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CFI" FORTIS HOLDINGS LIMITED
(中 建 富 通 集 團 有 限 公 司)

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 00138)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

CHAIRMAN'S STATEMENT

On behalf of the Board, I report the annual results of the Group for the year ended 31 December 2022.

RESULTS

Amidst difficult operating environment, the Group recorded a net loss attributable to owners of the parent of HK\$465 million, representing a decrease of 10.1%, as compared to a net loss of HK\$517 million in 2021. This significant reduction in reported loss was attributable to a gain of approximately HK\$93 million of legal proceedings in relation to the intended purchase of a commercial development project in Hong Kong and the car park development at the same premises initiated by the Group in 2013 which was offset in part by the effect of interest rate hikes, as further elaborated in the section headed "**Financial Review**" of this announcement.

FINAL DIVIDEND

Given the current adverse situation, the Group intends to conserve cash resources to combat the difficulties and challenges going forward. Therefore, the Board did not recommend the payment of a final dividend for 2022 (2021 final dividend: Nil). The Company did not pay any interim dividend for 2022 (2021 interim dividend: Nil).

BUSINESS REVIEW

In 2022, the Group was principally engaged in (i) property business; (ii) securities business; (iii) Blackbird Group's multi-faceted automotive business and investment in valuable collection; and (iv) cultural entertainment business.

PROPERTY BUSINESS

Hong Kong Property Business

In 2022, Hong Kong's property market experienced a remarkable decline. Such decline was caused by multiple negative factors such as (i) COVID-related restrictions and measures in Hong Kong; (ii) cross-border travelling restrictions; (iii) interest rate hikes and (iv) poor investment sentiment. Nevertheless, in light of China's reopening and easing of COVID rules, it is generally expected that Hong Kong's property market will be on a path to recovery in medium to long term.

Our property portfolio is diversified and comprises luxury residential properties, retail properties, industrial properties and car parks.

In 2022, the property investment and holding division recorded loss of HK\$119 million, which is mainly attributable to unrealised fair value loss of our investment properties derived from the declining property market.

SECURITIES BUSINESS

On 15 November 2021, the first vendor, CCT Telecom Securities Limited, and second vendor, Ever Sino Group Limited, (collectively, the "Vendors"), both being indirect wholly-owned subsidiaries of the Company, the purchaser, Top Pioneer Holdings Limited (the "Purchaser"), and the Company as guarantor, entered into the agreement dated 15 November 2021 (the "Agreement"), pursuant to which the Vendors conditionally agreed to sell 53,667,100,000 shares of GBA (the "Sale Shares") (prior to GBA share consolidation of every one hundred (100) shares of par value of HK\$0.01 each in the issued share capital of GBA into one (1) consolidated share of par value of HK\$1.00, effective 20 July 2022) to the Purchaser at a total consideration of HK\$250,000,000 (the "Disposal" or the "Transactions"). The Disposal was approved by the Shareholders at the special general meeting of the Company convened on 17 January 2022 (the "First SGM").

Subsequent to the First SGM, the parties agreed to amend and supplement the terms of the Agreement by entered into the fifth supplemental agreement dated 16 May 2022 and the sixth supplemental agreement dated 4 July 2022. Nevertheless, such revision of the terms of the Agreement constituted a variation of the terms of the Disposal (the "Amendment") previously approved by the Shareholders in the First SGM. Accordingly, pursuant to Rules 14.36 and 14.49 of the Listing Rules, the Company convened another SGM on 3 October 2022 (the "Second SGM") and the Shareholders approved such Amendment at the Second SGM. The Disposal was completed on the date of the second SGM. The consideration of HK\$100,000,000 had been paid by the Purchaser and the balance of the consideration of HK\$150,000,000 would be settled by the promissory notes issued by the Purchaser to the Vendors (or their nominee(s)) upon the completion took place on 20 October 2022. Details of which may refer to the announcements of the Company dated 16 November 2021, 10 December 2021, 14 December 2021, 20 December 2021, 17 January 2022, 26 January 2022, 15 March 2022, 6 May 2022, 16 May 2022, 4 July 2022, 28 July 2022, 18 August 2022, 24 August 2022, 31 August 2022, 3 October 2022 as well as the circulars of the Company dated 28 December 2021 and 15 September 2022.

After completion, the Company ceases to have any shareholding interest in GBA.

During the year of 2022, save for the Transactions, the Company did not trade any shares of GBA and did not receive any dividend from these securities.

BLACKBIRD GROUP

The Blackbird Group, under the leadership of its chairman and chief executive officer (“CEO”), Mr. TK Mak, is principally engaged in (i) the official importership and dealership of Ferrari in Hong Kong and Macau, including the repair and servicing business; (ii) the official importership of Maserati in Hong Kong and Macau, also including the repair and servicing business; (iii) valuable collection trading and investment business; and (iv) car logistics business. Despite the environment which continues to be challenging, the management is satisfied with the continuing development of the Blackbird Group’s multi-faceted automotive operations.

Ferrari Business

2022 represented the fifth year of Blackbird Concessionaires’ official Ferrari dealership operations in Hong Kong and Macau. During the year under review, Ferrari’s new model launch programme continued with the global unveiling of the 296 GTS, the convertible version of the company’s highly acclaimed V6 hybrid sports car. Blackbird Concessionaires conducted a launch in Hong Kong in October 2022 for customers and media and received a number of orders very quickly after the event.

In September 2022, Ferrari revealed one of the most highly anticipated models in its 75 year history, the Purosangue. Meaning “Thoroughbred”, the Purosangue is Ferrari’s first utility vehicle. Blackbird Concessionaires received a number of orders immediately after the global unveiling of the car and will conduct a launch event in Hong Kong in the spring of 2023.

Deliveries of new cars continued. Ferrari’s Roma GT model has proven to be very popular with both existing clients and new customers with a strong order book. The new 296 hybrid sports car, in both GTB (coupe) and GTS (convertible) variants, is also proving attractive to clients who appreciate the combination of strong performance combined with lower emissions. The first deliveries of Ferrari’s latest ‘Limited Series’ model, the 812 Competizione, also began in the second half of 2022.

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

On 10 March 2023, Blackbird Concessionaires has been appointed as the official Ferrari importer for Hong Kong and Macau. This appointment (i) reflects the recognition of Blackbird’s long-term commitment and investment to the Ferrari brand, (ii) strengthens the partnership between Blackbird and Ferrari and (iii) represents another major milestone of the Blackbird Group in the development of its automotive business globally. It is strongly believed that this appointment will become a catalyst for future growth of Blackbird in the global automotive sector.

Maserati Business

In the first half of 2021, the Group’s subsidiary company, Blackbird Tridente, was appointed as the official importer and distributor for Maserati and the provider of after-sales services in Hong Kong and Macau. The management considers that this importership appointment represents another major milestone for the Blackbird Group in the development of its automotive business.

During the full year of 2022, Blackbird Tridente opened its new 8,400 square feet Maserati showroom in Causeway Bay. In addition, the brand’s all-new SUV model, the Grecale, was launched in Hong Kong. The Company was delighted with the response that the car received and expects the Grecale to quickly become the most popular Maserati given its attractive combination of styling, technology, efficient power trains including a hybrid, and competitive pricing.

Valuable Collection Trading and Investment Business

In the current year of 2022, the classic and investment car market continued to be affected by the global economic slowdown due to the COVID-19 pandemic, combined with geopolitical factors. However, the management remains cautiously optimistic regarding the long-term improvement of the classic car market. The Company will continue to monitor market trends to capitalise on both sales and investment opportunities.

The Watch Manual division continues to receive commercial support for its well-regarded print publication and online platforms from key brands and partners. It has an international readership with a very high degree of engagement, and a number of strategic projects are in progress with regional activations, such as the DFS Masters of Time event in Macau. We expect its visibility to increase with exposure at the 2023 Watches & Wonders Geneva fair, which will, for the first time, open its doors to the public. Mr. TK Mak, the chairman and the CEO of the Blackbird Group, continues on the watch advisory board for Phillips auction house, sustaining our position in the luxury watch industry.

Car Logistics Business

The Group's car logistics business performed well during the year of 2022 with a good operating margin. A new contract was signed with Ferrari in April 2022 as the Company became the dedicated roadside rescue and recovery service to Hong Kong Ferrari owners. In addition, the Company's call centre is generating additional opportunities. Work also continued in support of local importers, distributors, dealers, roadside assistance and insurance companies, racing organisations and private owners.

CULTURAL ENTERTAINMENT BUSINESS

The Company's cultural entertainment business comprises film operations, and stage audio, lighting and engineering operations. In 2022, the operating environment of this business division remained difficult as a result of COVID-19 pandemic, relevant tightening social distancing measures and prolonged cross-border travelling restrictions. Given the adverse situation, this business division remain disciplined in implementing budgetary controls and recorded an operating loss of HK\$9 million in this current year of 2022.

Such easing of COVID rules as relaxation of social distancing measures and cross-border travelling restrictions in early 2023 generate more momentum to a nascent recovery of cultural entertainment business. This business division's performance is expected to improve afterwards.

OUTLOOK

Looking forward, year of 2023 remains uncertain and challenging. It is expected that rising inflation and interest hike, the prolonged Sino-US trade conflict and geopolitical tensions will continue to pose greatest challenges to the local and global economic recovery. We, however, are encouraged by the recent policy stimulus and stringent pandemic control measures being mostly jettisoned, which may improve market sentiment.

Despite the current challenging environment, Blackbird's Ferrari business continues to perform well. Ferrari also recognize Blackbird's long-term commitment by appointing Blackbird Concessionaires as the official Ferrari importer in Hong Kong and Macau. We are also happy at the pace that Maserati business has grown so far. We believe the Ferrari importership and Maserati business will contribute a stream of significant revenue to the Group and open up a new avenue for growth of income and profit. We are committed to continue to build up and grow the Blackbird Automotive Group to become one of the global leaders in the automotive sector in the near future.

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

APPRECIATION

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

Mak Shiu Tong, Clement
Chairman

Hong Kong, 29 March 2023

FINANCIAL REVIEW

OVERVIEW OF 2022 FINANCIAL RESULTS

HK\$ million	2022	2021	% increase/ (decrease)
Revenue	<u>812</u>	<u>731</u>	11.1%
Gross Profit	<u>103</u>	<u>121</u>	(14.9%)
Loss for the year	<u>(467)</u>	<u>(521)</u>	(10.4%)
Attributable to:			
Owners of the parent	<u>(465)</u>	<u>(517)</u>	(10.1%)
Non-controlling interests	<u>(2)</u>	<u>(4)</u>	(50.0%)
	<u>(467)</u>	<u>(521)</u>	(10.4%)
Basic and diluted loss per share attributable to ordinary equity holders of the parent	<u>(HK\$0.53)</u>	<u>(HK\$0.59)</u>	(10.2%)
Dividend per share	<u>Nil</u>	<u>Nil</u>	N/A

The Group's revenue for 2022 of HK\$812 million was HK\$81 million or 11.1% higher than 2021, driven mainly by the incremental revenue stream contributed by Maserati business and the sale of valuable collection.

In the year under review, the Company recorded a net loss attributable to owners of the parent of HK\$465 million as compared with a net loss of HK\$517 million in the previous year. This notable reduction in loss was attributable to a gain of approximately HK\$93 million of legal proceedings in relation to the intended purchase of a commercial development project in Hong Kong and the car park development at the same premises initiated by the Group in 2013 which was offset in part by the effect of interest rate hikes. The abovementioned legal proceedings were settled in March 2022.

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

ANALYSIS BY BUSINESS SEGMENT

HK\$ million	Revenue				% increase/ (decrease)
	2022		2021		
	Amount	Relative %	Amount	Relative %	
Property investment and holding	11	1.4%	10	1.3%	10.0%
Securities business	-	-	-*	-	N/A
Ferrari business	363	44.7%	537	67.0%	(32.4%)
Maserati business	49	6.0%	17	2.1%	188.2%
Valuable collection and logistics business	277	34.1%	152	19.0%	82.2%
Cultural entertainment business	62	7.6%	45	5.6%	37.8%
Other operations	50	6.2%	40	5.0%	25.0%
	812	100.0%	801	100.0%	1.4%
Less: Inter-segment revenue	-		(70)		(100.0%)
Total	812		731		11.1%

**less than HK\$1 million*

HK\$ million	Operating (loss)/profit		% increase/ (decrease)
	2022	2021 (restated)	
Property investment and holding	(119)	6	N/A
Securities business	(265)	(287)	(7.7%)
Ferrari business	8	6	33.3%
Maserati business	(7)	(6)	16.7%
Valuable collection and logistics business	(34)	(27)	25.9%
Cultural entertainment business	(9)	(82)	(89.0%)
Other operations	(31)	(30)	3.3%
Total	(457)	(420)	8.8%

Property investment and holding

In 2022, the property investment business delivered revenue of HK\$11 million and recorded operating loss of HK\$119 million as opposed to operating profit of HK\$6 million in the previous year. The operating loss in 2022 was primarily attributable to unrealised fair value losses of HK\$126 million arising from fair value changes of our investment property portfolio as a result of decline of property market offsetting by the gain on disposal of a subsidiary holding investment property of HK\$8 million. On the other hand, unrealised fair value gains of HK\$6 million were recorded in the previous corresponding period.

Securities business

In 2022, the securities business sold our 29.19% shareholding in GBA and no gain or loss was recorded on disposal of shareholdings in GBA. This segment recognised an operating loss of HK\$265 million as compared with operating loss of HK\$287 million in the previous year. The operating loss in 2022 and 2021 mainly represented non-cash credit losses. In 2022, there was provision for expected credit loss of HK\$268 million against receivable in respect of the disposal of unlisted equity investment and listed equity investment whereas, there was unrealised revaluation losses of HK\$287 million of our aforesaid shareholdings in GBA as a result of fair value change in 2021.

Ferrari business

In 2022, the Ferrari business recorded revenue of HK\$363 million, fell by 32.4% primarily from reduced sales of new cars 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 during the pandemic. The Ferrari business recorded an operating profit of HK\$8 million in 2022 as compared with an operating profit of HK\$6 million in 2021. The improvement of the segment's results was primarily due to cost savings.

Maserati business

It is encouraging to see strong growth in Maserati business as its revenue surged from HK\$17 million in 2021 to HK\$49 million in 2022, increased by 188.2%, after grand opening of Maserati flagship showroom in Causeway Bay in May 2022. The Maserati business recorded an operating loss of HK\$7 million as a result of startup costs and higher marketing and promotional costs. It is believed that this new business will contribute significant revenue stream to the Group and open up for the Group a new avenue of income and profit growth in the coming years.

Valuable collection and logistics business

Given the unprecedented times, valuable collection and logistics business incurred an operating loss of HK\$34 million in 2022 and an operating loss of HK\$27 million in 2021.

Cultural entertainment business

This business segment recorded a revenue of HK\$62 million in 2022, represented 37.8% increase from HK\$45 million in 2021. Operating loss was HK\$9 million as compared with an operating loss of HK\$82 million in previous year. The decrease in operating loss was mainly attributable to cost savings. Moreover, there was no provision for impairment of goodwill and the expected credit loss against remaining consideration receivable in respect of the disposal of business in Macau was HK\$6 million in 2022 whereas the provisions were HK\$63 million and HK\$4 million respectively in 2021.

Other operations

Other operations comprise the classic car services center, the multimedia business, artist management and other new ventures which are in the development and start-up stage. This segment's revenue increased by 25.0% to HK\$50 million in 2022. This segment recorded an operating loss of HK\$31 million as compared with an operating loss of HK\$30 million in previous year.

ANALYSIS BY GEOGRAPHICAL SEGMENT

HK\$ million	2022		2021		% increase/ (decrease)
	Amount	Relative %	Amount	Relative %	
Hong Kong, Macau and Mainland	619	76.2%	612	83.7%	1.1%
Rest of the world	193	23.8%	119	16.3%	62.2%
Total	<u>812</u>	<u>100.0%</u>	<u>731</u>	<u>100.0%</u>	11.1%

Approximately 76.2% of our total revenue was generated in Hong Kong, Macau and the Mainland, of which most of our revenue was generated in Hong Kong. The revenue from our major market regions was HK\$619 million, up HK\$7 million or 1.1% as compared with 2021, mainly due to increase of sales of Maserati cars to Hong Kong market. The revenue from rest of the world represented mainly sale of valuable collection to the overseas markets.

CAPITAL STRUCTURE AND GEARING RATIO

HK\$ million	2022		2021	
	Amount	Relative %	Amount	Relative %
Bank borrowings	1,325	45.6%	1,623	45.1%
Other borrowings	113	3.9%	117	3.3%
Lease liabilities	112	3.8%	42	1.2%
Bonds/convertible bonds	192	6.6%	192	5.3%
Total borrowings	<u>1,742</u>	<u>59.9%</u>	<u>1,974</u>	<u>54.9%</u>
Equity attributable to owners of the parent	<u>1,166</u>	<u>40.1%</u>	<u>1,621</u>	<u>45.1%</u>
Total capital employed	<u><u>2,908</u></u>	<u><u>100.0%</u></u>	<u><u>3,595</u></u>	<u><u>100.0%</u></u>

Equity attributable to owners of the parent as at 31 December 2022 was HK\$1,166 million, representing a decrease of HK\$455 million compared with HK\$1,621 million at the beginning of the year 2022. This change was primarily attributable to the net loss attributable to owners of the parent for 2022.

The Group's gearing ratio slightly increased from 54.9% as at 31 December 2021 to 59.9% as at 31 December 2022, driven mainly by the decrease in equity. The Group's gearing ratio continued to maintain at a relatively reasonable level in this difficult time.

Total outstanding borrowings were HK\$1,742 million (2021: HK\$1,974 million). Approximately 76.8% of these borrowings were of long-term nature, primarily representing mortgage loans on properties held by the Group.

As at 31 December 2022, the maturity profile of the bank and other borrowings and bonds/convertible bonds of the Group falling due within one year, in the second to the fifth year and beyond five years amounted to HK\$405 million, HK\$950 million and HK\$387 million, respectively (2021: HK\$1,508 million*, HK\$331 million and HK\$135 million, respectively). There was no material effect of seasonality on the Group's borrowing requirements.

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

LIQUIDITY AND FINANCIAL RESOURCES

HK\$ million	2022	2021
Current assets	909	1,303
Current liabilities	807	1,879
Net current assets/(liabilities)	102	(576)

The Group's net current assets as at 31 December 2022 was HK\$102 million, reflecting a high liquidity of the Group's assets. As at 31 December 2021, the Group's net current liabilities of HK\$576 million was primarily due to the reclassification of approximately HK\$1,051 million bank borrowings from non-current liabilities to current liabilities. The reclassification was resulted from non-compliance of a debt covenant related to the amount of shareholders' fund under certain facilities agreements entered into by the Group with one of its bankers, which has been made known to the banker by the Group before 31 December 2021. Subsequently, the bank revised the debt covenant, upon which the Group rectified the non-compliance. The bank borrowings of approximately HK\$1,051 million was reclassified back to non-current liabilities in early 2022 as a result of the rectification of the non-compliance.

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

CAPITAL COMMITMENTS

As at 31 December 2022, capital commitment of the Group amounted to approximately HK\$5 million (2021: HK\$5 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 2022, the Group's receipts were mainly denominated in HK\$ and US\$. Payments were mainly made in HK\$ and US\$. Cash was generally placed in short-term deposits denominated in HK\$. In 2022, 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. Our current exposure to foreign exchange risk is not significant. The Group has not used any financial instruments to hedge its interest rate risk, and will consider hedging significant interest rate risk should the need arise.

ACQUISITION AND DISPOSAL OF MATERIAL SUBSIDIARIES AND ASSOCIATES

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

SIGNIFICANT INVESTMENT

The Group did not hold any significant investment as at 31 December 2022.

PLEDGE OF ASSETS

As at 31 December 2022, certain of the Group's assets with a net book value of approximately HK\$1,917 million (2021: HK\$2,274 million) and time deposits of HK\$38 million (2021: HK\$40 million) were pledged to secure the Group's bank loans.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group had following contingent liabilities:

During 2017 and in or about August 2018, various property purchasers initiated legal proceedings against a subsidiary of the Company (the "**Relevant Subsidiary**") concerning alleged misrepresentations on the part of the Relevant Subsidiary in relation to certain properties sold by the Relevant Subsidiary. In September 2018, the Court ordered that all individual legal proceedings against the Relevant Subsidiary were consolidated into one legal proceedings. Based on the existing legal documents and advice of the legal advisor of the Company, the directors of the Company are of the opinion that there is a reasonably good chance of success in the defence by the Relevant Subsidiary. In the opinion of the Directors, no provision is considered necessary for the claims arising from the legal proceedings at the end of the reporting period.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees of the Group as at 31 December 2022 was 325 (2021: 271). 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. The Company has adopted the share options scheme as an incentive to eligible participants. Share options may also be granted to eligible employees and persons of the Group under the share options scheme. As at 31 December 2022, there were no outstanding share options issued by the Company (2021: Nil).

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed Shares during the year ended 31 December 2022.

CORPORATE GOVERNANCE

The Company has always recognised the importance of the shareholders' transparency and accountability. It is the belief of the Board that the Shareholders can maximise their benefits from good corporate governance. The Company is committed to maintaining and ensuring high standards of corporate governance in the interests of the Shareholders.

In the opinion of the Directors, the Company has complied with all the Code Provisions under the CG Code throughout the year ended 31 December 2022, except for the minor deviations from the following Code Provisions of the CG Code:

Code Provision C.2.1: the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing; and

Code Provision B.2.2: every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Detailed information of such deviations and their respective considered reasons as well as other information on the corporate governance practices of the Company have been disclosed in the interim report of the Company for the six months ended 30 June 2022 and will be disclosed in the corporate governance report contained in the 2022 annual report of the Company, which will be despatched to the Shareholders on or before 28 April 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted its code of conduct regarding the securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all existing Directors, they confirmed that they have complied with the required standard set out in the Model Code adopted by the Company throughout the financial year ended 31 December 2022.

EVENT AFTER THE REPORTING PERIOD

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

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) since 2000 with specific written terms of reference formulated in accordance with the requirements of the Listing Rules. The Audit Committee consists of three members who are the INEDs, namely Mr. Lau Ho Kit, Ivan (“**Mr. Ivan Lau**”), Mr. Chen Li and Mr. Chow Siu Ngor (“**Mr. Chow**”). The Audit Committee is currently chaired by Mr. Ivan Lau, who is a qualified accountant and has extensive experience in accounting and financial matters.

The Audit Committee has reviewed and discussed the adopted accounting principles and practices and the auditing, internal control and financial reporting matters of the Group. The Audit Committee has also reviewed the consolidated financial statements of the Group for the financial year ended 31 December 2022. The Audit Committee held three meetings during the financial year ended 31 December 2022.

Further information of the Audit Committee will be disclosed in the corporate governance report contained in the 2022 annual report of the Company, which will be despatched to the Shareholders on or before 28 April 2023.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the “**Remuneration Committee**”) since 2005 with specific written terms of reference formulated in accordance with the requirements of the Listing Rules. The Remuneration Committee consists of five members comprising three INEDs, namely Mr. Chen Li, Mr. Chow, Mr. Ivan Lau, and two executive Directors namely Mr. Mak Shiu Tong, Clement (“**Mr. Mak**”) and Ms. Cheng Yuk Ching, Flora (“**Ms. Cheng**”). The Remuneration Committee is currently chaired by Mr. Chow. The Remuneration Committee held three meetings during the financial year ended 31 December 2022.

Further information of the Remuneration Committee will be disclosed in the corporate governance report contained in the 2022 annual report of the Company, which will be despatched to the Shareholders on or before 28 April 2023.

NOMINATION COMMITTEE

The Company has established a nomination committee (the “**Nomination Committee**”) since 2012 with specific written terms of reference in line with the Code Provisions under the CG Code. The Nomination Committee consists of five members comprising three INEDs, namely Mr. Chen Li, Mr. Chow and Mr. Ivan Lau and two executive Directors, namely Mr. Mak and Ms. Cheng. The Nomination Committee is currently chaired by Mr. Mak, who is the chairman of the Board. The Nomination Committee held two meetings during the financial year ended 31 December 2022.

Further information of the Nomination Committee will be disclosed in the corporate governance report contained in the 2022 annual report of the Company, which will be despatched to the Shareholders on or before 28 April 2023.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of three INEDs, namely Mr. Chen Li, Mr. Chow and Mr. Lau, has filed a written confirmation to the Company confirming his independence pursuant to Rule 3.13 of the Listing Rules and has undertaken to inform the Stock Exchange and the Company as soon as practicable if there is any subsequent change in circumstances which may affect his independence. As at the date of this announcement, all INEDs were considered to be independent and all INEDs are suitable to serve as INED.

The Company has complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three INEDs and at least one INED with appropriate professional qualifications or accounting or related financial management expertise and the number of INEDs representing at least one-third of the Board throughout the financial year ended 31 December 2022.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Company's auditors on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT, ANNUAL REPORT, CORPORATE GOVERNANCE REPORT AND ESG REPORT

The results announcement of the Company for the year ended 31 December 2022 is published on the website of the Company at www.cct-fortis.com/eng/investor/announcements.php and that of the Stock Exchange at www.hkexnews.hk. The 2022 annual report and corporate governance report will be despatched to the Shareholders and made available on the website of the Company and that of the Stock Exchange on or before 28 April 2023. The environmental, social and governance report ("**ESG Report**") will also be posted on the websites of the Company and the Stock Exchange at the same date as the publication of the 2022 annual report.

BOARD OF DIRECTORS

As at the date of this announcement, the executive Directors are Mr. Mak Shiu Tong, Clement and Ms. Cheng Yuk Ching, Flora; and the INEDs are Mr. Chen Li and Mr. Chow Siu Ngor and Mr. Lau Ho Kit, Ivan.

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

Hong Kong, 29 March 2023

ANNUAL RESULTS

The Board presents the consolidated annual results of the Group for the year ended 31 December 2022, together with the comparative amounts for the previous year as follows:

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended 31 December 2022

HK\$ million	Notes	2022	2021
REVENUE	3,4	812	731
Cost of sales		<u>(709)</u>	<u>(610)</u>
Gross profit		103	121
Other income and gains, net	4	183	25
Selling and distribution costs		(23)	(20)
Administrative expenses		(250)	(227)
Other expenses, net		(402)	(355)
Finance costs	5	(78)	(64)
Share of loss of an associate		<u>-</u>	<u>(1)</u>
LOSS BEFORE TAX	6	(467)	(521)
Income tax	7	<u>-</u>	<u>-</u>
LOSS FOR THE YEAR AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(467)</u>	<u>(521)</u>
Attributable to:			
Owners of the parent		(465)	(517)
Non-controlling interests		<u>(2)</u>	<u>(4)</u>
		<u>(467)</u>	<u>(521)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted		<u>(HK\$0.53)</u>	<u>(HK\$0.59)</u>

Consolidated Statement of Financial Position
31 December 2022

HK\$ million	<i>Notes</i>	2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment	<i>10</i>	771	732
Investment properties		1,316	1,651
Goodwill		17	17
Intangible assets		-	3
Investment in an associate		-	-
Valuable collection held for investment		314	340
Other receivables		11	1
Deferred tax assets		1	1
Total non-current assets		<u>2,430</u>	<u>2,745</u>
Current assets			
Inventories		104	78
Stock of valuable collection held for sale		- *	89
Trade receivables	<i>11</i>	166	247
Investment in a film		80	80
Prepayments and other receivables		332	456
Financial assets at fair value through profit or loss		6	256
Promissory notes		150	-
Pledged time deposits		38	40
Cash and cash equivalents		33	57
Total current assets		<u>909</u>	<u>1,303</u>
Total assets		<u>3,339</u>	<u>4,048</u>

* less than HK\$1 million

Consolidated Statement of Financial Position (Continued)
31 December 2022

HK\$ million	<i>Note</i>	2022	2021
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Issued capital		87	87
Reserves		<u>1,079</u>	<u>1,534</u>
		1,166	1,621
Non-controlling interests		<u>7</u>	<u>9</u>
Total equity		<u>1,173</u>	<u>1,630</u>
Non-current liabilities			
Interest-bearing bank and other borrowings		1,145	274
Convertible bonds		-	243
Bonds		192	-
Deferred tax liabilities		<u>22</u>	<u>22</u>
Total non-current liabilities		<u>1,359</u>	<u>539</u>
Current liabilities			
Trade payables	12	66	46
Tax payable		3	3
Other payables and accruals		333	322
Interest-bearing bank and other borrowings		<u>405</u>	<u>1,508</u>
Total current liabilities		<u>807</u>	<u>1,879</u>
Total liabilities		<u>2,166</u>	<u>2,418</u>
Total equity and liabilities		<u>3,339</u>	<u>4,048</u>
Net current assets/(liabilities)		<u>102</u>	<u>(576)</u>
Total assets less current liabilities		<u>2,532</u>	<u>2,169</u>

Notes:

1. BASIS OF PREPARATION

As at 31 December 2022, the Group had cash and cash equivalents and pledged time deposits with an aggregate carrying amount of HK\$71 million. As at the same date, the Group had outstanding interest-bearing bank and other borrowings and bonds with an aggregate carrying amount of HK\$1,742 million, comprising a current portion of HK\$405 million and a non-current portion of HK\$1,337 million.

The financial statements were prepared based on the assumption that the Group can be operated as a going concern and the Company's directors are of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from 31 December 2022, after taking into consideration the following:

- (i) the available banking facilities of the Group;
- (ii) the estimated cash flows of the Group for the next twelve months from the end of the reporting period; and
- (iii) the net proceeds from the disposal of certain properties held by the Group.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, valuable collection held for investment, investment in a film and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest million except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts - Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “Conceptual Framework”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has the following reportable operating segments:

- (a) the property investment and holding segment which represents investment and holding of properties;
- (b) the securities business segment representing the trading in securities and holding of securities, financial assets and treasury products;
- (c) Ferrari business segment representing the sale and distribution of Ferrari cars and provision of after-sale services as official dealer of Ferrari in Hong Kong and Macau;
- (d) Maserati business segment representing the import and distribution of Maserati cars and provision of after-sale services as official importer of Maserati in Hong Kong and Macau;
- (e) Valuable collection and logistics segment representing the acquisition of classic cars and collectible precision devices for long-term investment purpose, trading and sale of classic cars and car logistics business;
- (f) cultural entertainment business segment representing film operations, stage audio, lighting and engineering operations; and
- (g) other operations segment which is engaged in supportive business and start-up business including multimedia operations, the running of a classic car service centre, artist management and magazine publication.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's loss before tax except that non-lease-related finance costs, compensation income from litigation, gain on early redemption of convertible bonds, share of loss of an associate and head office and corporate expenses are excluded from such measurement.

During the year ended 31 December 2022, the segment information was redefined for better reflection of the latest development of the Group's operations, which was divided into seven segment as: property investment, securities business, Ferrari business, Maserati business, valuable collection and logistics, cultural entertainment and other operations. The segment information for the year ended 31 December 2021 was restated accordingly to conform to the current year's presentation.

Segment assets exclude deferred tax assets and corporate and other unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities and corporate and other unallocated liabilities as these liabilities are managed on a group basis.

3. OPERATING SEGMENT INFORMATION (Continued)

For the year ended 31 December 2022

HK\$ million	Property investment and holding	Securities business	Ferrari business	Maserati business	Valuable collection and logistics	Cultural entertainment business	Other operations	Reconciliations	Total
Segment revenue:									
Sales to external customers	11	-	363	49	277	62	50	-	812
Other revenue	5	3	12	1	4	2	3	-	30
	16	3	375	50	281	64	53	-	842
Operating profit/(loss)	(119)	(265)	8	(7)	(34)	(9)	(31)	-	(457)
Finance costs (other than interest on lease liabilities)									(77)
Reconciled items:									
Corporate and other unallocated expenses									(37)
Compensation income from litigation									93
Gain on early redemption of convertible bonds									11
Loss before tax									(467)
Income tax									-
Loss for the year									(467)

3. OPERATING SEGMENT INFORMATION (Continued)

For the year ended 31 December 2022 (continued)

HK\$ million	Property investment and holding	Securities business	Ferrari business	Maserati business	Valuable collection and logistics	Cultural entertainment business	Other operations	Reconciliations	Total
Other segment information:									
Expenditure for non-current assets	-	-	82	30	2	1	12	-	127
Depreciation and amortisation	(8)	-	(40)	(12)	(3)	(9)	(12)	-	(84)
Other material non-cash items:									
Fair value loss on investment properties, net	(126)	-	-	-	-	-	-	-	(126)
Fair value gains on valuable collection held for investment	-	-	-	-	35	-	-	-	35
Impairment of trade receivables	-	91	-	-	-	-	2	-	93
Impairment of other receivables	-	177	-	-	-	6	-	-	183
Segment assets									
Reconciled items:	1,319	425	323	97	377	140	188	-	2,869
Corporate and other unallocated assets	-	-	-	-	-	-	-	470	470
Total assets	1,319	425	323	97	377	140	188	470	3,339
Segment liabilities									
Reconciled items:	865	199	362	101	73	43	94	-	1,737
Corporate and other unallocated liabilities	-	-	-	-	-	-	-	429	429
Total liabilities	865	199	362	101	73	43	94	429	2,166

3. OPERATING SEGMENT INFORMATION (Continued)

For the year ended 31 December 2021

HK\$ million	Property investment and holding (restated)	Securities business (restated)	Ferrari business (restated)	Maserati business (restated)	Valuable collection and logistics (restated)	Cultural entertainment business (restated)	Other operations (restated)	Reconciliations (restated)	Total (restated)
Segment revenue:									
Sales to external customers	10	-*	467	17	152	45	40	-	731
Intersegment revenue	-	-	70	-	-	-	-	(70)	-
	10	-*	537	17	152	45	40	(70)	731
Other revenue	-	-	4	-	2	1	6	-	13
	10	-*	541	17	154	46	46	(70)	744
Operating profit/(loss)	6	(287)	6	(6)	(27)	(82)	(30)	-	(420)
Finance costs (other than interest on lease liabilities)									(63)
Reconciled items:									
Corporate and other unallocated expenses									(37)
Share of loss of an associate									(1)
Loss before tax									(521)
Income tax									-
Loss for the year									(521)

* less than HK\$1 million

3. OPERATING SEGMENT INFORMATION (Continued)

For the year ended 31 December 2021 (continued)

HK\$ million	Property investment and holding (restated)	Securities business (restated)	Ferrari business (restated)	Maserati business (restated)	Valuable collection and logistics (restated)	Cultural entertainment business (restated)	Other operations (restated)	Reconciliations (restated)	Total (restated)
Other segment information:									
Expenditure for non-current assets	-	-	20	5	4	6	29	-	64
Depreciation and amortisation	(8)	-	(47)	-	(4)	(12)	(16)	-	(87)
Other material non-cash items:									
Fair value gains on investment properties, net	6	-	-	-	-	-	-	-	6
Fair value gains on valuable collection held for investment, net	-	-	-	-	3	-	-	-	3
Gain on disposal of items in property, plant and equipment	-	-	-	-	-	2	-	-	2
Share of loss of an associate	-	-	-	-	-	-	-	(1)	(1)
Fair value (losses)/gains on financial assets at fair value through profit or loss, net	-	(287)	-	-	-	-	1	-	(286)
Gain on disposal of subsidiaries	-	-	-	-	-	1	-	-	1
Impairment of goodwill	-	-	-	-	-	(63)	-	-	(63)
Impairment of trade receivables	-	-	-	-	-	(2)	-	-	(2)
Impairment of other receivables	-	-	-	-	-	(4)	-	-	(4)
Segment assets	1,657	790	232	60	495	154	174	-	3,562
Reconciled items:									
Corporate and other unallocated assets	-	-	-	-	-	-	-	486	486
Total assets	1,657	790	232	60	495	154	174	486	4,048
Segment liabilities	956	315	406	40	69	55	96	-	1,937
Reconciled items:									
Corporate and other unallocated liabilities	-	-	-	-	-	-	-	481	481
Total liabilities	956	315	406	40	69	55	96	481	2,418

Geographical information

(a) Revenue from external customers

HK\$ million	2022	2021
Hong Kong, Macau and Mainland	619	612
Rest of the world	193	119
	812	731

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

(b) Non-current assets

HK\$ million	2022	2021
Hong Kong, Macau and Mainland	2,277	2,623
Rest of the world	141	120
	2,418	2,743

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

Information about major customers

For the years ended 31 December 2022 and 2021, no single customer contributed 10% or more of the Group's total revenue.

4. REVENUE, OTHER INCOME AND GAINS, NET

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

HK\$ million	2022	2021
Revenue		
<i>Revenue from contracts with customers</i>		
Income from sales of valuable collection and logistics service	277	152
Income from Ferrari business	363	467
Income from Maserati business	49	17
Provision and leasing of stage audio, lighting equipment and engineering services	62	45
Income from other operations	50	40
	<u>801</u>	<u>721</u>
<i>Revenue from other sources</i>		
Gross rental income from investment properties, fixed payments	11	10
	<u>812</u>	<u>731</u>
Other income and gains, net		
Fair value gains on investment properties, net	-	6
Fair value gains on valuable collection held for investment, net	35	3
Gain on disposal of items of property, plant and equipment	-	2
Gain on disposal of subsidiaries	8	1
Compensation income from litigation	93	-
Gain on early redemption of convertible bonds	11	-
Government grants*	6	-
COVID-19 related rent concessions from lessors	-	-**
Others	30	13
	<u>183</u>	<u>25</u>

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

** Less than HK\$1 million

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2022

HK\$ million	Ferrari business	Maserati business	Valuable collection and logistics	Cultural entertainment business	Other operations	Total
Type of goods or services						
Sale of cars	282	29	238	-	-	549
Sale of other goods	-	-	-	-	4	4
Sale and leasing of stage audio and lighting equipment	-	-	-	62	-	62
Provision of other services	81	20	39	-	46	186
Total revenue from contracts with customers	363	49	277	62	50	801
Geographical markets						
Hong Kong, Macau and Mainland	363	49	86	60	50	608
Rest of the world	-	-	191	2	-	193
Total revenue from contracts with customers	363	49	277	62	50	801
Timing of revenue recognition						
Goods transferred at a point in time	282	29	238	-	4	553
Services transferred over time	81	20	39	62	46	248
Total revenue from contracts with customers	363	49	277	62	50	801

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (continued)

For the year ended 31 December 2021

HK\$ million	Ferrari business	Maserati business	Valuable collection and logistics	Cultural entertainment business	Other operations	Total
Type of goods or services						
Sale of cars	395	4	119	-	-	518
Sale of other goods	-	-	-	2	1	3
Sale and leasing of stage audio and lighting equipment	-	-	-	42	-	42
Provision of other services	72	13	33	1	39	158
Total revenue from contracts with customers	467	17	152	45	40	721
Geographical markets						
Hong Kong, Macau and Mainland	467	17	33	45	40	602
Rest of the world	-	-	119	-	-	119
Total revenue from contracts with customers	467	17	152	45	40	721
Timing of revenue recognition						
Goods transferred at a point in time	395	4	119	2	1	521
Services transferred over time	72	13	33	43	39	200
Total revenue from contracts with customers	467	17	152	45	40	721

Revenue from contracts with customers (Continued)

(a) *Disaggregated revenue information (continued)*

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

HK\$ million	2022	2021
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of Ferrari cars	114	132
Sales of Maserati cars	11	-

(b) *Performance obligations*

Information about the Group's performance obligations is summarised below:

Sale of Ferrari cars

The performance obligation is satisfied upon delivery of Ferrari cars and payment in advance is normally required for customers.

Sale of Maserati cars

The performance obligation is satisfied upon delivery of Maserati cars and payment in advance is normally required for customers.

Sale of valuable collection

The performance obligation is satisfied upon delivery of the valuable collection and payment is generally due within 30 days from delivery, except for new customers, where payment in advance is normally required.

Provision of car logistics and after-sale services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 to 90 days upon completion of services.

Sale of stage audio and lighting equipment

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

Leasing of stage audio and lighting equipment and provision of stage technical and engineering services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 to 90 days upon completion of services. The service contracts are project based, usually less than 1 year and do not contain variable consideration.

Revenue from contracts with customers (Continued)

(b) Performance obligations (continued)

Provision of advertising services under other operations

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 to 90 days upon completion of services.

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

5. FINANCE COSTS

An analysis of finance costs is as follows:

HK\$ million	2022	2021
Interest on bank and other loans	65	48
Interest on convertible bonds	5	15
Interest on bonds	7	-
Interest on lease liabilities	1	1
Total interest expense on financial liabilities not at fair value through profit or loss	78	64

6. LOSS BEFORE TAX

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

HK\$ million	2022	2021
Cost of valuable collection sold	264	117
Cost of Ferrari business	304	393
Cost of Maserati business	41	11
Cost of automotive services provided	21	18
Cost of cultural entertainment business	51	38
Cost of other operations	22	26
Depreciation of property, plant and equipment (including right-of-use assets)	81	80
Amortisation of intangible assets	3	7
Auditors' remuneration	3	3
Employee benefit expense (excluding directors' and chief executive's remuneration)		
Wages and salaries	89	74
Pension scheme contributions	3	3
	<u>92</u>	<u>77</u>
Foreign exchange differences, net	3	-*
Fair value losses /(gains) on investment properties, net	126	(6)
Fair value gains on valuable collection held for investment, net	(35)	(3)
Fair value losses on financial assets at fair value through profit or loss, net	-	286
Gain on disposal items of property, plant and equipment	-	(2)
Gain on disposal of subsidiaries	(8)	(1)
Compensation income from litigation	(93)	-
Impairment of goodwill	-	63
Impairment of trade receivables	93	2
Impairment of other receivables	183	4
Gain on early redemption of convertible bonds	(11)	-

* Less than HK\$1 million

7. INCOME TAX

No provision for Hong Kong profits tax has been made in respect of the years ended 31 December 2022 and 2021.

8. DIVIDENDS

The Board did not recommend the payment of a final dividend for the year 2022 (2021: Nil). The Board did not recommend and pay an interim dividend for 2022 (2021 interim dividend: Nil). No dividend for the whole year of 2022 was recommended (2021: Nil).

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

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

HK\$ million	2022	2021
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	(465)	(517)
Interest on 2024 Convertible Bonds	5	15
Loss attributable to ordinary equity holders of the parent before interest on 2024 Convertible Bonds	<u>(460)</u>	<u>(502)</u>
	Number of Shares	
	2022	2021
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	873,111,452	873,111,452
Effect of dilution – weighted average number of ordinary shares:		
2024 Convertible Bonds	113,294,521	347,500,000
Weighted average number of ordinary shares used in the diluted loss per share calculation	<u>986,405,973</u>	<u>1,220,611,452</u>

Because the diluted loss per share amount is decreased when taking 2024 Convertible Bonds into account, the 2024 Convertible Bonds had an anti-dilutive effect on the basic loss per share for the year and were ignored in the calculation of diluted loss per share. Therefore, the diluted loss per share amounts are based on the loss for the year attributable to ordinary equity holders of the parent of HK\$465 million (2021: HK\$517 million) and the weighted average number of ordinary shares of 873,111,452 (2021: 873,111,452) in issue during the year. The aforesaid convertible bonds were early redeemed by the Company on 29 April 2022.

10. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2022, the Group acquired fixed assets and right-of-use assets of approximately HK\$127 million (2021: HK\$63 million) and disposed of fixed assets of HK\$7 million (2021: HK\$34 million).

11. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the agreement date and invoice date and net of loss allowance, is as follows:

HK\$ million	2022		2021	
	Balance	Percentage	Balance	Percentage
Within 180 days	35	21	36	15
181 to 365 days	4	2	4	2
1 to 2 years	6	4	1	-
Over 2 years	121	73	206	83
	<u>166</u>	<u>100</u>	<u>247</u>	<u>100</u>

The credit term given by the Group to its customers is generally one month. The credit term granted to the customers of trading securities is up to 365 days (2021: 365 days). Each customer has a maximum credit limit.

12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

HK\$ million	2022		2021	
	Balance	Percentage	Balance	Percentage
Current to 30 days	30	45	13	28
31 to 60 days	5	8	11	24
61 to 90 days	3	5	12	26
Over 90 days	28	42	10	22
	<u>66</u>	<u>100</u>	<u>46</u>	<u>100</u>

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

13. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current year presentation.

The presentation of the segment information was redefined during the year as further details in note 4 to the financial statements. Accordingly, the comparative segment information for the year ended 31 December 2021 has been restated to conform to the current year's presentation and disclosures.

14. EVENT AFTER THE REPORTING PERIOD

On 20 January 2023, the Group issued the 2025 Convertible Bonds due on 31 December 2025 with an aggregate principal amount of HK\$220 million to Treasure Goal. The 2025 Convertible Bonds bear interest at 4.5% per annum and the interest is payable monthly.

The holder of the 2025 Convertible Bonds has the right to convert all or any portion of the 2025 Convertible Bonds into shares of the Company at the conversion price of HK\$0.16 per conversion share. The conversion rights can be exercised at any time from the issue date of the convertible bond up to 31 December 2025 (inclusive).

The subscription price of the 2025 Convertible Bonds will be used to set off against the outstanding principal amount of the 2024 Bonds, with a view to improve the Company's equity position, gearing ratio and ensure compliance with the relevant requirement under the relevant bank facility agreement, and will allow the Company to retain its financial resources for a longer period of time and represents an opportunity to enhance the working capital of the Company.

GLOSSARY OF TERMS

General Terms

“2024 Bonds”	The 4.5% coupon bonds with the aggregate principal amount of HK\$250,200,000 issued by the Company on 29 April 2022 to Treasure Goal of which a part of principal amount of the HK\$30,200,000 has been redeemed by the Company and the aggregate outstanding principal amount of the HK\$220,000,000 under the 2024 Bonds was setting off by Treasure Goal (the subscriber of the 2025 Convertible Bonds) as the subscription price of HK\$220,000,000 of the 2025 Convertible Bonds issued by the Company on 20 January 2023
“2024 Convertible Bonds”	The 5% coupon convertible bonds with the aggregate principal amount of HK\$250,200,000 issued by the Company on 30 March 2016 to Capital Force and New Capital. On 25 April 2022, Capital Force and New Capital transferred all of the 5% coupon convertible bonds to Treasure Goal; and the Company redeemed all of which on 29 April 2022
“2025 Convertible Bonds”	The 4.5% coupon convertible bonds due on 31 December 2025 with the aggregate principal amount of HK\$220,000,000 issued by the Company on 20 January 2023 to Treasure Goal, the subscription price of the 2025 Convertible Bonds has been satisfied by setting off the aggregate outstanding principal amount of HK\$220,000,000 under the 2024 Bonds held by Treasure Goal, being the subscriber of the 2025 Convertible Bonds under the subscription agreement dated 16 November 2022. Details of which were stated on the circular of the Company dated 19 December 2022
“Blackbird Concessionaires”	Blackbird Concessionaires Limited, a company incorporated in Hong Kong with limited liability, being a wholly-owned subsidiary of the Company under the Blackbird Group
“Blackbird” or “Blackbird Group”	The Blackbird group established by the Company, which is engaged in the multi-faceted automotive business including the Ferrari business, Maserati importership, investment and trading of valuable collection, car logistics operations and other new business ventures
“Blackbird Tridente”	Blackbird Tridente Company Limited, a company incorporated in Hong Kong with limited liability, being a wholly-owned subsidiary of the Company under the Blackbird Group
“Board”	The board of Directors
“Capital Force”	Capital Force International Limited, a company incorporated in the British Virgin Islands with limited liability, the shares in which are owned as to 51% by Mr. Mak and 49% by Mr. Mak Chun Kiu, a son of Mr. Mak, beneficially
“CG Code”	The Corporate Governance Code contained in Appendix 14 to the Listing Rules

“Chairman”	The chairman of the Company
“China” or “PRC”	The People’s Republic of China
“Company”	CCT Fortis Holdings Limited (stock code: 00138), a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the Shares are listed on the Main Board of the Stock Exchange
“Director(s)”	The director(s) of the Company from time to time
“GBA”	GBA Holdings Limited (stock code: 00261), a company incorporated in Bermuda with limited liability, the shares of which are listed in the Main Board of the Stock Exchange
“Group”	The Company and its subsidiaries, from time to time
“HK” or “Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“INED(s)”	Independent non-executive Director(s)
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	The Macau Special Administrative Region of the PRC
“Mainland”	The mainland of the PRC
“Model Code”	The Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“Mr. Mak”	Mr. Mak Shiu Tong, Clement is the sole beneficial owner of Treasure Goal, and the chairman, the chief executive officer, an executive Director and the controlling Shareholder of the Company, and holds 25,589,652 issued Shares and is deemed under Part XV of the SFO to be interested in 446,025,079 issued Shares, representing approximately an aggregate of 54.01% of the total number of issued Shares as at the date of this announcement
“New Capital”	New Capital Industrial Limited, a company incorporated in the British Virgin Islands, the shares in which are owned as to 51% by Mr. Mak and 49% by Mr. Mak Chun Kiu, a son of Mr. Mak, beneficially
“N/A”	Not applicable
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	Ordinary share(s) of HK\$0.10 each in the share capital of the Company

“Shareholder(s)”	Holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Treasure Goal”	Treasure Goal International Limited (寶高國際有限公司), a company incorporated in the British Virgin Islands with limited liability, which is beneficially owned by Mr. Mak
“US\$”	US dollar(s), the lawful currency of the US
“US”	The United States of America
“%”	Per cent.

Financial Terms

“Net Current Assets/(Liabilities)”	Current assets less current liabilities
“Loss Per Share”	Loss attributable to ordinary equity holders of the parent divided by weighted average number of ordinary shares in issue during the year
“Gearing Ratio”	Total borrowings (representing bank and other borrowings, bonds, convertible bonds and lease liabilities) divided by total capital employed (i.e. total Shareholders’ fund plus total borrowings)
“Operating profit/(loss)”	Operating profit/(loss) before interest, tax and unallocated income and expenses