

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CCTI 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)

**DISCLOSEABLE TRANSACTION IN RELATION TO
THE DISPOSAL OF 71% OF THE ISSUED SHARE CAPITAL
IN A SUBSIDIARY**

THE DISPOSAL

On 20 July 2023 (after trading hours), the Vendor (a direct wholly-owned subsidiary of the Company) and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing 71% of the issued share capital of the Disposal Company at a Consideration of HK\$30,000,000.

Upon Completion, the Disposal Company has ceased to be a subsidiary of the Group but remains as an associate of the Group as the Group holds 29% of the issued share capital of the Disposal Group. The financial results of the Disposal Group will no longer be consolidated into those of the Group. However, the financial results, assets and liabilities of the Disposal Group will be equity accounted for in the consolidated financial statements of the Group as it is an associate of the Group.

Although there is a change of shareholder in the Disposal Company after Completion, the operational management of subsidiaries of the Disposal Company remains unchanged. The stage audio and lighting operation services operated by AHM remains managed by Mr. Chan Muk Hing (陳木興) whom indirectly holds 28% of AHM, and the stage engineering operation services operated by HHL remains managed by Mr. Au Ka Kam (區家鑫) whom indirectly holds 27% of HHL.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios set out in the Listing Rules in respect of the Disposal exceeds 5% and all of the applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement requirements but is exempt from the circular and Shareholders' approval requirements under the Listing Rules.

INTRODUCTION

On 20 July 2023 (after trading hours), the Vendor (a direct wholly-owned subsidiary of the Company) and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing 71% of the issued share capital of the Disposal Company at a Consideration of HK\$30,000,000.

THE SALE AND PURCHASE AGREEMENT

The key terms of the Sale and Purchase Agreement are as follows:

Date: 20 July 2023

Parties: (i) the Vendor – CCT Culture Media Group Limited; and
(ii) the Purchaser – Giant Panda Group Holdings Limited (大熊貓集團控股有限公司).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and the Guarantor, being the ultimate beneficial owner of the Purchaser, are Independent Third Parties.

Assets to be disposed

Pursuant to the Sale and Purchase Agreement, the Vendor agreed to dispose of and the Purchaser agreed to purchase the Sale Shares, representing 71% of the issued share capital of the Disposal Company.

The Consideration

The Consideration, being HK\$30,000,000 shall be settled in cash in the following manner:

(a) a sum of HK\$10,000,000, being the first payment (the "**First Payment**"), shall be paid by the Purchaser to the Vendor (or its nominee) on the date of signing the Sale and Purchase Agreement; and

- (b) the remaining balance of HK\$20,000,000 (the “**Outstanding Balance**”) shall be paid by the Purchaser to the Vendor (or its nominee) in three payments. The first and second payments of HK\$5,000,000 each shall be paid by the Purchaser to the Vendor (or its nominee) within one month and two months after the date of the Sale and Purchase Agreement respectively. The final payment of HK\$10,000,000 shall be paid by the Purchaser to the Vendor (or its nominee) on or before 31 December 2023. Each payment carries zero interest rate.

The Consideration was determined after arm’s length negotiation between the Vendor and the Purchaser with reference to including but not limited to, (i) the consolidated total assets and net asset value of the Disposal Group of approximately HK\$64 million and HK\$19 million respectively as at 31 December 2022; and (ii) the loss-making position of the Disposal Group. Further details are set out in the section headed “Reasons for and Benefits of the Disposal” below.

The Directors (including the independent non-executive Directors) believe that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Guarantee

The Guarantor has guaranteed to the Vendor the due observance and performance by the Purchaser of all of its obligations, commitments and undertakings contained in the Sale and Purchase Agreement.

Completion

Completion has taken place on the Completion Date.

Upon Completion, the Disposal Company is held as to 29% by the Vendor and as to 71% by the Purchaser and the Disposal Company has ceased to be a subsidiary of the Group but remains as an associate of the Group as the Group holds 29% of the issued share capital of the Disposal Group. The financial results of the Disposal Group will no longer be consolidated into those of the Group. However, the financial results, assets and liabilities of the Disposal Group will be equity accounted for in the consolidated financial statements of the Group as it is an associate of the Group.

INFORMATION OF THE GROUP

The Company is an investment holding company. The Group is principally engaged in (i) the property business; (ii) the securities business; (iii) the Blackbird Group’s multi-faceted automotive business and investment in valuable collections; and (iv) the cultural entertainment business.

The Vendor is a direct wholly-owned subsidiary of the Company and its principal activity is investment holding.

INFORMATION OF THE PURCHASER

The Purchaser is principally engaged in investment holding. The Guarantor, being the ultimate beneficial owner of the Purchaser, is a professional in the field of architecture with solid experience and knowledge in architectural and structural aspects.

INFORMATION OF THE DISPOSAL GROUP

The Disposal Company is an investment holding company. The Disposal Group is principally engaged in the business of cultural entertainment, through the provision of (i) stage audio and lighting operation services by AHM; and (ii) stage engineering operation services by HHL, in Hong Kong, the PRC and globally.

Although there is a change of shareholder in the Disposal Company after Completion, the operational management of subsidiaries of the Disposal Company remains unchanged. The stage audio and lighting operation services operated by AHM remains managed by Mr. Chan Muk Hing (陳木興) whom indirectly holds 28% of AHM, and the stage engineering operation services operated by HHL remains managed by Mr. Au Ka Kam (區家鑫) whom indirectly holds 27% of HHL.

Financial Information of the Disposal Group

Based on the unaudited consolidated financial statements of the Disposal Company for the years ended 31 December 2021 and 2022 prepared in accordance with Hong Kong Financial Reporting Standards, the revenue, the net loss (before and after tax) and net loss attributable to the parent company of the Disposal Company are as follows:

	Years ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue	61,922	44,951
Loss before tax	(8,697)	(78,553)
Loss after tax	(8,697)	(78,390)
Loss attributable to parent company	(6,350)	(74,202)

The unaudited book value of the consolidated total assets of the Disposal Group as at 31 December 2022 was approximately HK\$64 million. The unaudited consolidated net asset value of the Disposal Group as at 31 December 2022 was approximately HK\$19 million. The unaudited non-controlling interests of the Disposal Group as at 31 December 2022 was approximately HK\$7 million.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal provides an opportunity for the Group to simplify its existing organisational structure and streamline the business operations of the Group. In addition, the Disposal will allow the Group to further focus on its other principal businesses and generate more cash flow for the Group and enhance the financial position of the Group.

Although after Completion, the Group's shareholding in the Disposal Company has decreased from 100% to 29%, theatre safety is still one of the Group's primary concerns. The Guarantor, being the ultimate beneficial owner of the Purchaser, has professional capabilities in architectural structure with knowledge of potential stage safety issues which is in line with the values of the Company with regards to workplace safety concerns. Details of the Purchaser are set out in the section headed "INFORMATION OF THE PURCHASER" above.

THE FINANCIAL EFFECTS OF THE DISPOSAL AND THE INTENDED USE OF PROCEEDS

It is expected that upon Completion, the Group will record a gain on the Disposal of approximately HK\$21 million. Such gain is estimated based on the Consideration less 71% of the consolidated net assets attributable to the parent company of the Disposal Company as of 31 December 2022. Such gain from the Disposal expected by the Company is unaudited and subject to final confirmation as at the Completion Date.

It is expected that the First Payment and the settlement of the Outstanding Balance over time, being the proceeds of the Disposal, will improve the liquidity and financial position of the Group. The First Payment and the Outstanding Balance when settled will be applied for the general working capital of the Group.

The Directors (including the independent non-executive Directors) believe that the terms of the Sale and Purchase Agreement and the Disposal are on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios set out in the Listing Rules in respect of the Disposal exceeds 5% and all of the applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement requirements but is exempt from the circular and Shareholders' approval requirements under the Listing Rules.

DEFINITIONS

The following words and phrases used in this announcement shall have the following meanings, unless the context otherwise requires:

“AHM”	AHM Engineering Company Limited (興明亞洲工程有限公司), a company incorporated in Hong Kong with limited liability; the principal activities of which is the provision of stage audio and lighting operation services and is indirectly held as to 72% by the Disposal Company and indirectly held as to 28% by Mr. Chan Muk Hing (陳木興)
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning is hoisted by Hong Kong Observatory at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business
“Company”	CCT Fortis Holdings Limited (stock code: 138), a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal pursuant to terms and conditions of the Sale and Purchase Agreement
“Completion Date”	20 July 2023 (or such other date and time as the Vendor and the Purchaser may agree in writing) on which the Completion will take place
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Consideration”	HK\$30,000,000, being the total consideration for the Disposal
“Director(s)”	the director(s) of the Company, from time to time
“Disposal”	the disposal of the Sale Shares pursuant to the terms and conditions of the Sale and Purchase Agreement

“Disposal Company”	DeMain Culture Media Holdings Limited (未來文化娛樂有限公司), a company incorporated in the British Virgin Islands with limited liability, which is an investment holding company and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Disposal Group”	collectively, the Disposal Company and its six (6) subsidiaries including AHM, HHL, Sure Ally Limited, Power Circle Holdings Limited, Kin Hing Stage Engineering Company Limited and Colour Tone Group Limited
“Group”	the Company and its subsidiaries from time to time
“Guarantor”	Mr. Ng Kam Shing (吳錦勝)
“HHL”	Hip Hing Loong Stage Engineering Company Limited (協興隆舞台工程有限公司), a company incorporated in Hong Kong with limited liability; the principal activities of which is the provision of stage engineering operation services and is indirectly held as to 73% by the Disposal Company and indirectly held as to 27% by Mr. Au Ka Kam (區家鑫)
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected (as defined under the Listing Rules) with the Company and connected person(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	Giant Panda Group Holdings Limited (大熊貓集團控股有限公司), a company incorporated in Hong Kong with limited liability; the principal activities of which is investment holding and is an Independent Third Party

“Sale and Purchase Agreement”	the sale and purchase agreement dated 20 July 2023 and entered into between the Vendor and the Purchaser in respect of the Disposal
“Sales Shares”	71 shares of the Disposal Company held by the Vendor, representing 71% of the total number of issued shares of the Disposal Company as at the date of this announcement
“Share(s)”	the share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	CCT Culture Media Group Limited, a company incorporated in the British Virgin Islands with limited liability, which is an investment holding company and a direct wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 20 July 2023

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