



**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:*

Mr. Mak Shiu Tong, Clement

*(Chairman and Chief Executive Officer)*

Ms. Cheng Yuk Ching, Flora

*(Deputy Chairman)*

*Registered office:*

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

*Independent non-executive Directors:*

Mr. Chen Li

Mr. Chow Siu Ngor

Mr. Lau Ho Kit, Ivan

*Head office and principal place of  
business in Hong Kong:*

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Hong Kong

9 February 2026

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED CAPITAL REORGANISATION;  
(2) PROPOSED CHANGE IN BOARD LOT SIZE;  
(3) CONNECTED TRANSACTION IN RELATION TO  
THE AMENDMENTS TO THE 2025 CONVERTIBLE BONDS DUE 2025;  
AND  
(4) NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

Reference is made to the Announcement in which the Board announced that, amongst other things, (i) the Company proposes to implement the Capital Reorganisation and the Change in Board Lot Size; and (ii) on 2 January 2026, after trading hours, the Company and the Bondholders entered into the Deed of Amendment pursuant to which the Company and the Bondholders have conditionally agreed to amend certain terms and conditions of the 2025 Convertible Bonds.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with (i) further details of the Capital Reorganisation and the Change in Board Lot Size; (ii) further details of the Deed of Amendment and the transactions contemplating respectively thereunder, including but not limited to, the grant of the Specific Mandate for the allotment and issue of the New Conversion Shares; and (iii) the notice of the SGM.

### **PROPOSED CAPITAL REORGANISATION**

The Board proposes to implement the Capital Reorganisation which will involve the Share Consolidation, Capital Reduction and the Share Subdivision as follows:

#### **(1) Share Consolidation**

The Board proposes that every ten (10) issued and unissued Existing Shares of par value of HK\$0.10 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$1.00 each in the share capital of the Company. The Consolidated Shares will rank *pari passu* in all respects with each other.

#### **(2) Capital Reduction and Share Subdivision**

The Board proposes that immediately upon the Share Consolidation becoming effective:

- (a) the Capital Reduction be implemented, pursuant to which, (i) any fractional Consolidated Shares in the issued share capital of the Company arising from the Share Consolidation shall be cancelled; (ii) the issued share capital of the Company will be reduced by cancelling the paid-up capital to the extent of HK\$0.90 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$1.00 to HK\$0.10; and
- (b) the Share Subdivision be implemented, pursuant to which each of the authorised but unissued Consolidated Shares of par value HK\$1.00 each will be subdivided into 10 authorised but unissued Adjusted Shares of par value HK\$0.10 each.

Based on the 1,599,675,452 Existing Shares in issue as at the Latest Practicable Date, a credit of approximately HK\$143,970,790.50 will arise from the Capital Reduction, which will be transferred to a contributed surplus account of the Company and the contributed surplus account will be applied by the Directors for such purposes permitted under the Companies Act and the Bye-Laws.

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## LETTER FROM THE BOARD

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### Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon the following conditions being fulfilled:

- (i) the passing of a special resolution by the Shareholders at the SGM to approve the Capital Reorganisation and the transactions contemplated thereunder;
- (ii) the compliance with the relevant procedures and requirements under the Companies Act and applicable laws of Bermuda to effect the Capital Reorganisation, which includes the Directors being satisfied that on the date the Capital Reorganisation is to take effect, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due;
- (iii) the Listing Committee granting approval for the listing of, and the permission to deal in, the issued Adjusted Shares upon the Capital Reorganisation becoming effective;
- (iv) the compliance with all relevant procedures and requirements under the Bye-Laws and the Listing Rules to effect the Capital Reorganisation; and
- (v) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

As at the Latest Practicable Date, none of the above conditions has been fulfilled.

Subject to the fulfilment of all the above conditions, the Capital Reorganisation is expected to become effective on Friday, 27 February 2026, being the second Business Day immediately following the date of the SGM.

### Proposed Change in Board Lot Size

As at the Latest Practicable Date, the Existing Shares are currently traded on the Stock Exchange in the board lots of 2,000 Existing Shares. It is proposed that, subject to and conditional upon the Capital Reorganisation becoming effective, the board lot size for trading on the Stock Exchange be changed from 2,000 Existing Shares to 5,000 Adjusted Shares.

Based on the closing price of HK\$0.066 per Existing Share (equivalent to the theoretical price of HK\$0.66 per Adjusted Share) as quoted on the Stock Exchange as at the Latest Practicable Date:

- (i) the market value of each board lot of 2,000 Existing Shares is HK\$132; and
- (ii) the value of each new board lot of 5,000 Adjusted Shares would be HK\$3,300 assuming the Capital Reorganisation had already been effective.

The Change in Board Lot Size will not result in any change in the relative rights of the Shareholders.

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## LETTER FROM THE BOARD

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### **Application for the listing of the issued Adjusted Shares**

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the issued Adjusted Shares.

Subject to the granting of the listing of, and the permission to deal in, the issued Adjusted Shares on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the issued Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealing in the issued Adjusted Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the issued Adjusted Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation becomes effective, the Adjusted Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

### **Effects of the Capital Reorganisation**

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$2,000,000,000 divided into 20,000,000,000 Existing Shares with par value of HK\$0.10 each, of which 1,599,675,452 Existing Shares have been issued and are fully paid or credited as fully paid.

Assuming that no further Existing Shares are allotted, issued or repurchased from the Latest Practicable Date up to and including the effective date of the Capital Reorganisation, immediately upon the Capital Reorganisation becoming effective, the authorised share capital of the Company shall become HK\$2,000,000,000 divided into 20,000,000,000 Adjusted Shares of par value of HK\$0.10 each, of which 159,967,545 Adjusted Shares will have been issued and will be fully paid or credited as fully paid. Assuming there are no other changes in the issued share capital of the Company from the Latest Practicable Date up to the effective date of the Capital Reorganisation, the share capital structure of the Company (i) as at the Latest

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## LETTER FROM THE BOARD

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Practicable Date; (ii) immediately after completion of the Share Consolidation but prior to the completion of the Capital Reduction and the Share Subdivision; and (iii) immediately after completion of the Capital Reduction and the Share Subdivision is summarised below:

	As at the Latest Practicable Date	Immediately after completion of the Share Consolidation but prior to the completion of the Capital Reduction and the Share Subdivision	Immediately after completion of the Capital Reduction and the Share Subdivision
Par value per Share	HK\$0.10 per Existing Share	HK\$1.00 per Consolidated Share	HK\$0.10 per Adjusted Share
<b>Authorised share capital</b>			
Authorised share capital	HK\$2,000,000,000	HK\$2,000,000,000	HK\$2,000,000,000
Number of authorised shares	20,000,000,000 Existing Shares	2,000,000,000 Consolidated Shares	20,000,000,000 Adjusted Shares
<b>Issued share capital</b>			
Amount of issued share capital	HK\$159,967,545.20	HK\$159,967,545	HK\$15,996,754.50
Number of issued Shares	1,599,675,452 Existing Shares	159,967,545 Consolidated Shares	159,967,545 Adjusted Shares
<b>Unissued share capital</b>			
Amount of unissued share capital	HK\$1,840,032,454.80	HK\$1,840,032,455	HK\$1,984,003,245.50
Number of unissued Shares	18,400,324,548 Existing Shares	1,840,032,455 Consolidated Shares	19,840,032,455 Adjusted Shares

As at the Latest Practicable Date, 1,599,675,452 Existing Shares are issued and fully paid or credited as fully paid. Immediately upon the Share Consolidation becoming effective, the Capital Reduction will involve a reduction of the par value of each issued Consolidated Share from HK\$1.00 to HK\$0.10, and a credit of approximately HK\$143,970,790.50 will arise as a result of the Capital Reduction and the aggregate nominal value of the issued share capital will be HK\$15,996,754.50 following the Capital Reduction becoming effective. It is proposed that the credit arising from the Capital Reduction will be credited to the distributable reserve account of the Company, which will be utilised by the Company in such manner as the Board may deem fit and permitted under all applicable laws of Bermuda and the Memorandum and Bye-Laws. Each of the authorised but unissued Consolidated Shares of par value HK\$1.00 each will also be subdivided into 10 authorised but unissued Adjusted Shares of par value HK\$0.10 each.

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## LETTER FROM THE BOARD

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### **Status of the Adjusted Shares**

All Adjusted Shares in issue immediately following the Capital Reorganisation becoming effective shall rank *pari passu* in all aspects with each other in accordance with the Memorandum and the Bye-Laws.

Other than the expenses to be incurred in relation to the Capital Reorganisation, the implementation of the Capital Reorganisation will not alter the underlying assets, business operation, management or financial position of the Company and the proportional interests and rights of the Shareholders, save that any fractional Adjusted Shares will not be allocated to the Shareholders who may otherwise be entitled and the necessary professional expenses for the implementation of the Capital Reorganisation.

### **Adjustments in relation to other securities of the Company**

As at the Latest Practicable Date, the total number of Shares available for issue under the Share Option Scheme is 87,311,145 Shares and there have been no Share Options granted entitling the holders thereof to subscribe for any Existing Share under the Share Option Scheme since its adoption. The Directors will determine, according to the rules of the Share Option Scheme, the adjustments (if any) required to be made in respect of the outstanding Share Options as a result of the Capital Reorganisation.

As at the Latest Practicable Date, the Company does not have any other derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into any Shares.

## **OTHER ARRANGEMENTS**

### **Exchange of share certificates for the Adjusted Shares**

Subject to the Capital Reorganisation becoming effective, Shareholders may submit their existing share certificates in brown colour for the Existing Shares on or after Friday, 27 February 2026 and until Thursday, 9 April 2026 (both days inclusive) to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong during business hours in exchange for new share certificates in reddish brown colour for the Adjusted Shares at the expenses of the Company. It is expected that the new share certificates for the Adjusted Shares will be available for collection within ten (10) Business Days after submission of the existing share certificates to the Registrar for exchange.

Shareholders should note that after the prescribed time for free exchange of new share certificates for the Adjusted Shares, a fee of HK\$2.50 (or such other amount as may be specified by the Stock Exchange from time to time) will be payable by Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Adjusted Shares, whichever the number of certificate(s) cancelled or issued is higher.

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## LETTER FROM THE BOARD

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All existing certificates of the Existing Shares will continue to be evidence of title to such Shares but all existing certificates of Existing Shares will cease to be valid for delivery, trading and settlement purpose.

### **Arrangement on odd lot trading and matching services**

In order to facilitate the trading of odd lots of the Adjusted Shares, the Company has appointed Kingsway Financial Services Group Limited as an agent to provide a matching service, on a best efforts basis, to those Shareholders who wish to acquire odd lots of the Adjusted Shares to make up a full board lot, or to dispose of their holding of odd lots of the Adjusted Shares during the period from 9:00 a.m. on Friday, 13 March 2026 to 4:00 p.m. on Thursday, 2 April 2026. Shareholders who wish to take advantage of this facility should contact Mr. So Man Hong of Kingsway Financial Services Group Limited at 7/F., Tower One, Lippo Centre, 89 Queensway, Hong Kong or at telephone number: (852) 2283-7698 during office hours (i.e. from 9:00 a.m. to 4:00 p.m.) of such period.

Holders of odd lots of the Adjusted Shares should note that matching of the sale and purchase of odd lots of the Adjusted Shares is not guaranteed. Shareholders, who are in any doubt about the odd lot arrangement, are recommended to consult their own professional advisers.

### **Fractional entitlement to the Adjusted Shares**

Any fractional Adjusted Shares arising from the Capital Reorganisation, if any, will be disregarded and will not be issued to the Shareholders otherwise entitled thereto but all such fractional Adjusted Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Adjusted Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Shareholders who are concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers and may wish to consider the possibility of buying or selling the Shares in a number sufficient to make up an entitlement to receive a whole number of Adjusted Shares.

### **REASONS FOR AND BENEFITS OF THE CAPITAL REORGANISATION AND CHANGE IN BOARD LOT SIZE**

Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and last updated in September 2024 (the “**Guide**”), the expected value per board lot should be greater than HK\$2,000 taking into account the minimum transaction costs for a securities trade. Based on the then prevailing market price per Share prior to the completion of the Share Consolidation, the market value of each board lot fell below HK\$2,000.



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## LETTER FROM THE BOARD

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The Shares are currently traded on the Stock Exchange in the board lot size of 2,000 Existing Shares. It is proposed that the board lot size will be amended to 5,000 Adjusted Shares when the Capital Reorganisation becomes effective. Based on the closing price of HK\$0.066 per Existing Share (equivalent to the theoretical closing price of HK\$0.66 per Adjusted Share) as quoted on the Stock Exchange as at the Latest Practicable Date, the value of each new board lot of 5,000 Adjusted Shares would be HK\$3,300 as compared to HK\$132 of the original board lot of 2,000 Existing Shares.

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities. The Guide has further stated that (i) market price of the shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

In view of the recent trading price of the Shares, the Board considers that the Capital Reorganisation and the Change in Board Lot Size will increase the board lot value of the Existing Shares, thereby enabling the Company to comply with the trading requirements under the Listing Rules and reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade.

Immediately upon the Share Consolidation becoming effective, the Capital Reduction will be implemented which will reduce the par value of each issued Consolidated Share from HK\$1.00 to HK\$0.10. Under the laws of Bermuda, a company may not issue shares at a discount to the par value of such shares. Accordingly, the Capital Reduction will allow greater flexibility in the pricing for any issue of new Shares in the future.

Furthermore, it is also expected that the liquidity in trading of the Adjusted Shares will increase accordingly. In addition, the implementation of the Capital Reorganisation and the Change in Board Lot Size will facilitate the extension of the maturity date of the 2025 Convertible Bonds under the Deed of Amendment. In view of the above, the Board considers that the Capital Reorganisation and the Change in Board Lot Size are beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, save as disclosed in this circular, the Company currently (i) does not have any agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) on any potential fundraising activities which will involve issue of equity securities of the Company; and (ii) has no other plan or intention to carry out any future corporate actions in the next twelve months which may have an effect of undermining or negating the intended purpose of the Capital Reorganisation.



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## LETTER FROM THE BOARD

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### BACKGROUND OF THE 2025 CONVERTIBLE BONDS

Reference is made to the announcements of the Company dated 16 November 2022, 11 January 2023 and 20 January 2023 and the circular of the Company dated 19 December 2022, in relation to, among other things, the issuance of the 2025 Convertible Bonds due on 31 December 2025 in the aggregate principal amount of HK\$220,000,000, and the announcement of the Company dated 17 May 2023 in relation to the transfer and conversion of part of the 2025 Convertible Bonds.

As at the Latest Practicable Date, the aggregate principal amount of the 2025 Convertible Bonds remaining outstanding are held as to HK\$83,000,000 by Treasure Goal and HK\$4,920,000 by Cheer Fame, respectively.

### THE DEED OF AMENDMENT

On 2 January 2026, after trading hours, the Company entered into the Deed of Amendment with the Bondholders pursuant to which the Company and each of the Bondholders has conditionally agreed to amend the terms and conditions of the 2025 Convertible Bonds as follows:

- (i) the maturity date of the 2025 Convertible Bonds be extended for two (2) years from 31 December 2025 to the Extended Maturity Date;
- (ii) the conversion price of the 2025 Convertible Bonds be changed from HK\$0.16 per Conversion Share to HK\$0.45 per New Conversion Share from and including the date of the Amendments under the Deed of Amendment having become effective to and including the Extended Maturity Date; for the avoidance of doubt, no further adjustment to the Conversion Price will be made pursuant to the Capital Reorganisation having becoming effective;
- (iii) the interest rate of the 2025 Convertible Bonds be decreased from 4.5% per annum to 0% per annum from and including 1 January 2026 to and including the Extended Maturity Date;
- (iv) the outstanding interest accrued under the 2025 Convertible Bonds payable by the Company to Treasure Goal from 20 January 2023 to 31 December 2025 in the amount of HK\$13,917,261.66 will be converted into a zero interest loan owed by the Company to Treasure Goal repayable on demand; and
- (v) the outstanding interest accrued under the 2025 Convertible Bonds payable by the Company to Cheer Fame from 5 June 2024 to 31 December 2025 in the amount of HK\$653,375.33 will be converted into a zero interest loan owed by the Company to Cheer Fame repayable on demand,

(collectively the amendments above, the “**Amendments**”).

Save for the Amendments, all other terms and conditions of the 2025 Convertible Bonds shall remain unchanged and in full force and effect.

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## LETTER FROM THE BOARD

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An application will be made by the Company to the Stock Exchange for the approval of the Amendments pursuant to Rule 28.05 of the Listing Rules.

The outstanding interest accrued under the 2025 Convertible Bonds in paragraph (iv) and (v) above are not secured by any assets of the Company. The conversion of the outstanding interest accrued on the 2025 Convertible Bonds into interest-free loan repayable on demand is to relieve the Company from the immediate payment obligation of such outstanding sums. The Bondholders have agreed not to request for repayment of such loan within 12 months after the date of the Amendments having taken effect.

### **Undertaking by the Bondholders**

Each of the Bondholders irrevocably and unconditionally undertakes to the Company that, (a) it will not assign or transfer any part of the outstanding principal amount of the 2025 Convertible Bonds to any transferee pursuant to the terms and condition of the 2025 Convertible Bonds on or before the Long Stop Date or the date of the Amendments having become effective, whichever is earlier; and (b) it will not take any action or proceedings against the Company to enforce repayment of any amount due and repayable by the Company under the 2025 Convertible Bonds pursuant to the terms and conditions of the 2025 Convertible Bonds on or before the Long Stop Date or the date of the Amendments having become effective, whichever is earlier.

### **Conditions of the Deed of Amendment**

The Deed of Amendment is conditional upon:

- (i) the Capital Reorganisation and the Change in Board Lot Size having become effective;
- (ii) the passing by the Independent Shareholders at the SGM of the necessary resolutions to approve the Capital Reorganisation, the Deed of Amendment, the transactions contemplated thereunder and the Specific Mandate;
- (iii) the Company having obtained the approval for the Amendments from the Stock Exchange in accordance with Rule 28.05 of the Listing Rules;
- (iv) the Listing Committee having granted listing of, and permission to, deal in the New Conversion Shares to be allotted and issued upon the exercise of conversion rights attached to the 2025 Convertible Bonds; and
- (v) all necessary consents and approvals required to be obtained on the part of the Company and the Bondholders in respect of the Deed of Amendments and the Amendments having been obtained and remained in full force and effect.

The Amendments shall take effect on the next Business Day when all the conditions above are fulfilled. None of the above conditions can be waived. If any of the above conditions is not fulfilled on or before the Long Stop Date, the Deed of Amendment shall automatically be terminated and be of no further effect and the Company and the Bondholders shall be released from all obligations thereunder.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, none of the above conditions precedent have been fulfilled.

### Principal terms of the 2025 Convertible Bonds

The principal terms of the 2025 Convertible Bonds (as amended by the Deed of Amendment) are as follows:

Issue price: 100% of the principal amount

Aggregate Outstanding Principal amount: HK\$87,920,000

Conversion price: The Conversion Price shall be HK\$0.16 per Conversion Share from and including the date of issue of the 2025 Convertible Bonds to and including the date immediately prior to the date of the Amendments under the Deed of Amendment having become effective, and HK\$0.45 per New Conversion Share from and including the date of the Amendments under the Deed of Amendment having become effective to and including the Extended Maturity Date, all subject to adjustments as hereafter described.

The Conversion Price of HK\$0.45 per New Conversion Share (equivalent to HK\$0.045 per Conversion Share) was determined after arm's length negotiations between the Company and the Bondholders with reference to the prevailing market price of the Shares, which represents:

- (i) a discount of approximately 36.62% to the closing price of HK\$0.071 per Existing Share as quoted on the Stock Exchange on the date of the Deed of Amendment;
- (ii) a discount of approximately 36.08% to the average closing prices of HK\$0.0704 per Existing Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Deed of Amendment; and

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## LETTER FROM THE BOARD

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- (iii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 20.14%, represented by the theoretical diluted price (as defined under Rule 7.27B of the Listing Rules) of approximately HK\$0.0567 per Existing Share, to the benchmarked price of HK\$0.071 per Existing Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (a) the closing price of HK\$0.071 per Existing Share on the date of the Deed of Amendment and (b) the average closing price of HK\$0.0704 per Existing Share as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the date of the Deed of Amendment.

The basis of determination for the Conversion Price of HK\$0.45 per New Conversion Share (equivalent to HK\$0.045 per Conversion Share) also took into account, amongst others, the following factors:

- (i) The Board considered that the Conversion Price of HK\$0.16 per Conversion Share from and including the date of issue of the 2025 Convertible Bonds to and including the date immediately prior to the date of the Amendments under the Deed of Amendment having become effective was substantially above the prevailing market price of approximately HK\$0.07 per Share as at 31 December 2025, being the original maturity date of the 2025 Convertible Bonds, which had become economically unworkable. In the absence of an adjustment of the Conversion Price, the conversion feature is unlikely to be exercised and the 2025 Convertible Bonds had, in substance, become a cash redemption obligation at maturity.
- (ii) The Company did not have sufficient financial capacity to meet the redemption obligation upon the original maturity on 31 December 2025. As at 30 November 2025, the outstanding principal amount of the 2025 Convertible Bonds of approximately HK\$87.92 million significantly exceeded the Company's cash and bank balances of approximately HK\$13.21 million. The Board considered that preserving liquidity for ongoing operations and avoiding a near term repayment cliff was therefore critical.

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## LETTER FROM THE BOARD

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- (iii) The Conversion Price of HK\$0.45 per New Conversion Share (equivalent to HK\$0.045 per Conversion Share) was determined with reference to the prevailing market price while also taking into account the extremely limited trading liquidity of the Shares. In the Board's view, such illiquidity materially increased execution risk for a conversion of meaningful size, and a deeper discount to the benchmark price was therefore commercially necessary to arrive at a conversion price that could realistically induce conversion and facilitate the restructuring of the 2025 Convertible Bonds.
- (iv) The adjustment to the Conversion Price formed part of an overall amendment package under which the Bondholders provided material concessions to the Company, including (a) a reduction of the interest rate of the 2025 Convertible Bonds from 4.5% per annum to 0% per annum from 1 January 2026 to the Extended Maturity Date, resulting in estimated interest savings of approximately HK\$7.9 million; (b) a two year extension of the original maturity date; and (c) the conversion of the outstanding interest accrued on the 2025 Convertible Bonds as at 31 December 2025 into interest-free loan repayable on demand.
- (v) The Company approached three of its existing banks which indicated their preference for reducing, rather than increasing, the facility amount. In addition, the Company contacted several other financial institutions to explore potential new credit lines; however, no such facilities have been successfully secured as at the Latest Practicable Date. The Group's was in net current liability positions as at 31 December 2024 and 30 June 2025 and the effective interest rates of the bank loans and other loan (excluding leases liabilities) of the Group ranged from 2.75% to 20.88% for the year ended 31 December 2024 and the six months ended 30 June 2025. Under the Amendments, the interest rate of the 2025 Convertible Bonds will be reduced to nil. Even if the Company could obtain debt financing to repay the 2025 Convertible Bonds and the accrued interest, its current financial position suggests that such borrowing would likely carry a relatively high interest rate which will significantly weaken the Group's cashflow and further deteriorate its net current liability position.

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## LETTER FROM THE BOARD

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By reason of the above, the Board is of the view that the basis for determining the revised Conversion Price is fair and reasonable, and that notwithstanding the discount to the benchmark price, the adjustment represents a value preserving solution and is in the interests of the Company and its Shareholders as a whole.

Adjustment events:

The Conversion Price shall from time to time be subject to adjustment upon occurrence of the following events:

- (i) an alteration to the nominal number of the Shares by way of consolidation, sub-division, or reclassification;
- (ii) an issue (other than in lieu of cash dividend and other than issue that would amount to capital distribution) of any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) a capital distribution (in cash or specie and whether on a reduction of capital or otherwise) to the Shareholders or grant to the Shareholders rights to acquire for cash assets of the Group;
- (iv) an offer of new Shares to the Shareholders for conversion by way of rights, or grant, to Shareholders of any options or warrants to subscribe for new Shares, at a price which is less than 90% of the market price on the date of the announcement of the terms of the offer or grant;
- (v) (aa) an issue of securities wholly for cash or for reduction of liabilities or for acquisition of asset which by their terms are convertible into or exchangeable for or carry rights of conversion for new Shares, and the total effective consideration per Share initially receivable for such securities is less than 90% of the market price on the date of the announcement of the terms of issue of such securities;

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## LETTER FROM THE BOARD

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(bb) modification of the rights of conversion or exchange or subscription attached to any such securities as are mentioned in section (aa) of this paragraph (e), so that the total effective consideration per Share initially receivable for such securities shall be less than 90% of the market price on the date of announcement of the proposal to modify such rights of conversion or exchange or subscription;

(vi) an issue of any Shares wholly for cash or for reduction of liabilities at a price per Share which is less than 90% of the market price on the date of the announcement of the terms of such issue; and

(vii) an issue of any Shares for the acquisition of asset at a total effective consideration per Share which is less than 90% of the market price at the date of the announcement of the terms of such issue.

Interest rate:

(a) 4.5% per annum from and including the date of issue of the 2025 Convertible Bonds to and including 31 December 2025

(b) 0% per annum from and including 1 January 2026 to and including the Extended Maturity Date

Conversion Shares/New  
Conversion Shares:

Based on the aggregate outstanding principal amount of the 2025 Convertible Bonds of HK\$87,920,000, the 2025 Convertible Bonds are convertible into 195,377,777 New Conversion Shares (equivalent to 1,953,777,777 Conversion Shares) at the initial conversion price of HK\$0.45 per New Conversion Share (equivalent to HK\$0.045) per Conversion Share (subject to adjustments), of which 184,444,444 New Conversion Shares and 10,933,333 New Conversion Shares may be granted to Treasure Goal and Cheer Fame respectively upon exercise of the conversion rights. The 195,377,777 New Conversion Shares represents:

(i) approximately 122.14% of the total issued share capital of the Company as at the Latest Practicable Date; and



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## LETTER FROM THE BOARD

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- (ii) approximately 54.98% of the total issued share capital of the Company as enlarged by the allotment and issue of the New Conversion Shares upon exercise in full of the conversion rights attaching to the 2025 Convertible Bonds and after the Capital Reorganisation becoming effective.

Conversion period:	The period commencing from the issue date of the 2025 Convertible Bonds up to 4:00 p.m. (Hong Kong time) on the day immediately prior to and exclusive of the Extended Maturity Date.
Conversion rights and restrictions:	The holder(s) of the 2025 Convertible Bonds shall, subject to compliance with the procedures set out in the terms and conditions thereunder, have the right at any time during the conversion period to convert the whole or part of the outstanding principal amount of the 2025 Convertible Bonds registered in its name into the Conversion Shares or New Conversion Shares (as the case may be) provided further that (i) any conversion shall be made in amounts of not less than a whole multiple of HK\$500,000 on each conversion save that if at any time the aggregate outstanding principal amount of the 2025 Convertible Bonds is less than HK\$500,000, the whole (but not part only) of the outstanding principal amount of the 2025 Convertible Bonds may be converted; and (ii) the exercise of the conversion rights attached to the 2025 Convertible Bonds will not cause the Company to be unable to meet the public float requirement under the Listing Rules.
Early redemption at the option of the Company:	The Company shall be entitled at its sole discretion, by giving not less than seven (7) days' notice to the holder(s) of the 2025 Convertible Bonds, propose to the holder(s) to redeem the outstanding 2025 Convertible Bonds (in multiples of HK\$500,000 or such lesser amount as may represent the entire principal amount thereof) an amount equivalent to 100% of the principal amount of such outstanding 2025 Convertible Bonds at any time after the date of issue of the 2025 Convertible Bonds up to and including the date falling seven (7) days immediately before the Extended Maturity Date.

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## LETTER FROM THE BOARD

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Ranking:	The New Conversion Shares, when allotted and issued, shall rank <i>pari passu</i> in all respects with the Shares in issue on the relevant conversion date including the right to all dividends or other distributions, paid or made on or after the relevant conversion date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the relevant conversion date.
Extended Maturity Date:	31 December 2027
Voting rights:	The holder(s) of the 2025 Convertible Bonds shall not have any right to attend or vote in any general meeting of the Company.
Transferability:	Subject to compliance with the Listing Rules, the 2025 Convertible Bonds may be transferred or assigned in whole or in part in integral multiples of HK\$500,000 by the holder(s) of the 2025 Convertible Bonds to any party, save and except that the 2025 Convertible Bonds shall not be transferred to a connected person of the Company unless with the prior written consent of the Company.
Security:	The obligations of the Company under the 2025 Convertible Bonds are unsecured.

## LETTER FROM THE BOARD

### EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Capital Reorganisation but prior to full conversion of the 2025 Convertible Bonds at the Conversion Price; and (iii) immediately upon full conversion of the 2025 Convertible Bonds at the Conversion Price are as follows:

	(i) As at the Latest Practicable Date		(ii) Immediately after completion of the Capital Reorganisation but prior to full conversion of the 2025 Convertible Bonds at the Conversion Price		(iii) Immediately upon full conversion of the 2025 Convertible Bonds at the Conversion Price (Note 5)	
	<i>No. of Existing Shares</i>	<i>Approximate %</i>	<i>No. of Adjusted Shares</i>	<i>Approximate %</i>	<i>No. of Adjusted Shares</i>	<i>Approximate %</i>
<b>Mr. Mak</b>						
Mr. Mak (Note 1)	25,589,652	1.60	2,558,965	1.60	2,558,965	0.72
Treasure Goal (Note 2)	—	—	—	—	184,444,444	51.90
<b>Mr. TK Mak</b>						
Cheer Fame (Note 3)	—	—	—	—	10,933,333	3.08
<b>Entities held by Mr. Mak and Mr. TK Mak (Note 4)</b>						
Capital Winner	468,423,672	29.28	46,842,367	29.28	46,842,367	13.18
New Capital	452,607,615	28.29	45,260,762	28.29	45,260,762	12.74
Capital Force	252,921,792	15.81	25,292,179	15.81	25,292,179	7.12
<b>Public Shareholders</b>	<u>400,132,721</u>	<u>25.02</u>	<u>40,013,272</u>	<u>25.02</u>	<u>40,013,272</u>	<u>11.26</u>
<b>Total</b>	<u>1,599,675,452</u>	<u>100.00</u>	<u>159,967,545</u>	<u>100.00</u>	<u>355,345,322</u>	<u>100.00</u>

Notes:

- Mr. Mak is the chairman, an executive Director and the controlling Shareholder of the Company and holds 25,589,652 Shares directly.
- Treasure Goal is beneficially and wholly owned by Mr. Mak and is a close associate of Mr. Mak.
- Cheer Fame is beneficially and wholly owned by Mr. TK Mak and is a close associate of Mr. TK Mak.
- Capital Winner, New Capital and Capital Force are private corporations owned as to 51% by Mr. Mak and as to 49% by Mr. TK Mak, a son of Mr. Mak, beneficially. Mr. Mak and Mr. TK Mak are deemed to be interested in 1,173,953,079 Shares held by these companies under the SFO. Capital Winner, New Capital and Capital Force are close associates of Mr. Mak.
- The shareholding structure is prepared for illustrative purpose only. There is no right for the Bondholders to convert any principal amount of the 2025 Convertible Bonds and the Company shall not issue any Conversion Shares or New Conversion Shares thereof if, upon such conversion and issue of the Conversion Shares or New Conversion Shares, the Company will not be able to comply with the minimum public float requirement under the Listing Rules.

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## LETTER FROM THE BOARD

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### FUND RAISING DURING THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising exercises in the past twelve months immediately preceding the Latest Practicable Date.

### REASONS FOR AND BENEFITS OF THE DEED OF AMENDMENT

The Group is principally engaged in (i) property business; (ii) securities business; (iii) multifaceted automotive business and investments in valuable collections; and (iv) cultural entertainment business.

In order to address part of the going concern disclaimer opinion as disclosed in the announcement of the Company dated 31 October 2025 and the net current liability position of the Group, the Company entered into the Deed of Amendment with the Bondholders to make certain amendments to the 2025 Convertible Bonds.

In view of the Group's net current liability position as at 30 June 2025, the Company did not have sufficient financial capacity to meet the redemption obligation upon the original maturity on 31 December 2025. As such the extension of the maturity date of the 2025 Convertible Bonds and the reduction of interest rate of the 2025 Convertible Bonds pursuant to the Deed of Amendment would mean that the outstanding amount of the 2025 Convertible Bonds will be classified as a non-current liability after extension and would enable the Company to postpone its cash outflow and allow the Group to have more financial flexibility in the deployment of its working capital for its businesses operations and development, and thus will allow the Company to retain its financial resources for a longer period of time and represents an opportunity to enhance the working capital of the Company. Also, the reduction of interest rate of the 2025 Convertible Bonds and the conversion of the outstanding interest accrued on the 2025 Convertible Bonds into an interest-free loan repayable on demand would reduce the Company's financing costs and near term cash outflows, thereby improving its ability to stabilise operations and recover financial performance. As the outstanding interest accrued on the 2025 Convertible Bonds was overdue, its conversion to an interest-free loan which is repayable on demand and the Bondholders' agreement not to request for repayment of such loan within 12 months after the date of the Amendments having taken effect will provide the Group with greater flexibility in its cash flow as there is no current imminent repayment date for the interest-free loan despite being classified as current liability, thereby will relieve the Group from its financial burden and improve the Group's financial position and address part of the going concern disclaimer set out in the annual report of the Company for the year ended 31 December 2024 and action plan set out in the supplemental announcements of the Company dated 4 July 2025, 31 July 2025 and 31 October 2025. The Directors consider that the terms and conditions of the Deed of Amendment are fair and reasonable and that the Amendments are in the interests of the Company and the Shareholders as a whole.

The Board will continue to use its best endeavours to implement plans and measures with the aim of resolving the disclaimer opinion set out in the annual report of the Company for the year ended 31 December 2024.

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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS

Pursuant to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alteration takes effect automatically under the existing terms of such convertible debt securities. Accordingly, an application will be made by the Company to the Stock Exchange for the approval of the Amendments.

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the New Conversion Shares which may fall to be issued upon conversion of the 2025 Convertible Bonds. No application will be made for the listing of the 2025 Convertible Bonds on the Stock Exchange or any other stock exchange.

Treasure Goal, one of the Bondholders is beneficially and ultimately owned by Mr. Mak, being the chairman, the chief executive officer, an executive Director and the controlling Shareholder of the Company, and Cheer Fame, the other Bondholder, is beneficially and wholly owned by Mr. TK Mak, the chief executive officer of the Blackbird Group, a controlling shareholder of the Company and the son of Mr. Mak, and hence Treasure Goal and Cheer Fame are connected persons of the Company under Chapter 14A of the Listing Rules. Mr. Mak holds 25,589,652 Shares and is deemed under Part XV of the SFO to be interested in an aggregate of 1,173,953,079 Shares held by Capital Winner, New Capital and Capital Force, representing approximately an aggregate of 74.98% of the issued share capital of the Company. Accordingly, the entering into of the Deed of Amendment constitutes a connected transaction on the part of the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Mak has abstained from voting on the resolutions in relation to the Deed of Amendment and the transactions contemplated thereunder, including the grant of the Specific Mandate proposed to the Board. Save as disclosed above, none of the Directors whom attended the Board meeting has a material interest in the Deed of Amendment and the transactions contemplated thereunder, including the grant of the Specific Mandate.

### SGM

A notice convening the SGM to be held at 18/F., CCT Telecom Building, 11 Wo Shing Street, Fotan, Shatin, New Territories, Hong Kong at 10:00 a.m. on Wednesday, 25 February 2026 is set out on pages SGM-1 to SGM-4 of this circular. A special resolution will be proposed at the SGM to approve the Capital Reorganisation and an ordinary resolution will be proposed at the SGM to approve the Deed of Amendment and the transactions contemplating respectively thereunder, including but not limited to, the grant of the Specific Mandate for the allotment and issue of the New Conversion Shares.

Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the SGM (i.e. 10:00 a.m. on Monday,

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## LETTER FROM THE BOARD

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23 February 2026) or any adjourned SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

An Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Chen Li, Mr. Chow Siu Ngor and Mr. Lau Ho Kit, Ivan, has been formed to advise the Independent Shareholders, and the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders regarding the Deed of Amendment and the transactions contemplated thereunder. South China Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Treasure Goal, one of the Bondholders is beneficially and ultimately owned by Mr. Mak, being the chairman, the chief executive officer, an executive Director and the controlling Shareholder of the Company, and Cheer Fame, the other Bondholder, is beneficially and wholly owned by Mr. TK Mak, the chief executive officer of the Blackbird Group, a controlling shareholder of the Company and the son of Mr. Mak, and hence Treasure Goal and Cheer Fame are connected persons of the Company under Chapter 14A of the Listing Rules. As at the Latest Practicable Date, (i) Treasure Goal and Cheer Fame do not hold any Shares; (ii) Mr. Mak holds 25,589,652 Shares directly; and (iii) Mr. Mak and Mr. TK Mak are deemed under Part XV of the SFO to be interested in an aggregate of 1,173,953,079 Shares held by Capital Winner, New Capital and Capital Force, representing approximately an aggregate of 74.98% of the issued share capital of the Company. Accordingly, Treasure Goal and Cheer Fame and their respective associates including Mr. Mak, Mr. TK Mak, Capital Winner, New Capital and Capital Force, shall abstain from voting in respect of 1,173,953,079 Shares held by them in aggregate on the ordinary resolution to approve the Deed of Amendment and the transactions completed thereunder, including the Specific Mandate, at the SGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, no other Shareholder has a material interest in the Deed of Amendment and shall be required to abstain from voting at the SGM in respect of the resolution to approve the Deed of Amendment and the transactions completed thereunder, including the Specific Mandate.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting on the special resolution relating to the Capital Reorganisation at the SGM.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting 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. As such, the special resolution and the ordinary resolution set out in the notice of the SGM will be voted by poll.

Treasury shares, if any, shall have no voting rights at the general meeting(s) of the Company. For the avoidance of doubt, solely from the perspective of the Listing Rules, the Company shall procure, upon depositing any treasury shares in CCASS, the abstention from voting at any of its general meeting(s) in relation to those shares.

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## LETTER FROM THE BOARD

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### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 20 February 2026 to Wednesday, 25 February 2026 both days inclusive, in order to determine the entitlement to attend the SGM. The record date for attendance and voting at the SGM is Wednesday, 25 February 2026. In order to qualify for attending and voting at the SGM, all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 16 February 2026.

### RECOMMENDATION

The Directors consider that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of the special resolution at the SGM approving the Capital Reorganisation.

The Board (including the members of the Independent Board Committee after having considered the advice of the Independent Financial Adviser) consider that the Deed of Amendment and the transactions completed thereunder, including the Specific Mandate are on normal commercial terms, fair and reasonable and in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution relating to the Deed of Amendment and the transactions completed thereunder to be proposed at the SGM.

### FURTHER INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee which contains the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Deed of Amendment and the transactions contemplated thereunder; (ii) the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Deed of Amendment and the transactions contemplated thereunder; and (iii) the additional information set out in the appendix to this circular and the notice of the SGM.

**Shareholders and potential investors of the Company should note that (1) the Capital Reorganisation is conditional upon the fulfilment of certain conditions set out in this circular and the Change in Board Lot Size is conditional upon the Share Consolidation becoming effective; and (2) the Amendments is subject to the fulfilment of the conditions precedent under the Deed of Amendment. Therefore, the Capital Reorganisation, the Change in Board Lot Size and the Deed of Amendment may or may not proceed.**

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. If they are in doubt, they should consult their professional advisers.

Yours faithfully,  
By order of the Board  
CCT FORTIS HOLDINGS LIMITED



Mak Shiu Tong, Clement  
*Chairman and Chief Executive Officer*