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CCF 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 AND CONNECTED TRANSACTION
DISPOSAL OF
ENTIRE EQUITY INTERESTS IN THE TARGET COMPANY

THE DISPOSAL

On 13 June 2024 (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 entire equity interest of the Target Company at a consideration of HK\$9,500,000.

Upon Completion, the Target Company will cease to be a subsidiary of the Group. The financial results of the Target Group will cease to be consolidated into the Group's consolidated financial statements.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (set out in Rule 14.07 of the Listing Rules) in respect of the Disposal exceed 5% but are all below 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Mr. TK Mak, being the beneficial owner of the Purchaser, is the chief executive officer of the Blackbird Group, a controlling shareholder of the Company and a son of Mr. Mak. The Purchaser is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction to the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios (other than the profits ratio) is less than 25% and the total consideration of the transaction

is less than HK\$10,000,000, the transaction is subject to the reporting and announcement requirements and is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

Mr. Mak who is the chairman, the chief executive officer, an executive Director and a controlling shareholder of the Company, by virtue of his connection with Mr. TK Mak, being the beneficial owner of the Purchaser, has abstained from voting on the Board resolutions proposed to approve the Disposal and the transactions contemplated thereunder.

Save as disclosed above, none of the Directors has any material interest in the Disposal and the transactions contemplated thereunder.

THE SALE AND PURCHASE AGREEMENT

On 13 June 2024 (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 entire equity interest of the Target Company at a consideration of HK\$9,500,000.

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

Date: 13 June 2024 (after trading hours)

Parties: (i) Suremark Holdings Limited as the Vendor; and
(ii) Cheer Fame International Limited as the Purchaser.

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Vendor agreed to dispose of and the Purchaser agreed to purchase the Sale Shares, representing the entire equity interest of the Target Company.

Consideration

The Consideration, being HK\$9,500,000, shall be settled by offsetting against a partial amount of the principal amount of the 2025 Convertible Bonds held by the Purchaser on a dollar-to-dollar basis upon Completion.

The Purchaser undertakes that it will not enforce any terms of the 2025 Convertible Bonds before Completion, including but not limited to any conversion of the 2025 Convertible Bonds. After offsetting the Consideration against a part of the principal amount of the 2025 Convertible Bonds held by the Purchaser, the principal amount of the 2025 Convertible Bonds held by the Purchaser will be reduced from HK\$20,000,000 to HK\$10,500,000.

Upon Completion, the aggregate outstanding principal amount of the 2025 Convertible Bonds issued by the Company will be HK\$93,500,000.

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser with reference to, among others, (i) the unaudited consolidated net asset value of the Target Group of approximately HK\$8,970,000 as at 15 May 2024; (ii) the loss-making position of the Target Group; (iii) the comparable offers from Independent Third Parties in the market; and (iv) the business prospect of the Target Group.

Taking into account the internal resources, financial position and business focus of the Group, the Directors (including the independent non-executive Directors but excluding the Director who has abstained from voting on the relevant Board resolutions) are of the view that the Consideration is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Completion

Completion shall take place within three (3) Business Days following the date of the Sale and Purchase Agreement (or such later date as, the parties may otherwise agree in writing).

Upon Completion, the Target Company will cease to be a subsidiary of the Company. The financial results of the Target Group will cease to be consolidated into the Group's consolidated financial statements.

INFORMATION OF THE VENDOR

The Vendor is a company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of the Company. The Vendor is principally engaged in investment holding. The Group is principally engaged in (i) the property business; (ii) the securities business; and (iii) the Blackbird Group's multi-faceted automotive business and investment in valuable collections.

INFORMATION OF THE PURCHASER

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. TK Mak who is the chief executive officer of the Blackbird Group, a controlling shareholder of the Company and a son of Mr. Mak. The Purchaser is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated in the British Virgin Islands with limited liabilities and a wholly-owned subsidiary of the Vendor. The Target Company is principally engaged in investment holding and holds the equity interests in the following certain subsidiaries:

- (i) 100% equity interests in each of Image Factory Limited, Paper Works Limited, V Milk Limited and Sino Famous (Hong Kong) Limited, all of which are principally engaged in magazine publication;
- (ii) 100% equity interests in Silly Thing General Co., Limited which is principally engaged in the retail and trading of clothes and toys;
- (iii) 100% equity interests in Media Nature Limited which is principally engaged in event management;
- (iv) 100% equity interests in Silly Thing Production Limited which is principally engaged in the event production; and
- (v) 100% equity interests in MILK V Company Limited which is principally engaged in advertising services and the provision of digital media services.

The Target Group is principally engaged in the business of magazine publication including motor and the “Milk” magazines in Hong Kong and the provision of event management, advertising services and digital media services.

The unaudited consolidated financial information of the Target Group for the two financial years ended 31 December 2022 and 31 December 2023 are set out below:

	Years ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Revenue	63,618	52,859
Loss before tax	12,432	9,257
Loss after tax	12,432	9,521

The unaudited net asset value of the Target Group as at 31 December 2023 and 15 May 2024 were approximately HK\$12,434,000 and approximately HK\$8,970,000 respectively.

It is estimated that upon Completion, the Group will record a gain on Disposal of approximately HK\$760,000 and an increase in the net assets of the Group by approximately HK\$530,000. The expected gain on Disposal is calculated based on difference between the consideration of HK\$9,500,000 and the net assets position of the Target Group of approximately HK\$8,970,000 as at 15 May 2024 and release of exchange fluctuation reserve surplus of approximately HK\$230,000. The actual gain or loss from the Disposal shall be subject to relevant recognition under applicable accounting standards and final confirmation as at the completion date.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE FINANCIAL EFFECTS OF THE DISPOSAL

The Disposal presents a strategic opportunity for the Group to simplify its organisational structure and streamline business operations. This aligns with our goals and plans and allows for a more focused allocation of resources within the Group. This strategic move is expected to enhance the Group's financial performance.

The Consideration for the Disposal will offset against a partial amount of the principal amount of the 2025 Convertible Bonds held by the Purchaser on a dollar-to-dollar basis. Accordingly, the Company will not receive any net proceeds nor any immediate cash inflow from the Disposal. Nonetheless, the Directors consider the offsetting arrangement is still advantageous to the Group because (i) interest expenses, being the coupon of 4.5% per annum on the relevant principal amount of the 2025 Convertible Bonds can be reduced; and (ii) financial burden arising from repayment of the relevant principal amount of the 2025 Convertible Bonds in December 2025 will be lowered. Moreover, the Group can achieve cost saving and reduce cash outflow in operation by divesting of the Target Group which has been loss making for two financial years ended 31 December 2022 and 31 December 2023.

The Group is expected to benefit from reduction in liabilities and interest expenses through the Disposal and this may position the Group more favourably for future financing opportunities and potentially lead to a more favourable credit rating and financing terms, as well as enhancing investors and stakeholders confidence.

The Directors (including the independent non-executive Directors but excluding the Director who has abstained from voting on the relevant Board resolutions) are of the view that notwithstanding that the Disposal is not in the ordinary and usual course of business of the Group, the terms of the Sale and Purchase Agreement and the Disposal are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATONS

As one or more of the applicable percentage ratios (set out in Rule 14.07 of the Listing Rules) in respect of the Disposal exceed 5% but are all below 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Mr. TK Mak, being the beneficial owner of the Purchaser, is the chief executive officer of the Blackbird Group, a controlling shareholder of the Company and a son of Mr. Mak. The Purchaser is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction to the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios (other than the profits ratio) is less than 25% and the total consideration of the transaction is less than HK\$10,000,000, the transaction is subject to the reporting and announcement requirements and is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

Mr. Mak who is the chairman, the chief executive officer, an executive Director and a controlling shareholder of the Company, by virtue of his connection with Mr. TK Mak, being the beneficial owner of the Purchaser, has abstained from voting on the Board resolutions proposed to approve the Disposal and the transactions contemplated thereunder.

Save as disclosed above, none of the Directors has any material interest in the Disposal and the transactions contemplated thereunder.

DEFINITIONS

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

“2025 Convertible Bonds”	the 4.5% coupon convertible bonds to be due on 31 December 2025 issued by the Company with an aggregate outstanding principal amount of HK\$103,000,000 as at the date of this announcement. Out of such principal amount of HK\$103,000,000, the principal amount of HK\$20,000,000 was held by the Purchaser while the principal amount of HK\$83,000,000 was held by Treasure Goal before the Completion
“Blackbird Group”	The Blackbird Group established by the Company, which is engaged in the multi-faceted automotive business including the Ferrari importership, Maserati importership, investment and trading of valuable collections, car logistics operations and other new business ventures
“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
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules

“Consideration”	the purchase price being HK\$9,500,000 borne by the Purchaser for the purchase of the Sale Shares, which will be offset against partial of the principal amount of HK\$9,500,000 of the 2025 Convertible Bonds held by the Purchaser on a dollar-to-dollar basis
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares pursuant to the terms and conditions of the Sale and Purchase Agreement
“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
“Independent Third Party(ies)”	third party(ies) independent of and not connected (as defined under the Listing Rules) with the Company and its connected person(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Mak”	Mr. Mak Shiu Tong, Clement, who is the chairman, the chief executive officer of the Company, an executive Director and a controlling shareholder of the Company
“Mr. TK Mak”	Mr. Mak Chun Kiu (麥俊翹), the chief executive officer of the Blackbird Group, a controlling shareholder of the Company and a son of Mr. Mak
“PRC”	the People’s Republic of China
“Purchaser”	Cheer Fame International Limited, a company incorporated in the British Virgin Islands with limited liability, which is an investment holding company and wholly owned by Mr. TK Mak.
“Sale and Purchase Agreement”	the agreement dated 13 June 2024 and entered into between the Vendor and the Purchaser in respect of the Disposal
“Sales Shares”	4 issued shares of the Target Company held by the Vendor, represented the entire issued shares of the Target Company as at the date of this announcement
“Share(s)”	the share(s) of HK\$0.10 each in the share capital of the Company

“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Silly Thing Group Limited, a company incorporated in the British Virgin Islands with limited liabilities and a wholly-owned subsidiary of the Vendor
“Target Group”	the Target Company and its subsidiaries and associate
“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 and ultimately owned by Mr. Mak
“Vendor”	Suremark Holdings 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, 13 June 2024

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.