to HK$70,000,000 to repay the loan borrowed by the Company from a subsidiary of the Target Company in June 2021, which will mature on 2 June 2023; and

(c) approximately HK$40,000,000 to be applied in the following 12 months for the development and expansion of the Company's principal businesses including the multifaceted automotive business.

Note: 284,671,000 shares in the Target Company are pledged to a banker of the Group as additional security to secure loans (which are mainly mortgage loans) borrowed from the banker. The maturity dates of the loans range from year 2023 to year 2042.

On-going transactions or balance between the Group and the Target Group

As at the Latest Practicable Date, there were the following on-going transactions and balance between the Group and the Target Group:

(i) rental in the amount of HK$84,000 per month payable by the Target Group to the Group for rental of office space;

(ii) a loan with outstanding balance of HK$70,000,000 (the "**Loan**") lent by a subsidiary of the Target Company to the Company in June 2021, which carries interest at 7% per annum payable quarterly; and

(iii) an amount of HK$1,225,000 payable quarterly by the Company to the subsidiary of the Target Company, representing quarterly interest payable on the Loan.

The transactions in item (i) above will be terminated within three months after Completion. It is considered that three months would be a reasonable and adequate time for the Target Company to move to another location instead of renting office space from the Group.

The Company intends to repay the Loan in item (ii) above using the balance of the net proceeds of the Disposal (upon the settlement of the Promissory Notes). The Company expects to request an extension of the maturity date of the Loan (2 June 2023) to a date on of after the settlement date of the Promissory Notes.

Interest in item (iii) above will cease to be payable after full repayment of the Loan and all accrued interest.

SGM AND PROXY ARRANGEMENT

A notice convening the SGM is set out on pages VI-1 to VI-2 in "Appendix VI" to this circular. At the SGM, an ordinary resolution will be proposed for the Shareholders to consider and, if thought fit, to approve the Disposal and other transactions contemplated under the Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has any material interest in the Disposal. Hence, no Shareholder is required to abstain from voting on the resolution(s) in relation to the Disposal and any other transactions contemplated under the Agreement (as amended and supplemented by the Supplemental Agreements) in relation to the Disposal at the SGM.

In accordance with the requirement under Rule 13.39(4) of the Listing Rules, the votes for all resolutions by the Shareholders at the SGM must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the SGM will therefore demand a poll on each of the resolutions put forward at the SGM pursuant to Bye-law 66 of the Bye-laws. The poll results of the SGM will be published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.cct-fortis.com/eng/investor/announcements.php) after the SGM.

A form of proxy for use by the Shareholders at the SGM is enclosed herein. Whether or not you intend to attend and vote at the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable but in any event, not later than 48 hours before the time appointed for holding the SGM (i.e. not later than 10:00 a.m on Saturday, 1 October 2022). Such form of proxy for use at the SGM is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cct-fortis.com/eng/investor/announcements.php). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM should you so wish.

RECOMMENDATION

On the basis of the information set out in this circular, the Directors (including the independent non-executive Directors) are of the view that the Disposal (as varied by the Revised Terms) is fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend all Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Disposal (as varied by the Revised Terms) and any other transactions contemplated under the Agreement (as amended and supplemented by the Supplemental Agreement) in relation to the Disposal.

OTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
CCT FORTIS HOLDINGS LIMITED
Mak Shiu Tong, Clement
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group: (i) for the year ended 31 December 2021 is disclosed on pages 56 to 168 of the 2021 annual report of the Company published on 25 April 2022; (ii) for the year ended 31 December 2020 is disclosed on pages 51 to 162 of the 2020 annual report of the Company published on 23 April 2021; (iii) for the year ended 31 December 2019 is disclosed on pages 53 to 166 of the 2019 annual report of the Company published on 28 April 2020; and (iv) for the six months ended 30 June 2022 is disclosed on pages 14 to 30 of the announcement of unaudited interim results of the Company published on 31 August 2022.

All these financial statements have been published on the websites of the Stock Exchange (www.hkexnews.hk) and that of the Company (http://www.cct-fortis.com/eng/investor/annual_reports.php).

Links for the financial information of the Company:

- annual report of the Company for the year ended 31 December 2019 published on 28 April 2020 (pages 53 to 166):

  http://www.cct-fortis.com/getfiles.php?filename=airen%2F00000%2F000055_e_138_2019+Annual+Report.pdf

- annual report of the Company for the year ended 31 December 2020 published on 23 April 2021 (pages 51 to 162):

  http://www.cct-fortis.com/getfiles.php?filename=airen%2F00000%2F000059_e_138_2020+Annual+Report.pdf

- annual report of the Company for the year ended 31 December 2021 published on 25 April 2022 (pages 56 to 168):

  http://www.cct-fortis.com/getfiles.php?filename=airen%2F00000%2F000061_e_138-AR2021.pdf

- announcement of unaudited interim results of the Company for the six months ended 30 June 2022 published on 31 August 2022 (pages 14 to 30):

  http://www.cct-fortis.com/getfiles.php?filename=apren%2F00600%2F000706_e_138+2022+interim+results+announcement_20220831.pdf

2. STATEMENT OF INDEBTEDNESS OF THE GROUP

As at the close of business on 31 July 2022 (being the latest practicable date for ascertaining information regarding this indebtedness statement), the Group had the following outstanding indebtedness:

(a) bonds liability of approximately HK$250 million, which was unsecured and unguaranteed;

(b) bank and other borrowings of approximately HK$1,672 million, of which HK$1,590 million was guaranteed and HK$82 million was not guaranteed;

(c) bank and other borrowings of approximately HK$1,546 million, were secured by (i) charges on certain assets (including properties) held by the Group with aggregate net book values of approximately HK$2,249 million as at 31 July 2022; and (ii) pledge of certain fixed deposits of the Group of approximately HK$40 million as at 31 July 2022; and

(d) unguaranteed lease liabilities of approximately HK$41 million in respect of office premises, other equipment and motor vehicles used in its operation, of which HK$12 million were secured by charges on certain assets held by the Group with aggregate net book values of approximately HK$15 million as at 31 July 2022.

The Group also had following contingent liabilities arising in the ordinary course of business as at 31 July 2022:

Litigation

(a) During 2017 and in or around 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 proceeding. Based on the existing legal documents and legal advice, the Directors 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 was considered necessary for the claims arising from the legal proceedings at the Latest Practicable Date.

Save as aforesaid, and apart from intra-group liabilities, the Group did not have any other debt securities, term loans, bank loans, bank overdrafts and liabilities under acceptances (other than normal trade bills) or other similar indebtedness, debentures or other loan capital, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities outstanding at the close of business on 31 July 2022.

(Note: All figures stated in this section are unaudited)

3. WORKING CAPITAL

The Directors, after due and careful enquiry and consideration, are of the opinion that the Group will, after taking into account the effect of the Disposal and the present internal financial resources available to the Group including internally generated cash flows and the existing banking and credit facilities available, have sufficient working capital for its present requirements in next 12 months from the date of this circular.

Set out below are the financial information of the Target Group which comprises (i) the consolidated statements of financial position of the Target Group as at 31 December 2019, 2020 and 2021, (ii) the consolidated statements of profit or loss, (iii) the consolidated statements of comprehensive income, (iv) the consolidated statements of changes in equity and (v) the consolidated statements of cash flows of the Target Group for each of the years ended 31 December 2019, 2020 and 2021 which were extracted from the annual reports of Target Company for the years ended 31 December 2019, 2020 and 2021, respectively; and (a) the unaudited condensed consolidated statement of financial position of the Target Group as at 30 June 2022; (b) the unaudited condensed consolidated statement of profit or loss; and (c) the unaudited condensed consolidated statement of comprehensive income of the Target Group for the six months ended 30 June 2022 which were extracted from the announcement of unaudited interim results of the Target Company for the six months ended 30 June 2022.

In the opinions of the independent auditor of Target Company as stated in the respective annual reports of Target Company, the consolidated financial statements for each of the years ended 31 December 2019, 2020 and 2021 give a true and fair view of the consolidated financial positions of the Target Group as at 31 December 2019, 2020 and 2021, and its consolidated financial performances and consolidated cash flows for each of the years then ended.

All these financial information of the Target Company have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Target Company (https://www.gbaholdings.com/annual-report/).

Links for the financial information of the Target Company:

- annual report of the Target Company for the year ended 31 December 2019 published on 28 April 2020:

  https://www.gbaholdings.com/wp-content/uploads/2022/08/20191231-GBA-Annual-Report-2019-English.pdf

- annual report of the Target Company for the year ended 31 December 2020 published on 23 April 2021:

  https://www.gbaholdings.com/wp-content/uploads/2022/08/20201231-GBA-Annual-Report-2020-English.pdf

- annual report of the Target Company for the year ended 31 December 2021 published on 25 April 2022:

  https://www.gbaholdings.com/wp-content/uploads/2022/08/20211231-GBA-Annual-report-2021-English.pdf

- announcement of unaudited interim results of the Target Company for the six months ended 30 June 2022 published on 30 August 2022 (pages 9 to 25):

  https://www.gbaholdings.com/wp-content/uploads/2022/09/E_888761_GBA-HOLDINGS_0830_2122_ESS.pdf

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

HK$ million	For the year ended 31 December **2019** (Audited) (Restated) *(Note)*	**2020** (Audited)	**2021** (Audited)	For the six months ended 30 June **2022** (Unaudited)
CONTINUING OPERATIONS				
REVENUE				
– Revenue from contracts with customers	112	390	466	7
– Interest income	22	4	3	2
	134	394	469	9
Cost of sales	(120)	(419)	(420)	(6)
Gross profit/(loss)	14	(25)	49	3
Other income	–	–	–	3
Changes in fair value of financial assets at fair value through profit or loss	–	36	(15)	–
Selling and distribution expenses	(11)	(31)	(21)	(2)
Administrative expenses	(98)	(46)	(53)	(18)
Other expenses, net	(78)	(69)	(19)	–
Finance costs	(1)	–	–	–
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	(174)	(135)	(59)	(14)
Income tax credit/(expenses)	29	25	(1)	–
LOSS FOR THE YEAR/PERIOD FROM CONTINUING OPERATIONS	(145)	(110)	(60)	(14)
DISCONTINUED OPERATION				
Loss for the year/period from a discontinued operation	(21)	(13)	–	–
LOSS FOR THE YEAR/PERIOD	(166)	(123)	(60)	(14)

HK$ million	For the year ended 31 December 2019 (Audited) (Restated) *(Note)*	For the year ended 31 December 2020 (Audited)	For the year ended 31 December 2021 (Audited)	For the six months ended 30 June 2022 (Unaudited)
Loss attributable to owners of the parent:				
– From continuing operations	(147)	(110)	(60)	(14)
– From a discontinued operation	(21)	(13)	–	–
	(168)	(123)	(60)	(14)
Income attributable to non-controlling interests:				
– From continuing operations	2	–	–	–
– From a discontinued operation	–	–	–	–
	2	–	–	–
	(166)	(123)	(60)	(14)

Note: The comparative consolidated statements of profit or loss have been represented as if the operation discontinued in year ended 31 December 2020 had been discontinued at the beginning of the year ended 31 December 2019.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

HK$ million	For the year ended 31 December 2019 (Audited) (Restated) *(Note)*	2020 (Audited)	2021 (Audited)	For the six months ended 30 June 2022 (Unaudited)
LOSS FOR THE YEAR/PERIOD	(166)	(123)	(60)	(14)
OTHER COMPREHENSIVE (LOSS)/INCOME				
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	(8)	30	13	(25)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR/PERIOD	(8)	30	13	(25)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD	(174)	(93)	(47)	(39)
Other comprehensive loss attributable to owners of the parent:				
– From continuing operations	(154)	(80)	(47)	(39)
– From a discontinued operation	(22)	(13)	–	–
	(176)	(93)	(47)	(39)
Other comprehensive income attributable to non-controlling interests:				
– From continuing operations	2	–	–	–
– From a discontinued operation	–	–	–	–
	2	–	–	–
	(174)	(93)	(47)	(39)

Note: The comparative consolidated statements of comprehensive income have been represented as if the operation discontinued in year ended 31 December 2020 had been discontinued at the beginning of the year ended 31 December 2019.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December			As at 30 June
HK$ million	**2019**	**2020**	**2021**	**2022**
	(Audited)	(Audited)	(Audited)	(Unaudited)
ASSETS				
Non-current assets				
Property, plant and equipment	2	1	–	–
Investment properties	43	–	–	–
Loan and interest receivables	–	–	70	–
Financial assets at fair value through profit or loss	–	259	220	220
Total non-current assets	45	260	290	220
Current assets				
Properties under development	945	576	101	109
Properties held for sale	323	318	437	411
Inventories	–	–	–	25
Trade receivables	32	7	1	–
Loan and interest receivables	248	–	2	71
Prepayments, other receivables and other assets	217	111	50	38
Financial assets at fair value through profit or loss	–	60	49	47
Pledged time deposits	10	–	–	–
Cash and cash equivalents	175	149	48	4
Total current assets	1,950	1,221	688	705
Total assets	1,995	1,481	978	925
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Issued capital	1,839	1,839	1,839	1,839
Reserves	(820)	(913)	(960)	(999)
	1,019	926	879	840
Non-controlling interest	38	–	–	–
Total equity	1,057	926	879	840

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(continued)*

HK$ million	**As at 31 December** **2019** (Audited)	**2020** (Audited)	**2021** (Audited)	**As at 30 June 2022** (Unaudited)
Non-current liabilities				
Deferred tax liabilities	34	–	–	–
Lease liabilities	–	–	1	–
Total non-current liabilities	34	–	1	–
Current liabilities				
Trade and bills payables	137	55	49	35
Tax payable	15	11	–	–
Other payables and accruals	655	489	48	49
Lease liabilities	–	–	1	1
Interest-bearing bank and other borrowings	97	–	–	–
Total current liabilities	904	555	98	85
Total liabilities	938	555	99	85
Total equity and liabilities	1,995	1,481	978	925
Net current assets	1,046	666	590	620
Total assets less current liabilities	1,091	926	880	840

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Audited									
	Attributable to owners of the parent									
HK$ million	Issued capital	Share premium account	Capital reserve	Share option reserve	Asset revaluation reserve	Exchange fluctuation reserve	Accumulated losses	Total	Non-controlling interest	Total equity
As at 31 December 2018	1,839	341	733	31	5	(71)	(1,705)	1,173	36	1,209
Effect of adoption of HKFRS 16	–	–	–	–	–	–	(2)	(2)	–	(2)
At 1 January 2019 (restated)	1,839	341	733	31	5	(71)	(1,707)	1,171	36	1,207
Loss for the year	–	–	–	–	–	–	(168)	(168)	2	(166)
Other comprehensive loss for the year:										
Exchange differences related to foreign operations	–	–	–	–	–	(8)	–	(8)	–	(8)
Total comprehensive loss for the year	–	–	–	–	–	(8)	(168)	(176)	2	(174)
Issue of shares upon exercise of share options	–*	–*	–	–*	–	–	–	–*	–	–*
Equity-settled share option arrangement	–	–	–	24	–	–	–	24	–	24
Transfer of share option reserve upon the forfeiture of share options	–	–	–	(1)	–	–	1	–	–	–
At 31 December 2019	1,839	341	733	54	5	(79)	(1,874)	1,019	38	1,057

* *Less than HK$1 million*

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY *(continued)*

	Audited									
	Attributable to owners of the parent									
HK$ million	Issued capital	Share premium account	Capital reserve	Share option reserve	Asset revaluation reserve	Exchange fluctuation reserve	Accumulated losses	Total	Non-controlling interest	Total equity
At 1 January 2020	1,839	341	733	54	5	(79)	(1,874)	1,019	38	1,057
Loss for the year	–	–	–	–	–	–	(123)	(123)	–	(123)
Other comprehensive income for the year:										
Exchange differences related to foreign operations	–	–	–	–	–	30	–	30	–	30
Total comprehensive income/(loss) for the year	–	–	–	–	–	30	(123)	(93)	–	(93)
Transfer of share option reserve upon the forfeiture of share options	–	–	–	(16)	–	–	16	–	–	–
Disposal of subsidiaries	–	–	–	–	(5)	–	5	–	(38)	(38)
At 31 December 2020	1,839	341	733	38	–	(49)	(1,976)	926	–	926

	Audited								
	Attributable to owners of the parent								
HK$ million	Issued capital	Share premium account	Capital reserve	Share option reserve	Exchange fluctuation reserve	Accumulated losses	Total	Non-controlling interest	Total equity
At 1 January 2021	1,839	341*	733*	38*	(49)*	(1,976)*	926	–	926
Loss for the year	–	–	–	–	–	(60)	(60)	–	(60)
Other comprehensive income for the year:									
Exchange differences related to foreign operations	–	–	–	–	13	–	13	–	13
Total comprehensive income/(loss) for the year	–	–	–	–	13	(60)	(47)	–	(47)
At 31 December 2021	1,839	341*	733*	38*	(36)*	(2,036)*	879	–	879

* *The sum total of these reserve accounts represent the consolidated deficits of HK$960 million (2020: HK$913 million) in the consolidated statement of financial position.*

CONSOLIDATED STATEMENTS OF CASH FLOWS

HK$ million	For the year ended 31 December 2019 (Audited) (Restated) *(Note)*	2020 (Audited)	2021 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax			
– From continuing operations	(174)	(135)	(59)
– From a discounted operation	(22)	(13)	–
Adjustments for:			
Finance costs	6	3	–
Change in fair value of financial assets at fair value through profit or loss	–	(36)	15
Depreciation	3	1	1
Gain from disposal of subsidiaries	–	–	(4)
Write-down of properties held for sale to net realisable value	37	30	16
Write-down of properties under development to net realisable value	–	40	–
Impairment of items of property, plant and equipment	3	–	2
Impairment loss on goodwill	41	–	–
Changes in fair value in investment properties	3	–	–
Impairment/(reversal of impairment) of trade receivables	8	(9)	5
Equity-settled share expenses	24	–	–
	(71)	(119)	(24)
Purchase of financial assets at fair value through profit or loss	–	(40)	–
Increase in properties under development	(277)	(23)	(61)
Decrease in properties held for sale	123	362	410
Decrease in trade receivables	–	34	1
Decrease/(increase) in loans and interest receivables	68	–	(73)
(Increase)/decrease in prepayments, other receivables and other assets	(55)	73	44
Decrease in trade and bills payables	(142)	(85)	(7)
Increase/(decrease) in other payables and accruals	439	(181)	(427)
Cash generated/(used in) from operations	85	21	(137)
Interest received	9	5	1
Interest paid	(6)	(3)	–*
Mainland China tax refunded/(paid)	9	(6)	–*
Net cash flows from/(used in) operating activities	97	17	(136)

* *Less than HK$1 million*

CONSOLIDATED STATEMENTS OF CASH FLOWS *(continued)*

	For the year ended 31 December		
HK$ million	**2019**	**2020**	**2021**
	(Audited) (Restated) *(Note)*	(Audited)	(Audited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	(1)	–*	–*
Distribution from fund investment	–	–	35
Disposal of subsidiaries	–	37	(2)
Decrease in pledged time deposits	5	10	–
Net cash flows from investing activities	4	47	33
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans	20	–	–
New trust receipts loans	37	–	–
Principal portion of lease payments/finance lease rental payments	(1)	(1)	(1)
Repayment of bank loans and trust receipt loans	(105)	(96)	–
Net cash flows used in financing activities	(49)	(97)	(1)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	52	(33)	(104)
Cash and cash equivalents at beginning of year	123	175	149
Effect of foreign exchange rate changes, net	–	7	3
CASH AND CASH EQUIVALENTS AT END OF YEAR	175	149	48

* *Less than HK$1 million*

CONSOLIDATED STATEMENTS OF CASH FLOWS *(continued)*

	For the year ended 31 December		
HK$ million	**2019**	**2020**	**2021**
	(Audited) (Restated) *(Note)*	(Audited)	(Audited)
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	95	149	48
Non-pledged time deposits with original maturity of less than three months when acquired	80	–	–
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows	175	149	48

Note: The comparative consolidated statements of cash flows have been represented as if the operation discontinued in year ended 31 December 2020 had been discontinued at the beginning of the year ended 31 December 2019.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

1. Introduction

Capitalised terms used herein shall have the same meanings as those defined in the Circular.

The accompanying unaudited pro forma financial information of the Remaining Group has been prepared to illustrate the effect that the Disposal might have on the financial information of the Group.

The unaudited pro forma consolidated statement of financial position of the Remaining Group has been prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2021 as extracted from the published annual report of the Company for the year ended 31 December 2021 ("**2021 Annual Report**"), after giving effect to the pro forma adjustments as explained in the notes below, for the purpose of illustrating the effect of the Disposal on the financial position of the Remaining Group as if the completion of the Disposal had taken place on 31 December 2021.

The unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group have been prepared based on the audited consolidated statement of profit or loss, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2021 as extracted from 2021 Annual Report, after giving effect to the pro forma adjustments as explained in the notes below, for the purpose of illustrating the effect of the Disposal on the results and cash flows, respectively, of the Remaining Group as if the completion of the Disposal had taken place on 1 January 2021.

The unaudited pro forma financial information of the Remaining Group has been prepared by the directors of the Company in accordance with paragraph 4.29 of Listing Rules for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the financial position of the Remaining Group had the completion of Disposal been completed as at 31 December 2021 or at any future dates and of the financial performance and cash flows of the Remaining Group for the year ended 31 December 2021 or any future periods had the Disposal been completed on 1 January 2021 or any future dates.

The unaudited pro forma financial information should be read in conjunction with the published 2021 Annual Report, the Company's announcements dated 16 November 2021, 10 December 2021, 14 December 2021, 26 January 2022, 15 March 2022, 6 May 2022, 16 May 2022, 4 July 2022 and 28 July 2022 respectively and other financial information included elsewhere in this circular.

2. Unaudited Pro Forma Consolidated Statement of Financial Position of the Remaining Group

HK$ million	The Group as at 31 December 2021		Pro forma ADJUSTMENTS		Unaudited pro forma of the Remaining Group
	Note (a)	*Note (b)*	*Note (c)*	*Note (d)*	
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	732	–	–	–	732
Investment properties	1,651	–	–	–	1,651
Goodwill	17	–	–	–	17
Intangible assets	3	–	–	–	3
Classic cars held for investment	173	–	–	–	173
Collectible precision devices held for investment	167	–	–	–	167
Other receivables	1	–	–	–	1
Deferred tax assets	1	–	–	–	1
Total non-current assets	2,745	–	–	–	2,745
CURRENT ASSETS					
Inventories	78	–	–	–	78
Stock of classic cars held for sale	89	–	–	–	89
Trade receivables	247	–	–	–	247
Investment in a film	80	–	–	–	80
Prepayments and other receivables	456	–	–	–	456
Promissory notes	–	–	150	–	150
Financial assets at fair value through profit or loss	256	(250)	–	–	6
Pledged time deposits	40	–	–	–	40
Cash and cash equivalents	57	–	28	–	85
Total current assets	1,303	(250)	178	–	1,231
Total assets	4,048	(250)	178	–	3,976

HK$ million	**The Group as at 31 December 2021**		**Pro forma Adjustments**		**Unaudited pro forma of the Remaining Group**
	Note (a)	*Note (b)*	*Note (c)*	*Note (d)*	
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Issued capital	87	–	–	–	87
Reserves	1,534	–	–	(2)	1,532
	1,621	–	–	(2)	1,619
Non-controlling interests	9	–	–	–	9
Total equity	1,630	–	–	(2)	1,628
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	274	–	(50)	–	224
Convertible bonds	243	–	–	–	243
Deferred tax liabilities	22	–	–	–	22
Total non-current liabilities	539	–	(50)	–	489
CURRENT LIABILITIES					
Trade payables	46	–	–	–	46
Tax payable	3	–	–	–	3
Other payables and accruals	322	–	(20)	–	302
Interest-bearing bank and other borrowings	1,508	–	–	–	1,508
Total current liabilities	1,879	–	(20)	–	1,859
Total liabilities	2,418	–	(70)	–	2,348
Total equity and liabilities	4,048	–	(70)	(2)	3,976
Net current liabilities	(576)	(250)	198	–	(628)
Total assets less current liabilities	2,169	(250)	198	–	2,117

3. Unaudited Pro Forma Consolidated Statement of Profit or Loss of the Remaining Group

HK$ million	**The Group for the year ended 31 December 2021**	**Pro forma Adjustments**	**Unaudited pro forma of the Remaining Group**
	Note (a)	*Notes (d) & (e)*	
REVENUE	731	–	731
Cost of sales	(610)	–	(610)
Gross profit	121	–	121
Other income and gains, net	25	8	33
Selling and distribution costs	(20)	–	(20)
Administrative expenses	(227)	–	(227)
Other expenses, net	(355)	(2)	(357)
Finance costs	(64)	–	(64)
Share of loss of an associate	(1)	–	(1)
LOSS BEFORE TAX	(521)	6	(515)
Income tax	–	–	–
LOSS FOR THE YEAR	(521)	6	(515)
Attributable to:			
Owners of the parent	(517)	6	(511)
Non-controlling interests	(4)	–	(4)
	(521)	6	(515)

4. Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Remaining Group

HK$ million	**The Group for the year ended 31 December 2021**	**Pro forma Adjustments**	**Unaudited pro forma of the Remaining Group**
	Note (a)	*Notes (d) & (e)*	
LOSS FOR THE YEAR AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(521)	6	(515)
Attributable to:			
Owners of the parent:	(517)	6	(511)
Non-controlling interest	(4)	–	(4)
	(521)	6	(515)

5. Unaudited Pro Forma Consolidated Statement of Cash Flows of the Remaining Group

HK$ million	The Group for the year ended 31 December 2021	Pro forma adjustments			Unaudited pro forma of the Remaining Group
	Note (a)	*Notes (d) & (e)*	*Notes (c) & (f)*	*Note (g)*	
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax	(521)	6	–	–	(515)
Adjustments for:					
Finance costs	64	–	–	–	64
Share of loss of an associate	1	–	–	–	1
COVID-19-related rent concessions from lessors	–*	–	–	–	–*
Interest income	–	(8)	–	–	(8)
Depreciation	80	–	–	–	80
Amortisation of intangible assets	7	–	–	–	7
Impairment of trade receivables	2	–	–	–	2
Impairment of other receivables	4	–	–	–	4
Impairment of goodwill	63	–	–	–	63
Fair value losses on financial assets at fair value through profit or loss, net	286	–	–	–	286
Fair value gains on investment properties, net	(6)	–	–	–	(6)
Fair value gains on collectible precision devices held for investment, net	(1)	–	–	–	(1)
Fair value gains on classic cars held for investment, net	(2)	–	–	–	(2)
Loss on disposal of financial assets at fair value through profit or loss	–	2	–	–	2
Gain on disposal of subsidiaries	(1)	–	–	–	(1)
Gain on disposal of items of property, plant and equipment	(2)	–	–	–	(2)
	(26)	–	–	–	(26)

* *Less than HK$1 million*

HK$ million	**The Group for the year ended 31 December 2021**	**Pro forma adjustments**			**Unaudited pro forma of the Remaining Group**
	Note (a)	*Notes (d) & (e)*	*Notes (c) & (f)*	*Note (g)*	
Increase in inventories	(34)	–	–	–	(34)
Increase in trade receivables	(11)	–	–	–	(11)
Decrease in prepayments and other receivables	35	–	–	–	35
Decrease in trade payables	(12)	–	–	–	(12)
Increase in other payables and accruals	86	–	(20)	–	66
Cash flows from operations	38	–	(20)	–	18
Interest paid	(61)	–	–	–	(61)
Net cash flows used in operating activities	(23)	–	(20)	–	(43)

HK$ million	The Group for the year ended 31 December 2021	Pro forma adjustments			Unaudited pro forma of the Remaining Group
	Note (a)	*Notes (d) & (e)*	*Notes (c) & (f)*	*Note (g)*	
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of items of property, plant and equipment	(42)	–	–	–	(42)
Proceeds from disposal of items of property, plant and equipment	36	–	–	–	36
Proceeds from disposal of a financial assets at fair value through profit or loss	3	–	98	–	101
Proceeds from disposal of subsidiaries	5	–	–	–	5
Decrease in pledged deposits	3	–	–	–	3
Net cash flows from investing activities	5	–	98	–	103
CASH FLOWS FROM FINANCING ACTIVITIES					
New bank and other loans	378	–	–	–	378
Repayment of bank loans	(318)	–	(110)	–	(428)
Principal portion of lease payments	(33)	–	–	–	(33)
Net cash flows from/(used in) financing activities	27	–	(110)	–	(83)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	9	–	(32)	–	(23)
Cash and cash equivalents at beginning of year	48	–	–	–	48
CASH AND CASH EQUIVALENTS AT END OF YEAR	57	–	(32)	–	25
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances	57	–	(32)	–	25

6. Notes to the Unaudited Pro Forma Financial Information of the Remaining Group:

(a) The figures are extracted from the audited consolidated statement of financial position as at 31 December 2021, audited consolidated statement of profit or loss, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2021 as set out in the published 2021 Annual Report.

(b) The adjustment represents elimination of the carrying value of the Sale Shares as at 31 December 2021 as if the Disposal had taken place on 31 December 2021.

(c) The adjustment represents the recognition and application of the proceeds from the Disposal assuming that the partial Consideration of HK$80 million had been received and the remaining balance of Consideration of HK$150 million had been settled by the Purchaser's issuance of the Promissory Notes in the principal amount of HK$150 million on completion of the Disposal as if Completion had taken place on 1 January 2021. The details are as follows:

	Notes	*HK$ million*
Consideration received in cash:		
Initial deposit received prior to 31 December 2021	*(i)*	20
The partial Consideration		80
Estimated transaction costs related to the Disposal		(2)
Net proceeds from the Disposal		98
Application of the net proceeds from the Disposal		
(i) to repay the bank loan in order to release the encumbrances on the Sale Shares		
– payable upon completion		(50)
– payable at the end of 6th month of completion		(10)
– payable at the end of 9th month of completion		(10)
– payable at the end of 12th month of completion		(40)
Net cash payment for the Disposal		(12)
Less: Initial deposit received and recognised as other payables and accrual as at 31 December 2021	*(i)*	(20)
Net cash payment for the Disposal excluding initial deposit received		(32)

	Note	*HK$ million*
Consideration settled by Promissory Notes	*(ii)*	150
Cash consideration		100
Consideration		250

Notes:

(i) The Consideration is HK$250 million, of which HK$100 million is settled by cash and HK$150 is settled by the Promissory Notes to be issued by the Purchaser to the Vendor, upon completion. Initial deposit of HK$20 million was received within 30 days from the date of Agreement of 15 November 2021. As at 31 December 2021, the initial deposit received was recognised as other payables and accrual in the audited consolidated statement of financial position.

(ii) Promissory Notes shall carry interest at a coupon rate of 5% per annum, with maturity date on the date of the first anniversary from the Completion Date.

(d) The adjustment represents the pro forma loss arising from the Disposal as if completion of the Disposal had taken place on 31 December 2021 and the details of the calculation are as follows:

	HK$ million
Consideration	250
Estimated transaction costs related to the Disposal	(2)
Net consideration	248
Carrying value of the Sale Shares as at completion of the Disposal	(250)
Pro forma loss arising from the Disposal	(2)

(e) The adjustment represents the pro forma loss arising from the Disposal, the calculation of which has been set out in Note (d) above, and the pro forma interest income on Promissory Notes, assuming that completion of the Disposal had taken place on 1 January 2021. This adjustment will not have any continuing effect on the consolidated statement of profit or loss, consolidated statement of comprehensive income and the consolidated statement of cash flows of the Remaining Group.

The details of the calculation of interest income on Promissory Notes are as follows:

	HK$ million
The principal amount of Promissory Notes	150
Interest income at a coupon rate of 5% per annum for year ended 31 December 2021	8

(f) The adjustment represents the pro forma effect of recognition and application of the proceeds arising from the Disposal on the cash flow of the Group, details of which are set out in Note (c) above assuming that partial Consideration had been received on completion of the Disposal as if Completion had taken place on 1 January 2021. This adjustment will not have any continuing effect on the consolidated statement of cash flows of the Remaining Group.

(g) No adjustment is made to reflect the trading results of the Remaining Group for the period subsequent to 31 December 2021 or for any other transactions were entered into by the Remaining Group after that date.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this circular, in respect of the unaudited pro forma financial information of the Remaining Group.

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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of CCT Fortis Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position of the Remaining Group as at 31 December 2021, the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2021 and the related notes as set out on pages III-1 to III-11 of the circular dated 15 September 2022 (the "**Circular"**) issued by the Company (the "**Unaudited Pro Forma Financial Information**") in connection with the proposed very substantial disposal (the "**Disposal**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in note 6.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Disposal on the Group's financial position as at 31 December 2021 as if the Disposal had taken place at 31 December 2021, and the Group's financial performance and cash flows for the year ended 31 December 2021 as if the Disposal had taken place at 1 January 2021. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2021, on which an annual report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline ("**AG**") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Disposal on unadjusted financial information of the Group as if the Disposal had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Disposal would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Disposal, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the Disposal in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Ernst & Young
Certified Public Accountants
Hong Kong

15 September 2022

As the Sale Shares represent trading stock of the Company's securities trading business and did not generate any dividend to the Company, it is expected that the Disposal will not give rise to any material adverse impact to the operations of the Group. The management discussion and analysis of the Remaining Group for each of the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2022 are set out below.

(A) MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2019

Despite an adverse business environment as a result of protracted trade war between the USA and the PRC and global economic slowdown, the Group's revenue continued to rise and reached HK$1,097 million in 2019, increased by HK$178 million or 19.4%. The Group achieved its second straight year of double-digit percentage growth in revenue, thanks to the fast growth of Blackbird Group's Ferrari dealership, whose revenue surged 137.6% to reach HK$613 million in 2019. The Group's gross profit was HK$178 million, increased by 19.5%, in line with growth of its revenue. The gross profit ratio was 16.2%, same as the previous year 2018.

The Company recorded a share of net profit of HK$12 million from 50.5% interest in Xinjiang Xingkai, which was acquired by the Company in 2018 and was classified as a joint venture. The performance of the joint venture was steady in 2019.

Loss attributable to owners of the parent was HK$141 million in 2019 as opposed to a net profit of HK$34 million for 2018. Loss in 2019 was led by the deteriorating operating environment. The reported loss arose mainly as a result of the unrealised losses of HK$92 million in total arising from the fair value changes of our property portfolio and less unrealised gain from revaluation of our collectible assets portfolio, which recorded unrealised fair value gains of only HK$2 million in 2019 as compared with the fair value gains of HK$24 million in 2018.

In 2019, non-controlling interests represented share of results of the minority shareholders in the stage audio, lighting and engineering operations.

In 2019, the basic loss per share for 2019 was HK$0.16, whereas the basic earnings per share of 2018 was HK$0.04.

There was no return on equity ("**ROE**") as the Company reported a net loss in 2019. The ROE for 2018 was 1.1%, representing profit attributable to owners of parent over average shareholder's equity.

In 2019, there was price consolidation in the retail property market in Hong Kong, led mainly by the escalated trade war between the USA and the PRC and the social unrest in Hong Kong. During the year under review, the property development and trading segment reported rental income of HK$3 million. This segment recorded operating loss of HK$40 million in 2019 as opposed to an operating profit of HK$5 million in 2018. Loss in 2019 was mainly attributable to an impairment loss arising from revaluation of the Company retail properties held for sale at year end.

The Company's investment properties continued to generate steady rental revenue of HK$12 million in 2019, decreased by HK$1 million from last equivalent year 2018, due mainly to certain rental adjustment to support our tenants during the current difficult situation. Operating profit of this segment was HK$32 million in 2019, represented mainly the realised gain of HK$83 million derived from disposal of office property at 31/F., Fortis Tower, Wanchai and the rental income, less (i) the unrealised fair value losses of HK$50 million arising from revaluation of the Company's investment properties; less (ii) the segment's operating expenses.

It was encouraging to see strong growth in the Ferrari dealership business in its second year of operations, due to launch of new models by Ferrari and strong delivery of new cars during the year of 2019. Revenue surged from HK$258 million in 2018 to HK$613 million in 2019, representing an increase of 137.6%. The Ferrari dealership recorded an operating profit of HK$16 million as opposed to an operating loss of HK$28 million in the last year. It was expected that this business would continue to achieve satisfactory growth in revenue and profit in the years to come.

In 2019, the classic car trading and logistic segment recorded operating profit of HK$2 million (2018: HK$6 million) against revenue of HK$104 million (2018: HK$196 million). The decrease in this segment's revenue and operating profit was primarily due to less sales of classic cars as a result of economic slowdown.

Shooting of the Company's investment in a large scale crime thriller film entitled "Sons of the Neon Night" had been completed and post-production had begun. The film operations did not record any revenue in 2019 (2018: no revenue) as there was no new film having been released during the year. The film operations incurred an operating loss of HK$7 million (2018: HK$20 million), represented mainly the administrative expenses and operating loss of this segment.

Despite a deteriorating business environment in the second half of 2019, the live performance services operations recorded revenue of HK$192 million, with no significant change from 2018. However, this segment's operating profit of HK$3 million in 2019 was HK$9 million or 75.0% lower as compared with 2018, due to higher operating costs and cancellation and postponement of various pop concerts and other performance events in the second half, as a result of the social unrest in Hong Kong.

The revenue of the Industrial Group in 2019 was HK$91 million, decreased by HK$81 million or 47.1% as compared with the previous year 2018. This decrease was caused by prolonged trade war between the USA and China, global economic slowdown and keen competition. As a result of fall in revenue, the Industrial Group recorded an operating loss of HK$6 million in 2019 as compared with an operating loss of HK$4 million in 2018.

Other operations include the classic car service center, the multimedia operations, investment in collectible precision devices and other new ventures which are in the development and start-up stage, or those operations which are not significant to be classified as a business segment. These operations recorded revenue of HK$82 million (2018: HK$78 million) and incurred an operating loss of HK$53 million (2018: HK$43 million), caused mainly by start-up and development costs and operating expenses.

Capital Structure and Gearing Ratio

The Group's gearing ratio marginally increased from 35.0% as at 31 December 2018 to 38.2% as at 31 December 2019, driven mainly by the combined effect of net increase in bank borrowings and the decrease in equity. The Group's gearing ratio continued to maintain at reasonable level, even under a difficult operating environment.

Total outstanding bank and other borrowings were HK$1,740 million as at 31 December 2019 (2018: HK$1,598 million). Approximately 81.8% of these bank and other borrowings were of long-term nature, primarily representing mortgage loans on properties held by the Group.

As at 31 December 2019, 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$317 million, HK$1,022 million and HK$401 million, respectively (2018: HK$236 million, HK$799 million and HK$563 million, respectively). There was no material effect of seasonality on the Group's borrowing requirements.

Liquidity and Financial Resources

The Group's current ratio as at 31 December 2019 was 224.9% (2018: 284.1%), reflecting high liquidity of the Group's assets.

The Group's cash balance at year end of 2019 was HK$71 million, decreased by HK$56 million as compared with HK$127 million one year earlier. This decrease was largely attributable to the application of funds for operating activities and working capital during the year ended 31 December 2019. The Group derived its working capital mainly from cash on hand, net cash generated from activities and borrowings. The Company expected that the Group would rely on net cash from operating activities, additional borrowings, and sale of non-core assets, if required, to meet future demand of working capital, capital expenditure and funds needed for expansion of the Group's principal businesses

Capital Commitments

As at 31 December 2019, capital commitment of the Group amounted to approximately HK$6 million (2018: nil). 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 2019, the Group's receipts were mainly denominated in HK$ and US$. Payments were mainly made in HK$, US$ and RMB. Cash was generally placed in short-term deposits denominated in HK$ and RMB. In 2019, 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. We will continue to monitor the currency exposure but we have no intention to enter into any high-risk exchange derivatives.

Acquisition and Disposal of Material Subsidiaries, Associates and Joint Ventures

The Group did not acquire or dispose of any material subsidiaries, associates and joint ventures during the year ended 31 December 2019.

Significant Investment

In 2019, the significant investment of the Company's securities trading business represented shares in the Target Company. As at 1 January 2019, the Company held approximately 28.5 billion shares of Target Company. During the year, the Company acquired additional 25.2 billion shares of the Target Company converted from the Convertible Bonds for a consideration of HK$252 million, based on the share price of HK$0.01 per share. The Convertible Bonds were transferred in 2018 to the Chinese party of Xinjiang Xingkai to satisfy the consideration for the Acquisition of HK$450,000,000. As at 31 December 2019, the Company held approximately 53.7 billion shares in the Target Company (including the additions of 25.2 billion shares as mentioned above), representing approximately 29.19% (2018: 15.48%) of the total number of issued shares of the Target Company as at the year-end date. The 53.7 billion shares in the Target Company was valued at approximately HK$537 million based on the closing price of the Target Company at HK$0.01 per share and such investment was classified in the consolidated statement of financial position as financial assets at fair value through profit or loss. No dividend was received from the Company's investment in the Target Company. Although the Target Company was in a loss position, its financial position was strong and it did not have any net borrowings.

Save as the approximately 53.7 billion shares of the Target Company as mentioned above, the Group did not hold any significant investment as at 31 December 2019.

Pledge of Assets

As at 31 December 2019, certain of the Group's assets with a net book value of approximately HK$2,377 million (2018: HK$2,563 million) and time deposits of HK$78 million (2018: HK$35 million) which were pledged to secure the Group's bank loans.

Contingent Liabilities

As at 31 December 2019, the Group had following contingent liabilities:

(a) corporate guarantees with aggregate amount of approximately HK$30 million (2018: HK$53 million) given by the Company to guarantee banking facilities of certain members of Target Group, of which approximately HK$8 million of the banking facilities were utilised by the Target Group (2018: HK$18 million); and

(b) during 2017 and in or about August 2018, various property purchasers initiated legal proceedings against 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 proceeding. Based on the existing legal documents and legal advice, the Directors 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 was considered necessary for the claims arising from the legal proceedings as at 31 December 2019.

Employees and Remuneration Policy

The total number of employees of the Group as at 31 December 2019 was 320 (2018: 467). The Group's remuneration policy is built on principle of equality, motivating, performance-oriented and market-competitive remuneration package to employees. Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance related bonuses. Share options may also be granted to eligible employees and persons of the Group. At 31 December 2019, there were no outstanding share options issued by the Company (2018: nil).

(B) MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2020

In 2020, the operating environment of the Company deteriorated as a result of the combined effect of the following global and local political, economic and health events:

(i) the COVID-19 pandemic;

(ii) the protracted trade war between the USA and the PRC; and

(iii) the global economic downturn.

The Group's revenue from continuing operations for 2020 of HK$505 million was HK$501 million or 49.8% lower than 2019, reflecting the impact of adverse operating environment.

In 2020, the Company recorded a net loss attributable to owners of the parent of HK$689 million as compared with a net loss of HK$141 million in 2019. The current year's loss represented mainly (i) non-cash unrealised revaluation losses in the total amount of HK$92 million arising from fair value changes of the Group's property portfolio and collectible assets portfolio; (ii) non-cash loss of HK$346 million arising from the termination of cooperation in respect of the Joint Venture and share of loss of HK$14 million from the Joint Venture during the year until the date of termination of cooperation; and (iii) significant reduction of revenue which led to significant reduction of gross profit.

The aforesaid non-cash loss of HK$346 million arose from the disposal of the Company's 50.5% interest in the joint venture, namely Xinjiang Xingkai to the Chinese partner of the joint venture. This loss represented reversal of gains recorded in prior years in respect of entering into the joint venture and the disposal of the Convertible Bonds.

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

In 2020, the Hong Kong property market was negatively affected by the COVID-19 outbreak, which started in January 2020. As a result, both property prices and transaction volume decreased. During the year under review, the property investment business generated rental income of HK$11 million, down HK$1 million or 8.3% from 2019, as a result of the coronavirus pandemic. A net operating loss of HK$84 million (2019: operating profit of HK$32 million), primarily from unrealised fair value losses on the Company's investment property portfolio in the amount of HK$84 million (2019: net gain of HK$33 million, representing realised gain of HK$83 million offset by the unrealised fair value losses of HK$50 million). This change of result was mainly due to the absence of gains from disposal of property in the current year whereas a gain of HK$83 million was realised from the disposal of 31st Floor, Fortis Tower, Wanchai in 2019.

In 2020, Ferrari's new model launch programme continued and three new Ferrari models were launched during the year. It was encouraging to see that many orders for new cars were received shortly after new model launch events. During the year under review, the Ferrari dealership business recorded revenue of HK$413 million, fell by 32.6%, primarily due to less shipments of new cars as a result of the negative impacts of the COVID-19 pandemic. However, the Ferrari service center in Kwai Chung continued to perform well and recorded modest increase in service revenue even during the pandemic. The dealership business recorded an operating loss of HK$22 million in 2020 as opposed to an operating profit of HK$16 million in 2019, primarily due to significant decrease in revenue.

Given the current difficult times, the classic car and logistic segments incurred an operating loss of HK$9 million (2019: operating profit of HK$2 million), due mainly to significant reduction of revenue by 75% from HK$104 million in 2019 to only HK$26 million in 2020.

The operating loss of HK$14 million in classic cars investment segments was partly driven by the unrealised fair value losses in the amount of HK$7 million from fair value change on our collection of classic cars held for investment and partly by operating expenses.

No revenue was recorded from our film operations in 2020 (2019: no revenue) as no film was released during the year. Public release of the large scale crime thriller film entitled "Sons of the Neon Night", in which the Company invested together with other major entertainment companies, has been delayed as a result of the COVID-19 Pandemic. The film segment recorded an operating loss of HK$7 million in the year (2019: operating loss of HK$7 million), mainly from operating expenses.

Stage audio, lighting and engineering operations segment recorded revenue of HK$20 million in 2020, represented 89.6% decrease from HK$192 million in 2019. Operating loss was HK$49 million (2019: operating profit of HK$3 million), led by significant reduction of revenue, primarily due to adverse impacts from the coronavirus outbreak.

Other operations comprise the classic car services center, the multimedia business, investment and trading of collectible precision devices, artist management and other new ventures which are in the development and start-up stage. This segment's revenue fell by 57.3% to HK$35 million in 2020. This segment recorded an operating loss of HK$25 million, decreased by 52.8% from HK$53 million in 2019.

In 2020, revenue of the Industrial Product Business of HK$11 million in 2020, was 87.9% lower than 2019, reflecting the negative impacts of the worsening operating environment and the termination of this business since 24 July 2020. Operating loss was HK$3 million (2019: operating loss of HK$6 million).

Capital Structure and Gearing Ratio

The Group's gearing ratio increased from 38.2% as at 31 December 2019 to 44.8% as at 31 December 2020, driven mainly by the combined effect of net decrease in bank borrowings and the decrease in equity. The Group's gearing ratio continued to maintain at a relatively reasonable level under the current unprecedent difficult times.

Total outstanding bank and other borrowings were HK$1,734 million (2019: HK$1,740 million). Approximately 81.8% of these bank and other borrowings were of long-term nature, primarily representing mortgage loans on properties held by the Group.

As at 31 December 2020, 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$316 million, HK$933 million and HK$485 million, respectively (2019: HK$317 million, HK$1,022 million and HK$401 million, respectively). There was no material effect of seasonality on the Group's borrowing requirements.

Liquidity and Financial Resources

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.

The Group's current ratio as at 31 December 2020 was 260.6% (2019: 224.9%), reflecting a high liquidity of the Group's assets.

The Group's cash balance at year end in 2020 was HK$48 million, decreased by HK$23 million as compared with HK$71 million one year earlier in 2019. This decrease was largely attributable to the application of funds for operating activities and working capital during the year ended 31 December 2020.

Capital Commitments

As at 31 December 2020, capital commitment of the Group amounted to approximately HK$6 million (2019: 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 2020, the Group's receipts were mainly denominated in HK$ and US$. Payments were mainly made in HK$, US$ and RMB. Cash was generally placed in short-term deposits denominated in HK$ and RMB. In 2020, 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. We will continue to monitor the currency exposure but we have no intention to enter into any high-risk exchange derivatives.

Acquisition and Disposal of Material Subsidiaries, Associates and Joint Ventures

Save for the disposal of Xinjiang Xingkai as elaborated on page IV-6 of this circular, the Group did not acquire or dispose of any material subsidiaries, associates and joint ventures during the year ended 31 December 2020.

Significant Investment

In 2020, the significant investment of the Company represented approximately 53.7 billion shares in the Target Company, representing approximately 29.19% (2019: 29.19%) of the total number of issued shares of the Target Company as at the year-end date. The 53.7 billion shares in the Target Company was held by the Company as trading stock of its securities trading business. These shares were valued at approximately HK$537 million based on the closing price of the Target Company at HK$0.01 per share and such investment was classified in the consolidated statement of financial position as financial assets at fair value through profit or loss. No dividend was received from the Company's investment in the Target Company. Although the Target Company was in a loss position, its financial position was strong and it did not have any net borrowings. It was considered that the Target Company might improve its performance through its continued initiatives of seeking opportunities to enhance its growth and profitability.

Save as the approximately 53.7 billion shares of the Target Company as mentioned above, the Group did not hold any significant investment as at 31 December 2020.

Pledge of Assets

As at 31 December 2020, certain of the Group's assets with a net book value of approximately HK$2,275 million (2019: HK$2,377 million) and time deposits of HK$43 million (2019: HK$78 million) which were pledged to secure the Group's bank loans.

Contingent Liabilities

As at 31 December 2020, the Group had following contingent liabilities:

Litigation

During 2017 and in or about August 2018, various property purchasers initiated legal proceedings against 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 legal advice, the Directors 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 was considered necessary for the claims arising from the legal proceedings as at 31 December 2020.

Employees and Remuneration Policy

The total number of employees of the Group as at 31 December 2020 was 318 (2019: 320). 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 2020, there were no outstanding share options issued by the Company (2019: nil).

(C) MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021, 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 2020.

In 2021, the 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.

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 2020. 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 2020.

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.

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.

Given these unprecedented times, the classic car and logistic segments incurred an operating loss of HK$23 million in 2021 (2020: HK$9 million).

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 2020. 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 2020.

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 (2020: HK$7 million) in 2021, mainly from operating expenses.

Stage audio, lighting and engineering operations 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: HK$49 million) in 2021, 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 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.

Capital Structure and Gearing Ratio

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 sub-section headed "Liquidity and Financial Resources" of this circular.*

Liquidity and Financial Resources

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 noncompliance.

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, Associates and Joint Ventures

The Group did not acquire or dispose of any material subsidiaries, associates and joint ventures during the year ended 31 December 2021.

Significant Investment

In 2021, the significant investment of the Company represented approximately 53.7 billion shares in the Target Company, representing approximately 29.19% (2020: 29.19%) of the total number of issued shares of the Target Company as at the year-end date. The 53.7 billion shares in the Target Company was held by the Company as trading stock of its securities trading business. These shares were valued at approximately HK$250 million using market approach based on price-to-book multiple ratio of comparable companies with similar risks as at 31 December 2021 and such investment was classified in the consolidated statement of financial position as financial assets at fair value through profit or loss. The fair value of the investment in Target Company as at 31 December 2020 was approximately HK$537 million based on the closing price of HK$0.01 per share. An unrealised fair value loss of HK$287 million was hence recognised, representing the fair value changes during 2021. No dividend was received from the Company's investment in the Target Company. Although the Target Company was in a loss position, its financial position was strong and it did not have any net borrowings. It was considered that the Target Company might improve its performance through its continued initiatives of seeking opportunities to enhance its growth and profitability.

Save as the approximately 53.7 billion shares of the Target Company as mentioned above, 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:

Litigations

During 2017 and in or about August 2018, various property purchasers initiated legal proceedings against 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 as at 31 December 2021 (2020: nil).

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).

(D) MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2022

The Group's revenue for the six months ended 30 June 2022 ("**1H22**") of HK$394 million was HK$112 million or 39.7% higher than the six months ended 30 June 2021 ("**1H21**"), driven mainly by the sale of classic and investment grade Ferrari cars.

In 1H22, the Group recorded a net loss attributable to owners of the parent of HK$17 million as compared with a net loss of HK$82 million in 1H21. This notable reduction in loss arose mainly as a result of recognising a gain of approximately HK$93 million of legal proceedings in relation to the intended sale and purchase of a commercial development project in Hong Kong and the car park development at the same premises initiated by the Group in 2013. The abovementioned legal proceedings were settled in March 2022.

Net loss attributable to non-controlling interests represented share of net loss by the minority shareholders of the cultural entertainment business.

In 1H22, the property investment segment achieved revenue of HK$5 million (1H21: HK$4 million) and recorded operating loss of HK$12 million as compared with loss of HK$3 million in the corresponding period last year. The higher loss for the current period under review was primarily attributable to the unrealised fair value losses on our investment property portfolio of HK$8 million, whereas there was net fair value gains of HK$2 million in the last corresponding period.

In 1H22, the Ferrari business continued to perform well and recorded revenue of HK$202 million. Meanwhile, the Ferrari service centre in Kwai Chung continued to perform well during the COVID-19 pandemic. The Ferrari business recorded an operating profit of HK$5 million in 1H22 as opposed to an operating loss of HK$6 million in 1H21. The improvement in operating loss was primarily due to cost savings.

The Maserati business generated a revenue of HK$18 million in 1H22. This new business recorded an operating loss of HK$9 million, mainly as a result of one-off 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.

Given these unprecedent times, the classic cars trading and logistics segments incurred an operating loss of HK$9 million (1H21: operating loss of HK$7 million).

The operating loss of the classic cars investment was less than HK$1 million, as compared with an operating loss of HK$2 million in the corresponding period last year. The decrease in segment's operating loss was mainly due to the gain on disposal of a classic car held for investment in April 2022 in amount of HK$7 million offset in part by the unrealised fair value losses of HK$5 million on classic cars held for investment.

The cultural entertainment business segment recorded a total revenue of HK$15 million, representing a 25.0% increase from HK$12 million in 1H21. Operating loss was HK$6 million (1H21: operating loss of HK$9 million). The decrease in operating loss was primarily led by cost savings.

Other operations mainly comprise investment of collectible precision devices, the multimedia business, artist management and other new ventures which are in the development and start-up stage. Revenue in other operations rose by 22.2% to HK$22 million in 1H22. This segment recorded an operating profit of HK$63 million, as opposed to an operating loss of HK$14 million in the last corresponding period. This was attributable to the gain of approximately HK$93 million from legal proceedings in relation to the intended sale and purchase of a commercial development project in Hong Kong and the car park development at the same premises, offset in part by the unrealised fair value losses of HK$9 million on the collectible precision devices held for investment.

Capital Structure and Gearing Ratio

The Group's gearing ratio was 55.2% as at 30 June 2022, slightly higher than the gearing ratio of 52.4% as at 31 December 2021. The Group continued to maintain a reasonable gearing ratio in difficult times.

Total outstanding borrowings were HK$1,980 million as at 30 June 2022 (31 December 2021: HK$1,782 million). Most of the Group's outstanding borrowings are long-term bank loans.

As at 30 June 2022, the maturity profile of the total borrowings of the Group falling due within one year, in the second to the fifth years and beyond five years amounted to HK$489 million, HK$1,171 million and HK$320 million, respectively (31 December 2021: HK$1,508 million*, HK$139 million and HK$135 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" below of this circular.*

Liquidity and Financial Resources

The Group's net current assets as at 30 June 2022 was HK$485 million, reflecting a high liquidity of the Group's financial position.

As at 31 December 2021, the Group's net current liabilities of HK$576 million was primarily due to the reclassification of approximately HK$1,051 million bank borrowings from non-current liabilities to current liabilities. The reclassification 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 was made known to the banker by the Group before 31 December 2021. Subsequently, the bank revised the debt covenant, upon which the Group rectified the non-compliance. The bank borrowings of approximately HK$1,051 million was reclassified back to non-current liabilities 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, 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 30 June 2022, capital commitments of the Group amounted to approximately HK$10 million (31 December 2021: HK$5 million). The Group intends to finance the capital commitments by internal resources.

Treasury Management

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

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 did not have any significant interest rate risk in 1H22 as interest rates currently remain at a relatively low level.

The Group did not have any significant exchange risk in the 1H22. We will continue to monitor the currency exposure but we have no intention to enter into any high-risk exchange derivatives.

Acquisition and Disposal of Material Subsidiaries, Associates and Joint Ventures

The Group did not acquire or dispose of any material subsidiaries, associates and joint ventures during the period under review.

Significant Investment

There is no significant event of the Group occurred after the six months ended 30 June 2022.

Pledge of Assets

As at 30 June 2022, certain assets of the Group with a net book value of HK$2,255 million (31 December 2021: HK$2,274 million) and time deposit of HK$40 million (31 December 2021: HK$40 million) were pledged to secure the Group's banking facilities.

Contingent Liabilities

As at 30 June 2022, the contingent liabilities which were not provided for in the Group's financial information were as follows:

Litigations

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 to be consolidated into one legal proceeding. Based on the existing legal documents and advice of the legal advisor of the Company, the Directors 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 30 June 2022 was 304 (31 December 2021: 271). The Group's remuneration policy is built on the 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 30 June 2022, there were no outstanding share options issued by the Company (31 December 2021: nil).

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

Looking forward, the global economic outlook remains highly uncertain. The COVID-19 pandemic continues to pose challenges to global economic recovery. The Company maintains the highest alert to possible impact to the Company's operations of the recent variants of coronavirus.

Amidst adverse operating environment, the Blackbird Group continued to make major progress in the development of its automotive business as Blackbird Tridente has been appointed to be importer and distributor for Maserati vehicles in Hong Kong and Macau. The Maserati importership will enhance the reputation and status of the Blackbird Group in the global automotive sector. The Company believes that the Maserati importership will contribute a stream of revenue to the Group and open up a new avenue for growth of income and profit for the Group.

During the 30-years' history of the Company, it has encountered many crises and cycles and each time the Company has overcome all these difficulties and challenges. The Company considers that when the COVID-19 is contained, the Company's principal businesses will recover. With its resilient management, the company considers that it can withstand the unprecedent challenges given rise by the COVID-19 pandemic.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the Shares and the underlying shares of the Company and its associated corporations (if any)

As at the Latest Practicable Date, the Directors and chief executive of the Company and/or any of their respective associates had the following interests and short positions in the Shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; or which were required, pursuant to Part XV of the SFO or the Model Code, to be notified to the Company and the Stock Exchange:

Long positions:

	Number of Shares			
Name of Director	**Personal Interests**	**Corporate Interests**	**Total Interests**	**Approximate % of the total issued Shares***
Mak Shiu Tong	25,589,652	446,025,079 *(Note 1)*	471,614,731	54.01%

* *The percentage was calculated based on 873,111,452 Shares in issue as at the Latest Practicable Date.*

Note:

1. The interests disclosed represented 446,025,079 Shares, of which, an aggregate of 446,025,079 Shares were held by Capital Force, New Capital and Capital Winner as at the Latest Practicable Date. Capital Force, New Capital and Capital Winner are private corporations, the shares in which are owned as to 51% by Mr. Mak and 49% by Mr. Mak Chun Kiu, a son of Mr. Mak, beneficially. The interest of Capital Force, New Capital and Capital Winner in the 446,025,079 Shares has also been stated Mr. Mak is deemed to be interested in 446,025,079 Shares as at the Latest Practicable Date under the SFO as he controls the exercise of all the voting power at general meetings of Capital Force, New Capital and Capital Winner. The interests of Capital Force, New Capital and Capital Winner have also been stated in the sub-section headed "(b) Substantial shareholders and short positions in the Shares and the underlying shares of the Company" under the section headed "3. Disclosure of Interests" on page V-3 of this circular.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; or were required, pursuant to Part XV of the SFO or the Model Code, to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders and short positions in the Shares and the underlying shares of the Company

As at the Latest Practicable Date, so far as was known to, or could be ascertained after reasonable enquiries by the Directors, the following persons (other than the Directors or the chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long positions:

	Number of Shares			
Name of Substantial Shareholders	**Personal Interests**	**Corporate Interests**	**Total Interests**	**Approximate % of the total issued Shares***
Capital Force *(Note 1)*	96,868,792	–	96,868,792	11.09%
New Capital *(Note 1)*	171,357,615	–	171,357,615	19.62%
Capital Winner *(Note 1)*	177,798,672	–	177,798,672	20.36%
Mr. Mak Chun Kiu	–	446,025,079 *(Note 2)*	446,025,079	51.08%

* *The percentage was calculated based on 873,111,452 Shares in issue as at the Latest Practicable Date.*

Notes:

1. Capital Force, New Capital and Capital Winner are private corporations, the shares in which are wholly-owned as to 51% by Mr. Mak and 49% by Mr. Mak Chun Kiu, a son of Mr. Mak, beneficially, whose interest in such Shares has also been disclosed in sub-section headed "(a) Directors' and chief executive's interests and short positions in the Shares and the underlying shares of the Company and its associated corporations (if any)" under the section headed "3. Disclosure of Interests" on page V-2 to this circular.

2. The interests disclosed represented 446,025,079 Shares, of which, an aggregate of 446,025,079 Shares were held by Capital Force, New Capital and Capital Winner as at the Latest Practicable Date. Capital Force, New Capital and Capital Winner are private corporations, the shares in which are owned as to 49% by Mr. Mak Chun Kiu, a son of Mr. Mak, beneficially. The interest of Capital Force, New Capital and Capital Winner in the 446,025,079 Shares has also been stated Mr. Mak Chun Kiu is deemed to be interested in 446,025,079 Shares as at the Latest Practicable Date under the SFO as he controls the exercise of all the voting power at general meetings of Capital Force, New Capital and Capital Winner.

Save for Mr. Mak who is a director and who is the beneficial owner of 51% of the issued share capital of the substantial shareholders disclosed above, no other Director or proposed Director is a director or employee of the above substantial shareholders who has an interests or short positions in the Shares and the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, there was no other person (other than the Directors or the chief executive of the Company) who had any interests or short positions in the Shares and the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly interests in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. INTERESTS IN CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors is materially interested in contract or arrangement subsisting and which is significant in relation to the business of the Group.

5. INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2021, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

6. SERVICE CONTRACTS

There is no existing or proposed service contract between any member of the Group and any Director (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation)).

7. COMPETING INTERESTS

Each of the Directors has confirmed that so far as they are aware of, none of the Directors nor any proposed Director or his/her respective close associates has any interest in a business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

8. LITIGATION

As at the Latest Practicable Date, save as disclosed on page I-2 of this circular, neither the Company nor any member of the Group was engaged in any litigation or claims of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any member of the Group.

9. MATERIAL ADVERSE CHANGE

The Directors have confirmed that there has been no material adverse change in the financial or trading position or prospects of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Group were made up, up to the Latest Practicable Date.

10. QUALIFICATIONS AND CONSENTS OF EXPERT

Name	Qualification
Ernst & Young	Certified Public Accountants *(Registered Public Interest Entity Auditor)*

(i) Ernst & Young had no shareholding, directly or indirectly, in the Company or any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any member of the Group as at the Latest Practicable Date;

(ii) Ernst & Young has given and has not withdrawn their written consent to the issue of this circular with the inclusion therein of their report and reference to their names in the form and context in which they are included; and

(iii) Ernst & Young had no direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to the Company or any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2021, the date to which latest published audited financial statements of the Group were made up.

11. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by the Group within the two years immediately preceding the Latest Practicable Date which are, or may be, material:

(i) the Xinjiang Disposal Agreement dated 30 November 2020;

(ii) the Agreement;

(iii) the Supplemental Agreement;

(iv) the Second Supplemental Agreement;

(v) the Third Supplemental Agreement;

(vi) the Fourth Supplemental Agreement;

(vii) the Fifth Supplemental Agreement; and

(viii) the Sixth Supplemental Agreement.

12. MISCELLANEOUS

(a) The registered office of the Company is located at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and the head office and the principal place of business of the Company in Hong Kong is located at 18/F., CCT Telecom Building, 11 Wo Shing Street, Fotan, Shatin, New Territories, Hong Kong.

(b) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(c) The company secretary of the Company is Ms. Sze Suet Ling, who is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom and a chartered governance professional.

(d) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

13. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.cct-fortis.com/eng/investor/circular.php) for 14 days from the date of this circular:

(a) the memorandum of continuance and the bye-laws of the Company;

(b) the letter from the Board to the Shareholders, the text of which is set out on pages 6 to 21 of this circular;

(c) the assurance report on the unaudited pro forma financial information of the Remaining Group issued by Ernst & Young, the text of which is set out in "Appendix III" of this circular;

(d) the written consent of expert referred to in the paragraph headed "10. Qualifications and consents of expert" in this "Appendix V" of this circular;

(e) the material contracts referred to under section headed "11. Material Contracts" in this "Appendix V" of this circular;

(f) the annual reports of the Company for the three financial years ended 31 December 2019, 2020 and 2021;

(g) the announcement of unaudited interim results of the Company for the six months ended 30 June 2022; and

(h) this circular.

CCT 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)

NOTICE IS HEREBY GIVEN that the special general meeting (the "**SGM**") of CCT FORTIS HOLDINGS LIMITED (the "**Company**") will be held at 18/F., CCT Telecom Building, 11 Wo Shing Street, Fotan, Shatin, New Territories, Hong Kong on Monday, 3 October 2022 at 10:00 a.m. for the following purposes:

ORDINARY RESOLUTION

1. "**THAT**

(a) the Agreement (as defined in the circular of the Company dated 15 September 2022), as amended by the Supplemental Agreements (as defined in the circular of the Company dated 15 September 2022) (a copy of each of the Agreement and the Supplemental Agreements is tabled at the SGM and each document is initialed by the chairman of the SGM for the purpose of identification), and the execution of the Agreement as amended and supplemented by the Supplemental Agreements by the Company be and is hereby approved, ratified and confirmed;

(b) the Disposal (as varied by the Revised Terms) (as defined in the circular of the Company dated 15 September 2022) which constitute a very substantial disposal for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; and any other transactions contemplated under the Agreement as amended by the Supplemental Agreements, be and are hereby approved, ratified and confirmed; and

(c) any one director of the Company (the "**Director**"); or any two Directors or any one Director and the company secretary of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her/them to be incidental to, ancillary to or in connection with the matters contemplated in and completion of the Agreement as amended by the Supplemental Agreements."

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

Hong Kong, 15 September 2022

Registered office:
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Head office and principal place of business in Hong Kong:
18/F., CCT Telecom Building
11 Wo Shing Street, Fotan
Shatin, New Territories, Hong Kong

Notes:

(1) A form of proxy for use at the SGM is enclosed herewith.

(2) The register of members of the Company will be closed from Wednesday, 28 September 2022 to Monday, 3 October 2022 (both days inclusive) during which period no transfer of share(s) will be effected. In order to determine the eligibility to attend and vote at the SGM, all transfer of share(s), accompanied by the relevant share certificate(s) with the properly completed transfer form(s) either overleaf or separately, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 27 September 2022.

(3) Any shareholder entitled to attend and vote at the SGM or at any adjourned meeting thereof (as the case may be) is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A shareholder who is the holder of two or more shares may appoint not more than two proxies, or more than two proxies provided that the shareholder is a clearing house (who must be an individual or individuals) to attend and vote instead of him/her on the same occasion. A proxy need not be a shareholder of the Company but must attend the SGM or at any adjourned meeting thereof (as the case may be) in person to represent him/her.

(4) In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 48 hours before the time appointed for holding the SGM (i.e. not later than 10:00 a.m., on Saturday, 1 October 2022, Hong Kong time) or any adjourned meeting thereof (as the case may be). Such prescribed form of proxy for use at the SGM is also published on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company at www.cct-fortis.com/eng/investor/announcements.php.

(5) Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the SGM or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.

(6) Where there are joint registered holders of any share(s), any one of such joint holders may attend and vote at the SGM or at any adjourned meeting thereof (as the case may be), either in person or by proxy, in respect of such share(s) as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the SGM or at any adjourned meeting thereof (as the case may be), the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

(7) The ordinary resolution set out above will be determined by way of a poll.

(8) As at the date of this notice, the executive Directors are Mr. Mak Shiu Tong, Clement and Ms. Cheng Yuk Ching, Flora; and the independent non-executive Directors are Mr. Chen Li, Mr. Chow Siu Ngor and Mr. Lau Ho Kit, Ivan.

The health of the Shareholders, staff and stakeholders is of paramount importance to us. In view of the ongoing Novel Coronavirus (COVID-19) pandemic, the Company will implement the following precautionary measures at the SGM to protect attending Shareholders, staff and stakeholders from the risk of infection:

(i) Compulsory body temperature checks will be conducted for every attending Shareholder, proxy or other attendee at the entrance of the SGM venue. Any person with a body temperature of over 37 degrees Celsius or who has any flu-like symptoms or is otherwise unwell may be denied entry into the SGM venue or be required to leave the SGM venue.

(ii) Each attendee will be required to complete and submit at the entrance of the SGM venue a health declaration form confirming, including but not limited to, whether (a) they have travelled to, or to their best of knowledge had close contact with any person who has recently travelled to, areas outside of Hong Kong (as per guidelines issued by the Hong Kong government at www.chp.gov.hk/en/features/102742.html) at any time in the preceding 14 days of the SGM; (b) they are, and have been, in close contact with any person who is, subject to any Hong Kong Government prescribed compulsory quarantine (including home quarantine); and (c) they are, and have been, in close contact with anyone who has contracted COVID-19, has been tested preliminarily positive of COVID-19 or is suspected of contracting COVID-19. Any person who responds positively to any one of the above questions will be denied entry into the SGM venue or be required to leave the SGM venue.

(iii) No corporate gift will be distributed and no drinks and no refreshment will be served.

(iv) Each attendee will be required to wear a surgical face mask before he/she is permitted to enter into the SGM venue, and throughout the SGM and inside the SGM venue, and to maintain a safe distance between seats. Please note that no surgical face mask will be provided at the SGM and all attendees should wear their own surgical face masks.

(v) As a precautionary safety measure, seating at the SGM will be arranged so as to reduce interaction between participants. As a result, there will be limited capacity for the Shareholders to attend the SGM.

(vi) Attendees are in addition requested to observe and practise good personal hygiene at all times. To the extent permitted by law, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue so as to ensure the health and safety of the attendees at the SGM.

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the SGM arrangements at short notice. Shareholders should constantly check the Company's website at www.cct-fortis.com/eng/investor/announcements.php or the Stock Exchange's website at www.hkexnews.hk for, if any, future announcement(s) and update(s) on the SGM arrangements.

In addition, the Company reminds all Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the SGM as their proxy to vote on the relevant resolution(s) at the SGM instead of attending the SGM in person, by completing and return the form of proxy enclosed with this circular.

If any Shareholder chooses not to attend the SGM in person but has any question about any resolution or about the Company, or has any matter for communication with the Board, he/she is welcome to send such question or matter in writing addressed to the "Company Secretarial Department" of the Company by mail to 18/F., CCT Telecom Building, 11 Wo Shing Street, Fotan, Shatin, New Territories, Hong Kong.

If any Shareholder has any question relating to the SGM, please contact the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited as follows:

Tricor Tengis Limited
17/F., Far East Finance Centre
16 Harcourt Road, Hong Kong
Email: is-enquiries@hk.tricorglobal.com
Tel: (852) 2980 1333
Fax: (852) 2810 8185