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)

VERY SUBSTANTIAL DISPOSAL
DISPOSAL OF SHARES IN GBA HOLDINGS LIMITED
&
NOTICE OF SPECIAL GENERAL MEETING

A letter from the Board is set out on pages 6 to 20 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, 17 January 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 Level 54, Hopewell Centre, 183 Queen's Road East, 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, 15 January 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 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.

28 December 2021

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

"Agreement"	the sale and purchase agreement dated 15 November 2021 entered into by and among the Vendors, the Purchaser and the Company in relation to the Disposal
"Announcements"	the announcements of the Company dated 16 November 2021, 10 December 2021, 20 December 2021 and the Supplemental Announcement 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 wholly-owned by 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 wholly-owned by 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 date falling two (2) Business Days after fulfillment (or waiver) of the conditions precedent under the Agreement, or such other date as the Vendors and the Purchaser may agree in writing
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Deposits"	the Initial Deposit and the Further Deposit
"Director(s)"	director(s) of the Company
"Disposal"	the disposal of the Sale Shares under the Agreement as amended and supplemented by the Supplemental Agreement
"First Sale Shares"	28,467,100,000 Shares, representing approximately 15.48% of all the issued shares of the Target Company
"First Vendor"	CCT Telecom Securities Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company
"Further Deposit"	the further deposit of HK$30,000,000 to be payable by the Purchaser to the Second Vendor (or its nominee) within thirty (30) days from the date of payment of the Initial Deposit or such later date as the parties thereto may agree, pursuant to the Agreement as amended and supplemented by the Supplemental Agreement
"Further Share Charge"	the share charge to be executed by the First Vendor in favour of the Purchaser no later than three (3) Business Days after the date of payment of the Further Deposit in relation to the charge of 4,290,000,000 ordinary shares of the Target Company by the First Vendor in favour of the Purchaser as security for the performance of the obligation of the First Vendor to repay the Further Deposit and the requirement for the Further Share Charge has been removed under the Supplemental Agreement
"gearing ratio"	total borrowings (represented bank and other borrowings) divided by total capital employed (total shareholders' fund plus total borrowings)
"Group"	the Company and its subsidiaries from time to time
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"INED"	independent non-executive director
"Initial Deposit"	the initial deposit of HK$20,000,000 to be payable by the Purchaser to the Second Vendor (or its nominee) within thirty (30) days from the date of the Agreement, pursuant to the Agreement as amended and supplemented by the Supplemental Agreement
"Initial Share Charge"	the share charge to be executed by the Second Vendor in favour of the Purchaser upon the date of payment of the Initial Deposit in relation to the charge of the Second Sale Shares by the Second Vendor in favour of the Purchaser as security for the performance of the obligation of the Second Vendor to repay the Initial Deposit and the requirement for the Initial Share Charge has been removed under the Supplemental Agreement
"Latest Practicable Date"	Wednesday, 22 December 2021, 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. Mak"	Mr. Mak Shiu Tong, Clement, the chairman, the chief executive officer, an executive director and the controlling shareholder of the Company
"New Capital"	New Capital Industrial Limited, a company incorporated in the British Virgin Islands, the shares in which are wholly-owned by Mr. Mak beneficially
"PRC"	the People's Republic of China
"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
"Sale Shares"	the First Sale Shares and the Second Sale Shares

"Second Sale Shares"	25,200,000,000 Shares, representing approximately 13.71% of all the issued shares of the Target Company
"Second Vendor"	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, 17 January 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 Option(s)"	the share option(s) granted by the Target Company under the share option scheme adopted by the Target Company pursuant to the resolution passed at the annual general meeting of the Target Company on 27 May 2011 and expired on 26 May 2021; and (ii) the share option scheme adopted by the Target Company pursuant to the resolution passed at the annual general meeting of the Target Company on 23 June 2021
"Shareholders"	holders of the issued Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Agreement"	the supplemental agreement dated 14 December 2021 entered into between the Vendors, the Purchaser and the Company, under which the parties thereto agreed to amend and supplement certain payment terms of the Consideration and other related terms and conditions of the Agreement, as elaborated in detail in the sub-section headed "Consideration" of the section headed "THE DISPOSAL" in the "LETTER FROM THE BOARD" of this circular
"Supplemental Announcement"	the Company's announcement dated 14 December 2021 in relation to the 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
"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
"%"	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
Tam Ngai Hung, Terry
Cheng Yuk Ching, Flora

Independent non-executive Directors:
Tam King Ching, Kenny
Chen Li
Chow Siu Ngor

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

28 December 2021

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL DISPOSAL OF SHARES IN GBA HOLDINGS LIMITED & NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

References are made to the Announcements.

The purpose of this circular is to provide you with, among other things, (i) further information relating to the Disposal; (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 DISPOSAL

On 15 November 2021, the Vendors, 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. In consideration for the Purchaser entering into the Agreement, the Company has agreed to guarantee in favour of the Purchaser the due and punctual performance of the obligations of the Vendors under the Agreement subject to and upon the terms and conditions 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 for the Disposal is HK$250,000,000.

Pursuant to the original terms under the Agreement (before amendments by the Supplemental Agreement), the Consideration shall be payable by the Purchaser to the Vendors (or their nominees) in cash in accordance with the following manner:

(i) an amount of HK$120,000,000 (the "**Initial Deposit**") shall be payable by the Purchaser to the Second Vendor (or its nominee), against the requirements that the Initial Share Charge having been executed by the Vendors and two nominee directors from the Purchaser having been validly appointed by the Target Company, within thirty (30) days from the date of the Agreement;

(ii) an amount of HK$20,000,000 (the "**Further Deposit**") shall be payable by the Purchaser to the First Vendor (or its nominee), against the requirement that all inter-company balances between the Group and the Target Group having been fully and finally settled, within thirty (30) days from the date of payment of the Initial Deposit or such later date as the parties thereto may agree;

(iii) an amount of HK$70,000,000 shall be payable upon Completion by the Purchaser to the First Vendor (or its nominee); and

(iv) the balance of HK$40,000,000 shall be payable by the Purchaser to the First Vendor (or its nominee) within sixty (60) days from the Completion Date (the "**Relevant Period**"), unless any material breach of the warranties and indemnity and undertakings given by the Vendors under the Agreement have been identified by the Purchaser any time during the Relevant Period, in which case the Purchaser and the Vendors shall reasonably and mutually agree on the amount to be deducted in respect of such material breach.

Pursuant to the Agreement, Completion is subject to, amongst other conditions, the Shareholders having approved at the SGM the entering into of the Agreement and the transaction contemplated thereunder. As such, Completion is expected to take place at least more than 60 days from the date of the Agreement. Under the Agreement (before amendments pursuant to the Supplemental Agreement), the Initial Deposit (represented 48% of the Consideration) and the Further Deposit (represented 8% of the Consideration) would be payable within 30 days and 60 days, respectively from the date of the Agreement. Therefore, deposits represented 56% of the Consideration would be payable prior to the Completion Date, in accordance with the original terms of the Agreement. Although the balance of the Consideration of HK$40,000,000 (represented 16% of the Consideration) would be payable within the 60 days from the Completion Date in accordance with the original terms of the Agreement, this was required by the Purchaser to serve as warranty security against any material breach of warranties of the Vendors, which was considered to be fair and reasonable. As such, it is in the interest of the Company and the Shareholders as a whole to allow payment of the Consideration by instalments instead of full payment on the Completion Date.

On 14 December 2021, the Vendors, the Purchaser and the Company entered into the Supplemental Agreement to amend and supplement certain terms of the Agreement. A summary of the amendments under of the Supplemental Agreement and a comparison with the original terms of the Agreement is set out in the following table:

Original terms of the Agreement	Revised terms of the Supplemental Agreement	Difference between the Agreement and the Supplemental Agreement
1. Payment terms of the Consideration		
(i) The Initial Deposit in the amount of HK$120,000,000 shall be payable by the Purchaser to the Second Vendor (or its nominee), against the requirement that the Initial Share Charge having been executed by the Vendors, and two nominee directors from the Purchaser having been validly appointed by the Target Company, within thirty (30) days from the date of the Agreement;	(a) The Initial Deposit in the amount of HK$20,000,000 shall be payable by the Purchaser to the Second Vendor (or its nominee) within thirty (30) days from the date of Agreement; and (b) as any time prior to Completion, the Purchaser may nominate one director to the board of directors of the Target Company;	(a) The Initial Deposit has been revised from HK$120,000,000 to HK$20,000,000; (b) removed the requirement for the Initial Share Charge; and (c) instead of two directors from the Purchaser being appointed by the Target Company prior to the payment of the Initial Deposit, the Purchaser may nominate one director to be appointed by the Target Company prior to Completion;

Original terms of the Agreement	Revised terms of the Supplemental Agreement	Difference between the Agreement and the Supplemental Agreement
(ii) the Further Deposit in the amount of HK$20,000,000 shall be payable by the Purchaser to the First Vendor (or its nominee), against the requirement that all inter-company balances between the Group and the Target Group having been fully and finally settled, within thirty (30) days from the date of payment of the Initial Deposit or such later date as the parties thereto may agree;	the Further Deposit in the amount of HK$30,000,000 shall be payable by the Purchaser to the Second Vendor (or its nominee), within thirty (30) days from the date of payment of the Initial Deposit or such later date as the parties thereto may agree;	(a) the Further Deposit has been revised from HK$20,000,000 to HK$30,000,000, which will be payable to the Second Vendor (or its nominee), instead of to the First Vendor (or its nominee); (b) removed the requirement for the Group to settle all inter-company balances with the Target Group prior to payment of the Further Deposit; and (c) removed the requirement for the Second Share Charge;
(iii) an amount of HK$70,000,000 shall be payable upon Completion by the Purchaser to the First Vendor (or its nominee); and	the balance of HK$200,000,000 shall be payable by the Purchaser upon Completion to the Vendors (or their nominees), of which HK$130,000,000 shall be payable to the First Vendor (or its nominee) and HK$70,000,000 shall be payable to the Second Vendor (or its nominee); subject to one nominee director from the Purchaser having been validly appointed by the Target Company; and	the amount payable by the Purchaser upon Completion has been revised from HK$70,000,000 to HK$200,000,000, which shall be payable as to HK$130,000,000 to the First Vendor (or its nominee) and as to HK$70,000,000 to the Second Vendor (or its nominee); and

Original terms of the Agreement	**Revised terms of the Supplemental Agreement**	**Difference between the Agreement and the Supplemental Agreement**
(iv) a retention money of HK40,000,000 shall be payable by the Purchaser to the First Vendor (or its nominee) within sixty (60) days from the Completion Date.	no retention money after Completion Date under Supplemental Agreement.	removed requirement for the retention money of HK$40,000,000.
2. Share Charges		
As security for the performance of the obligation of the Second Vendor to repay the Initial Deposit, the Second Vendor shall execute the Initial Share Charge upon the date of payment of the Initial Deposit.	No requirement for the Initial Share Charge and the Further Share Charge under the Supplemental Agreement.	Removed requirement for the Initial Share Charge and the Further Share Charge.
As security for the performance of the obligation of the First Vendor to repay the Further Deposit, the First Vendor shall execute the Further Share Charge no later than three (3) Business Days after the date of payment of the Further Deposit.		

REASONS AND BENEFITS OF THE SUPPLEMENTAL AGREEMENT

The terms of the Supplemental Agreement were determined after arm's length negotiations between the Vendors and the Purchaser. In exchange for the following amendments to the Agreement under the Supplemental Agreement, the Vendors agreed to amend the Consideration payment schedule pursuant to which a smaller amount will be payable for the Initial Deposit, and a majority portion of the Consideration will be payable upon Completion:

(i) There will be no longer be a requirement for the Initial Share Charge and the Further Share Charge.

(ii) All the Consideration will be fully settled on or before Completion. There is no more requirement for the retention money of HK$40,000,000 to be withheld.

(iii) The Group will no longer be required to settle all inter-company balances with the Target Group (representing primarily the loan of HK$70,000,000 (the "**Loan**") borrowed by the Company from a subsidiary of the Target Company in June 2021) prior to the payment of the Further Deposit. This provides greater flexibility for the Group to apply the proceeds from the Disposal. Notwithstanding the above, as the Loan carries interest at 7% per annum, which is higher than the Group's average borrowing interest rate, the Company still intends to repay the Loan as soon as possible from the proceeds of the Disposal.

(iv) It is no longer a requirement for two Purchaser nominees to be appointed as directors of the Target Company prior to payment of the Further Deposit. However, at any time prior to Completion, the Purchaser may nominate one nominee to act as a director of the Target Company and in the event of such nomination, the Vendors shall procure such nominee to be appointed to be a director of the Target Company, subject to the appointment of the nominee director being regarded as acceptable under the Listing Rules.

In view of the above benefits from the relaxation of certain requirements under the Supplemental Agreement, and that payment of a majority portion of the Consideration upon Completion is in line with market practice, the Directors (including the INEDs of the Company) consider that the terms of the Supplemental Agreement are entered into on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The closing price of the Sale Shares on the date of the Agreement was HK$536,671,000, calculated based on the closing price of the shares of the Target Company on 15 November 2021 of HK$0.01 per share. The Consideration represents a discount of approximately 53.41% to the closing price of the Sale Shares on the date of the Agreement; and a discount of approximately 4.5% to 29.19% of the unaudited net asset value of the Target Company as at 30 June 2021 (i.e. HK$261,834,300). The Target Company has been in a loss position in recent years due to (i) difficult operating environment for its principal businesses; (ii) the Chinese Government's continuing tight policies on residential properties which affect the Target Company's property development business in China; and (iii) the COVID-19 pandemic. As such, it is not expected the Target Company will turnaround in the near future. As such, the Company considers that the discount of the Consideration of approximately 4.5% to the net asset value of the Target Company is fair and reasonable.

The consideration for the Disposal was determined after arm's length negotiations between the Vendors and the Purchaser with reference to (i) the unaudited net asset value of the Target Company as at 30 June 2021 of HK$897,000,000; (ii) historical operating and financial performance of the Target Group; (iii) the liquidity of the shares of the Target Company in the market; and (iv) the reasons set out in the section headed "Reasons for and Benefits of the Disposal" in the "LETTER FROM THE BOARD" of this circular.

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 this 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. As the date of the Latest Practicable Date, none of the abovementioned conditions has been fulfilled or waived. 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 Vendors shall return the Deposits actually received (without interest) to the Purchaser within five (5) Business Days of the termination of the Agreement and neither party thereto shall have any obligations and liabilities hereunder save for any antecedent breaches of the terms thereof.

Share Charges

The original requirements under the Agreement for execution of the Initial Share Charge and the Further Share Charge as security for performance of the obligations of the Second Vendor and the First Vendor, to repay the Initial Deposit and the Second Deposit, respectively have been removed under the Supplemental Agreement.

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 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.

The holders of the Share Options are as follows:

Holders	Capacity in the Target Company	No. of Share Options
Mak Shiu Tong, Clement	Chairman and Executive Director	2,620,000,000
Cheng Yuk Ching, Flora	Executive Director	3,445,000,000
Tam Ngai Hung, Terry	Executive Director	3,445,000,000
Chow Siu Ngor	INED	35,000,000
Lau Ho Kit, Ivan	INED	35,000,000
Tam King Ching, Kenny	INED	35,000,000
Other eligible participant	—	1,299,993,990
	Total	**10,914,993,990**

As the Purchaser does not want any dilution of their shareholding in the Target Company after Completion due to the possible exercise of the Share Options, the Purchaser requires the Vendors to undertake to procure the holders of approximately 10.9 billion Share Options to surrender the Share Options 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.

COMPLETION

As at the date of the Latest Practicable Date, the Company, through the Vendors, held the Sale Shares (representing a total of approximately 29.19% of all the issued shares of the Target Company).

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

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 2019 and 2020 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	
	2019	**2020**
	(Audited)	(Audited)
	HK$ million	*HK$ million*
Net loss before tax from continuing operations	(174)	(135)
Net loss after tax (including loss from discontinued operation)	(166)	(123)

The unaudited net asset value of the Target Group as at 30 June 2021 was HK$897,000,000.

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, a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. The Purchaser is owned in equal shares of 50% each by Mr. Ong Chor Wei ("**Mr. Ong**") and Mr. Chu Hin Ming Alfonso ("**Mr. Chu**"), both being individuals 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. Mr. Chu is a fellow member of both Royal Institute of Chartered Surveyors and Chartered Institute of Building of United Kingdom. Mr. Chu is a seasoned real estate professional who has been practising in the Asia Pacific Region for almost four decades.

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

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors consider that it is 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 will generate more cash flow of the Group and enhance the financial position of the Group. Although the Disposal will give rise to an unaudited loss of approximately HK$288,000,000, such loss is a non-cash loss and represents approximately 6.51% of the total assets of the Group as at 30 June 2021. This loss will not have any adverse effect on the cash flow position of the Group and will not have any material adverse effect on the financial position of the Group. As the Target Company is in a loss position and has not paid any dividend, the continuing holding of the investment in the Sale Shares will not generate any benefit to the Group at least in the near future. On the other hand, the Disposal will give rise to net proceeds of approximately HK$249,000,000 to the Company, of which approximately HK$140,000,000 will be utilised to reduce its borrowings and therefore its future interest costs will also be decreased. There will remain a balance of the net proceeds from the Disposal of approximately HK$109,000,000 to be applied for the development and expansion of the Company's principal business and as general working capital. As such, the cash flow and financial position of the Group will be improved as a result of the Disposal.

In view of the above, the Directors (including the INEDs of the Company) are of the view that the terms of the Agreement as amended and supplemented by the Supplemental Agreement were entered into on normal commercial terms, and are fair and reasonable and in the interests of the Shareholders as a whole.

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$288,000,000, which is calculated by the difference between the book value of the Sale Shares in the accounts of the Company as at 30 June 2021 of approximately HK$537,000,000 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$288,000,000, representing the estimated loss arising from the Disposal.

The Company intends to apply the net proceeds from the Disposal in the amount of HK$249,000,000 as follows:

(i) approximately HK$70,000,000 (actual amount subject to negotiation with the bank) to repay the bank loan in order the release the encumbrances on the First Sale Shares pledged to the bank *(Note)*;

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

(iii) the balance of the net proceeds from the Disposal (after discharging the borrowings in items (i) and (ii) above) to be applied as follows:

(a) as to HK$50,000,000 to be applied in the next 12 months for the development and expansion of the Company's principal businesses including the multi-faceted automotive business; and

(b) as to HK$60,000,000 to be applied in the next 12 months for paying of general and administrative expenses, interest expenses and monthly/quarterly mortgage loan repayments.

Note: The First Sale Shares are pledged to a banker of the Group as additional security to secure the 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) administrative and general management service fee in the amount of HK$245,000 per month payable by the Target Group to the Group;

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

(iii) 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

(iv) 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 items (i) and (ii) 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 recruit staff or find other service providers to perform the services provided by the Group in item (i) above and to move to another location instead of renting office space from the Group.

Although the requirement to repay the Loan prior to the date of payment of the Further Deposit has been removed under the Supplemental Agreement, as the Loan carries interest at 7% per annum, which is higher than the Group's average borrowing interest rate, the Company still intends to repay the Loan as soon as possible from the proceeds of the Disposal. Interest in item (iv) above will cease to be payable after full repayment of the Loan and all accrued interest.

LISTING RULES IMPLICATIONS

The Disposal

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 constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

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 2018, 2019 and 2020 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. The financial information of the Target Company for the six months ended 30 June 2021 as disclosed in its 2021 interim report and published by the Target Company have been prepared in accordance with Hong Kong Financial Reporting Standards.

(d) For the purpose of the Company's annual report for the year ended 31 December 2020 and the interim report for the six months ended 30 June 2021, 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 (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 (a) each of the years ended 31 December 2018, 2019 and 2020 to be extracted from the respective annual reports of the Target Company; and (b) the six months ended 30 June 2021 to be extracted from the 2021 interim report of the Target Company together with the links to the full financial statements of the Target Company. 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.

SGM AND PROXY ARRANGEMENT

A notice convening the SGM is set out on pages VI-1 to VI-3 in "Appendix VI" to this circular. At the SGM, ordinary resolution(s) will be proposed for the Shareholders to consider and, if thought fit, to approve the Disposal and any other transactions contemplated under the Agreement (as amended and supplemented by the Supplemental Agreement) in relation to the Disposal.

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 Agreement) 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 Level 54, Hopewell Centre, 183 Queen's Road East, 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, 15 January 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 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 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 audited financial information of the Group: (i) 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; (ii) 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 (iii) for the year ended 31 December 2018 is disclosed on pages 46 to 165 of the 2018 annual report of the Company published on 29 April 2019. The unaudited financial information of the Group for the six months ended 30 June 2021 is disclosed on pages 16 to 47 of the 2021 interim report of the Company published on 27 September 2021.

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 2018 published on 29 April 2019 (pages 46 to 165):

  http://www.cct-fortis.com/getfiles.php?filename=airen%2F00000%2F000053_e_138_2018+Annual+Report.pdf

- 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

- interim report of the Company for the six months ended 30 June 2021 published on 27 September 2021 (pages 16 to 47):

  http://www.cct-fortis.com/getfiles.php?filename=airen%2F00000%2F000060_EW00138-IR21.pdf

2. STATEMENT OF INDEBTEDNESS OF THE GROUP

As at the close of business on 30 November 2021 (being the latest practicable date for ascertaining information regarding this indebtedness statement), the Group had the following outstanding indebtedness:

(a) convertible bonds liability of approximately HK$243 million, which was unsecured and unguaranteed;

(b) bank and other borrowings of approximately HK$1,722 million, of which HK$1,640 million was guaranteed and HK$82 million was not guaranteed;

(c) bank and other borrowings of approximately HK$1,586 million, were secured by (i) charges on certain assets (including properties) held by the Group with aggregate net book values of approximately HK$2,251 million as at 30 November 2021; and (ii) pledge of certain fixed deposits of the Group of approximately HK$39 million as at 30 November 2021; and

(d) unguaranteed lease liabilities of approximately HK$39 million in respect of office premises, other equipment and motor vehicles used in its operation, of which HK$9 million were secured by charges on certain assets held by the Group with aggregate net book values of approximately HK$9 million as at 30 November 2021.

The Group also had following contingent liabilities arising in the ordinary course of business as at 30 November 2021:

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 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 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 30 November 2021.

(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 2018, 2019 and 2020, and the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for each of the years ended 31 December 2018, 2019 and 2020 which were extracted from the annual reports of Target Company for the years ended 31 December 2018, 2019 and 2020, respectively; and (ii) the consolidated statement of financial position of the Target Group as at 30 June 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Target Group for the six months ended 30 June 2021 which were extracted from the interim report of Target Company for the six months ended 30 June 2021.

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 2018, 2019 and 2020 give a true and fair view of the consolidated financial positions of the Target Group as at 31 December 2018, 2019 and 2020, 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 (http://www.gbaholdings.com/eng/investor/annual.php).

Links for the financial information of the Target Company:

- annual report of the Target Company for the year ended 31 December 2018 published on 29 April 2019:

  http://www.gbaholdings.com/getfiles.php?filename=airen%2F00000%2F000040_e_261_2018+Annual+Report.pdf

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

  http://www.gbaholdings.com/getfiles.php?filename=airen%2F00000%2F000042_e_261_2019+Annual+Report.pdf

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

  http://www.gbaholdings.com/getfiles.php?filename=airen%2F00000%2F000048_E_261_2020+Annual+Report+.pdf

- interim report of the Target Company for the six months ended 30 June 2021 published on 27 September 2021:

  http://www.gbaholdings.com/getfiles.php?filename=airen%2F00000%2F000049_E_261_202109_2021+Interim+Report.pdf

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

HK$ million	For the year ended 31 December 2018 (Audited) (Restated) *(Note)*	2019 (Audited) (Restated) *(Note)*	2020 (Audited)	For the six months ended 30 June 2021 (Unaudited)
CONTINUING OPERATIONS				
REVENUE				
— Revenue from contracts with customers	75	112	390	19
— Interest income	22	22	4	—
	97	134	394	19
Cost of sales	(82)	(120)	(419)	(20)
Gross profit/(loss)	15	14	(25)	(1)
Other income and gains, net	4	—	—	—
Changes in fair value of financial assets at fair value through profit or loss	—	—	36	—
Selling and distribution expenses	(9)	(11)	(31)	(4)
Administrative expenses	(53)	(98)	(46)	(27)
Other expenses, net	(35)	(78)	(69)	—
Finance costs	(4)	(1)	—	—
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	(82)	(174)	(135)	(32)
Income tax (expenses)/credit	(1)	29	25	—
LOSS FOR THE YEAR/PERIOD FROM CONTINUING OPERATIONS	(83)	(145)	(110)	(32)
DISCONTINUED OPERATION				
Loss for the year/period from a discontinued operation	(2)	(21)	(13)	—
LOSS FOR THE YEAR/PERIOD	(85)	(166)	(123)	(32)
Loss attributable to owners of the parent:				
— From continuing operations	(86)	(147)	(110)	(32)
— From a discontinued operation	(2)	(21)	(13)	—
	(88)	(168)	(123)	(32)
Income attributable to non-controlling interests:				
— From continuing operations	3	2	—	—
— From a discontinued operation	—	—	—	—
	3	2	—	—
	(85)	(166)	(123)	(32)

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 each of the years ended 31 December 2018 and 2019.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

HK$ million	For the year ended 31 December 2018 (Audited) (Restated) *(Note)*	2019 (Audited) (Restated) *(Note)*	2020 (Audited)	For the six months ended 30 June 2021 (Unaudited)
LOSS FOR THE YEAR/PERIOD	(85)	(166)	(123)	(32)
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	(44)	(8)	30	3
OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR/PERIOD	(44)	(8)	30	3
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD	(129)	(174)	(93)	(29)
Other comprehensive loss attributable to owners of the parent:				
— From continuing operations	(130)	(154)	(80)	(29)
— From a discontinued operation	(2)	(22)	(13)	—
	(132)	(176)	(93)	(29)
Other comprehensive income attributable to non-controlling interests:				
— From continuing operations	3	2	—	—
— From a discontinued operation	—	—	—	—
	3	2	—	—
	(129)	(174)	(93)	(29)

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 each of the years ended 31 December 2018 and 2019.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

HK$ million	As at 31 December 2018 (Audited)	As at 31 December 2019 (Audited)	As at 31 December 2020 (Audited)	As at 30 June 2021 (Unaudited)
ASSETS				
Non-current assets				
Property, plant and equipment	7	2	1	1
Investment properties	46	43	—	—
Goodwill	41	—	—	—
Loan receivable	241	—	—	70
Financial assets at fair value through profit or loss	—	—	259	259
Total non-current assets	335	45	260	330
Current assets				
Properties under development	683	945	576	600
Properties held for sale	486	323	318	298
Trade receivables	89	32	7	8
Loan and interest receivables	153	248	—	—
Prepayments, other receivables and other assets	79	217	111	109
Financial assets at fair value through profit or loss	—	—	60	60
Pledged time deposits	15	10	—	—
Cash and cash equivalents	123	175	149	31
Total current assets	1,628	1,950	1,221	1,106
Total assets	1,963	1,995	1,481	1,436

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(continued)*

HK$ million	As at 31 December 2018 (Audited)	2019 (Audited)	2020 (Audited)	As at 30 June 2021 (Unaudited)
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Issued capital	1,839	1,839	1,839	1,839
Reserves	(666)	(820)	(913)	(942)
	1,173	1,019	926	897
Non-controlling interest	36	38	—	—
Total equity	1,209	1,057	926	897
Non-current liabilities				
Deferred tax liabilities	52	34	—	—
Current liabilities				
Trade and bills payables	331	137	55	42
Tax payable	1	15	11	11
Other payables and accruals	226	655	489	486
Interest-bearing bank and other borrowings	144	97	—	—
Total current liabilities	702	904	555	539
Total liabilities	754	938	555	539
Total equity and liabilities	1,963	1,995	1,481	1,436
Net current assets	926	1,046	666	567
Total assets less current liabilities	1,261	1,091	926	897

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Audited										
	Attributable to owners of the parent										
HK$ million	Issued capital	Convertible bonds	Share premium account	Capital reserve	Share option reserve	Asset revaluation reserve	Exchange fluctuation reserve	Accumulated losses	Total	Non-controlling interest	Total equity
As at 1 January 2018	1,343	496	341	733	24	5	(27)	(1,628)	1,287	33	1,320
Loss for the year	—	—	—	—	—	—	—	(88)	(88)	3	(85)
Other comprehensive loss for the year:											
Exchange differences related to foreign operations	—	—	—	—	—	—	(44)	—	(44)	—	(44)
Total comprehensive loss for the year	—	—	—	—	—	—	(44)	(88)	(132)	3	(129)
Equity-settled share option arrangement	—	—	—	—	18	—	—	—	18	—	18
Transfer of share option reserve upon the forfeiture of share options	—	—	—	—	(11)	—	—	11	—	—	—
Conversion of convertible bonds	496	(496)	—	—	—	—	—	—	—	—	—
At 31 December 2018	1,839	—	341	733	31	5	(71)	(1,705)	1,173	36	1,209

	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

	Unaudited								
	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 period	—	—	—	—	—	(32)	(32)	—	(32)
Other comprehensive income for the period:									
Exchange differences related to foreign operations	—	—	—	—	3	—	3	—	3
Total comprehensive income/(loss) for the period	—	—	—	—	3	(32)	(29)	—	(29)
At 30 June 2021	1,839	341	733	38	(46)	(2,008)	897	—	897

CONSOLIDATED STATEMENTS OF CASH FLOWS

HK$ million	For the year ended 31 December 2018 (Audited) (Restated) *(Note)*	2019 (Audited) (Restated) *(Note)*	2020 (Audited)	For the six months ended 30 June 2021 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax				
— From continuing operations	(82)	(174)	(135)	(32)
— From a discounted operation	(2)	(22)	(13)	—
Adjustments for:				
Finance costs	10	6	3	—
Change in fair value of financial assets at fair value through profit or loss	—	—	(36)	—
Depreciation	2	3	1	—*
Write-down of properties held for sale to net realisable value	5	37	30	—
Write-down of properties under development to net realisable value	—	—	40	—
Impairment of items of property, plant and equipment	—	3	—	—
Impairment loss on goodwill	4	41	—	—
Changes in fair value in investment properties	(2)	3	—	—
Impairment/(reversal of impairment) of trade receivables	3	8	(9)	—
Equity-settled share expenses	18	24	—	—
	(44)	(71)	(119)	(32)
Purchase of financial assets at fair value through profit or loss	—	—	(40)	—
Increase in properties under development	(256)	(277)	(23)	(23)
Decrease in properties held for sale	77	123	362	21
Decrease/(increase) in trade receivables	167	—	34	(1)
(Increase)/decrease in loans and interest receivables	(79)	68	—	(70)
(Increase)/decrease in prepayments, other receivables and other assets	(52)	(55)	73	2
Decrease in trade and bills payables	(27)	(142)	(85)	(13)
Increase/(decrease) in other payables and accruals	176	439	(181)	(3)

CONSOLIDATED STATEMENTS OF CASH FLOWS *(continued)*

HK$ million	For the year ended 31 December 2018 (Audited) (Restated) *(Note)*	2019 (Audited) (Restated) *(Note)*	2020 (Audited)	For the six months ended 30 June 2021 (Unaudited)
Cash (used in)/generated from operations	(38)	85	21	(119)
Interest received	1	9	5	—
Interest paid	(10)	(6)	(3)	—
Mainland China tax (paid)/refunded	(3)	9	(6)	—
Net cash flows (used in)/from operating activities	(50)	97	17	(119)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment	(1)	(1)	—*	—
Proceeds from disposal of financial assets at fair value through profit or loss	1	—	—	—
Proceeds from disposal of property, plant and equipment	1	—	—	—
Disposal of subsidiaries	—	—	37	—
Decrease in pledged time deposits	48	5	10	—
Net cash flows from investing activities	49	4	47	—
CASH FLOWS FROM FINANCING ACTIVITIES				
New bank loans	—	20	—	—
New trust receipts loans	18	37	—	—
Principal portion of lease payments/finance lease rental payments	—	(1)	(1)	—
Repayment of bank loans and trust receipt loans	(116)	(105)	(96)	—
Net cash flows used in financing activities	(98)	(49)	(97)	—

CONSOLIDATED STATEMENTS OF CASH FLOWS *(continued)*

HK$ million	**For the year ended 31 December**			**For the six months ended 30 June**
	2018	**2019**	**2020**	**2021**
	(Audited) (Restated) *(Note)*	(Audited) (Restated) *(Note)*	(Audited)	(Unaudited)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(99)	52	(33)	(119)
Cash and cash equivalents at beginning of year/period	222	123	175	149
Effect of foreign exchange rate changes, net	—	—	7	1
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	123	175	149	31
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	103	95	149	31
Non-pledged time deposits with original maturity of less than three months when acquired	20	80	—	—
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows	123	175	149	31

* *Less than HK$1 million*

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 each of the years ended 31 December 2018 and 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 unaudited condensed consolidated statement of financial position of the Group as at 30 June 2021 as extracted from the published interim report of the Company for the six months ended 30 June 2021 ("**2021 Interim 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 30 June 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 2020 as extracted from the published annual report of the Company for the year ended 31 December 2020 ("**2020 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 2020.

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 30 June 2021 or at any future dates and of the financial performance and cash flows of the Remaining Group for the year ended 31 December 2020 or any future periods had the Disposal been completed on 1 January 2020 or any future dates.

The unaudited pro forma financial information should be read in conjunction with the published 2020 Annual Report, the published 2021 Interim Report, the Company's announcement dated 16 November 2021 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 30 June 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	741	—	—	—	741
Investment properties	1,647	—	—	—	1,647
Goodwill	80	—	—	—	80
Intangible assets	7	—	—	—	7
Classic cars held for investment	100	—	—	—	100
Collectible precision devices held for investment	166	—	—	—	166
Other receivables	2	—	—	—	2
Deferred tax assets	1	—	—	—	1
Total non-current assets	2,744	—	—	—	2,744
CURRENT ASSETS					
Inventories	120	—	—	—	120
Stock of classic cars held for sale	89	—	—	—	89
Trade receivables	273	—	—	—	273
Investment in films	80	—	—	—	80
Prepayments and other receivables	452	—	—	—	452
Financial assets at fair value through profit or loss	545	(537)	—	—	8
Pledged time deposits	54	—	—	—	54
Cash and cash equivalents	64	—	179	—	243
Total current assets	1,677	(537)	179	—	1,319
Total assets	4,421	(537)	179	—	4,063

HK$ million	**The Group as at 30 June 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	1,969	—	—	(288)	1,681
	2,056	—	—	(288)	1,768
Non-controlling interests	11	—	—	—	11
Total Equity	2,067	—	—	(288)	1,779
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	1,390	—	(70)	—	1,320
Convertible bonds	241	—	—	—	241
Deferred tax liabilities	22	—	—	—	22
Total non-current liabilities	1,653	—	(70)	—	1,583
CURRENT LIABILITIES					
Trade payables	66	—	—	—	66
Tax payable	3	—	—	—	3
Other payables and accruals	255	—	—	—	255
Interest-bearing bank and other borrowings	377	—	—	—	377
Total current liabilities	701	—	—	—	701
Total liabilities	2,354	—	(70)	—	2,284
Total equity and liabilities	4,421	—	(70)	(288)	4,063
Net current assets	976	(537)	179	—	618
Total assets less current liabilities	3,720	(537)	179	—	3,362

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

HK$ million	The Group for the year ended 31 December 2020 *Note (e)*	Pro forma adjustments *Notes (d) & (f)*	Unaudited pro forma of the Remaining Group
CONTINUING OPERATIONS			
REVENUE	505	—	505
Cost of sales	(451)	—	(451)
Gross profit	54	—	54
Other income and gains, net	29	—	29
Selling and distribution costs	(8)	—	(8)
Administrative expenses	(221)	—	(221)
Other expenses	(461)	(288)	(749)
Finance costs	(76)	—	(76)
Share of losses of a joint venture	(14)	—	(14)
Share of losses of an associate	(1)	—	(1)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	(698)	(288)	(986)
Income tax credit	5	—	5
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	(693)	(288)	(981)
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	(3)	—	(3)
LOSS FOR THE YEAR	(696)	(288)	(984)
Loss attributable to owners of the parent:			
From continuing operations	(686)	(288)	(974)
From a discontinued operation	(3)	—	(3)
	(689)	(288)	(977)
Loss attributable to non-controlling interests:			
From continuing operations	(7)	—	(7)
From a discontinued operation	—	—	—
	(7)	—	(7)
	(696)	(288)	(984)

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

HK$ million	**The Group for the year ended 31 December 2020**	**Pro forma adjustments**	**Unaudited pro forma of the Remaining Group**
	Note (e)	*Notes (d) & (f)*	
LOSS FOR THE YEAR	(696)	(288)	(984)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Reclassification adjustment for a joint venture disposed during the year	5	—	5
Other comprehensive income for the year	5	—	5
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(691)	(288)	(979)
Attributable to:			
Owners of the parent:			
Continuing operations	(684)	(288)	(972)
Discontinued operation	—	—	—
	(684)	(288)	(972)
Non-controlling interest:			
Continuing operations	(7)	—	(7)
Discontinued operation	—	—	—
	(7)	—	(7)
	(691)	(288)	(979)

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

HK$ million	**The Group for the year ended 31 December 2020** *Note (e)*	**Pro forma adjustments** *Notes (d) & (f)*	*Notes (c) & (g)*	**Unaudited pro forma of the Remaining Group**
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax				
From continuing operations	(698)	(288)	—	(986)
From a discontinued operation	(3)	—	—	(3)
Adjustments for:				
Finance costs	76	—	—	76
Share of losses of an associate	1	—	—	1
Share of losses of a joint venture	14	—	—	14
COVID-19-related rent concessions from lessors	(4)	—	—	(4)
Depreciation	74	—	—	74
Amortisation of intangible assets	7	—	—	7
Impairment of trade receivables	12	—	—	12
Impairment of goodwill	9	—	—	9
Fair value losses on investment properties, net	84	—	—	84
Fair value losses on collectible precision devices held for investment, net	1	—	—	1
Fair value losses on classic cars held for investment	7	—	—	7
Loss on disposal of a joint venture	346	—	—	346
Loss on disposal of financial assets at fair value through profit or loss	—	288	—	288
	(74)	—	—	(74)
Decrease in inventories	49	—	—	49
Decrease in trade receivables	18	—	—	18
Decrease in prepayments and other receivables	42	—	—	42
Increase in trade payables	20	—	—	20
Decrease in other payables and accruals	(47)	—	—	(47)
Cash flows from operations	8	—	—	8
Interest paid	(73)	—	—	(73)
Hong Kong profits tax paid	(1)	—	—	(1)
Net cash flows used in operating activities	(66)	—	—	(66)

5. Unaudited Pro Forma Consolidated Statement of Cash Flows of the Remaining Group *(continued)*

HK$ million	**The Group for the year ended 31 December 2020**	**Pro forma adjustments**		**Unaudited pro forma of the Remaining Group**
	Note (e)	*Notes (d) & (f)*	*Notes (c) & (g)*	
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment	(14)	—	—	(14)
Proceeds from disposal of items of property, plant and equipment	18	—	—	18
Proceeds from disposal of collectible precision devices held for investment, net	4	—	—	4
Net proceeds from disposal of financial assets at fair value through profit or loss	—	—	249	249
Decrease in investments in films	6	—	—	6
Decrease in pledged time deposits	35	—	—	35
Net cash flows from investing activities	49	—	249	298
CASH FLOWS FROM FINANCING ACTIVITIES				
New bank and other loans	813	—	—	813
Repayment of bank loans and other loans	(785)	—	(70)	(855)
Principal portion of lease payments	(34)	—	—	(34)
Net cash flows used in financing activities	(6)	—	(70)	(76)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(23)	—	179	156
Cash and cash equivalents at beginning of year	71	—	—	71
CASH AND CASH EQUIVALENTS AT END OF YEAR	48	—	179	227
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	48	—	179	227

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

(a) The figures are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2021 as set out in the published 2021 Interim Report.

(b) The adjustment represents elimination of the carrying value of the Sale Shares as at 30 June 2021 as if the Disposal had taken place on 30 June 2021.

(c) The adjustment represents the recognition and application of the proceeds from the Disposal assuming that total amount of the Consideration had been received on completion of the Disposal as if Completion had taken place on 30 June 2021. The details are as follows:

	HK$ million
Total amount of the Consideration	250
Estimated transaction costs related to the Disposal	(1)
Net proceeds from the Disposal	249
Application of the net proceeds from the Disposal:	
(i) to repay the bank loan in order to release the encumbrances on the First Sale Shares	(70)
Net cash proceeds from the Disposal	179

Although the requirement to repay the loan borrowed by the Company from a subsidiary of the Target Company in June 2021 (the "**Loan**") prior to the date of payment of the Further Deposit has been removed under the Supplemental Agreement, as the Loan carries interest at 7% per annum, which is higher than the Group's average borrowing interest rate, the Company still intends to repay the Loan as soon as possible from the proceeds of the Disposal. The repayment of the Loan is not included in the above adjustment.

(d) The adjustment represents the pro forma loss arising from the Disposal as if completion of the Disposal had taken place on 30 June 2021 and the details of the calculation are as follows:

	HK$ million
Consideration	250
Estimated transaction costs related to the Disposal	(1)
Net consideration	249
Carrying value of the Sale Shares as at completion of the Disposal	(537)
Pro forma loss arising from the Disposal	(288)

(e) The figures are extracted from 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 year ended 31 December 2020 as set out in the published 2020 Annual Report.

(f) The adjustment represents the pro forma loss arising from the Disposal, the calculation of which has been set out in Note (d) above, assuming that completion of the Disposal had taken place on 1 January 2020. 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.

(g) 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 total amount of the Consideration had been received on completion of the Disposal as if Completion had taken place on 1 January 2020. This adjustment will not have any continuing effect on the consolidated statement of cash flows of the Remaining Group.

(h) No adjustment is made to reflect the trading results of the Remaining Group for the period subsequent to 31 December 2020 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.

EY 安永

27/F., One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

The Directors

CCT Fortis Holdings Limited
18/F., CCT Telecom Building
11 Wo Shing Street
Fotan, Shatin, N.T.

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 Group as at 30 June 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 2020 and the related notes set out on pages III-1 to III-9 of the circular dated 28 December 2021 (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 30 June 2021 as if the Disposal had taken place on 30 June 2021, and the Group's financial performance and cash flows for the year ended 31 December 2020 as if the Disposal had taken place on 1 January 2020. 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 position as at 30 June 2021 and the Group's financial performance and cash flows for the year ended 31 December 2020, on which interim report and annual report have been published, respectively.

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

28 December 2021

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 not 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 2018, 2019 and 2020 and the six months ended 30 June 2021 are set out below.

(A) MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2018

In 2018, the Group's revenue of HK$919 million was HK$334 million or 57.1% higher than 2017. This strong revenue growth was mainly attributable to significant increase in revenue from Blackbird Group's automotive businesses by HK$342 million. As a result of increase in revenue, the Group's gross profit was doubled, from HK$72 million in 2017 to HK$149 million in 2018 and the gross profit ratio rose from 12.3% in 2017 to 16.2% in 2018, due primarily to the higher gross profit ratio of the Company's new businesses.

Profit before taxation for the year was HK$25 million and profit attributable to owners of the parent was HK$34 million. The decrease in profit was mainly attributable to less other income in 2018 as compared with the last corresponding year 2017. The decrease in other income was mainly attributable to less fair value gains on the Company's investment properties and less gain from disposal of property in the current year,

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

The change in the basic earnings per share was broadly in line with the change in profit attributable to owners of the parent.

Return on equity ("**ROE**"), representing profit attributable to owners of parent over average shareholder's equity, was 1.1% in 2018, reduced by 4.5% compared with 5.6% for the last corresponding year 2017. The decline in ROE was mainly attributable to decrease in the profit attributable to owners of parent.

The Hong Kong property market continued its strong momentum in the first three quarters of 2018 but there was certain price consolidation in the fourth quarter of the year 2018. During the year 2018 under review, the Company's investment properties continued to generate steady rental revenue of HK$13 million for 2018. Operating profit of this segment was HK$83 million, decreased by HK$245 million or 74.7% as compared with last corresponding year 2017. This notable change was primarily led by decrease in fair value gains from HK$302 million in 2017 to HK$79 million in 2018 as property prices rose modestly in 2018 after surge in prices in 2017.

June 2018 marked the one-year anniversary of the appointment of Blackbird Concessionaires Limited (a subsidiary within the Blackbird Group) as the official Ferrari dealer in Hong Kong and Macau. It was encouraging to see strong growth in the Ferrari dealership business as its revenue surged from HK$7 million in 2017 to HK$258 million in 2018, increased by HK$251 million. The Ferrari dealership recorded an operating loss of

HK$28 million mainly as a result of start-up costs and higher marketing and promotional costs in its first year of operations. It was expected that this business will contribute significant revenue stream to the Group and will open up a new avenue of income and profit growth in the coming years.

Revenue of the classic car segment was HK$196 million, increased by 86.7%, driven by increase in revenue from trading of classic cars and the logistic business. This segment recorded an operating profit of HK$6 million in 2018 as opposed to an operating loss of HK$11 million incurred in 2017, as a result of the combined effect of additional revenue and cost savings.

The film operations did not generate any revenue in 2018 (2017: no revenue) as no film was released during the year. As such, the film operations incurred a loss of HK$20 million (2017: loss of HK$6 million), represented mainly the administrative expenses and operating loss of this segment.

The audio, lighting and stage engineering operations recorded revenue of HK$193 million in 2018, marginally increased by HK$1 million or 0.5%. The operating profit of HK$12 million was HK$7 million or 36.8% lower. This decrease was mainly due to increase in operating costs.

The revenue of the Industrial Group was HK$172 million, decreased by 19.2% in 2018 as compared with 2017. The decrease in the segment's revenue was mainly attributable to the decrease in revenue of manufacture of plastic components business caused by the declining cordless phone market and keen competition. As a result, the Industrial Group recorded an operating loss of HK$4 million in 2018 as opposed to an operating profit of HK$3 million in 2017.

Other operations include the classic car service center, the multimedia operations, investment in time pieces 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$78 million and incurred an operating loss of HK$43 million in 2018, caused mainly by start-up and development costs and operating expenses.

Capital Structure and Gearing Ratio

The Group's gearing ratio marginally increased from 28.9% as at 31 December 2017 to 35.0% as at 31 December 2018, driven mainly by the net increase in bank borrowings and the decrease in equity. The Group's gearing ratio was maintained at reasonable level, despite under difficult operating environment.

Total outstanding bank and other borrowings were HK$1,598 million as at 31 December 2018 (2017: HK$1,352 million). Approximately 85.2% of these bank borrowings were of long-term nature, primarily representing mortgage loans on properties held by the Group.

As at 31 December 2018, 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$236 million, HK$799 million and HK$563 million, respectively (2017: HK$456 million, HK$518 million and HK$378 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 2018 was 284.1% (2017: 355.4%), reflecting very high liquidity of the Group's assets and a strong financial position.

The Group's cash balance at year end of 2018 was HK$127 million, decreased by HK$4 million as compared with HK$131 million one year earlier. This decrease was largely attributable to the dividend payments during the year ended 31 December 2018. 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

There was no capital commitment of the Group as at 31 December 2018 (2017: HK$102 million).

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 2018, the Group's receipts were mainly denominated in HK$, US dollar ("**US$**") and Euro. Payments were mainly made in HK$, US$, Euro and Renminbi ("**RMB**"). Cash was generally placed in short-term deposits denominated in HK$ and RMB. In 2018, 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

During the financial year ended 31 December 2018 under review, the Company acquired approximately 50.5% equity interest in Xinjiang Xingkai Real Estate Development Limited ("**Xinjiang Xingkai**") and the related shareholder's loan with a face value of HK$450 million for a total consideration of approximately HK$450 million (the "**Acquisition**"). Xinjiang Xingkai was established in the Xinjiang Province of the PRC and was principally engaged in property development business in the PRC. The consideration was satisfied mainly by transferring the convertible bonds issued by the Target Company (the "**Convertible Bonds**") with principal value of HK$252 million, convertible into 25.2 billion shares of the Target Company, at the value of HK$450 million. Details of the Acquisition have been disclosed in the published annual report of the Company for the year ended 31 December 2018.

Save for the Acquisition, the Group did not acquire or dispose of any material subsidiaries, associates and joint ventures during the year ended 31 December 2018.

Significant Investment

As at 31 December 2018, the Company's significant investment represented 28.5 billion shares in the Target Company which were held as trading stock of the Company's securities trading business. These shares in the Target Company represented approximately 15.48% of the total number of issued shares of the Target Company as at the year-end date, and was valued at approximately HK$285 million based on the closing price of the Target Company at HK$0.01 per share. Such investment was classified in the consolidated statement of financial position as financial assets at fair value through profit or loss under the current asset category. No dividend was received from the Company's investment in the Target Company. Other than the investment in Target Company, the Group did not hold any significant investment as at 31 December 2018.

Pledge of Assets

As at 31 December 2018, certain of the Group's assets with a net book value of approximately HK$2,563 million (2017: HK$2,486 million) and time deposits of HK$35 million (2017: HK$28 million) which were pledged to secure the Group's bank loans.

Contingent Liabilities

As at 31 December 2018, the Group had following contingent liabilities:

(a) corporate guarantees with aggregate amount of approximately HK$53 million (2017: HK$146 million) given by the Company to guarantee banking facilities of certain members of Target Group, of which approximately HK$18 million of the banking facilities were utilised by the Target Group (2017: HK$73 million);

(b) performance guarantee provided by a bank on behalf of the Group in respect to the payment obligations of a subsidiary of the Company for an amount not exceeding HK$35 million (2017: HK$35 million); and

(c) 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 of 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 2018.

Employees and Remuneration Policy

The total number of employees of the Group as at 31 December 2018 was 467 (2017: 633). 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 2018, there were no outstanding share options issued by the Company (2017: nil).

(B) 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's 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, represented 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 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 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).

(C) 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 pages IV-10 to IV-11 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).

(D) MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2021

The Group's revenue of continuing operations for the six months ended 30 June 2021 ("**1H21**") of HK$282 million was HK$89 million or 46.1% higher than the first half of 2020 ("**1H20**"), driven mainly by the recovery of the Ferrari dealership.

In 1H21, the Group recorded a net loss attributable to owners of the parent of HK$82 million as compared with a net loss of HK$260 million in 1H20. This notable reduction in loss arose mainly as a result of significant increase in revenue and net fair value gains of HK$2 million on our investment properties in the current period as compared to a net fair value losses of HK$94 million in corresponding period last year.

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

The COVID-19 pandemic continued to impact the property market in Hong Kong. However, gradual recovery in the property market was seen in 1H21. During the period under review, the property investment segment achieved revenue of HK$4 million (1H20: HK$7 million) and recorded operating loss of HK$3 million as compared with loss of HK$92 million in the corresponding period last year. The higher loss for the last corresponding period was primarily attributable to the unrealised fair value losses on the Company's investment property portfolio of HK$94 million, whereas there was net fair value gains of HK$2 million in the current period.

In 1H21, the Ferrari dealership business recorded revenue of HK$202 million, increased by 39.3%, mainly from increase in sales of new cars. Meanwhile, the Ferrari service center in Kwai Chung continued to perform well and recorded a low double-digit percentage increase in service revenue during the pandemic. The dealership business recorded an operating loss of HK$6 million in 1H21 as compared to an operating loss of HK$20 million in 1H20. The reduction in operating loss was primarily due to significant increase in revenue and cost savings.

In 1H21, definitive agreements relating to the Maserati importership were entered into between Maserati S.p.A ("**Maserati**") and a new subsidiary within the Blackbird Group, namely Blackbird Tridente Company Limited ("**Blackbird Tridente**"), pursuant to which Blackbird Tridente was appointed as the official importer and distributor for Maserati vehicles and the provider of after-sales services in Hong Kong and Macau. The Company considers that this importership appointment represents another major milestone for the Blackbird Group in the development of its automotive business.

Given these unprecedent times, the classic car trading and investment segments incurred an operating loss of HK$9 million (1H20: operating loss of HK$12 million) against revenue of HK$46 million (1H20: HK$12 million). The increase in revenue in 1H21 was derived from trading of a classic car.

No revenue was recorded from the Company's film operations in 1H21 (1H20: no revenue) as no film was released during the period. 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$2 million in 1H21 (1H20: operating loss of HK$4 million).

The stage audio, lighting and engineering operations segment recorded total revenue of HK$12 million, represented 14.3% decreased from HK$14 million in 1H20. Operating loss was HK$7 million (1H20: operating loss of HK$21 million). The decrease in loss was primarily led by cost savings.

Other operations comprise the classic car services center, the multi-media business, investment and trading of collectible precision devices, artist management and other new ventures which are in the development and start-up stage. The other operations' revenue rose by 20.0% to HK$18 million in 1H21. Since there was no revaluation loss of our collectible precision devices held for investment in 1H21, this segment recorded an operating loss of HK$14 million, reduced by 65.9% from HK$41 million in 1H20. In 1H20, revaluation loss in the amount of HK$16 million was recorded for our collectible precision devices.

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

Capital Structure and Gearing Ratio

The Group's gearing ratio was 46.2% as at 30 June 2021, marginally higher than the gearing ratio of 44.8% as at 31 December 2020. The Group continued to maintain a reasonable gearing ratio in difficult times.

Total outstanding bank and other borrowings amounted to HK$1,767 million as at 30 June 2021 (31 December 2020: HK$1,734 million). Most of the Group's bank and other borrowings were long-term bank loans.

As at 30 June 2021, the maturity profile of the bank and other borrowings of the Group falling due within one year, in the second to the fifth years and beyond five years amounted to HK$377 million, HK$910 million and HK$480 million, respectively (31 December 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.

Liquidity and Financial Resources

The Group's current ratio was 239.2% as at 30 June 2021 (31 December 2020: 260.6%), reflecting a high liquidity of the Group's financial position. The position of working capital representing by net current assets was HK$976 million as at 30 June 2021, representing a decrease of 6.5% from 31 December 2020.

As at 30 June 2021, the Group's cash balance was HK$118 million (31 December 2020: HK$91 million), of which HK$54 million (31 December 2020: HK$43 million) was pledged to secure banking facilities.

The Group derives its working capital mainly from cash on hand, net cash generated from operating activities and 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 future demand of working capital, capital expenditure, if any and expansion of the Company's principal businesses.

Capital Commitments

As at 30 June 2021, the Group did not have any capital commitment (31 December 2020: HK$6 million). The Group intends to finance the capital commitment 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 1H21 as the interest rates currently remain at low level.

The Group did not have any significant exchange risk in the 1H21. 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

On 27 July 2020, an agreement (the "**Golder Wish Agreement**") was entered into between AHM Engineering Company Limited ("**AHM**") and Mr. Lam Kong Ming ("**Mr. Lam**"), under which AHM agreed to sell and Mr. Lam agreed to purchase 91% shareholding interest in Golden Wish Enterprises Limited ("**Golden Wish**") and an assignment of a shareholder's loan to Mr. Lam for a consideration of HK$30,000,000. AHM, a company incorporated in Hong Kong, is a non-wholly owned subsidiary of the Company in which the Company held indirectly shareholding interest of approximately 72%. Golden Wish, together with its subsidiary (the "**Golden Wish Group**") was engaged in the sale and leasing of audio, lighting and stage equipment and production and provision of ancillary engineering services for live performance events in Macau. The transaction contemplated under the Golden Wish Agreement was completed on 21 January 2021 and members of the Golden Wish Group ceased to be subsidiaries of the Company.

Save for the disposal of Golden Wish under the Golden Wish Agreement, the Group did not acquire or dispose of any material subsidiaries, associates and joint ventures during the six months ended 30 June 2021.

Significant Investment

In 1H21, the significant investment of the Company represented approximately 53.7 billion shares in the Target Company, representing approximately 29.19% (31 December 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$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 30 June 2021.

Pledge of Assets

As at 30 June 2021, certain assets of the Group with a net book value of HK$2,250 million (31 December 2020: HK$2,275 million) and time deposit of HK$54 million (31 December 2020: HK$43 million) were pledged to secure the Group's banking facilities. Save as disclosed above, the Group did not have any other charges on its assets.

Contingent Liabilities

As at 30 June 2021, the contingent liabilities which were not provided for in the Group's financial information for the six months ended 30 June 2021 were as follows:

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 30 June 2021.

Employees and Remuneration Policy

The total number of employees of the Group as at 30 June 2021 was 278 (31 December 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 30 June 2021, there were no outstanding share options issued by the Company (31 December 2020: 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/underlying Shares				
Name of Directors	**Personal Interests**	**Corporate Interests**	**Equity Derivatives**	**Total Interests**	**Approximate % of the total issued Shares***
			2024 Convertible Bonds		
Mak Shiu Tong	25,589,652	446,025,079 *(Note 1)*	347,500,000 *(Note 2)*	819,114,731	93.81%
Tam Ngai Hung	1,380,000	—	—	1,380,000	0.15%

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

Notes:

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 wholly-owned by 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 pages V-2 to V-3 of this circular.

2. The interests disclosed represented 347,500,000 underlying Shares, as at the Latest Practicable Date, at the existing conversion price of HK$0.72 per conversion share (subject to adjustments pursuant to the terms and conditions of the convertible bonds) in respect of the 2024 Convertible Bonds issued by the Company to Capital Force and New Capital pursuant to the terms and conditions of the sale and purchase agreement. The respective interests of Capital Force and New Capital in such underlying Shares 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 pages V-2 to V-3 of this circular. Mr. Mak is deemed to be interested in such underlying Shares under the SFO as he controls the exercise of all the voting power at general meetings of Capital Force and New Capital.

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/underlying Shares and nature of interests			
Name of the Shareholders	**Beneficial Owner**	**Equity Derivatives**	**Total Interests**	**Approximate % of the total issued Shares***
		2024 Convertible Bonds		
Capital Force *(Note 1)*	96,868,792	250,000,000	346,868,792 *(Note 2)*	39.72%
New Capital *(Note 1)*	171,357,615	97,500,000	268,857,615 *(Note 2)*	30.79%
Capital Winner *(Note 1)*	177,798,672	—	177,798,672	20.36%

* *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 by 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 pages V-2 to V-3 to this circular.

2. These interest in such underlying Shares as at the Latest Practicable Date has also been stated in the 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 pages V-2 to V-3 to this circular.

Save for Mr. Mak who is a director and who is the beneficial owner of all 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 2020, 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

Save for the profit warning as announced by the Company on 26 February 2021, 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 2020, 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 2020, 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 provisional agreement dated 26 April 2019 entered into between Great Precision Group Limited ("**Great Precision**"), an indirect wholly-owned subsidiary of the Company, as vendor and Digital China (BVI) Limited as purchaser in relation to the disposal of 100% of the total issued shares of Charter Base Development Limited ("**Charter Base**") and the assignment of all loans owing by Charter Base to Great Precision at a consideration of HK$158,750,000;

(ii) the agreement dated 27 July 2020 entered into between AHM Engineering Company Limited ("**AHM Engineering**"), an indirect non-wholly-owned subsidiary of the Company, as vendor and Mr. Lam Kong Ming as purchaser in relation to the disposal of 91% of the total number of issued shares of Golden Wish Enterprises Limited ("**Golden Wish**") and the assignment of the benefit of the loan owing by Golden Wish to AHM Engineering at the consideration of HK$30,000,000;

(iii) the Agreement; and

(iv) the 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(c) The company secretary of the Company is Ms. Sze Suet Ling, who is an associate of both The Hong Kong Institute of Chartered Secretaries 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 20 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";

(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 2018, 2019 and 2020;

(g) the interim report of the Company for the six months ended 30 June 2021; 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, 17 January 2022 at 10:00 a.m. for the following purposes:

ORDINARY RESOLUTION

1. "**THAT**

(a) the conditional agreement dated 15 November 2021 (the "**Agreement**") and the supplemental agreement dated 14 December 2021 (the "**Supplemental Agreement**") entered into among CCT Telecom Securities Limited (the "**First Vendor**"), Ever Sino Group Limited (the "**Second Vendor**"), (together the "**Vendors**", and each of them a "**Vendor**"), indirect wholly-owned subsidiaries of the Company, Top Pioneer Holdings Limited (the "**Purchaser**") and the Company, as guarantor irrevocably and unconditionally guarantees to the Purchaser the due and punctual performance of the Vendors under the Agreement, in relation to, among others, sell a total of 53,667,100,000 ordinary shares of GBA Holdings Limited (the "**Target Company**"), a company incorporated in Bermuda with limited liability and the issued shares of the Target Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 00261), by the Vendors to the Purchaser at a consideration of HK$250,000,000 (subject to adjustment) (the "**Disposal**") (a copy of each of the Agreement and the Supplemental Agreement is tabled at the SGM and marked "A" and "B", respectively and both documents are 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 Agreement by the Company be and is hereby approved, ratified and confirmed;

(b) the Disposal which constitute a very substantial disposal for the Company under the Rules Governing the Listing of Securities on the Stock Exchange; and any other transactions contemplated under the Agreement as amended and supplemented by the Supplemental Agreement, be and are hereby approved; and

(c) any one director of the Company (the "**Director**"), or any two Directors 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 and supplemented by the Supplemental Agreement and/or the Disposal."

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

Hong Kong, 28 December 2021

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, 12 January 2022 to Monday, 17 January 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 11 January 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 Level 54, Hopewell Centre, 183 Queen's Road East, 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, 15 January 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, Mr. Tam Ngai Hung, Terry and Ms. Cheng Yuk Ching, Flora; and the independent non-executive Directors are Mr. Tam King Ching, Kenny, Mr. Chen Li and Mr. Chow Siu Ngor.

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
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong
Email: is-enquiries@hk.tricorglobal.com
Tel: (852) 2980 1333
Fax: (852) 2810 8185