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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)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

CHAIRMAN'S STATEMENT

On behalf of the Board, I report the interim results of the Group for the six months ended 30 June 2024 (the “**Period**”).

RESULTS

Hindered by slowing global economic growth, geopolitical tensions and persistently high interest rate, recovery across different industries has been uneven. In addition, in the absence of encouraging catalysts, Hong Kong's economy is grappling with a drop in market sentiment.

Amidst challenging business environment and poor market sentiment, the Group recorded net loss attributable to owners of the parent of HK\$166 million, representing an increase of 67.7% as compared to net loss of HK\$99 million for the corresponding period of last year. The loss for the Period was mainly attributable to the estimated net unrealised fair value losses of our property portfolio of approximately HK\$43 million for the Period. Besides, there was no fair value gain of the Group's diversified and valuable collections held by investments for the Period (1H2023 unrealised fair value gains: HK\$36 million).

INTERIM DIVIDEND

In view of 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 interim dividend for the Period (30 June 2023: Nil).

BUSINESS REVIEW

During the six months ended 30 June 2024, the Group was principally engaged in: (i) property business; (ii) securities business; (iii) Blackbird Group's multi-faceted automotive business and investment in valuable collections; and (iv) cultural entertainment business, mainly film operations.

Hong Kong Property Business

The Hong Kong property market has continued to stay weak amid interest rate hike and poor investment sentiment. Despite the uncertainty over the timing and magnitude of interest rate cuts by the US Federal Reserve, market analysts expect anticipated rate cuts to materialise in late 2024, improving property market sentiment in near future.

Securities Business

During the first half of 2024, to conserve cash and reduce risk, the Company did not trade in any listed shares or securities in the subdued stock market. The operating profit of approximately HK\$4 million reported in the current period represented the interest income derived from the promissory note receivable.

Blackbird Group

The Blackbird Group, under the leadership of its chairman and chief executive officer (“**Blackbird 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 and dealership of Maserati in Hong Kong and Macau, also including the repair and servicing business; (iii) valuable collections 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

2024 marked both the seventh consecutive year of the official Ferrari importership, sales and aftersales services by Blackbird Concessionaires and the fortieth year of the brand's official presence in Hong Kong. After a year-long roster of activities, the celebrations culminated in November 2023's "FerrariHK40" gala event, held across three days at the historic The Repulse Bay property showcasing a display of cars and exhibits outlining the brand's forty-year history in the city. Coinciding with the local launch of the all-new Roma Spider, the event led to a substantial increase in order pace for the last quarter of 2023, as thousands of Ferrari owners, enthusiasts and fans including Ferrari Chairman John Elkann visited the property to celebrate four decades of Ferrari in such a historically important territory, marking the first large scale public event for Ferrari and Blackbird in the post-pandemic era.

In the third quarter of 2023, the SF90 XX and XX Spider, the limited edition ultra-high performance model of Ferrari's flagship 986hp SF90 V8 hybrid sports car was launched at an exclusive private preview in Italy as the brand's most powerful ever road-going car. A select number of Hong Kong clients were invited to the launch, which resulted in a strong order book for the vehicle, anticipating first deliveries in late 2024.

In May 2024, Ferrari's all-new V12 GT car, the "12Cilindri" was unveiled at the first of Ferrari's "One Company" moments in a large global activity in Miami, USA alongside the F1 Grand Prix and the brand's most exclusive customer drive event, the Cavalcade International. With its sleek, modern styling highlighted by historic design cues coupled with the brand's most powerful V12 ever produced, a large number of orders was received in Hong Kong immediately following the global launch, resulting in its convertible variant, the 12Cilindri Spider being sold-out before the local launch of the car in July 2024.

Local deliveries of the highly anticipated Purosangue, Ferrari's first four-door, four-seater car began towards the middle of 2024, to the delight of local Ferrari owners who had ordered the car at its Hong Kong launch in 2023. With its powerful V12 engine matched with sports-car like handling, the Purosangue remains a popular car amongst enthusiasts, enjoying a strong order book and deliveries scheduled for the entire second half of 2024 and through 2025. The 296 GTB and GTS convertible variant continue to make up the backbone of deliveries in 2024, as demand for the 819hp V6 hybrid sports car continues at a steady pace in its third year of production.

2024 also marked the continued deliveries of the Ferrari Daytona SP3, the latest in the Icona line of V12 limited edition supercars. The second half of 2024 featured the announcement and first allocation round of Ferrari's new flagship limited edition supercar, code-named "F250". The successor to the once-in-a-decade supercar line which last saw the launch of "LaFerrari" in 2013, the car was offered to Ferrari's most dedicated collectors in Hong Kong. As an important territory with over four decades of local presence, Hong Kong boasts an impressively high number of top level collectors, resulting in a high number of these cars being offered in market as a sign of the strength of the brand's ever-growing market share, cache and appeal.

New car deliveries remain at an increased pace throughout 2024, bolstered by a newly reconfigured showroom layout and dedicated Experience team, as Blackbird Concessionaires pursues its novel experience-led sales strategy and continues to be the clear market leader in the luxury sports car category. A new focus and approach to the Ferrari Approved program has also driven KPI performance and resulted in increased margins for all Ferrari pre-owned transactions in 2024, whilst strengthening residual prices for all recent models.

Blackbird Concessionaires' Kwai Chung Ferrari Technical Service Centre continues to set new levels and standards as the busiest and highest performing aftersales centre in the Greater China region. With a growing retention rate as the number of Ferrari in Hong Kong continues to increase, the centre boasts a monthly throughput of over one hundred cars, whilst providing storage solutions as well as the traditional areas of service, repair, spare parts, paint & panel services alongside classic car restoration. Through initiatives such as the successful "Welcome Back" campaign, the aftersales centre has been able to not just service new Ferrari cars, but recover owners of older models in Hong Kong for continuing service and repair work.

Maserati Business

The Grecale remained to be the best-selling model in first half of 2024 for Blackbird Tridente. This model is proving to be very popular with customers in Hong Kong given its attractive combination of styling, technology, efficient power trains including a hybrid, and competitive pricing. As a key business focus model for the company, Blackbird Tridente is preparing to open orders for the highly anticipated Grecale Folgore trim, the all-electric variant of the popular SUV. This new trim is expected to be another key opportunity for the company in the near future as it seeks to capitalise on the growing demand for premium electric vehicles.

Valuable Collections Trading and Investment Business

In the current Period, the classic and investment car market continued to be affected by a slow global market. However, the management remains cautiously optimistic regarding the long-term improvement of the classic cars trading environment. The Company will continue to monitor market trends to benefit from both sales and investment opportunities.

The Watch Manual division is very well established through its print publication and online platforms. It has collaborated with a number of key brands on editorial partnerships and consultancies, with several renewals, and also contributed directly to luxury brand presentations and training sessions. Its print publication has important visibility internationally, within the library of the Horological Society of New York, and was also on display at the Watches & Wonders Geneva fair, placements that will continue into the next year, with discussions under way for key partnerships into 2025. Mr. TK Mak, the chairman of the Blackbird Group and the Blackbird CEO, continues on the watch advisory board for the Phillips auction house.

Car Logistics Business

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

Cultural Entertainment Business

On 20 July 2023, to simplify the existing organisational structure and streamline the business operations, the Group disposed its significant portion of investments in its stage audio and lighting and stage engineering operations. As such, this business has ceased to be subsidiaries of the Group but remained as associates of the Group.

OUTLOOK

In partway through year 2024, driven by geopolitical tensions and persistently high interest rate, the local and global economic outlook remains highly uncertain and challenging. The local and global economies are anticipated to continue on a slow post-pandemic recovery path.

Despite the current challenging environment, 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.

Looking forward, we will stay alert on the rapid changing environment, remain prudent in financial management and continue our on-going cost savings initiatives. 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 thank the directors, the management and all our employees for their dedication, loyalty and hard work to meet the challenges during the period. I also want to thank our Shareholders, investors, bankers, customers, suppliers and landlords for their continued encouragement and strong support to the Company throughout these unprecedented times.

Mak Shiu Tong, Clement

Chairman

Hong Kong, 28 August 2024

FINANCIAL REVIEW

OVERVIEW OF FIRST HALF OF 2024 FINANCIAL RESULTS

HK\$ million	Six months ended 30 June		% increase/ (decrease)
	2024 (Unaudited)	2023 (Unaudited)	
Revenue	<u>320</u>	<u>442</u>	(27.6%)
Finance cost	<u>57</u>	<u>53</u>	7.5%
Loss before tax	(165)	(97)	70.1%
Tax expenses	<u>(1)</u>	<u>–</u>	N/A
Loss for the period	<u>(166)</u>	<u>(97)</u>	71.1%
(Loss)/profit attributable to:			
Owners of the parent	(166)	(99)	67.7%
Non-controlling interests	<u>–</u>	<u>2</u>	(100.0%)
Loss for the period	<u>(166)</u>	<u>(97)</u>	71.1%
Loss per share attributable to ordinary equity holder of the parent			
— Basic	<u>(HK\$0.104)</u>	<u>(HK\$0.094)</u>	10.6%
— Diluted	<u>(HK\$0.104)</u>	<u>(HK\$0.094)</u>	10.6%
Dividend per share	<u>Nil</u>	<u>Nil</u>	N/A

Review on Financial Results

The Group's revenue for 1H24 was HK\$320 million, 27.6% lower than 1H23, mainly due to the disposal of significant portion of investments in stage audio and lighting and stage engineering operations in July 2023. As such, this business has ceased to be subsidiaries of the Group but remains as associates of the Group since July 2023. Revenue generated from Ferrari business was HK\$190 million and remains stable (1H2023: HK\$189 million).

In 1H24, the Group recorded a net loss attributable to owners of the parent of HK\$166 million as compared with a net loss of HK\$99 million in 1H23. The loss for the Period was primarily attributable to the following factors:

- i) the estimated net unrealised loss of approximately HK\$43 million arising from change in fair value of the Group's property portfolio for the Period (1H23: Nil); and
- ii) no fair value gain of the Group's diversified and valuable collections held for investments for the Period as compared to a fair value gain of approximately HK\$36 million for the corresponding period in 1H23.

Net profit attributable to non-controlling interests for 1H23 represented share of net profit attributable to the minority shareholders of the cultural entertainment business.

ANALYSIS BY BUSINESS SEGMENT

HK\$ million	Revenue for the six months ended 30 June				
	2024		2023		% increase/ (decrease)
	Amount (Unaudited)	Relative %	Amount (Unaudited)	Relative %	
Property investment and holding	4	1.2%	4	0.9%	–%
Ferrari business	190	59.4%	189	42.8%	0.5%
Maserati business	39	12.2%	66	14.9%	(40.9%)
Valuable collections and logistics business	57	17.8%	82	18.6%	(30.5%)
Cultural entertainment business	–	–%	72	16.3%	(100.0%)
Other operations	30	9.4%	29	6.5%	3.4%
Total	320	100.0%	442	100.0%	(27.6%)

HK\$ million	Operating profit/(loss) for the six months ended 30 June			% increase/ (decrease)
	2024	2023		
	(Unaudited)	(Unaudited)		
Property investment and holding	(41)	(4)	925.0%	
Securities business	4	4	–%	
Ferrari business	3	7	(57.1%)	
Maserati business	(7)	(4)	75.0%	
Valuable collections and logistics business	(22)	15	N/A	
Cultural entertainment business	–*	8	(100.0%)	
Other operations	(22)	(17)	29.4%	
Total	(85)	9	N/A	

* Operating loss less than HK\$1 million

Property investment and holding

In 1H24, the property investment business achieved a revenue of HK\$4 million which was mainly contributed from the rental income (1H23: HK\$4 million).

However, an operating loss of HK\$41 million was recorded in 1H24, as compared with an operating loss of HK\$4 million in 1H23, was primarily attributable to the unrealised fair value losses of Group's property portfolio of HK\$43 million.

Securities business

During the Period, this business segment recorded an operating profit of HK\$4 million, mainly derived from interest income on the promissory note receivable of HK\$4 million (1H23: HK\$4 million).

Ferrari business

In 1H24, the Ferrari business and the Ferrari service centre in Kwai Chung continued to perform steadily and recorded a revenue of HK\$190 million (1H23: HK\$189 million).

Following celebration of 40-year of Ferrari's presence in Hong Kong, the Ferrari business continued to launch various campaigns to further boost customer's sentiment and demand. Though more resources were allocated to promotion, the Ferrari business recorded an operating profit of HK\$3 million in 1H24 (1H23: HK\$7 million).

Maserati business

In 1H24, the revenue of Maserati business dropped by 40.9% to HK\$39 million (1H23: HK\$66 million) whereas its operating loss rose to HK\$7 million (1H2023: HK\$4 million) mainly due to new model not being delivered in 1H2024. The launch of Grecale Folgore is expected to give new momentum to business growth in future.

Valuable collections and logistics business

Affected by slow global market, revenue was reduced by 30.5%, down to HK\$57 million (1H23: HK\$82 million). Whereas, this business recorded an operating loss of HK\$22 million as opposed to an operating profit of HK\$15 million in 1H2023. There was no fair value gain of the Group's diversified and valuable collections held for investments for the Period. The operating profit in 1H2023 was attributable to the unrealised fair value gains of HK\$36 million on valuable collections held for investments.

Cultural entertainment business

To simplify the organisational structure and streamline the business operations, the Group disposed its significant portion of investments in its stage audio and lighting and stage engineering operations on 20 July 2023. Upon completion, this business has ceased to be subsidiaries of the Group but remains as associates of the Group. The associates' financial results are accounted for using equity method.

Other operations

Other operations mainly comprise the classic car services center, the multimedia business, and other new ventures which are in the development and start-up stage. In 1H24, the other operations' revenue and operating loss were HK\$30 million and HK\$22 million respectively. To streamline the business operations and allow for a more focused allocation resources to the core business within the Group, the multimedia business was disposed on 18 June 2024, as further elaborated in the section headed "DISPOSAL OF MATERIAL SUBSIDIARIES AND ASSOCIATES".

ANALYSIS BY GEOGRAPHICAL SEGMENT

HK\$ million	Revenue for the six months ended 30 June				
	2024		2023		% increase/ (decrease)
	Amount (Unaudited)	Relative %	Amount (Unaudited)	Relative %	
Hong Kong, Macau and Mainland	291	90.9%	396	89.6%	(26.5%)
Rest of the world	29	9.1%	46	10.4%	(37.0%)
Total	<u>320</u>	<u>100.0%</u>	<u>442</u>	<u>100.0%</u>	(27.6%)

Most of the Group's revenue was generated in Hong Kong, Macau and Mainland in 1H24 and 1H23. The revenue from these regions in the Period was HK\$291 million, 26.5% lower than 1H23 mainly attributable to the disposal of cultural entertainment business on 20 July 2023. The revenue from rest of the world decreased by 37.0% mainly attributable to the decrease in sale of valuable collections in global market in the Period.

CAPITAL STRUCTURE AND GEARING RATIO

HK\$ million	30 June 2024		31 December 2023	
	Amount (Unaudited)	Relative %	Amount (Audited)	Relative %
Bank borrowings	1,207	49.1%	1,235	52.6%
Other borrowings	141	5.7%	126	5.4%
Lease liabilities	58	2.4%	76	3.2%
Convertible bonds	107	4.4%	122	5.2%
Bank borrowings directly associated with the assets classified as held for sale	55	2.2%	58	2.5%
Total borrowings	1,568	63.8%	1,617	68.9%
Equity attributable to owners of the parent	888	36.2%	731	31.1%
Total capital employed	2,456	100.0%	2,348	100.0%

Equity attributable to owners of the parent as at 30 June 2024 was HK\$888 million, representing an increase of HK\$157 million compared with HK\$731 million at the beginning of the year 2024. The change was mainly attributable to the revaluation gain of prepaid land lease payments and owned buildings classified as property, plant and equipment partially offset by net loss attributable to owners of the parent for the Period.

The Group's gearing ratio was 63.8% as at 30 June 2024, lower than the gearing ratio of 68.9% as at 31 December 2023.

Total outstanding borrowings were HK\$1,568 million as at 30 June 2024 (31 December 2023: HK\$1,617 million). Approximately 42.3% of these borrowings were long-term bank loans falling due in the second to the fifth years and beyond five years.

As at 30 June 2024, the maturity profile of the bank and other borrowings and convertible bonds of the Group falling due within one year, in the second to the fifth years and beyond five years amounted to HK\$803 million, HK\$555 million and HK\$210 million, respectively (31 December 2023: HK\$741 million, HK\$653 million and HK\$223 million, respectively). There was no material effect of seasonality on the Group's borrowing requirements.

LIQUIDITY AND FINANCIAL RESOURCES

HK\$ million	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Current assets	1,030	1,173
Current liabilities	<u>1,302</u>	<u>1,234</u>
Net current liabilities	<u>(272)</u>	<u>(61)</u>

The Group's net current liabilities as at 30 June 2024 was HK\$272 million, representing increase of HK\$211 million from last year end. It was the results of utilisation of working capital for daily operation during the period.

As at 31 December 2023, there was a non-compliance of a debt covenant of HK\$49 million bank borrowings related to the amount of net tangible assets value under certain facilities agreements entered into by the Group with one of its bankers, which was made known to the banker by the Group before 31 December 2023. As the balances had been classified as repayable on demand as at 31 December 2023, the non-compliance did not have any significant impact on the financial statements of the Group. Subsequently, the bank waived the debt covenant until December 2024.

The Group derives its working capital mainly from cash on hand, net cash generated from operating activities and bank borrowings. In view of the net current liabilities position, the Board have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Board expects that the Group will rely on net cash generated from operating activities, additional borrowings and capital exercises (if required) and sale of non-core assets to meet demand of working capital and capital expenditure. Up to the date of this announcement, the Group has obtained additional capital through disposal of valuable collections held for investments and interest in a subsidiary which engages in property investment at a consideration of HK\$75 million, as further elaborated in the section headed "EVENTS AFTER THE REPORTING PERIOD" of this announcement.

The Group is also in the process of simplifying its organisational structure and streamlining business operations. On 18 June 2024, the multimedia business was disposed for a consideration of HK\$9,500,000, as further elaborated in the section headed "DISPOSAL OF MATERIAL SUBSIDIARIES AND ASSOCIATES" of this announcement. This aligns with our goals and plans and allows for a more focused allocation of resources to the core business within the Group.

The management closely monitors the Group's financial performance and liquidity position and believes that the Group will have sufficient financial resources to meet its financial obligations.

CAPITAL COMMITMENTS

As at 30 June 2024, the Group had no capital commitment (31 December 2023: HK\$1 million). The Group intends to finance the capital commitment by internal resources.

TREASURY MANAGEMENT

The Group employs a prudent approach to cash management and risk control. To achieve better risk control and efficient fund management, the Group's treasury activities are centralised.

The objective of the Group's treasury policies is to minimise risks and exposures due to the fluctuations in foreign currency exchange rates and interest rates. 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.

DISPOSAL OF MATERIAL SUBSIDIARIES AND ASSOCIATES

On 13 June 2024, a direct wholly-owned subsidiary of the Company, Suremark, entered into the sale and purchase agreement with a purchaser, Cheer Fame, a connected person, to sell the entire issued share capital of an investment holding company, Silly Thing Group Limited (the "**Target Company 1**"), of which subsidiaries are engaged in multimedia businesses such as magazine publication, event management and production and provision of digital media services, for a consideration of HK\$9,500,000 (the "**Disposal 1**"). The consideration was 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.

The completion of the Disposal 1 took place on 18 June 2024 and the Target Company 1 ceased to be consolidated into the Group's consolidated financial statements. Details of the Disposal 1 are set out in the announcements of the Company dated 13 June 2024 and 18 June 2024.

Save as disclosed above, the Group did not dispose of any material subsidiaries and associates during six months ended 30 June 2024 under review.

CHARGES ON ASSETS

As at 30 June 2024, certain assets of the Group with a net book value of HK2,078 million (31 December 2023: HK\$1,814 million) and time deposit of HK\$20 million (31 December 2023: HK\$20 million) were pledged to secure the Group's banking facilities.

CONTINGENT LIABILITIES

As at 30 June 2024, the contingent liabilities which were not provided for in the Group's financial information were as follows:

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 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 30 June 2024 was 257 (31 December 2023: 296). The Group's remuneration policy is built on principle of equality, motivating, performance-oriented and market-competitive remuneration package to employees. Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance related bonuses. Share options may also be granted to eligible employees and persons of the Group. As at 30 June 2024, there were no outstanding share options issued by the Company (31 December 2023: Nil).

SHARE OPTION SCHEME

The Company adopted the 2021 Scheme by passing an ordinary resolution by the Shareholders at the annual general meeting held on 23 June 2021 (the "**2021 AGM**"). The 2021 Scheme became effective on 23 June 2021 and, unless otherwise cancelled or amended, the 2021 Scheme will be valid for 10 years from the date of its adoption.

The total number of the Shares which may be issued upon exercise of all options which may be granted under the 2021 Scheme must not exceed 10% of the Shares in issue as at the date of the 2021 AGM (i.e. 87,311,145 Shares (the total number of Shares in issued was 873,111,452 as at the date of the 2021 AGM)). Shares which would have been issuable has lapsed or cancelled in accordance with the terms of the 2021 Scheme and any other share option scheme(s) will not be counted for the purpose of the 10% limit.

Notwithstanding the foregoing, Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the 2021 Scheme and any other share option scheme(s) of the Company at any time shall not exceed 30% of the total number of the Shares in issue from time to time. No share option shall be granted under any share option scheme(s) (including the 2021 Scheme) of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded.

As at 30 June 2024 and at the date of this announcement, (i) the total number of share options available for grant under the 2021 Scheme is 87,311,145 Shares and the total number of Shares which may be issued upon grant and exercise of all such share options is 87,311,145, which represents 5.44% of the total number of issued Shares. The percentage of 5.44% was calculated based on 1,604,361,452 Shares in issue as at the date of this announcement; and (ii) no share option was granted, exercised, lapsed or cancelled by the Company under the 2021 Scheme.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed Shares during the six months ended 30 June 2024.

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 applicable code provisions (except code provisions C.2.1 as further explained below) of the CG Code throughout the Period.

In respect of code provision C.2.1 of the CG Code, the positions of the Chairman of the Board and the CEO are held by the same individual, Mr. Mak. Mr. Mak is an executive of high calibre with a wide range of skills and diversified business expertise. He has substantial experience, strong leadership and a firmly established reputation in the diversified business that is essential to fulfilling the role of the Chairman. At the same time, Mr. Mak has appropriate management skills and business acumen that are the prerequisites for assuming the role of the CEO in the day-to-day management of the Group. The Board composes of two executive Directors (including the Chairman) and three INEDs with a balance of skills and experience appropriate for the requirements of the Group. Furthermore, the roles of the managing director and general managers of the Company's major operating subsidiaries are performed by other individuals. The Board believes that there is no need to segregate the roles of the Chairman and the CEO as the balance of power and authority is already ensured by the current structure. Moreover, the Board believes that the combined roles of Mr. Mak enhance the communication between the Board and the management and ensure the effective execution of the Board's strategy by the management because of Mr. Mak's extensive business experience.

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 Directors, they confirmed that they have complied with the required standard set out in the Model Code adopted by the Company throughout the six months ended 30 June 2024.

CONVERTIBLE BONDS

2025 Convertible Bonds

As at the date of the 2023 annual report (i.e. 11 April 2024) of the Company, the outstanding principal amount of the 2025 Convertible Bonds was HK\$103,000,000. Upon completion of the Disposal 1 and after offsetting the consideration of HK\$9,500,000 of the Disposal 1 against a part of the principal amount of the 2025 Convertible Bonds held by the purchaser, HK\$9,500,000 of the principal amount of the 2025 Convertible Bonds held by the purchaser had been redeemed by the Company on 18 June 2024 and the principal amount of the 2025 Convertible Bonds held by the purchaser was reduced from HK\$20,000,000 to HK\$10,500,000. Following the redemption, the outstanding principal amount of the 2025 Convertible Bonds was reduced to HK\$93,500,000 as at the date of this announcement.

Details of the redemption were reflected in the Company's monthly return published on the websites of the Company and the Stock Exchange on 3 July 2024. Save as aforesaid disclosure, there was no other movement of the 2025 Convertible Bonds during six months ended 30 June 2024.

Extended 2024 Convertible Bonds

On 18 August 2023, the Company issued the Extended 2024 Convertible Bonds with the aggregate principal amount of HK\$30,011,500 due on 18 August 2024 to not less than six (6) placees. The Extended 2024 Convertible Bonds are unsecured, carry initial interest at 4.5% per annum on the principal amount and of which are redeemable at the option of the Company before the maturity date on 18 August 2024. A partial principal amount of HK\$10,000,000 of the Extended 2024 Convertible Bonds was redeemed by the Company on 18 February 2024 (details of the redemption were reflected in the Company's monthly return published on the websites of the Company and the Stock Exchange on 5 March 2024). On the maturity date, the Company had redeemed an aggregate principal amount of HK\$13,256,500 at maturity in accordance with the terms and conditions of the Extended 2024 Convertible Bonds. On 19 August 2024, the Company entered into a deed of amendment with the remaining bondholders respectively in an aggregate outstanding principal amount of HK\$6,755,000 pursuant to which the Company and each of the bondholders has conditionally agreed to amend the following terms and conditions of the Extended 2024 Convertible Bonds (details were set out in the announcements of the Company dated 19 August 2024 and 27 August 2024):

- (i) the maturity date be extended from 18 August 2024 to 18 August 2025 (the “**Extension**”);
- (ii) the conversion price be changed from HK\$0.193 per conversion Share to HK\$0.15 per conversion Share; and
- (iii) the interest rate be increased from 4.5% per annum to 9.0% per annum for the Extension.

The outstanding aggregate principal amount of the Extended 2024 Convertible Bonds was HK\$6,755,000 as at the date of this announcement. Save as aforesaid disclosed, there was no other movement of the Extended 2024 Convertible Bonds during the six months ended 30 June 2024.

The net proceeds raised from the issue of the Extended 2024 Convertible Bonds have been utilised in full as general working capital of the Company.

EVENTS AFTER THE REPORTING PERIOD

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

REVIEW OF INTERIM RESULTS

The audit committee of the Company has reviewed the unaudited condensed consolidated interim results of the Group for the Period.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement of the Company for the six months ended 30 June 2024 is published on the websites of the Company at www.cct-fortis.com/eng/investor/announcements.php and the Stock Exchange at www.hkexnews.hk. The 2024 interim report of the Company will be dispatched to the Shareholders and made available on the websites of the Company and the Stock Exchange in due course.

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, Mr. Chow Siu Ngor and Mr. Lau Ho Kit, Ivan.

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

Hong Kong, 28 August 2024

INTERIM RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2024 together with the comparative figures for the corresponding period in 2023 as follows:

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

HK\$ million	Notes	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
REVENUE	4	320	442
Cost of sales		<u>(247)</u>	<u>(355)</u>
Gross profit		73	87
Other income and gains		9	44
Selling and distribution expenses		(14)	(9)
Administrative expenses		(133)	(132)
Other expenses and losses		(45)	(34)
Finance costs		(57)	(53)
Share of profit of associates		<u>2</u>	<u>–</u>
LOSS BEFORE TAX	6	(165)	(97)
Income tax expense	7	<u>(1)</u>	<u>–</u>
LOSS FOR THE PERIOD		<u>(166)</u>	<u>(97)</u>
Attributable to:			
Owners of the parent		(166)	(99)
Non-controlling interests		<u>–</u>	<u>2</u>
		<u>(166)</u>	<u>(97)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	9	<u>(HK\$0.104)</u>	<u>(HK\$0.094)</u>
Diluted	9	<u>(HK\$0.104)</u>	<u>(HK\$0.094)</u>

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

HK\$ million	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
LOSS FOR THE PERIOD	(166)	(97)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Release of exchange fluctuation reserve upon disposal of subsidiaries	—*	—
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Revaluation of leasehold land and buildings	325	—
Other comprehensive income for the period	325	—
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	159	(97)
Attributable to:		
Owners of the parent	159	(99)
Non-controlling interests	—	2
	159	(97)

* Less than HK\$1 million

Condensed Consolidated Statement of Financial Position

30 June 2024

HK\$ million	<i>Notes</i>	30 June 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	<i>10</i>	999	716
Investment properties		627	627
Goodwill		17	17
Investment in associates		11	9
Valuable collections held for investments		270	298
Other receivables		1	1
		<hr/>	<hr/>
Total non-current assets		1,925	1,668
		<hr/>	<hr/>
Current assets			
Inventories		56	68
Stock of valuable collections held for sale		1	—*
Trade receivables	<i>11</i>	23	43
Investment in a film		80	80
Prepayments and other receivables		116	160
Financial assets at fair value through profit or loss	<i>12</i>	5	5
Promissory note receivable		146	148
Pledged time deposits		20	20
Cash and cash equivalents		24	47
		<hr/>	<hr/>
		471	571
Assets of disposal groups classified as held for sale		559	602
		<hr/>	<hr/>
Total current assets		1,030	1,173
		<hr/>	<hr/>
Total assets		2,955	2,841
		<hr/> <hr/>	<hr/> <hr/>

* Less than HK\$1 million

Condensed Consolidated Statement of Financial Position *(continued)*
30 June 2024

HK\$ million	<i>Note</i>	30 June 2024 (Unaudited)	31 December 2023 (Audited)
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Issued capital		160	160
Reserves		728	571
Total equity		888	731
Non-current liabilities			
Interest-bearing bank and other borrowings		678	783
Convertible bonds		87	93
Total non-current liabilities		765	876
Current liabilities			
Trade payables	<i>13</i>	40	40
Tax payable		–*	–*
Other payables and accruals		441	428
Interest-bearing bank and other borrowings		728	654
Convertible bonds		20	29
		1,229	1,151
Liabilities directly associated with the assets classified as held for sale		73	83
Total current liabilities		1,302	1,234
Total liabilities		2,067	2,110
Total equity and liabilities		2,955	2,841
Net current liabilities		(272)	(61)
Total assets less current liabilities		1,653	1,607

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PRESENTATION

For the six months ended 30 June 2024, the Group recorded a net loss of approximately HK\$166 million and, as at 30 June 2024, the Group had net current liabilities of approximately HK\$272 million. On the same date, the Group had cash and bank balances of HK\$24 million and interest-bearing bank and other borrowings of HK\$1,461 million (including borrowings of HK\$55 million in the disposal groups), among which HK\$783 million are due for repayment within 12 months from the end of the reporting period.

In order to meet the Group's daily operation needs and its monthly repayment of the term loans, the Group has been disposing certain of its long-term assets, such as valuable collections held for investments and investment properties, to generate cash flows to meet the working capital requirements.

As at 30 June 2024, the Group had obtained a waiver of compliance of certain financial covenants from the banks relating to certain bank borrowings of HK\$1,174 million and HK\$40 million, which are valid until 15 December 2024 and 30 December 2024 respectively. In addition, the Group's revolving loans of HK\$172 million are subject to renewal at the discretion of the lenders every three to twelve months. With respect to these bank financing, the Group maintains continuous communication with its banks. Based on the latest communications with the banks, the directors of the Company are not aware of any intention of the banks to withdraw their banking facilities and believe that the existing banking facilities with more favourable financial covenants will be renewed before the maturity dates given the good track record and relationships the Group has with the banks.

In view of the above circumstances, the directors of the Company have given careful consideration to the Group's future liquidity requirements, operating performance and available sources of financing in assessing the Group's ability to continue operating as a going concern. The following plans and measures are formulated to manage the working capital and improve the financial position of the Group:

- (a) the Group is actively discussing with potential buyers to dispose the long term assets;
- (b) the Group is able to renew and roll over the revolving, trading and working capital loans with more favourable financial covenants upon or before the maturity dates;
- (c) the Group is actively discussing with financial advisor for potential capital transactions;
- (d) the Group will continue to improve the sales and collection of outstanding sales proceeds; and
- (e) the Group will continue to take active measures to control its administrative costs and manage its capital expenditure.

The Directors have reviewed the Group's cash flow forecast, covering a period of at least 12 months from the reporting date, prepared by the management. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within 12 months from 30 June 2024. Accordingly, the Directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

1. BASIS OF PRESENTATION *(continued)*

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon (a) the successful and timely disposals of the Group's long term assets to satisfy the repayments of term loans; (b) the successful renewal of banking facilities such as revolving, trading and working capital loans with more favourable financial covenants upon or before the maturity dates; (c) the successful completion of capital transactions to improve the net asset position of the Group; and (d) the successful and timely implementation of the plans to enhance operating cash flows in order to improve the Group's working capital.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Listing Rules and with Hong Kong Accounting Standards (“**HKAS**”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The unaudited interim condensed consolidated financial information should be read in conjunction with the audited annual consolidated financial statements of the Group for the year ended 31 December 2023 (the “**2023 Annual Report**”).

3. PRINCIPAL ACCOUNTING POLICIES

- (a) The Group has adopted the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) (the “**revised HKFRSs**”) issued by the HKICPA for the first time for the current period's financial statements:

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The application of the above revised HKFRSs in the period has had no material impact on the amounts and/or disclosures reported in the condensed consolidated financial information.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

- (b) The Group re-assessed its accounting for property, plant and equipment with respect to measurement of a certain class of property, plant and equipment after initial recognition. The Group had previously measured all property, plant and equipment using the cost model whereby, after initial recognition of the asset classified as property, plant and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.

The Group elected to change the method of accounting for prepaid land lease payments and owned buildings classified as property, plant and equipment, as the Group believes that the revaluation model provides more relevant information to the users of its financial statements. In addition, available valuation techniques provide reliable estimates of the prepaid land lease payments and owned buildings' fair value. The Group applied the revaluation model prospectively.

After initial recognition, prepaid land lease payments and owned buildings are measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

4. REVENUE

An analysis of revenue is as follows:

HK\$ million	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Revenue from contracts with customers		
Ferrari business	190	189
Maserati business	39	66
Valuable collections and logistics business	57	82
Cultural entertainment business	–	72
Other operations	30	29
	<u>316</u>	<u>438</u>
Revenue from other sources		
Rental income from investment properties	<u>4</u>	<u>4</u>
Total revenue	<u><u>320</u></u>	<u><u>442</u></u>

4. REVENUE (continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

For the six months ended 30 June 2024 (Unaudited)

HK\$ million	Timing of revenue recognition		Total
	Goods transferred at a point in time	Services transferred over time	
Ferrari business	148	42	190
Maserati business	28	11	39
Valuable collections and logistics business	29	28	57
Cultural entertainment business	–	–	–
Other operations	1	29	30
Total	<u>206</u>	<u>110</u>	<u>316</u>

For the six months ended 30 June 2023 (Unaudited)

HK\$ million	Timing of revenue recognition		Total
	Goods transferred at a point in time	Services transferred over time	
Ferrari business	149	40	189
Maserati business	54	12	66
Valuable collections and logistics business	62	20	82
Cultural entertainment business	–	72	72
Other operations	3	26	29
Total	<u>268</u>	<u>170</u>	<u>438</u>

4. REVENUE (continued)

Revenue from contracts with customers (continued)

(ii) 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 collections

The performance obligation is satisfied upon delivery of the valuable collections 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 due 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 last for less than 1 year and do not contain variable consideration.

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. 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 import and distribution of Ferrari cars and provision of after-sale services as official importer 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 collections and logistics business 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 (multimedia operation and magazine publication were disposed during the six months ended 30 June 2024).

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 profit/loss before tax except that non-leased-related finance costs, share of profit of associates, gain/loss on early redemption of bonds/convertible bonds and head office and corporate expenses are excluded from such measurement.

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.

5. OPERATING SEGMENT INFORMATION *(continued)*

For the six months ended 30 June 2024 (Unaudited)

HK\$ million	Property investment and holding	Securities business	Ferrari business	Maserati business	Valuable collections and logistics	Cultural entertainment business	Other operations	Reconciliations	Total
Segment revenue:									
Sales to external customers <i>(note 4)</i>	4	–	190	39	57	–	30	–	320
Other revenue	–	4	2	–*	–*	–	2	–	8
	<u>4</u>	<u>4</u>	<u>192</u>	<u>39</u>	<u>57</u>	<u>–</u>	<u>32</u>	<u>–</u>	<u>328</u>
Operating (loss)/profit	(41)	4	3	(7)	(22)	–**	(22)	–	(85)
Finance costs (other than interest on lease liabilities)									(56)
Reconciled items:									
Corporate and other unallocated expenses									(27)
Share of profit of associates									2
Gain on early redemption of convertible bonds									<u>1</u>
Loss before tax									(165)
Income tax expense									<u>(1)</u>
Loss for the period									<u>(166)</u>
Other segment information:									
Expenditure for non-current assets	–	–	–	1	1	–	10	–	12
Depreciation and amortisation	(12)	–	(21)	(7)	(1)	–	(12)	–	(53)
Other material non-cash items:									
Fair value loss on investment property of disposal groups classified as held for sale	(43)	–	–	–	–	–	–	–	(43)
	<u>(43)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(43)</u>
As at 30 June 2024 (Unaudited)									
Segment assets	1,188	159	232	57	318	96	229	–	2,279
Reconciled items:									
Corporate and other unallocated assets	–	–	–	–	–	–	–	676	676
Total assets	<u>1,188</u>	<u>159</u>	<u>232</u>	<u>57</u>	<u>318</u>	<u>96</u>	<u>229</u>	<u>676</u>	<u>2,955</u>
Segment liabilities	840	150	497	74	34	–*	64	–	1,659
Reconciled items:									
Corporate and other unallocated liabilities	–	–	–	–	–	–	–	408	408
Total liabilities	<u>840</u>	<u>150</u>	<u>497</u>	<u>74</u>	<u>34</u>	<u>–*</u>	<u>64</u>	<u>408</u>	<u>2,067</u>

* *Less than HK\$1 million*

** *Operating loss less than HK\$1 million*

5. OPERATING SEGMENT INFORMATION *(continued)*

For the six months ended 30 June 2023 (Unaudited)

HK\$ million	Property investment and holding	Securities business	Ferrari business	Maserati business	Valuable collections and logistics	Cultural entertainment business	Other operations	Reconciliations	Total
Segment revenue:									
Sales to external customers <i>(note 4)</i>	4	–	189	66	82	72	29	–	442
Other revenue	–	4	1	1	36	1	1	–	44
	<u>4</u>	<u>4</u>	<u>190</u>	<u>67</u>	<u>118</u>	<u>73</u>	<u>30</u>	<u>–</u>	<u>486</u>
Operating (loss)/profit	(4)	4	7	(4)	15	8	(17)	–	9
Finance costs (other than interest on lease liabilities)								–	(53)
Reconciled items:									
Corporate and other unallocated expenses									(19)
Loss on early redemption of bonds									(34)
Loss before tax									(97)
Income tax expenses									–
Loss for the period									<u>(97)</u>
Other segment information:									
Expenditure for non-current assets	–	–	5	3	2	5	6	–	21
Depreciation and amortisation	(5)	–	(21)	(7)	(2)	(4)	(7)	–	(46)
Other material non-cash items:									
Fair value gains on valuable collections held for investments, net	–	–	–	–	36	–	–	–	36
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>36</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>36</u>
As at 31 December 2023 (Audited)									
Segment assets	1,231	166	276	74	347	104	185	–	2,383
Reconciled items:									
Corporate and other unallocated assets	–	–	–	–	–	–	–	458	458
Total assets	<u>1,231</u>	<u>166</u>	<u>276</u>	<u>74</u>	<u>347</u>	<u>104</u>	<u>185</u>	<u>458</u>	<u>2,841</u>
Segment liabilities	852	146	446	109	36	–*	93	–	1,682
Reconciled items:									
Corporate and other unallocated liabilities	–	–	–	–	–	–	–	428	428
Total liabilities	<u>852</u>	<u>146</u>	<u>446</u>	<u>109</u>	<u>36</u>	<u>–*</u>	<u>93</u>	<u>428</u>	<u>2,110</u>

* *Less than HK\$1 million*

5. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

HK\$ million	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Hong Kong, Macau and Mainland	291	396
Rest of the world	29	46
	<u>320</u>	<u>442</u>

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

(b) Non-current assets

HK\$ million	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Hong Kong Macau and Mainland	1,839	1,554
Rest of the world	85	113
	<u>1,924</u>	<u>1,667</u>

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

Information about major customers

For the six months ended 30 June 2024, no single customer contributed 10% or more of the Group's total revenue (30 June 2023: Nil).

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

HK\$ million	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Cost of valuable collections sold	29	61
Cost of Ferrari business	158	158
Cost of Maserati business	32	57
Cost of cultural entertainment business	–	59
Cost of automotive service provided	17	11
Cost of other operations	11	9
Depreciation and amortization	53	46

7. INCOME TAX EXPENSE

For the six months ended 30 June 2024, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit arising in Hong Kong. No provision has been made for overseas tax as the Group had no profit subject to foreign tax outside of Hong Kong.

For the six months ended 30 June 2023, no Hong Kong profits tax and overseas tax have been provided as the Group had no profits chargeable to Hong Kong profits tax and foreign tax outside of Hong Kong.

8. DIVIDENDS

The Board did not declare an interim dividend for the six months ended 30 June 2024 (30 June 2023: Nil).

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

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

HK\$ million	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	(166)	(99)
Interest on convertible bonds	<u>6</u>	<u>4</u>
Loss attributable to ordinary equity holders of the parent before interest on convertible bonds	<u>(160)</u>	<u>(95)</u>
	Number of shares	
	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	1,604,361,452	1,054,913,938
Effect of dilution — weighted average number of ordinary shares of convertible bonds	<u>757,471,474</u>	<u>576,174,033</u>
Weighted average number of ordinary shares used in the diluted loss per share calculation	<u>2,361,832,926</u>	<u>1,631,087,971</u>

For the six months ended 30 June 2024, as the diluted loss per share amount is decreased when taking into account of the convertible bonds, the convertible bonds had an anti-dilutive effect on the basic loss per share 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 period of HK\$166 million (2023: HK\$99 million) and the weighted average number of ordinary shares of 1,604,361,452 (2023: 1,054,913,938) in issue during the six months ended 30 June 2024.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment of approximately HK\$12 million (six months ended 30 June 2023: HK\$21 million) including right-of-use assets of approximately HK\$11 million (six months ended 30 June 2023: HK\$3 million) and recognised a surplus on revaluation of prepaid land lease payments and owned buildings of HK\$325 million (six months ended 30 June 2023: Nil).

11. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

HK\$ million	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Balance	Percentage	Balance	Percentage
Within 180 days	19	83	32	74
181 to 365 days	1	4	2	5
1 to 2 years	2	9	2	5
Over 2 years	1	4	7	16
	<u>23</u>	<u>100</u>	<u>43</u>	<u>100</u>

The credit period for most business of the Group is generally one month. The credit term granted to the customers of the securities business is up to 365 days.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

HK\$ million	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Financial assets at fair value through profit or loss	<u>5</u>	<u>5</u>

13. TRADE PAYABLES

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

HK\$ million	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Balance	Percentage	Balance	Percentage
Current to 30 days	13	32	14	35
31 to 60 days	3	8	11	28
61 to 90 days	6	15	1	2
Over 90 days	18	45	14	35
	<u>40</u>	<u>100</u>	<u>40</u>	<u>100</u>

14. EVENTS AFTER THE REPORTING PERIOD

- (a) On 18 June 2024, a wholly-owned subsidiary of the Company entered into a provisional sale and purchase agreement with an independent third party to sell the entire issued share capital of and all loans due by a property holding company (the “**Target Company 2**”, the registered owner of the whole of Ground Floor (excluding portions C), Wah Po Building, No. 1 New Praya, Kennedy Town, Hong Kong) at the total cash consideration of HK\$75,000,000 (the “**Disposal 2**”).

The completion of the Disposal 2 took place on 2 August 2024 and the Target Company 2 ceased to be consolidated into the Group’s consolidated financial statements.

- (b) Movements of the Extended 2024 Convertible Bonds have been stated in the section headed “Convertible Bonds” in this announcement.

GLOSSARY OF TERMS

GENERAL TERMS

- “2021 Scheme” The new share option scheme of the Company, the adoption of which was approved by the Shareholders at the annual general meeting of the Company held on 23 June 2021
- “2022 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. Partial of principal amount of HK\$30,200,000 was redeemed by the Company on 16 November 2022 and the aggregate outstanding principal amount of the HK\$220,000,000 under the 2022 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
- “2025 Convertible Bonds” The 4.5% coupon convertible bonds due on 31 December 2025 with the initial aggregate principal amount of HK\$220,000,000 at conversion price of HK\$0.16 per conversation Share issued by the Company on 20 January 2023 to Treasury Goal, the subscription price of the 2025 Convertible Bonds has been satisfied by set off the aggregate outstanding principal amount of HK\$220,000,000 under the 2022 Bonds by Treasury Goal, being the subscriber of the 2025 Convertible Bonds under the subscription agreement dated 16 November 2022. The outstanding principal amount of 2025 Convertible Bonds was HK\$93,500,000 as at the date of this announcement
- “Extended 2024 Convertible Bonds” On 18 August 2023, 4.5% coupon convertible bonds due on 18 August 2024 with the aggregate principal amount of HK\$30,011,500 at initial conversion price of HK\$0.193 per conversation Share was issued by the Company to not less than six places under general mandate; and the Company redeemed a partial principal amount of HK\$10,000,000 on 18 February 2024. On the maturity date, the Company had redeemed an aggregate principal amount of HK\$13,256,500 at maturity. The aggregate outstanding principal amount was HK\$6,755,000, with amended coupon rate 9.0% per annum at amended conversion price of HK\$0.15 per conversion Share due on extended maturity to 18 August 2025, as at the date of this announcement

“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 collections, car logistics operations and other new business ventures
“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 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
“CEO”	the chief executive officer of the Company
“CG Code”	The Corporate Governance Code contained in Appendix C1 to the Listing Rules
“Chairman”	The chairman of the Company
“Cheer Fame”	Cheer Fame International Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. TK Mak
“China” or “PRC”	The People’s Republic of China
“Company”	CCT Fortis Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 00138)
“Director(s)”	The director(s) of the Company from time to time
“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”	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“Mr. Mak”	Mr. Mak Shiu Tong, Clement is the chairman, the CEO, an executive Director and the controlling Shareholder of the Company
“N/A”	Not applicable
“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
“Suremark”	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
“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
“%”	Per cent.

Financial Terms

“Gearing Ratio”	Total borrowings (representing bank and other borrowings, convertible bonds and lease liabilities) divided by total capital employed (i.e. total Shareholders’ fund plus total borrowings)
“Loss Per Share”	Loss attributable to ordinary equity holders of the parent divided by weighted average number of ordinary shares in issue during the period
“Net Current Assets/(Liabilities)”	Current assets less current liabilities
“Operating Profit/(Loss)”	Operating profit/(loss) before interest, tax and unallocated income and expenses
“1H23”	First half of 2023
“1H24”	First half of 2024