THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in CCT Fortis Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s), the transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or transfer was effected for onward transmission to the purchaser(s) or the transferee(s).

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CCT FORTIS HOLDINGS LIMITED

（中建富通集團有限公司）

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 00138)

MAJOR AND CONNECTED TRANSACTIONS

Independent financial adviser to the Independent Board Committee and the Independent Shareholders

Gram Capital Limited
嘉林資本有限公司

Gram Capital Limited

A letter from the Board is set out on pages 7 to 28 of this circular.

A letter from the Independent Board Committee is set out on pages 29 to 30 of this circular.

A letter from Gram Capital Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 31 to 45 of this circular.

A notice convening the SGM to be held at 31/F., Fortis Tower, 77–79 Gloucester Road, Hong Kong on Tuesday, 29 March 2016 at 9:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use by the Independent Shareholders at the SGM is enclosed with this circular. Whether or not you intend to attend and vote at the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event, not later than 48 hours before the time appointed for holding the SGM. Such form of proxy for use at the SGM is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cct-fortis.com/eng/investor/announcements.php). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM should you so wish.

9 March 2016

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

"Agreement"	the conditional agreement dated 27 January 2016 (as amended by the Supplemental Agreement and as amended or supplemented from time to time) entered into between Mr. Mak as the vendor and the Company as the purchaser in respect of the Transactions;
"Announcements"	the Company's announcements dated 27 January 2016 and 17 February 2016 in which the Company disclosed the entering of the Agreement (as amended by the Supplemental Agreement) and details of the Agreement (as amended by the Supplemental Agreement) and the Transactions;
"associate"	has the same meaning as ascribed to it under the Listing Rules;
"Board"	the board of the Directors;
"Bondholder(s)"	the holder(s) of the Convertible Bonds(s);
"Business Day(s)"	A day (other than Saturdays, Sundays and public holidays) on which banks in Hong Kong are open for business;
"Cap Amounts"	the cap amounts for the Continuing Connected Transactions as set out in the section headed "Continuing Connected Transactions" of the Company's announcement dated 27 January 2016;
"Capital Force"	Capital Force International Limited, a company incorporated in the British Virgin Islands, the entire issued capital in which is owned by Mr. Mak beneficially;
"Capital Winner"	Capital Winner Investments Limited, a company incorporated in the British Virgin Islands, the entire issued capital in which is owned by Mr. Mak beneficially;
"Cash Consideration"	has the meaning given to it under the sub-section headed "Consideration of the Transactions" under the section headed "The Agreement and the Transactions" of this circular;
"CB Certificate"	the certificate of the Convertible Bonds issued to each Bondholder evidencing its holding of the Convertible Bonds;
"CB Conditions"	the terms and conditions of the Convertible Bonds;

"CCT Land"	CCT Land Holdings Limited, a company incorporated in Bermuda, the shares of which are listed on the main board of the Stock Exchange;
"CCT Land Group"	CCT Land and its subsidiaries, from time to time;
"Company"	CCT Fortis Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange;
"Completion"	Completion of the Transactions pursuant to the Agreement;
"Completion Date"	on or before the third Business Day following the date of fulfillment or waiver of the conditions precedent (other than conditions (a) and (b) which will be fulfilled or waived, as the case may be, on the Completion Date) to the Agreement;
"connected person"	has the same meaning as ascribed to it under the Listing Rules;
"Continuing Connected Transactions"	the proposed lease of the First Property and the Second Property to Mr. Mak under the terms and conditions of the Proposed Tenancy Agreements, which will constitute a continuing connected transaction for the Company under the Listing Rules;
"controlling shareholder"	has the same meaning as ascribed to it under the Listing Rules;
"Conversion Price"	the price at which the Conversion Shares will be issued upon exercise of the Conversion Rights and initially be HK$0.90 per Conversion Share (subject to adjustments pursuant to the Instrument and the CB Conditions);
"Conversion Rights"	the rights attached to the Convertible Bonds to convert the principal amount thereof into the Conversion Shares;
"Conversion Share(s)"	the Shares falling to be allotted and issued by the Company upon exercise by the Bondholder of the Conversion Rights, pursuant to the terms of CB Conditions;
"Convertible Bonds"	The 5% coupon Convertible Bonds with principal amount of HK$250,200,000 to be created by the Instrument and to be issued by the Company to satisfy the Share Consideration and for the time being outstanding or, as the context may require, any part of the principal amount;

"Director(s)"	the director(s) (including the independent non-executive directors) of the Company;
"Enlarged Group"	the Group as enlarged by the Transactions, which will include the Target Groups upon Completion;
"First Property"	House 38 and car park space P14 and P15, No. 56 Repulse Bay Road, Repulse Bay, Hong Kong, which is owned by the First Target Subsidiary;
"First Sale Shares"	9,997 shares in the capital of the First Target Company, which have been issued and fully paid and represent 100% of the existing issued share capital of the First Target Company;
"First Shareholder's Loan"	the outstanding interest-free loan due from the First Target Subsidiary to Mr. Mak as at the Completion Date, which amounted to HK$14,063,559 as at 31 December 2015;
"First Target Company"	Capital Top Industrial Limited, a company incorporated in the British Virgin Islands with limited liability, the entire issued capital of which is held by Mr. Mak as at the Latest Practicable Date;
"First Target Group"	the First Target Company and the First Target Subsidiary;
"First Target Subsidiary"	Billion Industries Limited, a company incorporated in Hong Kong, the entire issued capital of which is owned by the First Target Company;
"Gram Capital" or "Independent Financial Adviser"	Gram Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the Transactions;
"Grant Sherman"	Grant Sherman Appraisal Limited, an independent professional valuer;
"Group"	the Company and its subsidiaries, from time to time;
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;

"Independent Board Committee"	the independent board committee of the Company consisting Mr. Tam King Ching, Kenny, Mr. Chow Siu Ngor, and Mr. Chen Li, who are independent non-executive directors of the Company not having material interest in the Agreement and the Transactions, formed for the purpose of advising the Independent Shareholders on the Transactions;
"Independent Shareholders"	the Shareholders other than Mr. Mak and his associates;
"Instrument"	the instrument to be executed by the Company by way of a deed poll constituting the Convertible Bonds, together with the schedules including the forms of the CB Certificate and the CB Conditions and any other document executed in accordance with the instrument;
"Last Trading Date"	26 January, 2016, being the last trading date for the Shares immediately before the date of the Agreement;
"Latest Practicable Date"	4 March 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
"Listing Committee"	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Long Stop Date"	30 April 2016, or such later date as the parties to the Agreement may agree in writing;
"Mr. Mak"	Mr. Mak Shiu Tong, Clement; a Director and the controlling shareholder of the Company;
"New Capital"	New Capital Industrial Limited, a company incorporated in the British Virgin Islands, the entire issued capital in which is owned by Mr. Mak beneficially;
"PRC"	the People's Republic of China, excluding Hong Kong for the purpose of this circular;
"Properties"	the First Property and the Second Property;

"Proposed Tenancy Agreements"	the proposed tenancy agreements to be entered between each of the First Target Subsidiary and the Second Target Subsidiary and Mr. Mak in respect of lease of the First Property and the Second Property, respectively to Mr. Mak, the proposed terms of which are set out in the sub-section headed "Consideration of the Transactions" under the section headed "The Agreement and the Transactions" of this circular and in the section headed "Continuing Connected Transactions" of the Company's announcement dated 27 January 2016;
"Second Property"	House 39 and car park space P5 and P6, No. 56 Repulse Bay Road, Repulse Bay, Hong Kong, which is owned by the Second Target Subsidiary;
"Second Sale Shares"	9,997 shares in the capital of the Second Target Company, which have been issued and fully paid and represent 100% of the existing issued share capital of the Second Target Company;
"Second Shareholder's Loan"	the outstanding interest-free loan due from the Second Target Subsidiary to Mr. Mak on the Completion Date, which amounted to HK$11,598,162 as at 31 December 2015;
"Second Target Company"	Next Capital Investments Limited, a company incorporated in the British Virgin Islands with limited liability, the entire issued capital of which is held by Mr. Mak as at the date of this circular;
"Second Target Group"	the Second Target Company and the Second Target Subsidiary;
"Second Target Subsidiary"	Grand Capital Development Limited, a company incorporated in Hong Kong, the entire issued capital of which is owned by Second Target Company;
"SGM"	the special general meeting of the Shareholders to be convened to consider and, if thought fit, inter alia, approve the Transactions (including the issue of the Convertible Bonds and specific mandate for the issue and allotment of the Conversion Shares upon exercise of the Conversion Rights);

"Share Consideration"	has the meaning given to it under the sub-section headed "Consideration of the Transactions" under the section headed "The Agreement and the Transactions" of this circular;
"Shareholder(s)"	the holder(s) of the issued Share(s);
"Shares"	the share(s) of HK$0.10 each in the capital of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Supplemental Agreement"	the supplemental agreement dated 17 February 2016 entered into between Mr. Mak and the Company pursuant to which the parties to the Agreement have agreed to amend certain provisions to the Instrument (including the CB Conditions) with the effect that the maturity date of the Convertible Bonds will be changed from the date falling on the third anniversary of the issue of the Convertible Bonds to the eighth anniversary of the issue of the Convertible Bonds;
"Target Groups"	the First Target Group and the Second Target Group;
"Total Sale Shares"	the First Sale Shares and the Second Sale Shares;
"Total Shareholder's Loans"	the First Shareholder's Loan and the Second Shareholder's Loan;
"Transactions"	the proposed acquisition of the Total Sale Shares by the Company or its designated nominee(s) from Mr. Mak and the proposed acquisition of the Total Shareholder's Loans by the Company or its designated nominee(s) from Mr. Mak and any other transaction as contemplated under the Agreement, including the issue of the Convertible Bonds by the Company to satisfy the Share Consideration and the specific mandate for the issue and allotment of the Conversion Shares upon exercise of the Conversion Rights; and
"%"	per cent.



FORTIS HOLDINGS LIMITED
（中建富通集團有限公司）

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 00138)

Executive Directors:
Mak Shiu Tong, Clement
Tam Ngai Hung, Terry
Cheng Yuk Ching, Flora
William Donald Putt

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

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Head office and principal place of business in Hong Kong:
31/F., Fortis Tower,
77–79 Gloucester Road,
Hong Kong

9 March 2016

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to the Announcements.

It was announced that on 27 January 2016 and 17 February 2016, the Agreement was entered into between Mr. Mak (as the vendor) and the Company (as the purchaser) pursuant to which Mr. Mak has agreed to sell the Total Sale Shares to the Company or its designated nominee(s) at a total consideration of HK$250,200,000 to be satisfied by the issue of the Convertible Bonds of principal amount of HK$250,200,000 and Mr. Mak has also agreed to sell and assign the Total Shareholder's Loans to the Company or its designated nominee(s) at the Cash Consideration. The Total Sale Shares comprise the First Sale Shares and the Second Sale Shares, which represent 100% of the existing issued share capital of the First Target Company and the Second Target Company, respectively, as at the Latest Practicable Date.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Transactions are more than 25% but less than 100%, the Transactions constitute a major transaction for the Company under the Listing Rules.

As at the Latest Practicable Date, Mr. Mak is a Director and the controlling shareholder of the Company and he owns personally and indirectly through private companies a total of 456,098,731 Shares, representing approximately 54.79% of the existing issued share capital of the Company. Mr. Mak is therefore a connected person of the Company under the Listing Rules. As such, the Transactions constitute a major transaction and a non-exempt connected transaction for the Company under the Listing Rules. The Transactions will be subject to the approval of the Independent Shareholders at the SGM. Mr. Mak and his associates will abstain from voting in respect of the resolution(s) to approve the Transactions at the SGM.

The Directors are of the view that the terms of the Agreement have been negotiated and will be conducted on an arm's length basis and are in the interests of the Company and the Independent Shareholders as a whole. The SGM will be convened and held to approve the Transactions. Mr. Mak and his associates will abstain from voting in respect of the resolution(s) to approve the Transaction at the SGM.

The Independent Board Committee has been formed to advise the Independent Shareholders on the terms of the Agreement and the Transactions.

An Independent Financial Adviser, Gram Capital, has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether or not the terms of the Agreement and the Transactions are fair and reasonable so far as the Independent Shareholders are concerned.

The purpose of this circular is to:

(i) provide the Shareholders with details of the Agreement and the Transactions and the valuation report of the Properties;

(ii) set out the opinion of Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreement and the Transactions;

(iii) set out the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the terms of the Agreement and the Transactions; and

(iv) give the Shareholders the notice of the SGM for the Independent Shareholders to consider and, if thought fit, to approve the Transactions.

THE AGREEMENT AND THE TRANSACTIONS

The Agreement

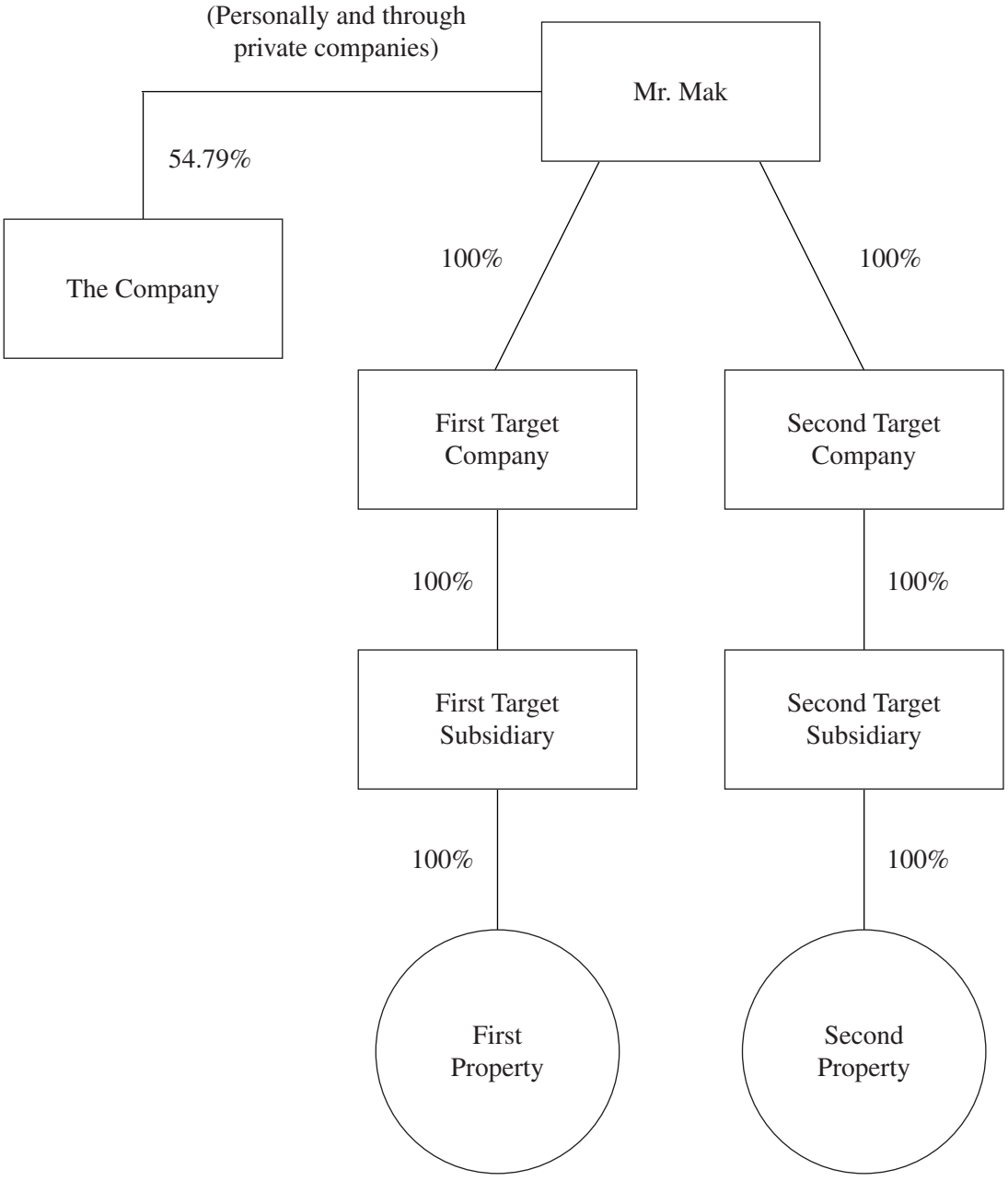
The sale and purchase agreement dated 27 January 2016 (as amended by the supplemental agreement dated 17 February 2016) was entered into between the following parties in relation to the sale and purchase of the following assets:

Vendor:	Mr. Mak Shiu Tong, Clement
Purchaser:	the Company or its designated nominee(s)
Assets to be acquired:	As at the Latest Practicable Date, Mr. Mak as legal and beneficial owner of the Total Sale Shares, have agreed to sell and transfer the Total Sale Shares to the Company or its designated nominee(s) at the Share Consideration of HK$250,200,000. Also, Mr. Mak has agreed to sell and assign the Total Shareholder's Loans to the Company or its designated nominee(s) at the Cash Consideration of approximately HK$25,661,721 (based on the book value of the Total Shareholder's Loans as at 31 December 2015). The Total Sale Shares comprise the First Sale Shares and the Second Sale Shares, which represent 100% of the existing issued share capital of the First Target Company and the Second Target Company, respectively. As at the Latest Practicable Date, the First Target Company holds 100% of the existing issued share capital of the First Target Subsidiary, which in turn owns the First Property and the Second Target Company holds 100% of the existing issued share capital of the Second Target Subsidiary, which in turn owns the Second Property. The Total Shareholder's Loans comprise the First Shareholder's Loan and the Second Shareholder's Loan, which is due by the First Target Subsidiary and the Second Target Subsidiary, respectively to Mr. Mak.

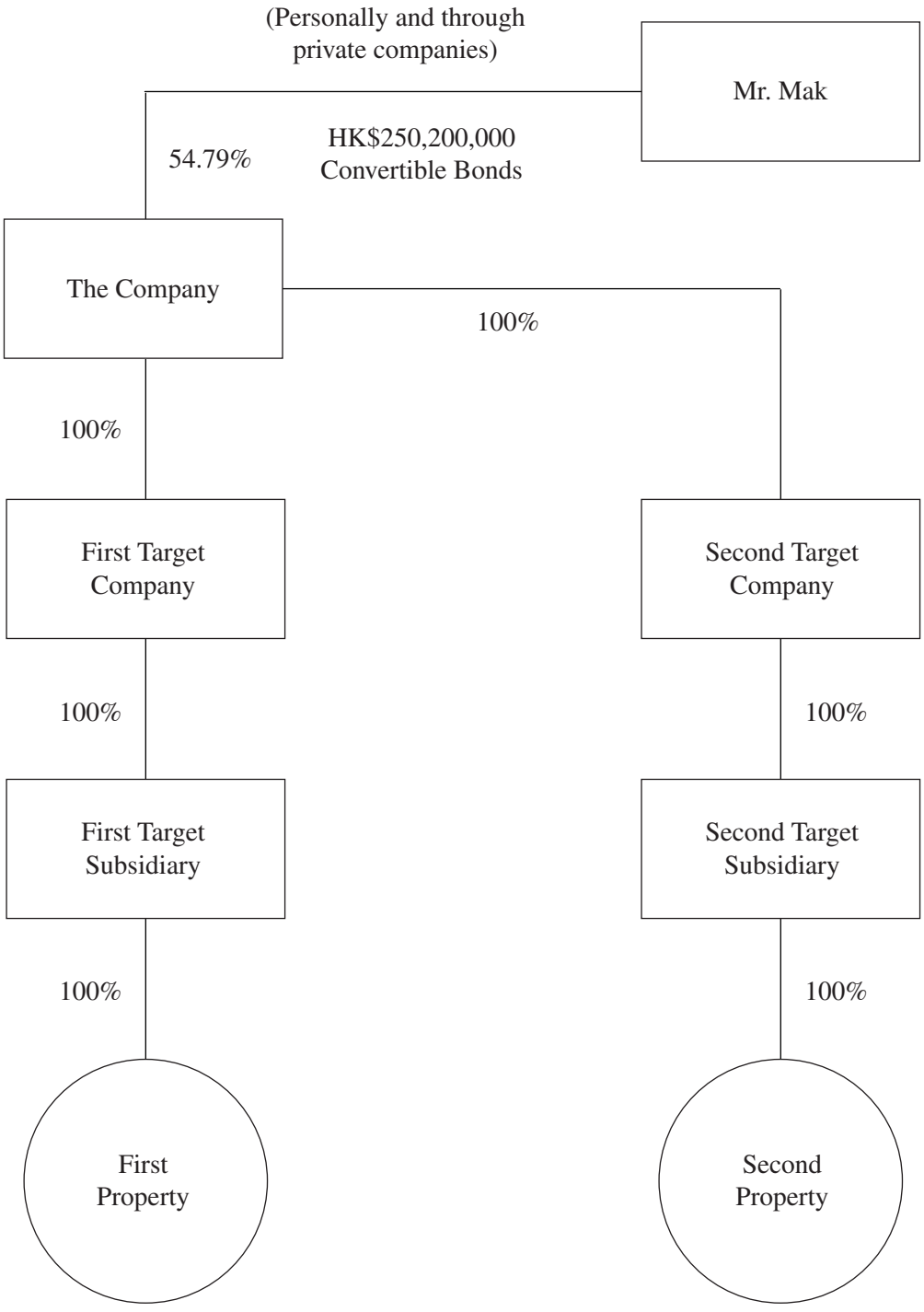
As at the Latest Practicable Date, Mr. Mak is a director and the controlling shareholder of the Company and he owns personally and indirectly through corporations a total of 456,098,731 Shares, representing approximately 54.79% of the existing issued share capital of the Company. Mr. Mak is therefore a connected person of the Company under the Listing Rules.

The following diagrams illustrate a simplified corporate and shareholding structure of the Company and the Target Groups before and immediately after completion of the Transactions.

As at the Latest Practicable Date and immediately before completion the Transactions



Immediately after completion of the Transactions



Consideration of the Transactions

The consideration for the purchase of the Total Sale Shares will be HK$250,200,000 (the "**Share Consideration**"), which will be satisfied by the Company by issue of the Convertible Bonds of total principal amount of HK$250,200,000, credited as fully paid upon issue.

The Total Shareholder's Loans will be assigned to the Company or its designated nominee(s) at its book value, on a dollar-to-dollar basis at Completion. The estimated consideration of the purchase and assignment of the Total Shareholder's Loans will be approximately HK$25,661,721 (based on the book value of the Total Shareholder's Loans as at 31 December 2015) ("**Cash Consideration**"), which will be satisfied by the Company in cash at Completion.

The total consideration for the Transactions which comprises the Share Consideration and the Cash Consideration (based on the total Shareholder's Loan of HK$25,661,721 as at 31 December 2015), is approximately HK$275,861,721.

The Share Consideration of HK$250,200,000 was determined based on the unaudited adjusted net asset value of the Target Groups of HK$251,882,899, which was arrived at based on the net total of following sums:

(a) the aggregate market value of the Properties of HK$434,400,000 (which comprises market value of HK$219,600,000 for the First Property and HK$214,800,000 for the Second Property) as at 31 December 2015 as appraised by Grant Sherman; and

(b) the unaudited combined net liabilities of the Target Groups of HK$182,517,101 (which comprised unaudited consolidated net liabilities of HK$91,798,632 for the First Target Group and HK$90,718,469 for the Second Target Group) as at 31 December 2015, which represented the unaudited book value of the net liabilities of the Target Groups (including the First Shareholder's Loan of HK$14,063,559 and the Second Shareholder's Loan of HK$11,598,162), after deduction of the unaudited book value of other assets (excluding the book value of the Properties) of the Target Groups as at 31 December 2015.

A discount of approximately 0.67% was applied to the adjusted net asset value of the Target Groups of HK$251,882,899 in arriving at the Share Consideration of HK$250,200,000.

The Company and Mr. Mak have taken into account the following factors in arriving at the Share Consideration:

(i) current luxury residential property market in Hong Kong: the Directors consider that the current adjustments in the residential property market in Hong Kong affect mainly the small to medium-sized flats. Luxury residential market continues to be strong and recent transactions indicate that prices of luxury properties remain firm;

(ii) current financial position of the Target Groups which has a net asset value of HK$251,882,899 after adjusting for the current market value of the Properties;

(iii) the valuation of the Properties as at 31 December 2015 as appraised by Grant Sherman;

(iv) potential rental income generation from the Proposed Tenancy Agreements and possible price appreciation of the Properties in the future as the Directors consider that the value of the Properties may continue to rise because of excellent location and quality of the Properties and the scarcity of supply of luxury properties in Hong Kong. After Completion, the Company intends that the First Target Subsidiary and the Second Target Subsidiary will enter into the Property Tenancy Agreements with Mr. Mak to lease the First Property and the Second Property, respectively to Mr. Mak for residential use, each for a term commencing from the Completion Date to 31 December 2017 at the proposed monthly rental of HK$270,000 and HK$260,000 (inclusive of management fee and government rents and rates), respectively and the proposed rental is determined based on the preliminary market rental appraised by Grant Sherman. The Cap Amounts for the Continuing Connected Transactions for the period from the expected Completion Date to 31 December 2016 is HK$6,000,000 and for the year ending 31 December 2017 is HK$7,000,000. As the proposed monthly rental is determined based on market rental appraised by Grant Sherman, the Directors (including the independent non-executive Directors) believe that the terms of the Proposed Tenancy Agreements are on commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole. As disclosed in the Company's announcement dated 27 January 2016, the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the lease of the Properties contemplated under the Proposed Tenancy Agreements are more than 0.1% but less than 5% and the proposed annual rental is more than HK$3,000,000. As such, the Continuing Connected Transactions and the Cap Amounts are subject to the announcement, annual reporting and annual review requirements as set out in Chapter 14A of the Listing Rules and are exempted from the circular and Independent Shareholders' approval requirement under the Listing Rules;

(v) settlement of the Share Consideration by means of the Convertible Bonds which will not involve any immediate cash outlay for the Company; and

(vi) the benefits to be derived by the Group from the Transactions as set out in the paragraph headed "Reasons for and the benefits of the Transactions" of this circular.

On the basis of the above factors, the Board (including the independent non-executive Directors) considers the Share Consideration to be fair and reasonable to the Company, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Principal terms of the Convertible Bonds

The principal terms of the Convertible Bonds are as follows:

Issuer:	The Company
Principal amount:	HK$250,200,000 will be issued as to HK$180,000,000 to Capital Force and as to HK$70,200,000 to New Capital and/or other nominee(s) designated by Mr. Mak
Issue Price	100% of the principal amount of the Convertible Bonds
Issue date:	Completion Date
Interest:	5% per annum, payable monthly on the last day of each month (which must be a Business Day, and if not, the Business Day immediately following)
Maturity Date:	The eighth anniversary of the date of issue of the Convertible Bonds (which must be a Business Day, and if not, the Business Day immediately following)
Redemption:	Unless previously converted or cancelled under the CB Conditions, all the Convertible Bonds will be redeemed at its then outstanding principal amount, inclusive of accrued interest on the Maturity Date. The Convertible Bonds may be redeemed, at the option of the Company, in whole or in part, any time before the Maturity Date, on giving not less than three Business Days' notice to the Bondholders.
Status:	The obligations of the Company arising under the Convertible Bonds constitute direct, unconditional, unsubordinate and unsecured obligations of the Company, and rank *pari passu and* without any preference among themselves. The payment obligations of the Company under the Convertible Bonds will rank at least equally with all its other present and future unsecured and unsubordinate obligations of the Company.
Conversion Price:	HK$0.90 per Conversion Share (subject to adjustments)

Conversion Shares:	Based on the initial Conversion Price of HK$0.90 per Conversion Share (subject to adjustments of the Conversion Price pursuant to the CB Conditions), 278,000,000 new Shares may fall to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full. The 278,000,000 Conversion Shares representing (i) approximately 33.40% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 25.04% of the issued capital of the Company as enlarged by the allotment and issue of the Conversion Shares.
Transferability:	The Convertible Bonds will be freely transferable and shall be transferable in whole or in any part(s) in multiples of HK$5,000,000, provided that unless with the prior written consent of the Company and in full compliance of the Listing Rules and other requirements of the Stock Exchange, none of the Convertible Bonds may be transferred to a connected person of the Company.
Conversion Period:	The period commencing on the date of issue of the Convertible Bonds and expiring on the Maturity Date (the "**Conversion Period**").
Bondholder's Conversion Right:	The Bondholder has the right on any Business Day during the Conversion Period to convert in whole or in part the outstanding principal amount of the Convertible Bonds in whole or in integral multiples of HK$5,000,000 into Conversion Shares, subject to and upon compliance with the CB Conditions.
Public float restriction:	The Conversion Rights shall not be exercised by the Bondholder, if it comes to the notice of the Company that immediately following such conversion the Company will be unable to meet the public float requirement under the Listing Rules.
Adjustments to Conversion Price:	The Conversion Price is subject to adjustments upon the occurrence of the following events: (i) an alteration to the aggregate number of the Shares in issue as a result of consolidation, subdivision, or reclassification; (ii) issue (other than in lieu of a cash dividend) of any Shares credited as fully paid by way of capitalization of profits or reserves (including any share premium account or capital redemption reserve fund);

(iii) capital distribution (in cash or specie and whether on a reduction of capital or otherwise), including any dividend charged or provided for in the accounts of any financial period (whenever paid and however described) will be deemed to be a capital distribution;

(iv) offer of new Shares to Shareholders for conversion by way of rights, or grant, to Shareholders any options or warrants to subscribe for new Shares, at a price which is less than 90% of the market price at the date of the announcement of such offer or grant;

(v) issue of securities wholly for cash or for reduction of liabilities which by their terms are convertible into or exchangeable for or carry rights of conversion for new Shares and the total effective consideration (as defined in the Instrument) per Share initially receivable for such securities is less than 90 per cent. of the market price at the date of the announcement of the terms of issue of such securities; or

(vi) issue of any Shares wholly for cash or for reduction of liabilities at a price per Share which is less than 90% of the market price at the date of the announcement of the terms of such issue;

(vii) issue of any Shares for the acquisition of asset at a total effective consideration (as defined in the Instrument) per Share which is less than 90 per cent. of the market price at the date of the announcement of the terms of such issue; or

(viii) issue of any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares for the acquisition of asset at the total effective consideration (as defined in the Instrument) per Share initially receivable for such securities is less than 90 per cent. of the market price at the date of the announcement of the terms of such issue.

Each adjustment made to the Conversion Price pursuant to the adjustment event(s) would be certified in writing by the Company, auditors of the Company or merchant banks selected and appointed by the Company.

Events of default:	After the occurrence of an event of default as specified in the Instrument and the CB Conditions, the Bondholder may give notice to the Company that the Convertible Bonds, on the giving of such notice, are immediately due and payable.
Voting rights:	The Bondholder will not be entitled to vote at any meetings of the Company by reason only of it being the holder of the Convertible Bonds.
Listing:	The Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

The initial Conversion Price of the Convertible Bonds of HK$0.90 per Conversion Share (subject to adjustment pursuant to the CB Conditions) represents:

(i) a discount of approximately 2.17% to the closing price of HK$0.92 a Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 7.79% to the average closing price of approximately HK$0.976 a Share as quoted on the Stock Exchange for the last five trading days up to including the Last Trading Day;

(iii) a discount of approximately 13.21% to the average closing price of approximately HK$1.037 a Share as quoted on the Stock Exchange for the last 10 trading days up to including the Last Trading Day;

(iv) a discount of approximately 10.89% to the average closing price of approximately HK$1.010 a Share as quoted on the Stock Exchange for the last 30 trading days up to including the Last Trading Day;

(v) a premium of approximately 0.33% to the average closing price of approximately HK$0.897 a Share as quoted on the Stock Exchange for the last 60 trading days up to including the Last Trading Day;

(vi) a discount of approximately 9.09% to the closing price of HK$0.99 a Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(vii) a discount of approximately 70% over the unaudited consolidated net asset value attributable to owners of the Company per Share of approximately HK$2.99, based on the latest unaudited net asset value attributable to owners of the Company of approximately HK$2,485 million as at 30 June 2015 and the existing total number of Shares in issue of 832,394,907 Shares.

The market price of the Share has been trading at significant discount to the attributable net asset value per Share for many years and therefore the discount of the Conversion Price to the net asset value per Share is in line with the trend of discount between the market price of the Share and its net asset value.

As (i) the Share Consideration represents a slight discount of 0.67% to the adjusted net assets of the Target Groups attributable to the Total Sale Shares, based on the market value of the Properties; (ii) the Share Consideration will be settled by means of the Convertible Bonds, which if partly or fully exercised will enlarge the capital base of the Company and this settlement method does not require immediate cash outlay of the Company in order to conserve cash of the Company; and (iii) the benefits to be derived by the Group from the Transactions as set out in the section headed "Reasons for and the benefits of the Transactions" of this circular, the Directors consider that the small discount of the Conversion Price to the current price of the Share is considered to be fair and reasonable.

Amendment of the maturity date of the Convertible Bonds from three years to eight years under the Supplemental Agreement

The maturity date of the Convertible Bonds was amended under the Supplemental Agreement from three years from the date of issue to eight years from the date of issue The Board considers that in view of the high value of the Properties, the eight-year maturity of the Convertible Bonds is fair and reasonable. The Board considers that extension of the term of the Convertible Bonds from three years to eight years will allow a longer conversion period to the Bondholders to convert the Convertible Bonds and hence will encourage them to convert the Convertible Bonds into Shares during the term of the Convertible Bonds. The long maturity date will encourage the Bondholders to convert the Convertible Bonds into the Shares in order that they can enjoy the possible price appreciation and dividend yield of the Shares, on the assumption the price of the Share will rise. As such, the extension of the maturity date to eight years will enhance the chance that the Convertible Bonds will be converted into Shares before maturity and hence will increase the chance that the principal of the Convertible Bonds will not be required to be repaid at maturity. The Board takes the view that the 8-year maturity date will discourage the Bondholder(s) from holding the Convertible Bonds to maturity as the Bondholder(s) would have to wait for a long time of eight years before they can get back the principal of the Convertible Bonds from repayment at maturity. On the other hand, if the Bondholder(s) holds the Convertible Bonds to maturity, the Company will have eight years' time before it needs to consider financing for repayment of principal. As such, the Board considers that longer term of Convertible Bonds will allow greater flexibility and more time to the Company to arrange and plan for its funding needs and conserve its cash resources for a longer period for the Group's development and hence will enhance the Group's financial position. Furthermore, loans relating to investment properties normally have longer maturity dates as investment properties are normally held for long-term purposes. The term of most of the Group's bank loans secured by charge on the Group's investment properties is 15 years or more.

The Convertible Bonds carry interest of 5% per annum and the annual interest payment on the Convertible Bonds assuming no conversion is approximately HK$12.5 million. The Board considers that the 5% interest rate is fair and reasonable for a long-term unsecured loan like the

Convertible Bonds as this interest rate is equal to or lower than the best lending rate of 5% to 5.25% offered by banks in Hong Kong. The 5% coupon is also less than the effective interest rate of 6.34% of the Convertible Bonds as assessed by GCA for preparation of the pro forma financial information of the Enlarged Group as set out in Appendix III to this circular. Although the eight-year term of the Convertible Bonds may incur additional interest payment of up to five years to the Company for a maximum of up to HK$62.5 million (assuming that there is no conversion of any of the Convertible Bonds before maturity), the extension of the maturity date will increase the chance of having the Convertible Bonds converted into the Shares before maturity. The conversion of the Convertible Bonds will not only save interest cost for the Company but will also eliminate the Company's liability for principal repayment. The Board considers that the increase of chance of having the Convertible Bonds converted which will avoid principal repayment is more important to the Company and would outweigh the possible additional interest costs as a result of the extension.

Based on the above analysis, the Board considers that the eight-year maturity date of the Convertible Bonds is on normal commercial term, is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions Precedent of the Agreement:

Completion is conditional upon the fulfillment or waiver of the following conditions precedent:

(a) the warranties given by Mr. Mak under the Agreement remaining true and accurate and not misleading;

(b) the warranties given by the Company under the Agreement remaining true and accurate and not misleading;

(c) the approval by the Independent Shareholders at the SGM of (i) the acquisition by the Company or its designated nominee(s) of the Total Sale Shares and the Total Shareholder's Loans and the other transactions contemplated under the Agreement; and (ii) the issue of the Convertible Bonds and the specific mandate for the allotment and issue of the Conversion Shares upon exercise of the Conversion Rights attached to the Convertible Bonds, pursuant to the Agreement, having been obtained;

(d) the Listing Committee granting or agreeing to grant (subject to allotment) listing of and permission to deal in all the Conversion Shares which may fall to be allotted and issued upon the exercise of the conversion rights attached to the Convertible Bonds; and

(e) all necessary consents from third parties (including governmental or official authorities), if any, in connection with the transactions contemplated under the Agreement having been obtained by Mr. Mak and the Company and no statute, regulations or decision which would prohibit, restrict or materially delay the sale and purchase of the Total Sale Shares and the Total Shareholder's Loans having been proposed, enacted or taken by any governmental or official authority.

The Company may in its absolute discretion waive in whole or in part the conditions set out in paragraphs (a) and (e) above at any time by notice in writing to Mr. Mak. In exercising the right of waiver, the Board will act in the interest of the Company and the Independent Shareholders as a whole and will only waive any conditions precedent on minor issues or on issues that will not affect the substance of the Transactions. Mr. Mak may in his absolute discretion waive in whole or in part the conditions in paragraph (b) and (e) above at any time by notice in writing to the Company. As at the Latest Practicable Date, none of the above conditions has been fulfilled or waived.

In the event that any of the conditions shall not have been fulfilled or waived on or before 30 April 2016 or such later date as agreed by the parties to the Agreement in writing, the Agreement shall cease to be of any effect save in respect of claims arising out of any antecedent breach of the Agreement.

Completion

Completion of the Transactions is expected to take place at no later than 5:00 p.m. on the Completion Date at the office of the Company (or such other place and/or time as the parties may agree in writing) when all of the conditions have been fulfilled or waived (which shall be fulfilled by no later than the Long Stop Date).

Upon Completion, the members of the Target Groups will become wholly-owned subsidiaries of the Company.

FURTHER INFORMATION ABOUT THE TARGET GROUPS AND THE PROPERTIES

The Target Groups comprise the First Target Group and the Second Target Group. The First Target Group comprises the First Target Company which holds 100% of the existing issued share capital of the First Target Subsidiary, which in turn holds 100% ownership of the First Property. The Second Target Group comprises the Second Target Company which holds 100% of the existing issued share capital of the Second Target Subsidiary, which in turn holds 100% ownership of the Second Property. The Target Groups are principally engaged in property investment and holdings. The major assets of the Target Groups are the Properties, which are the two luxury residential properties at House 38 and House 39 and four car parking spaces on No. 56 Repulse Bay Road, Repulse Bay, Hong Kong. Each of House 38 and House 39 is a duplex house. At present, the Properties have been used by Mr. Mak for residential purpose free of charge. The gross floor area of House 38 is approximately 4,143 square feet plus a flat roof of approximately 1,172 square feet. The gross floor area of House 39 is approximately 4,053 square feet plus a flat roof of approximately 1,057 square feet. The Properties are located in one of Hong Kong's most prestigious residential areas, on Repulse Bay. Situated on the beach side of the Repulse Bay Road, the Properties possess stunning views of the full sweep of Repulse Bay and the distant horizon across the vast South China Sea. It is one of the most sought after locations in Hong Kong by rich people and the supply of luxury houses in the area is very limited. Furthermore, the Group has already acquired House 36 and House 37 of No. 56 Repulse Bay Road for many years. As House 38 and House 39 are right above House 36 and House 37 and all four Houses, sharing one lift lobby, are attached together to form one whole block of large houses, which is detached and separate from the other blocks in the estate. The whole block comprising the four duplex Houses 36, 37, 38 and

39 has a total gross floor area of approximately 16,392 square feet plus total terrace area for House 36 and House 37 of approximately 3,766 square feet and total flat roof area for House 38 and House 39 of approximately 2,229 square feet with a total of eight car park spaces. The Directors believe that the supply of a block of luxury houses with such a large area is very scarce and the consolidation of the ownership by the Group of the whole block will enhance the value of all the four houses.

The audited consolidated financial information of the Target Groups are summarized as follows:

For the year ended 31 December 2014	First Target Group HK$ (audited)	Second Target Group HK$ (audited)	Combined Total HK$ (audited)
Consolidated Revenue	2	224,745	224,747
Consolidate net loss before and after taxation	(1,113,563)	(1,336,708)	(2,450,271)
Consolidated net liabilities including the net book value of the Properties and the Total Shareholder's Loans	(17,319,535)	(17,372,344)	(34,691,879)
Consolidated net liabilities including the net book value of the Total Shareholder's Loans and other assets but excluding the net book value of the Properties	(90,557,236)	(89,016,365)	(179,573,601)
Net book value of the Properties	73,237,701	71,644,021	144,881,722
Other assets	224,454	1,244,389	1,468,843

For the year ended 31 December 2015	First Target Group HK$ (audited)	Second Target Group HK$ (audited)	Combined Total HK$ (audited)
Consolidated Revenue	199,980	120	200,100
Consolidated net loss before and after taxation	(1,241,396)	(1,702,104)	(2,943,500)
Consolidated net liabilities including the net book value of the Properties and the Total Shareholder's Loans	(18,560,931)	(19,074,448)	(37,635,379)
Consolidated liabilities including the net book value of the Total Shareholder's Loans and the other assets but excluding the net book value of the Properties	(91,798,632)	(90,718,469)	(182,517,101)
Net book value of the Properties	73,237,701	71,644,021	144,881,722
Other assets	168,830	119,353	288,183
Valuation of the Properties appraised by Grant Sherman (unaudited)	219,600,000	214,800,000	434,400,000

The First Property was acquired by the First Target Subsidiary in December 2004 for HK$70,480,000 and the Second Property was acquired by the Second Target Subsidiary in July 2005 for HK$68,950,000.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is the holding company of the Group which is principally engaged:

(i) property development and property trading;

(ii) property investment and holding;

(iii) manufacture and sale of plastic components;

(iv) the securities business;

(v) trading and sale of classic cars;

(vi) investment in classic cars;

(vii) automotive service business; and

(viii) cultural media business.

SHAREHOLDING STRUCTURE

Assuming no new Share will be issued from the Latest Practicable Date, the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after Completion and full conversion of the Convertible Bonds at the initial Conversion Price of HK$0.90 per Conversion Share will be as follows:

Shareholders	**As at Latest Practicable Date**		**Immediately after Completion and full conversion of the Convertible Bonds at the initial Conversion Price of HK$0.90 per Conversion Share (subject to adjustments)**	
	No. of Shares	*%*	*No. of Shares*	*%*
Capital Force	96,868,792	11.64	296,868.792	26.74
New Capital	171,357,615	20.59	249,357,615	22.46
Capital Winner	177,798,672	21.35	177,798,672	16.01
Mr. Mak	10,073,652	1.21	10,073,652	0.91
Sub-total for Mr. Mak	456,098,731	54.79	734,098,731	66.11
Other Directors:				
Tam Ngai Hung, Terry	500,000	0.06	500,000	0.05
William Donald Putt	591,500	0.07	591,500	0.05
Sub-total for other Directors	1,091,500	0.13	1,091,500	0.10
Total non-public shareholders	457,190,231	54.92	735,190,231	66.21
Public Shareholders	375,204,676	45.08	375,204,676	33.79
Total	832,394,907	100.00	1,110,394,907	100.00

Application will be made to the Stock Exchange for the listing of, and the permission to deal in the Conversion Shares.

The issue and conversion of the Convertible Bonds will not result in a change of control of the Company.

REASONS FOR AND THE BENEFITS OF THE TRANSACTIONS

The Group has been engaged in investment of properties and its investment property portfolio currently consists of luxury residential properties, office, and retail properties. This business segment has been performing well and has contributed significant earnings and fair value gains on revaluation of properties in the past years. The Directors believe that the luxury residential market will continue to outperform other sectors of the property markets in Hong Kong because of the scarcity of supply. The opportunity to acquire House 38 and House 39 will enable the Group to combine with its already owned House 36 and House 37 into a separate block of luxury residential complex of supreme quality and large space. The Directors believe that it is very difficult to find houses of such a large size, especially in prestigious area, like Repulse Bay. The Directors consider that the value of whole block of four houses combined together will be enhanced from the separate value of individual house added together. At present, the Properties are used by Mr. Mak for residential purposes free of charge. After Completion, the Properties will be let to Mr. Mak at market rental and this will generate rental income to Group immediately after Completion. This will save time and costs for the Group to find good and responsible tenants to lease the Properties. The Transactions will enable the Group to increase its investment in luxury residential market, which is expected to outperform other sectors of the property market and there is a potential of further rise in the value of these properties. Furthermore, the Share Consideration will be settled by way of the Convertible Bonds which will have a long maturity date of eight years. This long maturity date will encourage Bondholders to convert the Convertible Bonds into Shares during the term of the Convertible Bonds. Furthermore, if any Convertible Bonds will not be converted into Shares by the Bondholders during their term and are outstanding upon their maturity, the Company will only be required to fund repayment of their principal until their maturity which will only be due in year of 2024. Although interest at the coupon interest rate of 5% p.a. will be payable on the Convertible Bonds before they are converted into Shares, the long maturity date will enhance the chance that the Convertible Bonds will be converted into Shares before maturity and hence no interest payment and principal repayment is required for those Convertible Bonds after their conversion into Shares.

The Board has considered alternative financing methods to fund the Transactions including bank borrowings and fund raising from capital markets (such as rights issue and placing of new shares). As the Target Subsidiaries have already borrowed mortgage loans from a bank close to the 40% limit permitted by the Hong Kong Monetary Authority, the Board considers that it is very difficult to raise further bank borrowings to finance the consideration for the Transactions. With regard to fund raising from the capital markets, as the liquidity of the Shares is low and in view of the current volatility of the stock market, it is not easy and is expected to take a long time to find commercial underwriters (if there is any) which are willing to underwrite the fund raising exercise. In addition, a higher discount to the market price is expected in order to attract Shareholders or investors to invest funds into the Company to fund the Transactions. Furthermore, Mr. Mak is optimistic about the potential of future value appreciation of the Properties, whose view is shared by the Board. Had Mr. Mak not having the opportunity of increasing his percentage of shareholding interest in the Company through

the Transactions, he would not have agreed to enter into the Agreement which would result in his transferring the potential of future price appreciation of the Properties to the Group, Based on the above analysis, the Board considers that financing the Share Consideration by means of the Convertible Bonds is the best possible alternative, under the circumstances, to finance the Transactions for the Company. This settlement method will therefore conserve the cash resources of the Group and enhance its financial position. If the Convertible Bonds are converted into Conversion Shares, the Conversion Shares will expand the capital of the Company and further improve the financial position of the Group.

In light of the benefits above, the Directors believe that the terms of the Agreement and the Transactions are on normal commercial terms, fair and reasonable, and in the interests of Shareholders as a whole.

FINANCIAL EFFECTS OF THE TRANSACTIONS

After Completion, members of the Target Groups will become wholly-owned subsidiaries of the Company and their accounts will be consolidated into the accounts of the Group. The financial effects of the Transactions are elaborated.

(a) Net profits

The Company expects that the Transactions will generate rental income of approximately HK$6.4 million per annum, as the First Target Subsidiary and the Second Target Subsidiary will lease the Properties to Mr. Mak immediately after Completion. On the other hand, the Group will incur effective interest expense (including the 5% coupon interest) on the liability component of the Convertible Bonds and the bank loans of approximately HK$14.7 million and HK$2 million per annum, respectively, which result in annual net interest cost of approximately HK$10.3 million per annum. However, the interest costs on the Convertible Bonds will be reduced if the Convertible Bonds are converted into the Shares. Furthermore, any fair value gain/loss arising from the revaluation of the investment Properties each year will be credited/debited to the profit or loss of the Group.

(b) Net assets

Based on the unaudited pro forma statement of financial position of the Enlarged Group set out in Appendix III to the Circular and assuming that the Transactions were completed on 30 June 2015, for illustration purpose only, the Transactions would give rise to the following effects to the assets and liabilities of the Group:

(i) an increase in non-current assets of approximately HK$434 million, which represented the recognition of the Properties at their market value;

(ii) a decrease of current assets of approximately HK$26 million, which represented the cash consideration of approximately HK$26 million payable to the Vendor;

(iii) an increase in current liabilities of approximately HK$157 million, as a result of consolidation of the bank loans of the Target Groups;

(iv) an increase in non-current liabilities of approximately HK$232 million, which represented the fair value of the liability component of Convertible Bonds; and

(v) an increase of approximately HK$20 million in the net asset value of the Group.

Based on the above analysis, the financial position of the Enlarged Group is expected to improve slightly as a result of the Transactions. The Enlarged Group's financial position is expected to improve further if the Convertible Bonds are converted into the Shares.

(c) The gearing

Based on the 2015 interim report of the Group, the Group's gearing ratio (representing total borrowings as a percentage of the sum total of equity and total borrowings) was approximately 30.3% as at 30 June 2015. Based on the pro forma statement of financial position of the Enlarged Group set out in Appendix III to this circular, the gearing ratio would increase to approximately 36.9% after Completion. The increase in the gearing ratio as a result of the Transactions is not expected to be significant.

The financial effect of the Transactions set out in section was prepared based on the unaudited pro forma financial information of the Enlarged Group for illustration purposes. As a number of assumptions have been made in the preparation of the unaudited pro forma information of the Enlarged Group, the financial effects of the Transactions as elaborated above may not give a true picture of the actual financial effects of the Transactions on the Group, which will depend on the fair values of the identifiable assets and liabilities of the Target Groups and the liability component of the Convertible Bonds at Completion.

FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

Looking forward, the Board is of the view that the local and global economic and political uncertainty will remain a challenge to the Enlarged Group.

The Enlarged Group is confident in its property portfolio, in view of their good location and quality. The Group will capitalize its strength in the property business and will continue to explore proposals to further enhance their rental yield and value. The Enlarged Group will expand its luxury property portfolio as a result of the Transactions, as the Directors consider that luxury properties will outperform other sectors of the property market in Hong Kong. Furthermore, the acquisition of the Properties through the Transactions will generate additional rental income of approximately HK$6.4 million per annum to the Enlarged Group.

The Enlarged Group is happy with the performance of Blackbird's multi-faceted automotive business. The Enlarged Group maintains its firm commitment to grow its automotive business into a worldwide leader in the region. Blackbird will continue to explore opportunities to expand and grow the business, both vertically and horizontally. The Enlarged Group expects this new automotive venture will deliver strong growth in revenue, profit and cash flow in coming years for the benefit of the Enlarged Group.

The Enlarged Group has entered into the cultural media business, initially in the production and worldwide distribution of films, targeting the huge global cultural media market, including the fast-growing cultural industries in the PRC. The Enlarged Group expects that this new business will have excellent prospects and enormous growth potentials.

The financial position of the Enlarged Group remains solid and healthy. As the Share Consideration will be settled by way of the Convertible Bonds, which will not require immediate cash outlay and will therefore conserve the cash resources of the Enlarged Group. If the Convertible Bonds are converted into Conversion Shares, the Conversion Shares will expand the capital of the Company and further improve the financial position of the Enlarged Group.

LISTING RULES IMPLICATIONS

Major and Connected Transactions for the Company

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Transactions are more than 25% but less than 100%, the Transactions constitute a major transaction for the Company under the Listing Rules.

As at the Latest Practicable Date, Mr. Mak is a Director and the controlling shareholder of the Company and he owns personally and indirectly through private companies a total of 456,098,731 Shares, representing approximately 54.79% of the existing issued share capital of the Company. Mr. Mak is therefore a connected person of the Company under the Listing Rules. As such, the Transactions constitute a major transaction and a non-exempt connected transaction for the Company under the Listing Rules. The Transactions will be subject to the approval of the Independent Shareholders at the SGM. Mr. Mak and his associates will abstain from voting in respect of the resolution(s) to approve the Transactions at the SGM.

GENERAL

As Mr. Mak has a material interest in the Agreement, he has to abstain and he did abstain from voting on the Board resolutions to approve the Agreement and the Transactions. None of the other Directors (other than Mr. Mak) has any material interest in the Agreement and therefore, no other Directors have to abstain from voting on the Board resolutions to approve the Agreement and the Transactions.

An Independent Board Committee consisting of Mr. Tam King Ching, Kenny, Mr. Chow Siu Ngor and Mr. Chen Li, who are independent non-executive directors of the Company and who have no material interest in the Transactions, has been formed to advise the Independent Shareholders as to whether or not the terms of the Agreement and the Transactions are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. The Company has appointed Gram Capital as the Independent Financial Adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

SGM

A notice convening the SGM to be held at 31/F., Fortis Tower, 77–79 Gloucester Road, Hong Kong on Tuesday, 29 March 2016 at 9:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular. At the SGM, an ordinary resolution(s) will be proposed and, if thought fit, passed to approve the Transactions.

A form of proxy for use by the Independent Shareholders at the SGM is enclosed herein. Whether or not you intend to attend and vote at the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event, not later than 48 hours before the time appointed for holding the SGM or at any adjournment thereof (as the case may be). Such form of proxy for use at the SGM is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cct-fortis.com/eng/investor/announcements.php). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, voting at the SGM will be conducted by way of poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the SGM will therefore demand a poll on the resolution put forward at the SGM pursuant to bye-law 66 of the bye-laws of the Company. As at the Latest Practicable Date, the controlling Shareholder, Mr. Mak and his associates, Capital Force, Capital Winner and New Capital, who/which held 10,073,652 Shares, 96,868,792 Shares, 177,798,672 Shares and 171,357,615 Shares, respectively, through which they control the voting rights of their respective Shares, together with their respective associates will abstain from voting in respect of the resolution(s) to approve the Transactions at the SGM. An announcement on the poll results of the SGM will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cct-fortis.com/eng/investor/announcements.php) after the SGM.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 29 to 30 of this circular which contains its recommendation to the Independent Shareholders on the terms of the Agreement and the Transactions; and (ii) the letter of advice from Gram Capital as set out on pages 31 to 45 of this circular which contains, amongst other matters, its advice to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Agreement and the Transactions and the principal factors and reasons considered by it in concluding its advice.

Having considered the factors mentioned above, the Directors (including the Independent Non-executive Directors) are of the view that the terms of the Agreement and the Transactions are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interest of the Shareholders and the Company as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Transactions.

OTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
CCT FORTIS HOLDINGS LIMITED
Tam Ngai Hung, Terry
Director

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)

The Independent Board Committee:
Tam King Ching, Kenny
Chow Siu Ngor
Chen Li

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Head office and principal place of business in Hong Kong:
31/F., Fortis Tower,
77–79 Gloucester Road,
Hong Kong

9 March 2016

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

We refer to the circular of the Company to the Shareholders dated 9 March 2016 (the "**Circular**"), in which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings as given to them in the section headed "Definitions" of the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Agreement and the Transactions are fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of the Company and the Shareholders as a whole. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreement and the Transactions.

We wish to draw your attention to the letter of advice from the independent financial adviser, Gram Capital, as set out on pages 31 to 45 of the Circular and the letter from the Board as set out on pages 7 to 28 of the Circular.

Having considered, amongst other matters, the factors and reasons considered by, and the opinion of Gram Capital as stated in its letter of advice, we consider that the terms of the Agreement and the Transactions are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) to approve the Transactions (including the issue of the Convertible Bonds and specific mandate for the issue and allotment of the Conversion Shares upon exercise of the Conversion Rights) to be proposed at the SGM.

Yours faithfully,
The Independent Board Committee of
CCT FORTIS HOLDINGS LIMITED

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

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

9 March 2016

To: The independent board committee and the independent shareholders of CCT Fortis Holdings Limited

Dear Sirs,

MAJOR AND CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Transactions, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 9 March 2016 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 27 January 2016, the Company and Mr. Mak entered into the Agreement (as amended by the Supplemental Agreement dated 17 February 2016), pursuant to which the parties thereto conditionally agreed to (i) sell the Total Sale Shares to the Company or its designated nominee(s) at total consideration of HK$250,200,000; and (ii) to sell and assign the Total Shareholder's Loans to the Company or its designated nominee(s) at the Cash Consideration. The Total Sale Shares comprises the First Sale Shares and the Second Sale Shares, which represents 100% of the existing issued share capital of the First Target Company and the Second Target Company.

With reference to the Board Letter, the Transactions constitute major transactions for the Company under Chapter 14 of the Listing Rules. As at the Latest Practicable Date, Mr. Mak is a Director and the controlling shareholder of the Company. Mr. Mak is therefore a connected person of the Company under the Listing Rules. Accordingly, the Transactions also constitute non-exempt connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Tam King Ching, Kenny, Mr. Chow Siu Ngor and Mr. Chen Li, has been established to advise the Independent Shareholders on (i) whether the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Transactions are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Agreement and the transactions contemplated thereunder at the SGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company, Mr. Mak or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Transactions. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

We have not made any independent evaluation or appraisal of the assets and liabilities of the Group, First Target Company or Second Target Company, and we have not been furnished with any such evaluation or appraisal, save and except for the valuation report of the Properties (the "**Valuation Report**") as set out in Appendix IV to the Circular. The Valuation Report was prepared by Grant Sherman. Since we are not experts in the valuation of land and properties, we have relied solely upon the Valuation Report for the market value of the Properties (which comprises the market value of the First Property (the "**First Property Value**") and the market value of the Second Property (the "**Second Property Value**")) as at 31 December 2015.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Mr. Mak, the First Target Company, the Second Target Company or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transactions, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Transactions

Business overview of the Group

With reference to the Board Letter, the Group is principally engaged in (i) property development and property trading; (ii) property investment and holding; (iii) manufacture and sale of plastic components; (iv) the securities business; (v) trading and sale of classic cars; (vi) investment in classic cars; (vii) automotive service business; and (viii) cultural media business.

Set out below are the financial information of the Group for the six months ended 30 June 2015 and the two years ended 31 December 2014 as extracted from the interim report of the Company for the six months ended 30 June 2015 (the "**2015 Interim Report**") and the annual report of the Company for the year ended 31 December 2014 (the "**2014 Annual Report**"):

	For the six months ended 30 June 2015 *HK$ million (unaudited)*	**For the year ended 31 December 2014** *HK$ million (audited)*	**For the year ended 31 December 2013** *HK$ million (audited)*	**Change from 2013 to 2014** *%*
Continuing operations				
Revenue	314	208	690	(69.86)
Profit/(Loss) for the period/year attributable to owners of the parent	(18)	358	232	54.31

	As at 30 June 2015 *HK$ million* (unaudited)	**As at 31 December 2014** *HK$ million* (audited)	**As at 31 December 2013** *HK$ million* (audited)	**Change from 2013 to 2014** *%*
Cash and cash equivalents	112	122	643	(81.03)
Total equity	2,485	2,551	2,196	16.17

As illustrated by the above table, the Group recorded a decrease of approximately 69.86% in revenue for its continuing operations for the year ended 31 December 2014 ("**FY2014**") as compared to the year ended 31 December 2013 ("**FY2013**"). With reference to the 2014 Annual Report and as confirmed by the Directors, the decline was mainly caused by the absence of sales of new property project in FY2014. Nevertheless, the Group was able to achieve a 54.31% increase in profit attributable to owners of the parent for FY2014 as compared to FY2013. The substantial increase in profit was largely driven by gains on disposal of subsidiaries of HK$516 million, which was categorized as "other income" for FY2014.

With reference to the 2014 Annual Report, the Group will pursue several strategic objectives, including (i) to further strengthen the Group's financial resources; (ii) to improve performance and seek expansions in our main business units including the Hong

Kong property development and trading business, property investment, and the securities business; (iii) commit to build up and grow the multi-faceted automotive business of the Blackbird Automotive Group; and (iv) to capture new business opportunities.

Information on the Target Groups

With reference to the Board Letter, the Target Groups comprise the First Target Group and the Second Target Group. The First Target Group comprises the First Target Company which holds 100% of the existing issued share capital of the First Target Subsidiary, which in turn holds 100% ownership of the First Property. The Second Target Group comprises the Second Target Company which holds 100% of the existing issued share capital of the Second Target Subsidiary, which in turn holds 100% ownership of the Second Property.

The Target Groups are principally engaged in property investment and holdings. The major assets of the Target Groups are the Properties, which are the two luxury residential properties at House 38 and House 39 and four car parking spaces on No. 56 Repulse Bay Road, Repulse Bay, Hong Kong. Each of House 38 and House 39 is a duplex house.

As at the Latest Practicable Date, the Properties are being used by Mr. Mak for residence. After Completion, (i) the First Property will be let to Mr. Mak at market rental of HK$270,000 per month (inclusive of management fee and government rents and rates); and (ii) the Second Property will be let to Mr. Mak at market rental of HK$260,000 per month (inclusive of management fee and government rents and rates).

Reasons for the Transactions

With reference to the Board Letter, the Group has been engaged in investment of properties and its investment property portfolio currently consists of luxury residential properties, office, and retail properties. This business segment has been performing well and has contributed significant earnings and fair value gains on revaluation of properties in the past years. The Directors believe that the luxury residential market will continue to outperform other sectors of the property market in Hong Kong because of the scarcity of supply.

The opportunity to acquire House 38 and House 39 will enable the Group to combine with its already owned House 36 and House 37 into a separate block of luxury residential complex of supreme quality and large space. The Directors believe that it is very difficult to find houses of such a large size, especially in prestigious area, like Repulse Bay. The Directors consider that the value of whole block of four houses combined together will be enhanced from the separate value of individual house added together.

Furthermore, the Properties will be let to Mr. Mak at market rental and this will generate rental income to the Group immediately after Completion. This will save time and costs for the Group to find good and responsible tenants to lease the Properties. The Transactions will enable the Group to increase its investment in luxury residential market, which is expected to outperform other sectors of the property market and there is a potential of further rise in the value of these properties.

The Share Consideration will be settled by way of the Convertible Bonds which have a long maturity date of eight years (the maturity date of the Convertible Bonds was amended from three years from date of issue to eight years from the date of issue under the Supplemental Agreement). This long maturity date will encourage Bondholders to convert the Convertible Bonds into Shares during the term of the Convertible Bonds. Furthermore, if any Convertible Bonds will not be converted into Shares by the Bondholders during their term and are outstanding upon their maturity, the Company will only be required to fund the repayment of their principal until their maturity which will only be due in year of 2024. This will therefore conserve the cash resources of the Group and enhance its financial position. If the Convertible Bonds are converted into Conversion Shares, the Conversion Shares will expand the capital of the Company and further improve the financial position of the Group.

Despite the additional interest expenses to be incurred for a longer term of the Convertible Bonds, we considered that the amendment of the extension of the term of the Convertible Bonds from three years to eight years will allow a longer conversion period to the Bondholders to convert the Convertible Bonds. Hence, the probability of conversion is theoretically increased. In addition, even if the Convertible Bonds are not converted into Shares during Conversion Period and remain outstanding on the maturity date, the Group can conserve its cash resources for a longer period for the Group's development and may hence enhance its financial position.

With reference to the Board Letter, the Board has considered alternative financing methods to fund the Transactions including bank borrowings and fund raising from capital markets (such as rights issue and placing of new shares), details of which are set out under the section headed "Reasons for and the benefits of the Transactions" in the Board Letter. We noted from the accountant's report of the Target Groups as contained in Appendix II to the Circular that (i) the bank borrowings of the First Target Group as at 31 December 2015 which is secured over the First Property represented over 35% of the First Property Value; and (ii) the bank borrowings of the Second Target Group as at 31 December 2015 which is secured over the Second Property represented over 35% of the Second Property Value. Such percentages are closed to the "40% limit" as mentioned in the Board Letter. Having also discussed with the Directors for better understanding on the Board's consideration, we concur with the Directors' view that bank borrowings may be difficult for the financing of the Transactions and other equity fund raising activities will incur additional time and cost.

Despite that the Transactions will (i) possibly increase the Enlarged Group's gearing level (according to the unaudited pro forma financial information of the Enlarged Group (the "**Pro Forma Information**") as contained in Appendix III to the Circular, the gearing ratio of the Enlarged Group would be approximately 36.9% if Completion had taken place on 30 June 2015); and (ii) incur interest expenses at a maximum of HK$100.08 million, in view of (a) the foregoing potential benefits of the Transactions and that the Transactions are in line with the Group's strategy; and (b) the terms of the Convertible Bonds (including its interest rate and maturity date) are fair and reasonable as demonstrated under the section headed "Principal terms of the Agreement" below, we concur with the

Directors that the Transactions (including the issue of the Convertible Bonds with a long maturity date) are on normal commercial terms, in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the Agreement

The Agreement

On 27 January 2016, the Agreement (as amended by the supplemental agreement dated 17 February 2016) was entered into between Mr. Mak (as the vendor) and the Company (as the purchaser) pursuant to which Mr. Mak has agreed to sell the Total Sale Shares to the Company or its designated nominee(s) at a total consideration of HK$250,200,000 to be satisfied by the issue of the Convertible Bonds of principal amount of HK$250,200,000 and Mr. Mak has also agreed to sell and assign the Total Shareholder's Loans to the Company or its designated nominee(s) at the Cash Consideration.

The Total Sale Shares comprise the First Sale Shares and the Second Sale Shares, which represent 100% of the existing issued share capital of the First Target Company and the Second Target Company, respectively, as at the Latest Practicable Date.

Details of the terms of the Agreement are set out under the section headed "The Agreement and the Transactions" in the Board Letter.

The Share Consideration

The Share Consideration for the purchase of the Total Sale Shares will be HK$250,200,000, which will be satisfied by the Company by issue of the Convertible Bonds of total principal amount of HK$250,200,000, credited as fully paid upon issue.

The Share Consideration of HK$250,200,000 was determined based on the unaudited adjusted net asset value of the Target Groups, which was arrived at based on the net total of following sums:

(i) the preliminary aggregate market value of the Properties of HK$434,400,000 (which comprises market value of HK$219,600,000 for the First Property and HK$214,800,000 for the Second Property) as at 31 December 2015 as appraised by Grant Sherman;

(ii) the unaudited net liabilities of the Target Groups (the "**Target Groups' Net Liabilities**") of HK$182,517,101 (which comprised unaudited consolidated net liabilities of HK$91,798,632 for the First Target Group and HK$90,718,469 for the Second Target Group) as at 31 December 2015 which represented the unaudited book value of the net liabilities of the Target Groups (including the First Shareholder's Loan of HK$14,063,559 and the Second Shareholder's Loan of HK$11,598,162), after deduction of the unaudited book value of other assets (excluding the book value of the Properties) of the Target Groups as at 31 December 2015; and

(iii) a discount of approximately 0.67%.

According to the Valuation Report, the aggregated market value of the Properties as at 31 December 2015 was HK$434,400,000 (the "**Aggregated MV**").

We noted that the sum of value of (i) the Target Groups' Net Liabilities; and (ii) the Aggregated MV, is HK$251,882,899 (the "**Net Value**"). As such, the Share Consideration represents a slight discount of 0.67% to the Net Value.

The Cash Consideration

The Total Shareholder's Loans will be assigned to the Company or its designated nominee(s) at its book value, on a dollar-to-dollar basis at Completion. The estimated consideration of the purchase and assignment of the Total Shareholder's Loans will be approximately HK$25,661,721 (based on the book value of the Total Shareholder's Loans as at 31 December 2015), which will be satisfied by the Company in cash at Completion.

The Aggregated MV

As aforementioned, the Aggregated MV was HK$434,400,000 as at 31 December 2015 according to the Valuation Report.

We have reviewed the Valuation Report and interviewed with Grant Sherman regarding the methodology adopted and the basis and assumptions used in arriving at the Valuation Report. Based on the Valuation Report, Grant Sherman has adopted the comparison approach assuming sale in their existing state by making reference to comparable sales evidences as available in the relevant market. As confirmed by Grant Sherman, this approach is considered as a generally accepted valuation approach for valuing real estate and is also consistent with normal market practice.

For our due diligence purpose, we have reviewed and enquired into (i) the terms of engagement of Grant Sherman with the Company; (ii) Grant Sherman's qualification and experience in relation to the preparation of the Valuation Report; and (iii) the steps and due diligence measures taken by Grant Sherman for the preparation of the Valuation Report. Moreover, we have interviewed Grant Sherman as to its qualifications, expertise and independence to the Group, Mr. Mak, the Target Groups and their respective associates and we have reviewed their terms of engagement. During our discussion with Grant Sherman, we have not identified any major factor which caused us to doubt the fairness and reasonableness of the principal bases and assumptions adopted for the Valuation Report.

Nevertheless, Shareholders should note that valuation of assets or properties involves assumptions and therefore the Aggregated MV may or may not reflect the true market value of the Properties accurately.

In light of the above and that (i) the Share Consideration represents a slight discount to the Net Value; and (ii) the Total Shareholder's Loans will be assigned to the Company or its designated nominee(s) at its book value, on a dollar-to-dollar basis at Completion, we are of the view that both of the Share Consideration and Cash Consideration are fair and reasonable so far as the Independent Shareholders are concerned.

The Convertible Bonds

As aforementioned, the Share Consideration will be satisfied by the Company by issue of the Convertible Bonds of total principal amount of HK$250,200,000, credited as fully paid upon issue.

The Conversion Price is HK$0.90 per Conversion Share (subject to adjustments pursuant to the CB Conditions). The Convertible Bonds carry an interest rate of 5% per annum (the "**Interest Rate**") and will mature on the eighth anniversary of the date of issue of the Convertible Bonds (which must be a Business Day, and if not, the Business Day immediately following). The Conversion Price of HK$0.90 per Conversion Share represents:

(i) a discount of approximately 2.17% to the closing price of HK$0.920 per Share as quoted on the Stock Exchange on 26 January 2016, being the last trading day of the Shares immediately before the date of the Agreement (the "**Last Trading Day**") (the "**LTD Discount**");

(ii) a discount of approximately 4.26% to the closing price of HK$0.940 per Share as quoted on the Stock Exchange on the date of the Agreement;

(iii) a discount of approximately 9.09% to the closing price of HK$0.99 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(iv) a discount of approximately 69.85% to the unaudited consolidated net asset value per Shares of approximately HK$2.99, based on the latest unaudited net asset value attributable to owner of the Company of approximately HK$2,485 million as at 30 June 2015 and the total number of 832,394,907 existing Shares in issue.

Details of the terms of the Convertible Bonds are set out under the section headed "Principal terms of the Convertible Bonds" in the Board Letter.

We have reviewed the daily closing price of the Shares as quoted on the Stock Exchange from 2 February 2015 up to and including the Last Trading Day (the "**Review Period**"), being a period of approximately one year prior and up to the Last Trading Day. The comparison of daily closing prices of the Shares and the initial Conversion Price is illustrated as follows:

Historical daily closing price per Share



Source: the Stock Exchange website (www.hkex.com.hk)

Note: Trading in Shares were halted from 27 April 2015 to 5 May 2015.

During the Review Period, the lowest and highest closing prices of the Shares as quoted on the Stock Exchange were HK$1.32 per Share recorded on 8 January 2016 and HK$0.76 recorded on 23 September 2015, 30 September 2015, 16 November 2015, 17 November 2015 and 15 December 2015 to 21 December 2015 respectively. The initial Conversion Price of HK$0.90 is within the range of the lowest and highest closing prices of the Shares as quoted on the Stock Exchange during the Review Period. Furthermore, we noted that during the Review Period, the initial Conversion Price was above or equal to the closing price of the Shares in 134 trading days out of the total 237 trading days. The initial Conversion Price represents a slight discount of approximately 1.41% to the average closing price of approximately HK$0.91 per Share for the Review Period.

In order to assess the fairness and reasonableness of the Conversion Price, the Interest Rate and the term of the Convertible Bonds, we have also identified, to the best of our knowledge and as far as we are aware of, 25 issue of convertible notes/bonds under specific mandate (including standalone issue of convertible notes/bonds or issue of convertible notes/bonds as consideration for acquisition, to independent third parties or connected persons), which are exhaustive samples from 1 November 2015 to 27 January 2016 (the date of Agreement) (the "**Comparables**"), being the recent three months period prior to and including the date of Agreement. We considered that both standalone issue of convertible notes/bonds and issue of convertible notes/bonds as consideration for acquisition are financing method to fund a company's funding needs. In addition, given that the identity of the counterparties to the transactions (i.e. independent third parties or connected persons) may or may not affect the basis of determination of the terms of the transactions, we have included transactions with counterparties being independent third parties or connected persons to cover such possible circumstances for an objective and fair comparison with the issue of the Convertible Bonds under the Transactions. Given the above, we considered the Comparables to be fair and representative samples which are relevant to our analysis.

Shareholders should note that the business, operations and prospect of the Company may not be the same as the subject companies of the Comparables and thus the Comparables are only used to provide a general reference for the recent common market practice of Hong Kong listed companies in the issue of convertible notes/bonds. The table below summarises our relevant findings:

Company name	**Stock code**	**Date of announcement**	**Interest rate** *%*	**Premium/(Discount) of the conversion price over/(to) closing price per share on the last trading day prior to/the date of announcement/ agreement in relation to the respective issue** *%*	**Terms** *Years*	**Counterparty being connected person**
Harmonic Strait Financial Holdings Limited	33	5 November 2015	Nil	(28.57)	2.0	Yes
Powerwell Pacific Holdings Limited	8265	9 November 2015	Nil	(64.30)	2.0	Yes
National United Resources Holdings Limited	254	9 November 2015	Nil	(6.25)	3.0	No
Cheung Wo International Holdings Limited	9	16 November 2015	Nil	(46.31)	3.5	Yes
Landsea Green Properties Company Limited	106	2 December 2015	3.00	29.60	No fixed maturity date	Yes
Heng Xin China Holdings Limited	8046	8 December 2015	5.00	(30.72)	1.0	No
Freeman Financial Corporation Limited	279	9 December 2015	6.75	(25.00) *(Note 1)*	3.0 *(Note 2)*	No
HC International, Inc.	2280	9 December 2015	Nil	(8.26)	3.0	Yes
Co-Prosperity Holdings Limited	707	13 December 2015	8.00	17.02 *(Note 3)*	3.0	No

Company name	Stock code	Date of announcement	Interest rate %	Premium/(Discount) of the conversion price over/(to) closing price per share on the last trading day prior to/the date of announcement/ agreement in relation to the respective issue %	Terms Years	Counterparty being connected person
China 3D Digital Entertainment Limited	8078	14 December 2015	Nil	(11.07)	2.0 *(Note 4)*	No
China Billion Resources Limited	274	16 December 2015	10.00	(42.53)	3.0	No
Vision Fame International Holding Limited	1315	16 December 2015	Nil	(95.71)	5.0	Yes
Kiu Hung International Holdings Limited	381	16 December 2015	Nil	Undetermined *(Note 5)*	1.5	No
Polyard Petroleum International Group Limited	8011	21 December 2015	10.00	4.81	2.0	No
China Public Procurement Limited	1094	21 December 2015	Nil	Nil	3.0	Yes
Great Harvest Maeta Group Holdings Limited	3683	23 December 2015	Nil	(5.52)	5.0	Yes
Top Spring International Holdings Limited	3688	29 December 2015	6.00	9.40	3.0 *(Note 6)*	Yes
Blue Sky Power Holdings Limited	6828	6 January 2016	4.50	(11.76)	3.0	No
National United Resources Holdings Limited	254	15 January 2016	3.00	32.74	3.0	No
Hsin Chong Construction Group Limited	404	18 January 2016	Nil	35.14	2.0	Yes
Huajun Holdings Limited	377	20 January 2016	3.50	12.36	3.0	Yes
Kiu Hung International Holdings Limited	381	22 January 2016	Nil	49.25	2.0	No
Changgang Dunxin Enterprise Company Limited	2229	24 January 2016	30.00 or 5.00 *(Note 7)*	(3.92)	1.0	No
Kiu Hung International Holdings Limited	381	25 January 2016	Nil	71.34	2.0	No
China Success Finance Group Holdings Limited	3623	27 January 2016	3.00	40.79	2.5	Yes
Minimum			**Nil**	**(95.71)**	**1.0**	
Maximum			**30.00**	**71.34**	**5.0**	
Average			**3.28**	**(3.23)**	**2.6**	
The Company			**5**	**(2.17)**	**8.0**	

Notes:

1. According to the announcement of the company dated 15 February 2016, the conversion price of the convertible bond was revised from HK$0.35 to HK$0.15, representing a discount of approximately 25.00% to the closing price per share on 15 February 2016.

2. According to the announcement of the company dated 9 December 2015, the maturity date of the convertible note will be on the 15 December 2018.

3. According to the announcement of the company dated 1 February 2016, the conversion price of the convertible bond was revised from HK$0.33 to HK$0.22, representing a premium of approximately 17.02% over the closing price per share on 1 February 2016.

4. According to the announcement of the company dated 14 December 2015, the maturity date of the convertible bonds will be on the 31 December 2017.

5. The conversion price shall be the average of the closing price of the shares for the five trading days immediately before the date of the conversion notice, provided that it shall not be lower than HK$0.115 per conversion share (according to the announcement of the company dated 22 December 2015) and not be higher than HK$0.22 per conversion share.

6. According to the announcement of the company dated 29 December 2015, the maturity date of the convertible bonds will be on the 6 January 2019.

7. The interest rate of the convertible bonds shall be 30% per annum prior to the fulfilment of certain conversion conditions and 5% per annum upon the fulfilment of such conversion conditions. For the calculation of average interest rate of the Comparables, we have adopted the average of the aforesaid interest rates (i.e. (30% + 5%)/2 = 17.5%).

With reference to the above table, the conversion prices of the convertible notes/bonds of the Comparables ranged from a discount of approximately 95.71% to a premium of approximately 71.34% with an average discount of approximately 3.23% to/over the respective closing price per share on the last trading day prior to/on the date of the announcement/agreement in relation to the respective issue. As such, the LTD Discount is within the aforementioned market range and less than the average discount of the Comparables. Accordingly, we considered the initial Conversion Price to be justifiable. Having also considered the comparison among the initial Conversion Price and the historical daily closing prices of the Shares as set out above, we are of the view that the initial Conversion Price is fair and reasonable so far as the Independent Shareholders are concerned.

As shown by the above table, the Comparables carry an annual interest rate of nil to 30.00%; whereas the Convertible Bonds carry the Interest Rate of 5% per annum. Hence, the Interest Rate is within the range of the Comparables. Based on the foregoing, we consider that the Interest Rate is justifiable.

The term of the Convertible Bonds is eight years, which is higher than the range of the terms of the Comparables. Nevertheless, after taking into account into the benefits of a longer term of the Convertible Bonds as set out under the section headed "Reasons for the Transactions" above, we consider the term of the Convertible Bonds to be justifiable.

Taking into account the principal terms of the Agreement as discussed above, we consider that the terms of the Agreement (including the term of the Convertible Bonds) are fair and reasonable, on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

3. Possible dilution effect on the shareholding interests of the public Shareholders

As depicted by the table as set out under the section headed "Shareholding structure" of the Board Letter, the shareholding interests of the public Shareholders in the Company would be diluted by approximately 11.29 percent point as a result of the allotment and issue of the Conversion Share upon full exercise of conversion rights attaching to the Convertible Bonds at the initial Conversion Price of HK$0.90 per Conversion Share (subject to adjustments pursuant to the CB Conditions). In this regard, taking into account (i) the reasons for and possible benefits of the Transactions; (ii) the terms of the Agreement being fair and reasonable; (iii) the issue of the Convertible Bonds to settle Share Consideration would enable the Group to preserve its internal resources for future business development, we are of the view that the said level of dilution to the shareholding interests of the public Shareholders to be acceptable.

4. Possible financial effects of the Transactions

We were advised by the Directors that upon completion of the Transactions, members of the Target Groups will become wholly-owned subsidiaries of the Company and their financial results, assets and liabilities will be fully consolidated into the financial statements of the Group.

The unaudited pro forma financial information of the Enlarged Group is included in Appendix III to the Circular.

Effect on net asset value

As extracted from the 2015 Interim Report, the unaudited consolidated net asset value of the Group was approximately HK$2,485 million as at 30 June 2015. According to the Pro Forma Information, (i) the total assets of the Enlarged Group would be approximately HK$4,153 million; (ii) the total liabilities of the Enlarged Group would be approximately HK$1,648 million; and (iii) the unaudited consolidated net asset value of the Enlarged Group would be approximately HK$2,505 million if Completion had taken place on 30 June 2015.

Effect on gearing

The Group's gearing ratio (expressed as bank and other borrowings over total capital employed) was approximately 30.3% as at 30 June 2015. From the Pro Forma Information, the bank and other borrowings and the total capital employed of the Group would become approximately HK$1,467 million (including the liability component of the Convertible Bonds) and HK$3,972 million respectively. Consequently, the gearing ratio of the Enlarged Group would be approximately 36.9% if Completion had taken place on 30 June 2015.

It should be noted that the aforementioned analysis is for illustrative purposes only and does not purport to represent how the financial position of the Group will be upon Completion.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Transitions are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 20 years of experience in investment banking industry.

1. FINANCIAL INFORMATION OF THE GROUP

The audited financial information of the Group: (i) for the year ended 31 December 2014 is disclosed on pages 48 to 152 of the 2014 annual report of the Company dated 31 March 2015; (ii) for the year ended 31 December 2013 is disclosed on pages 46 to 132 of the 2013 annual report of the Company dated 25 March 2014; and (iii) for the year ended 31 December 2012 is disclosed on pages 47 to 130 of the 2012 annual report of the Company dated 27 March 2013. The unaudited financial information of the Group for the six months ended 30 June 2015 is disclosed on pages 19 to 46 of the 2015 interim report of the Company dated 28 August 2015.

All these financial statements have been published on the websites of the Stock Exchange (www.hkexnews.hk) and that of the Company (http://www.cct-fortis.com/eng/investor/annual_reports.php).

2. STATEMENT OF INDEBTEDNESS OF THE ENLARGED GROUP

As at the close of business on 31 January 2016 (being the latest practicable date for ascertaining information regarding this indebtedness statement), the Enlarged Group would have Convertible Bonds liability of approximately HK$232 million (as stated in the pro forma financial information of the Enlarged Group in Appendix III of this circular, assuming completion of the Transactions), which would be unsecured and unguaranteed.

As at 31 January 2016, the Enlarged Group had total outstanding bank and other borrowings of approximately HK$1,065 million (which included the bank loans of the Target Groups of approximately HK$157 million), of which HK$1,064 million was guaranteed and HK$1 million was not guaranteed. The bank and other borrowings consisted of secured bank borrowings of approximately HK$1,064 million and secured obligations under finance lease contracts of approximately HK$1 million. The secured bank and other borrowings of the Enlarged Group were secured by (i) charges on assets (including properties) held by the Enlarged Group with aggregate net book values of approximately HK$1,758 million as at 31 January 2016; (ii) pledge of fixed deposits of the Enlarged Group of approximately HK$107 million as at 31 January 2016. In addition, corporate guarantees of total amount of approximately HK$145,550,000 had been given by the Company to a lending bank of the CCT Land Group, guaranteeing banking facilities of the CCT Land Group.

Save as aforesaid, and apart from intra-group liabilities, the Enlarged Group did not have any other debt securities, term loans, bank loans, bank overdrafts and liabilities under acceptances (other than normal trade bills) or other similar indebtedness, debentures or other loan capital, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities outstanding at the close of business on 31 January 2016.

3. WORKING CAPITAL

The Directors, after due and careful enquiry and consideration, are of the opinion that the Enlarged Group will, after taking into account the effect of the Transactions, and the present internal financial resources available to the Enlarged Group including internally generated cash

flows and the existing banking and credit facilities available, have sufficient working capital for its present requirements in next 12 months from the date of this circular in the absence of unforeseen material circumstances.

4. MANAGEMENT DISCUSSION AND ANALYSIS ON THE GROUP

Based on the interim report for the six months ended 30 June 2015

Analysis by business segment

In the absence of property sales, the property trading business recorded operating loss $6 million in the six months ended 30 June 2015, which represented operating expenses incurred for the period.

The performance of property investment segment remained satisfactory and recognised an operating profit of $16 million in the current period, as compared to an operating profit of $1 million in the corresponding period of 2014, primarily due to fair value gains of $16 million recorded on the Group's investment properties during the period.

The Group's securities business achieved revenue of $189 million, representing 60.3% of the Group's total revenue and delivered an operating profit of $20 million in the current period, as opposed to the nil revenue and operating loss of $3 million in the last comparable period. The strong performance of the securities business was driven by the disposals during the period of the approximately 9.7 billion CCT Land shares classified as trading securities.

The component department reported revenue of $46 million, contributing 14.6% of the Group's total revenue. The current period's revenue of this segment registered a reduction of 20.7% as compared to the $58 million recorded in the last corresponding period, attributable to the decrease in sales of the telecom product business of the CCT Land Group, to which it supplied most of its component products. Amid difficult operating environment, this business segment incurred an operating loss of $20 million, representing a 33.3% reduction as compared to the $30 million loss for the last corresponding period.

During the six-month period ended 30 June 2015, the classic car trading business contributed revenue of $72 million, representing 22.9% of the Group's total revenue. This new business venture incurred an operating loss of $1 million, represented mainly staff costs and overhead. There was no revenue or profit or loss for the Group's investment in classic cars. Blackbird's automotive service business incurred a loss of $8 million in the first six months of 2015, against a revenue of $1 million, mainly as a result of depreciation and salaries.

Capital structure and gearing ratio

The Group's gearing ratio was 30.3% as at 30 June 2015, as compared to 29.8% as at 31 December 2014. The marginal increase in the gearing ratio was caused by the combined net effect of decrease of the bank borrowings and equity during the period.

Outstanding bank and other borrowings amounted to $1,078 million at 30 June 2015. The Group's banks and other borrowings comprised term loans of $929 million, secured by the Group's properties. The balance of $149 million represented Hong Kong dollar loans which were secured by equivalent amount of deposits and bonds denominated in RMB.

As at 30 June 2015, the maturity profile of the Group's bank and other borrowings falling due within one year, in the second to the fifth year and beyond five years amounted to $491 million, $352 million and $235 million, respectively. There was no material effect of seasonality on the Group's borrowing requirements.

Liquidity and financial resources

The Group maintained a healthy current ratio of 131.1% as at 30 June 2015, due to its strong financial management.

As at 30 June 2015, the Group's cash balance was $219 million, which included pledged deposits of $107 million). Almost all of the Group's cash was placed on deposits with licensed banks in Hong Kong. In view of the Group's current cash position and the banking facilities available, the Group continued to maintain a sound financial position and has sufficient resources to finance its operations and its future expansion plan.

Capital commitments

As at 30 June 2015, capital commitment of the Group amounted to $1 million. The capital commitment would be funded partly by internal resources.

Treasury management

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

During the period under review, the Group's receipts were mainly denominated in Hong Kong dollar, US dollar, euro and Pound Sterling. Payments were mainly made in Hong Kong dollar, US dollar, euro, Pound Sterling and RMB. Cash was generally placed in deposits denominated in Hong Kong dollar, RMB, Pound Sterling. As at 30 June 2015, the Group's borrowings were denominated in Hong Kong dollar and interest on the borrowing was principally determined on a floating rate basis.

The objective of the Group's treasury policies is to minimise risks and exposures due to the fluctuations in foreign currency exchange rates and interest rates. The Group does not have any significant interest rate risk at present as the interest rates currently remain at low level. As for foreign exchange exposures, the Group is principally exposed to the US dollar, RMB and European currencies (including euro and Pound Sterling). During the six-month period ended 30 June 2015, the Group's exposure to foreign exchange was not significant. The Group has not entered into any financial instrument or derivative to hedge against foreign exchange exposure.

Acquisition and disposal of material subsidiaries and associates

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

Significant investment

Other than the shares in CCT Land held by the Group and the other investments disclosed in the 2015 interim report, the Group did not hold any significant investment as at 30 June 2015.

Pledge of assets

As at 30 June 2015, certain assets of the Group with a net book value of $1,840 million and time deposits of $107 million were pledged to secure general banking facilities granted to the Group.

Contingent liabilities

As at 30 June 2015, the Group did not have any significant contingent liabilities.

Employees and remuneration policy

The total number of employees of the Group as at 30 June 2015 was 830. The Group's remuneration policy is built on principle of equality, motivating, performance-oriented and market-competitive remuneration package to employees. Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance related bonuses. Share options may also be granted to eligible employees and persons of the Group. At 30 June 2015, there were no outstanding share options issued by the Company.

5. MANAGEMENT DISCUSSION AND ANALYSIS ON THE TARGET GROUPS FOR THE THREE YEARS ENDED 31 DECEMBER 2013, 2014 AND 2015.

Set out below is the management discussion and analysis of the First Target Group and the Second Target Group for the three years ended 31 December 2013, 2014 and 2015 (the "**Relevant Periods**") which is based on detailed financial information of the First Target Group and the Second Target Group as set out in the accountants' report in Appendix II to this circular.

(A) First Target Group

Business review

The First Target Company is a company incorporated in the British Virgin Islands with limited liability on 26 April 2004. The principal business of the First Target Company is investment holding and its principal asset is the First Property held by the First Target Subsidiary, which is a residential property located at House 38 (with two car park spaces), No. 56 Repulse bay Road, Repulse Bay, Hong Kong. The Property is currently used by Mr. Mak for residence, free of rental.

Financial review

During the Relevant Periods, beside the interest income from the bank deposits and the other income from the bank borrowings refinancing, the First Target Group did not generate any revenue from its activities. The First Target Group had incurred administrative expenses amounted to approximately HK$0.4 million each year, which consisted primarily of building management fee, utilities expenses and the government rent and rates for the years. The finance costs of the First Target Group for the years ended 31 December 2013, 2014 and 2015 amounted to approximately HK$0.8 million, HK$0.7 million and HK$1.0 million. The change in finance cost was mainly attributable to the change of interest rate and the change in principal sum of the bank borrowings during the Relevant Periods.

No provision for income tax has been made as the First Target Group did not generate any assessable profit during the Relevant Periods. Net loss for the years ended 31 December 2013, 2014 and 2015 recorded as approximately HK$1.3 million, HK$1.1 million and HK$1.2 million in respectively.

Liquidity, financial resources and capital structure

As at the balance sheet date of each of the years in the Relevant Period, the First Target Group had current assets of approximately HK$0.2 million which mainly comprised cash and bank balances and the utility deposits relating to the First Property. As at balance sheet date of each of the years 2013, 2014 and 2015, the current First Target Group had current liabilities of approximately HK$90 million, HK$91 million and HK$92 million respectively, which comprised interest-free loans due to a director of approximately HK$20 million, HK$27 million and HK$14

million at each year, respectively and the interest-bearing bank borrowings of approximately HK$70 million, HK$64 million and HK$78 million, respectively, secured by a charge on the First Property.

The First Target Group primarily finances its operation from bank mortgage loans and loan from its shareholder. The total liabilities of the First Target Group were maintained at the relatively stable level throughout the Relevant Period. The First Target Group adopts a prudent funding and treasury policy towards its overall business operation with an aim to minimize financial risks.

As at 31 December of each of the years in the Relevant Period, the issued share capital of the First Target Company was HK$77,977 comprised of 9,997 issued and fully paid ordinary shares of US$1 each. There was no material change in the capital structure of the First Target Company during the Relevant Period.

The First Target Group monitors its capital structure using the gearing ratio, which is calculated as a percentage of its total borrowings (excluding the loans from a director) to its total assets. As at 31 December of each of the years 2013, 2014 and 2015, the gearing ratio was approximately, 94.5%, 87.3% and 106%, respectively. This gearing ratio is expected to be reduced upon consolidation of the First Target Group into the Group at Completion and the recognition of the First Property at its current market value which had substantial appreciation to its current book value.

Foreign exchange exposure

As majority of transactions, recognised assets and liabilities of the First Target Group are denominated in Hong Kong dollars, there is no significant exposure to foreign currency exchange risks during the Relevant Period. The First Target Group had not entered into any foreign currency exchange forward contracts for hedging purposes during the Relevant Periods.

Pledge of assets

The First Property with a carrying value of approximately HK$73.2 million was pledged secure the mortgage loan bank facilities during the Relevant Period.

Contingent liabilities

As at 31 December of each of 2013, 2014 and 2015, the First Target Group did not have any significant contingent liability.

Capital commitments

As at 31 December of each of 2013, 2014 and 2015, the First Target Group did not have any significant capital commitment.

Significant investment, material acquisition and disposal

As at 31 December of each of 2013, 2014 and 2015, save as the First Property held, the First Target Group did not hold any significant investments or plan for material investments or capital assets in future period.

Employees and remuneration policies

During the Relevant Periods, the First Target Group did not employ any employees and hence the First Target Group did not incur any staff costs nor did it adopt any remuneration policies, bonus and share option schemes and training schemes.

(B) Second Target Group

Business review

The Second Target Company is a company incorporated in the British Virgin Islands with limited liability on 23 September 2004. The principal business of the Second Target Company is investment holding and its principal asset is the Second Property held by the Second Target Subsidiary, which is a residential property located at House 39 (with two car park spaces), No. 56 Repulse bay Road, Repulse Bay, Hong Kong. The Property is currently used by Mr. Mak for residence, free of rental.

Financial review

During the Relevant Periods, beside the interest income from the bank deposits and the other income from the bank borrowings refinancing, the Second Target Group did not generate any revenue from its activities. The Second Target Group had incurred administrative expenses amounted to approximately HK$0.6 million each year, which consisted primarily of building management fee, utilities expenses and the government rent and rates for the years. The finance costs of the Second Target Group for the years ended 31 December 2013, 2014 and 2015 amounted to approximately HK$0.8 million, HK$1.0 million and HK$1.1 million. The change in finance cost was mainly attributable to the change of interest rate and the change in principal sum of the bank borrowings during the Relevant Periods.

No provision for income tax has been made as the Second Target Group did not generate any assessable profit during the Relevant Periods. Net loss for the years ended 31 December 2013, 2014 and 2015 recorded as approximately HK$1.4 million, HK$1.3 million and HK$1.7 million in respectively.

Liquidity, financial resources and capital structure

As at balance sheet date of each of the years in the Relevant Period, the Second Target Group had current assets of approximately HK$1.1 million, HK$1.2 million and HK$0.1 million which mainly comprised cash and bank balances and the utility deposits relating to the Second Property. As at 31 December of each of the years 2013, 2014 and 2015, the Second Target Group had current liabilities of approximately HK$89 million, HK$90 million and HK$91 million, respectively, which comprised an interest-free loans due to a director of approximately HK$20 million, HK$4 million and HK$12 million, respectively and the interest-bearing bank borrowings of approximately HK$69 million, HK$86 million and HK$79 million, respectively, secured by a charge on the Second Property.

The Second Target Group primarily finances its operation from bank mortgage loans and loan from its shareholder. The total liabilities of the First Target Group were maintained at the relatively stable level throughout the Relevant Period. The Second Target Group adopts a prudent funding and treasury policy towards its overall business operation with an aim to minimize financial risks.

As at 31 December of each of the years in the Relevant Period, the issued share capital of the Second Target Company was HK$77,977 comprised of 9,997 issued and fully paid ordinary shares of US$1 each. There was no material change in the capital structure of the Second Target Company during the Relevant Period.

The Second Target Group monitors its capital structure using the gearing ratio, which is calculated as a percentage of its total borrowings (excluding the loans from director) to its total assets. As at 31 December of each of 2013, 2014 and 2015, the gearing ratio was approximately 94.8%, 117.8% and 110.4%, respectively. The gearing ratio of the Second Target Group is expected to be reduced upon consolidation of the Second Target Group into the Group at Completion and the recognition of the Second Property at its current market value which had substantial appreciation to its current book value.

Foreign exchange exposure

As majority of transactions, recognised assets and liabilities of the Second Target Group are denominated in Hong Kong dollars, there is no significant exposure to foreign currency exchange risks during the Relevant Period. The Second Target Group had not entered into any foreign currency exchange forward contracts for hedging purposes during the Relevant Periods.

Pledge of assets

The Second Property with a carrying value of approximately HK$71.6 million was pledged secure the mortgage loan bank facilities, during the Relevant Period.

Contingent liabilities

As at 31 December of each of 2013, 2014 and 2015, the Second Target Group did not have any significant contingent liability.

Capital commitments

As at 31 December of each of 2013, 2014 and 2015, the Second Target Group did not have any significant capital commitment.

Significant investment, material acquisition and disposal

As at 31 December of each of 2013, 2014 and 2015, save as the Second Property held, the Second Target Group did not hold any significant investments or plan for material investments or capital assets in future period.

Employees and remuneration policies

During the Relevant Periods, the Second Target Group did not employ any employees and hence the Second Target Group did not incur any staff costs nor did it adopt any remuneration policies, bonus and share option schemes and training schemes.

PART A ACCOUNTANT'S REPORT OF THE FIRST TARGET GROUP

The following is the text of a report, prepared for the purpose of incorporation in this Circular, received from our reporting accountants, Mark K. Lam & Co., Certified Public Accountants, Hong Kong.

9 March 2016

The Directors
CCT Fortis Holdings Limited

Dear Sirs,

We set out below our report on the financial information including the consolidated statements of profit and loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cashflow related to Capital Top Industrial Limited (the "**First Target Company**") and its subsidiary (hereinafter collectively referred to as the "**First Target Group**") for each of the three years ended 31 December 2013, 2014 and 2015 (the "**Relevant Periods**") and the consolidated statement of financial position as at 31 December 2013, 2014 and 2015 and the notes thereto (the "**Financial Information**"), for inclusion in the circular issued by CCT Fortis Holdings Limited (the "**Company**") dated 9 March 2016 (the "**Circular**") in connection with the proposed acquisition of the entire issued capital of the First Target Company and the First Shareholder's Loan from Mr. Mak as defined in the Circular (the "**Transactions**").

First Target Company is a private limited company incorporated in British Virgin Islands as a company with limited liability on 26 April 2004. The principal activity of the First Target Company is investment holding and the details of the principal activity of the subsidiary of the First Target Company are set out below.

As at the date of this report, no statutory financial statements have been prepared for the First Target Company, as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

At the date of this report, First Target Company had direct interests in the following subsidiary which is a private company, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and operations	No. of issued ordinary share	Percentage of equity attributable to the First Target Company	Principal activities
Billion Industries Limited	Hong Kong, 9 June 2004	1	100	Property investment and holdings

For the purpose of this report, the directors of First Target Company have prepared the financial information of First Target Group for the Relevant Periods, in accordance with the Hong Kong Financial Reporting Standards (the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") (the "**Underlying Financial Statements**"). The Underlying Financial Statements were audited by us in accordance with the Hong Kong Standards on Auditing issued by the HKICPA. We have also examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

The Financial Information of First Target Company for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements. No adjustments are deemed necessary to the Underlying Financial Statements in preparing our report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the directors of First Target Company who approved their issue. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information, and to report our opinion to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of First Target Group as at 31 December 2013, 2014 and 2015 and of First Target Group's financial performance and cash flows for the Relevant Periods.

I. FINANCIAL INFORMATION

(a) Consolidated statements of profit or loss and other comprehensive income

		Year ended 31 December		
		2013	2014	2015
	Notes	*HK$*	*HK$*	*HK$*
Other income and gains	*5*	2	2	199,980
General and administrative expenses		(468,270)	(428,215)	(436,393)
Operating loss		(468,268)	(428,213)	(236,413)
Finance expense	*6*	(847,582)	(685,350)	(1,004,983)
LOSS BEFORE TAX	*7*	(1,315,850)	(1,113,563)	(1,241,396)
Tax	*8*	—	—	—
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1,315,850)	(1,113,563)	(1,241,396)
Loss and total comprehensive loss attributable to:				
Owner of the First Target Company		(1,315,850)	(1,113,563)	(1,241,396)
DIVIDEND	*9*	—	—	—
LOSS PER SHARE	*10*			
Basic		HK$132	HK$111	HK$124
Diluted		N/A	N/A	N/A

(b) Consolidated statement of financial position

		As at 31 December		
		2013	**2014**	**2015**
	Notes	*HK$*	*HK$*	*HK$*
NON-CURRENT ASSETS				
Investment Property	*11*	73,237,701	73,237,701	73,237,701
CURRENT ASSETS				
Deposits and other receivables	*12*	62,753	62,753	62,753
Cash and cash equivalents	*13*	145,783	161,701	106,077
Total current assets		208,536	224,454	168,830
CURRENT LIABILITIES				
Due to a director	*12*	(20,277,215)	(26,624,231)	(14,063,559)
Interest-bearing bank borrowings	*14*	(69,374,994)	(64,157,459)	(77,903,903)
Total current liabilities		(89,652,209)	(90,781,690)	(91,967,462)
NET CURRENT LIABILITIES		(89,443,673)	(90,557,236)	(91,798,632)
TOTAL ASSETS LESS CURRENT LIABILITIES		(16,205,972)	(17,319,535)	(18,560,931)
NET LIABILITIES		(16,205,972)	(17,319,535)	(18,560,931)
EQUITY				
Equity attributable to equity owner of the parent				
Share capital	*15*	77,977	77,977	77,977
Reserve		(16,283,949)	(17,397,512)	(18,638,908)
Total equity		(16,205,972)	(17,319,535)	(18,560,931)

(c) Consolidated statements of changes in equity

	Year ended 31 December		
	Share Capital	**Accumulated losses**	**Total**
	HK$	*HK$*	*HK$*
At 1 January 2013	77,977	(14,968,099)	(14,890,122)
Loss and total comprehensive loss for the year	—	(1,315,850)	(1,315,850)
At 31 December 2013	77,977	(16,283,949)	(16,205,972)
At 1 January 2014	77,977	(16,283,949)	(16,205,972)
Loss and total comprehensive loss for the year	—	(1,113,563)	(1,113,563)
At 31 December 2014	77,977	(17,397,512)	(17,319,535)
At 1 January 2015	77,977	(17,397,512)	(17,319,535)
Loss and total comprehensive loss for the year	—	(1,241,396)	(1,241,396)
At 31 December 2015	77,977	(18,638,908)	(18,560,931)

(d) Consolidated statements of cash flows

	Notes	As at 31 December 2013 HK$	2014 HK$	2015 HK$
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(1,315,850)	(1,113,563)	(1,241,396)
Adjustments for:				
Interest income	*5*	(2)	(2)	(2)
Finance costs	*6*	847,582	685,350	1,004,983
Cash used in operations		(468,270)	(428,215)	(236,415)
Tax paid		—	—	—
Interest paid		(847,582)	(685,350)	(1,004,983)
Net cash outflow from operating activities		(1,315,852)	(1,113,565)	(1,241,398)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		2	2	2
Net cash inflow from investing activities		2	2	2
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of bank loans		(5,046,548)	(5,217,535)	(16,253,556)
Bank loans raised		—	—	30,000,000
Net advance from/(repayment to) a director		6,387,070	6,347,016	(12,560,672)
Net cash inflow from financing activities		1,340,522	1,129,481	1,185,772
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		24,672	15,918	(55,624)
Cash and cash equivalents at beginning of year	*13*	121,111	145,783	161,701
CASH AND CASH EQUIVALENTS AT END OF YEAR		145,783	161,701	106,077
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	*13*	145,783	161,701	106,077

II. NOTES TO FINANCIAL INFORMATION

1. CORPORATE AND TARGET GROUP INFORMATION

The First Target Company is a limited liability company incorporated in the BVI on 26 April 2004. The registered office and the principal place of business of the Target Company is located at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI.

The First Target Company is an investment holding company.

As at the date of this report, the First Target Company had direct interests in its subsidiary which is a private limited liability company, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and operations	No. of issued ordinary share	Percentage of equity attributable to the First Target Company	Principal activities
Billion Industries Limited	Hong Kong, 9 June 2004	1	100	Property investment and holdings

2.1 BASIS OF PRESENTATION

As at 31 December 2015, the First Target Group had net current liabilities of HK$91,798,632 and a deficiency in assets of HK$18,560,931. The First Target Group finances its operations by obtaining funding from its shareholder and an interest-bearing bank borrowings from a third party.

Mr. Mak Shiu Tong ("**Mr. Mak**"), a director and sole shareholder of the First Target Company, and have undertaken not to demand repayment of the amount due to him by the First Target Group until such time as the First Target Group is in a position to repay such amount without impairing its liquidity position. The Company has also agreed to provide continual financial support and adequate funds to the First Target Group to meet its liabilities as and when they fall due after the completion of the Acquisition.

The directors of the First Target Company is of the opinion that, taken into account the funding from him and the Company and internal financial resources of the First Target Group, the First Target Group has sufficient working capital for its present requirements. Hence, the Financial Information have been prepared on a going concern basis.

2.2 BASIS OF PREPARATION

The Financial Information has been prepared from the Underlying Financial Statements of the First Target Group. The Underlying Financial Statements have been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong.

The Financial Information has been prepared under the historical cost convention and is presented in Hong Kong dollars ("**HK$**"), and all values are rounded to the nearest dollar except when otherwise indicated.

Basis of consolidation

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the First Target Company. Control is achieved when the First Target Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the First Target Group the current ability to direct the relevant activities of the investee).

When the First Target Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the First Target Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Target Group's voting rights and potential voting rights.

The financial statements of the subsidiary are prepared for the same reporting period as the First Target Company, using consistent accounting policies. The result of subsidiary are consolidated from the date on which the First Target Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the sole equity owner of the parent of the First Target Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between member of the First Target Group are eliminated in full on consolidation.

The First Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiary above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the First Target Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The First Target Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the First Target Group had directly disposed of the related assets or liabilities.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The First Target Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Financial Information.

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012–2014	*Cycle Amendments to a number of HKFRSs*[1]

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the First Target Group

Except as described below, the directors of the First Target Company do not participate that the application of the new and revised HKFRSs will have material impact on the Financial Information.

HKFRS 9 *Financial instruments*

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The First Target Group expects to adopt HKFRS 9 from 1 January 2018. The First Target Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the First Target Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011) *Investment Entities: Applying the Consolidation Exception*

Amendments to HKFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments to HKFRS 10 also clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Consequential amendments were made to HKFRS 12 to require an investment entity that prepares financial statements in which all of its subsidiaries are measured at fair value through profit or loss in accordance with HKFRS 9 to present the disclosures in respect of investment entities in accordance with HKFRS 12. HKAS 28 (2011) was also amended to allow an investor that is not itself an investment entity, and has an interest in an investment entity associate or joint venture, to retain the fair value measurement applied by the investment entity associate or joint venture to the interests in its subsidiaries. The amendments are not expected to have any impact on the First Target Group as the First Target Company is not an investment entity as defined in HKFRS 10.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the First Target Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the First Target Group if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the First Target Group;

  (ii) has significant influence over the First Target Group; or

  (iii) is a member of the key management personnel of the First Target Group or of a parent of the First Target Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the First Target Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the First Target Group are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

  (v) the entity is a post-employment benefit plan for the benefit of the employees of either the First Target Group or an entity related to the First Target Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the First Target Group as an owner-occupied property becomes an investment property, the First Target Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Financial instruments

Financial assets

The First Target Group's financial assets include cash and cash equivalents, deposits and other receivables which are classified and accounted for as loans and receivables. Financial assets are recognised on the trade date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment allowances. Any changes in their value are recognised in profit or loss.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment loss on loans and receivables is recognised when there is objective evidence that the First Target Company will not be able to collect all the amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Financial liabilities

The First Target Group's financial liabilities include an amount due to Mr. Mak and interest-bearing bank borrowings. Financial liabilities are recognised when the First Target Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest rate method. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and other short term highly liquid investments with original maturity of three months or less when acquired, less bank overdrafts.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

Interest income from authorised institutions is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rates applicable.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the First Target Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Tax rates enacted or substantively enacted by the end of the reporting period are used to determine the deferred tax.

Deferred tax liabilities are provided in full while deferred tax assets are recognises to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

The Financial Information is presented in HK$, which is the First Target Company and its subsidiary's functional and presentation currency. Each entity in the First Target Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the First Target Group are initially recorded using their respective functional currency rates prevailing at the dates of the

transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of the First Target Group are translated into HK$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the First Target Group which arise throughout the year are translated into HK$ at the weighted average exchange rates for the year.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the First Target Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the First Target Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and owner-occupied properties

The First Target Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the First Target Group considers whether a property generates cash flows largely independently of the other assets held by the First Target Group.

The property comprises a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the First Target Group accounts for the portions separately. If these portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the First Target Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences; and

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

The carrying amount of investment properties at 31 December 2015 was HK$73,231,701 (2014: HK$73,231,701).

Further details, including the key assumptions used for fair value measurement, are given in note 17 to the financial statements.

5. REVENUE, OTHER INCOME AND GAINS

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

	Year ended 31/12/2013 *HK$*	Year ended 31/12/2014 *HK$*	Year ended 31/12/2015 *HK$*
Revenue	—	—	—
Other income			
Interest income	2	2	2
Sundry income	—	—	199,978
	2	2	199,980

6. FINANCE COSTS

An analysis of finance costs are as follows:

	Year ended 31/12/2013 *HK$*	Year ended 31/12/2014 *HK$*	Year ended 31/12/2015 *HK$*
Interest on:			
Bank borrowings wholly repayable within five years	847,582	685,350	1,004,983

7. LOSS BEFORE TAX

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

	Year ended 31/12/2013	Year ended 31/12/2014	Year ended 31/12/2015
	HK$	*HK$*	*HK$*
Auditors' remuneration	—	—	—
Directors' remuneration	—	—	—

8. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the BVI, the First Target Company is not subject to any income tax in the BVI. No provision for Hong Kong profits tax or group corporate income tax has been made as the First Target Group did not generate any assessable profits arising in Hong Kong and Mainland China during the Relevant Period.

A reconciliation of the tax credit applicable to loss before tax at the statutory rates to the tax expense at the effective tax rates is as follows:

	Year ended 31/12/2013	Year ended 31/12/2014	Year ended 31/12/2015
	HK$	*HK$*	*HK$*
Loss before tax	(1,315,850)	(1,113,563)	(1,241,396)
Tax at the statutory rates of different jurisdictions	(217,115)	(183,738)	(204,830)
Expenses not deductible for tax	217,115	183,738	204,830
Tax position	—	—	—

9. DIVIDEND

No dividend has been paid or declared by the First Target Company since its incorporation.

10. EARNINGS PER SHARE ATTRIBUTABLE TO THE SOLE EQUITY OWNER OF THE FIRST TARGET COMPANY

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful.

11. INVESTMENT PROPERTY

The First Target Group's investment property is a residential property which situated in Hong Kong and held under long-term leases.

At 31 December 2015, the First Target Group's investment property with a carrying amount of HK$73,237,701 (2014: HK$73,237,701) were pledged to secure banking facilities granted to the First Target Group (note 14).

12. OTHER FINANCIAL ASSETS AND LIABILITIES

Deposits and other receivables

The deposits and other receivables arose from the normal course of operations. They are non-interest bearing and in the opinion of the directors, none of the deposits is impaired.

Amounts due to Mr. Mak

The amount due to Mr. Mak is unsecured, interest-free and has no fixed repayment terms. The amount will be assigned by Mr. Mak to the Company, upon completion of the Transactions.

13. CASH AND CASH EQUIVALENTS

	Year ended 31/12/2013	Year ended 31/12/2014	Year ended 31/12/2015
	HK$	*HK$*	*HK$*
Cash and bank balances	145,783	161,701	106,077

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

14. BORROWINGS AND BANK OVERDRAFTS

At 31 December 2013, 2014 and 2015, bank borrowings were repayable as follows:

	Year ended 31/12/2013	Year ended 31/12/2014	Year ended 31/12/2015
	HK$	*HK$*	*HK$*
Borrowings classified as current liabilities			
Bank loans with a repayable on demand clause, secured	69,374,994	64,157,459	77,903,903

The bank loans carry interest at HIBOR plus a spread or Hong Kong Prime Rate minus certain basis points and are repayable on demand. The bank borrowings is secured over a property owned by the First Target Group as at 31 December 2013, 2014 and 2015. After the disposal of the First Target Company to the Company, the property continued to secure the bank borrowings as at 31 December 2015. The sole shareholder, Mr. Mak has provided joint and several personal guarantees in respect of such facilities.

15. SHARE CAPITAL

The movements of authorised and issued share capital of the First Target Company during the Relevant Periods are as follows:

	Authorised	
	Number of shares	Amount *HK$ equivalent*
Ordinary shares of US$1 each		
At 31 December 2013, 2014 and 2015	50,000	390,000

	Issued and fully paid	
	Number of shares	Amount *HK$ equivalent*
Ordinary shares of US$1 each		
At 31 December 2013, 2014 and 2015	9,997	77,977

16. FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and liabilities of the First Target Group as at the end of the Relevant Period are loans and receivables, and financial liabilities at amortised cost, respectively.

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the First Target Group's financial instruments reasonably approximate to their fair values.

Management has assessed that the fair values of cash and cash equivalents, an amount due to Mr. Mak and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The First Target Group's principal financial instruments include cash and bank balances and balances with Mr. Mak.

The main risk arising from the First Target Group's financial instruments is liquidity risk. The directors review and agree policies for managing this risk and is summarised below.

Liquidity risk

The First Target Group's policy is to monitor regularly the current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash in short and long term. The First Target Group's funding requirements are generally met by the advances from Mr. Mak which have undertaken not to demand repayment of the amount due by the First Target Group until such time when the First Target Group is in a position to repay such amount without impairing its liquidity position. Thus, the First Target Group, liquidity risk is minimised.

Capital management

The First Target Group manages its capital to ensure that entities in the First Target Group will be able to continue as a going concern while maximising the return to its sole equity owner through the optimisation of the debt and equity balance.

The capital structure of the First Target Group consists of net debt, which includes advances from Mr. Mak net of bank balances and cash and equity attributable to the sole equity owner of the First Target Group, comprising paid-in capital and accumulated loss.

The directors of the First Target Group reviews the capital structure on a regular basis. As part of this review, the directors of the First Target Group considers the cost of capital and the risks associated with each class of capital, and take appropriate actions to balance the overall capital structure of the First Target Group.

19. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the First Target Group or any of its subsidiaries in respect of any period subsequent to 31 December 2015.

Yours faithfully,
Mark K. Lam & Co.
Certified Public Accountants
Hong Kong

PART B ACCOUNTANT'S REPORT OF THE SECOND TARGET GROUP

The following is the text of a report, prepared for the purpose of incorporation in this Circular, received from our reporting accountants, Mark K. Lam & Co., Certified Public Accountants, Hong Kong.

9 March 2016

The Directors
CCT Fortis Holdings Limited

Dear Sirs,

We set out below our report on the financial information including the consolidated statements of profit and loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cashflow related to Next Capital Investments Limited (the "**Second Target Company**") and its subsidiary (hereinafter collectively referred to as the "**Second Target Group**") for each of the three years ended 31 December 2013, 2014 and 2015 (the "**Relevant Periods**") and the consolidated statement of financial position as at 31 December 2013, 2014 and 2015 and the notes thereto (the "**Financial Information**"), for inclusion in the circular issued by CCT Fortis Holdings Limited (the "**Company**") dated 9 March 2016 (the "**Circular**") in connection with the proposed acquisition of the entire issued capital of the Second Target Company and the Second Shareholder's Loan from Mr. Mak as defined in the Circular (the "**Transactions**").

Second Target Company is a private limited company incorporated in British Virgin Islands as a company with limited liability on 23 September 2004. The principal activity of the Second Target Company is investment holding and the details of the principal activity of the subsidiary of the Second Target Company are set out below.

As at the date of this report, no statutory financial statements have been prepared for the Second Target Company, as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

At the date of this report, Second Target Company had direct interests in the following subsidiary which is a private company, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and operations	No. of issued ordinary share	Percentage of equity held to the Second Target Company	Principal activities
Grand Capital Development Limited	Hong Kong 24 September 2004	1	100	Property investment and holdings

For the purpose of this report, the directors of Second Target Company have prepared the financial information of Second Target Group for the Relevant Periods, in accordance with the Hong Kong Financial Reporting Standards (the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") (the "**Underlying Financial Statements**"). The Underlying Financial Statements were audited by us in accordance with the Hong Kong Standards on Auditing issued by the HKICPA. We have also examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

The Financial Information of Second Target Company for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements. No adjustments are deemed necessary to the Underlying Financial Statements in preparing our report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the directors of Second Target Company who approved their issue. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information, and to report our opinion to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of Second Target Group as at 31 December 2013, 2014 and 2015 and of Second Target Group's financial performance and cash flows for the Relevant Periods.

I. FINANCIAL INFORMATION

(a) Consolidated statements of profit or loss and other comprehensive income

		Year ended 31 December		
		2013	2014	2015
	Notes	*HK$*	*HK$*	*HK$*
Other income and gains	*5*	120	224,745	120
General and administrative expenses		(590,572)	(590,571)	(581,250)
Operating loss		(590,452)	(365,826)	(581,130)
Finance expense	*6*	(766,213)	(970,882)	(1,120,974)
LOSS BEFORE TAX	*7*	(1,356,665)	(1,336,708)	(1,702,104)
Tax	*8*	—	—	—
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1,356,665)	(1,336,708)	(1,702,104)
Loss and total comprehensive loss attributable to:				
Owner of the Second Target Company		(1,356,665)	(1,336,708)	(1,702,104)
DIVIDEND	*9*	—	—	—
LOSS PER SHARE	*10*			
Basic		HK$135	HK$133	HK$170
Diluted		N/A	N/A	N/A

(b) Consolidated statement of financial position

		As at 31 December		
		2013	**2014**	**2015**
	Notes	*HK$*	*HK$*	*HK$*
NON-CURRENT ASSETS				
Investment Property	*11*	71,644,021	71,644,021	71,644,021
CURRENT ASSETS				
Deposits and other receivables	*12*	71,141	71,141	71,141
Cash and cash equivalents	*13*	1,054,906	1,173,248	48,212
Total current assets		1,126,047	1,244,389	119,353
CURRENT LIABILITIES				
Due to a director	*12*	(19,811,687)	(4,396,321)	(11,598,162)
Interest-bearing bank borrowings	*14*	(68,994,017)	(85,864,433)	(79,239,660)
Total current liabilities		(88,805,704)	(90,260,754)	(90,837,822)
NET CURRENT LIABILITIES		(87,679,657)	(89,016,365)	(90,718,469)
TOTAL ASSETS LESS CURRENT LIABILITIES		(16,035,636)	(17,372,344)	(19,074,448)
NET LIABILITIES		(16,035,636)	(17,372,344)	(19,074,448)
EQUITY				
Equity attributable to equity owner of the parent				
Share capital	*15*	77,977	77,977	77,977
Reserve		(16,113,613)	(17,450,321)	(19,152,425)
Total equity		(16,035,636)	(17,372,344)	(19,074,448)

(c) Consolidated statements of changes in equity

	Year ended 31 December		
	Share Capital	**Accumulated losses**	**Total**
	HK$	*HK$*	*HK$*
At 1 January 2013	77,977	(14,756,948)	(14,678,971)
Loss and total comprehensive loss for the year	—	(1,356,665)	(1,356,665)
At 31 December 2013	77,977	(16,113,613)	(16,035,636)
At 1 January 2014	77,977	(16,113,613)	(16,035,636)
Loss and total comprehensive loss for the year	—	(1,336,708)	(1,336,708)
At 31 December 2014	77,977	(17,450,321)	(17,372,344)
At 1 January 2015	77,977	(17,450,321)	(17,372,344)
Loss and total comprehensive loss for the year	—	(1,702,104)	(1,702,104)
At 31 December 2015	77,977	(19,152,425)	(19,074,448)

(d) Consolidated statements of cash flows

	Notes	As at 31 December 2013 HK$	2014 HK$	2015 HK$
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(1,356,665)	(1,336,708)	(1,702,104)
Adjustments for:				
Interest income	*5*	(120)	(120)	(120)
Finance costs	*6*	766,213	970,882	1,120,974
Cash used in operations		(509,572)	(365,946)	(581,250)
Tax paid		—	—	—
Interest paid		(766,213)	(970,882)	(1,120,974)
Net cash outflow from operating activities		(1,356,785)	(1,336,828)	(1,702,224)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		120	120	120
Net cash inflow from investing activities		120	120	120
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of bank loans		(5,313,798)	(16,317,284)	(6,624,773)
Bank loans raised		—	33,187,700	—
Net advance from/(repayment to) a director		(3,128,029)	(15,415,366)	7,201,841
Net cash inflow/(outflow) from financing activities		(8,441,827)	1,455,050	577,068
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(9,798,492)	118,342	(1,125,036)
Cash and cash equivalents at beginning of year	*13*	10,853,398	1,054,906	1,173,248
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,054,906	1,173,248	48,212
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	*13*	1,054,906	1,173,248	48,212

II. NOTES TO FINANCIAL INFORMATION

1. CORPORATE AND TARGET GROUP INFORMATION

The Second Target Company is a limited liability company incorporated in the BVI on 23 September 2004. The registered office and the principal place of business of the Target Company is located at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI.

The Second Target Company is an investment holding company.

As at the date of this report, the Second Target Company had direct interests in its subsidiary which is a private limited liability company, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and operations	No. of issued ordinary share	Percentage of equity held by the Second Target Company	Principal activities
Grand Capital Development Limited	Hong Kong 24 September 2004	1	100	Property investment and holdings

2.1 BASIS OF PRESENTATION

As at 31 December 2015, the Second Target Group had net current liabilities of HK$90,718,469 and a deficiency in assets of HK$19,074,448. The Second Target Group finances its operations by obtaining funding from its shareholder and an interest-bearing bank borrowings from a third party.

Mr. Mak Shiu Tong ("**Mr. Mak**"), a director and sole shareholder of the Second Target Company, and has undertaken not to demand repayment of the amount due to him by the Second Target Group until such time as the Second Target Group is in a position to repay such amount without impairing its liquidity position. The Company has also agreed to provide continual financial support and adequate funds to the Second Target Group to meet its liabilities as and when they fall due after the completion of the Acquisition.

The directors of the Second Target Company is of the opinion that, taken into account the funding from him and the Company and internal financial resources of the Second Target Group, the Second Target Group has sufficient working capital for its present requirements. Hence, the Financial Information have been prepared on a going concern basis.

2.2 BASIS OF PREPARATION

The Financial Information has been prepared from the Underlying Financial Statements of the Second Target Group. The Underlying Financial Statements have been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong.

The Financial Information has been prepared under the historical cost convention and is presented in Hong Kong dollars ("**HK$**"), and all values are rounded to the nearest dollar except when otherwise indicated.

Basis of consolidation

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Second Target Company. Control is achieved when the Second Target Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Second Target Group the current ability to direct the relevant activities of the investee).

When the Second Target Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Second Target Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Target Group's voting rights and potential voting rights.

The financial statements of the subsidiary are prepared for the same reporting period as the Second Target Company, using consistent accounting policies. The result of subsidiary are consolidated from the date on which the Second Target Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the sole equity owner of the parent of the Second Target Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between member of the Second Target Group are eliminated in full on consolidation.

The Second Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiary above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Second Target Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Second Target Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Second Target Group had directly disposed of the related assets or liabilities.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Second Target Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Financial Information.

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012–2014	*Cycle Amendments to a number of HKFRSs*[1]

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Second Target Group

Except as described below, the directors of the Second Target Company do not participate that the application of the new and revised HKFRSs will have material impact on the Financial Information.

HKFRS 9 *Financial instruments*

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Second Target Group expects to adopt HKFRS 9 from 1 January 2018. The Second Target Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Second Target Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011) *Investment Entities: Applying the Consolidation Exception*

Amendments to HKFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments to HKFRS 10 also clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Consequential amendments were made to HKFRS 12 to require an investment entity that prepares financial statements in which all of its subsidiaries are measured at fair value through profit or loss in accordance with HKFRS 9 to present the disclosures in respect of investment entities in accordance with HKFRS 12. HKAS 28 (2011) was also amended to allow an investor that is not itself an investment entity, and has an interest in an investment entity associate or joint venture, to retain the fair value measurement applied by the investment entity associate or joint venture to the interests in its subsidiaries. The amendments are not expected to have any impact on the Second Target Group as the Second Target Company is not an investment entity as defined in HKFRS 10.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Second Target Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Second Target Group if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Second Target Group;

  (ii) has significant influence over the Second Target Group; or

  (iii) is a member of the key management personnel of the Second Target Group or of a parent of the Second Target Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Second Target Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Second Target Group are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

  (v) the entity is a post-employment benefit plan for the benefit of the employees of either the Second Target Group or an entity related to the Second Target Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Second Target Group as an owner-occupied property becomes an investment property, the Second Target Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Financial instruments

Financial assets

The Second Target Group's financial assets include cash and cash equivalents, deposits and other receivables which are classified and accounted for as loans and receivables. Financial assets are recognised on the trade date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment allowances. Any changes in their value are recognised in profit or loss.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment loss on loans and receivables is recognised when there is objective evidence that the Second Target Company will not be able to collect all the amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Financial liabilities

The Second Target Group's financial liabilities include an amount due to Mr. Mak and interest-bearing bank borrowings. Financial liabilities are recognised when the Second Target Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest rate method. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and other short term highly liquid investments with original maturity of three months or less when acquired, less bank overdrafts.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

Interest income from authorised institutions is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rates applicable.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Second Target Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Tax rates enacted or substantively enacted by the end of the reporting period are used to determine the deferred tax.

Deferred tax liabilities are provided in full while deferred tax assets are recognises to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

The Financial Information is presented in HK$, which is the Second Target Company and its subsidiary's functional and presentation currency. Each entity in the Second Target Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Second Target Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of the Second Target Group are translated into HK$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the Second Target Group which arise throughout the year are translated into HK$ at the weighted average exchange rates for the year.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Second Target Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Second Target Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and owner-occupied properties

The Second Target Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Second Target Group considers whether a property generates cash flows largely independently of the other assets held by the Second Target Group.

The property comprises a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Second Target Group accounts for the portions separately. If these portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Second Target Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences; and

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

The carrying amount of investment properties at 31 December 2015 was HK$71,644,021 (2014: HK$71,644,021).

Further details, including the key assumptions used for fair value measurement, are given in note 17 to the financial statements.

5. REVENUE, OTHER INCOME AND GAINS

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

	Year ended 31/12/2013 *HK$*	**Year ended 31/12/2014** *HK$*	**Year ended 31/12/2015** *HK$*
Revenue	—	—	—
Other income			
Interest income	120	120	120
Sundry income	—	224,625	—
	120	224,745	120

6. FINANCE COSTS

An analysis of finance costs are as follows:

	Year ended 31/12/2013	Year ended 31/12/2014	Year ended 31/12/2015
	HK$	*HK$*	*HK$*
Interest on:			
Bank borrowings wholly repayable within five years	766,213	970,882	1,120,974

7. LOSS BEFORE TAX

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

	Year ended 31/12/2013	Year ended 31/12/2014	Year ended 31/12/2015
	HK$	*HK$*	*HK$*
Auditors' remuneration	—	—	—
Directors' remuneration	—	—	—

8. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the BVI, the Second Target Company is not subject to any income tax in the BVI. No provision for Hong Kong profits tax or group corporate income tax has been made as the Second Target Group did not generate any assessable profits arising in Hong Kong and Mainland China during the Relevant Period.

A reconciliation of the tax credit applicable to loss before tax at the statutory rates to the tax expense at the effective tax rates is as follows:

	Year ended 31/12/2013	Year ended 31/12/2014	Year ended 31/12/2015
	HK$	*HK$*	*HK$*
Loss before tax	(1,356,665)	(1,336,708)	(1,702,104)
Tax at the statutory rates of different jurisdictions	(223,850)	(220,557)	(280,847)
Income not subject to tax	(20)	(20)	(20)
Expenses not deductible for tax	223,870	220,577	280,867
Tax position	—	—	—

9. DIVIDEND

No dividend has been paid or declared by the Second Target Company since its incorporation.

10. EARNINGS PER SHARE ATTRIBUTABLE TO THE SOLE EQUITY OWNER OF THE SECOND TARGET COMPANY

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful.

11. INVESTMENT PROPERTY

The Second Target Group's investment property is a residential property which situated in Hong Kong and held under long-term leases.

At 31 December 2015, the Second Target Group's investment property with a carrying amount of HK$71,644,021 (2014: HK$71,644,021) were pledged to secure banking facilities granted to the Second Target Group (note 14).

12. OTHER FINANCIAL ASSETS AND LIABILITIES

Deposits and other receivables

The deposits and other receivables arose from the normal course of operations. They are non-interest bearing and in the opinion of the directors, none of the deposits is impaired.

Amounts due to Mr. Mak

The amount due to Mr. Mak is unsecured, interest-free and has no fixed repayment terms. The amount will be assigned by Mr. Mak to the Company, upon completion of the Transactions.

13. CASH AND CASH EQUIVALENTS

	Year ended 31/12/2013	Year ended 31/12/2014	Year ended 31/12/2015
	HK$	*HK$*	*HK$*
Cash and bank balances	1,054,907	1,173,248	48,212

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

14. BORROWINGS AND BANK OVERDRAFTS

At 31 December 2013, 2014 and 2015, bank borrowings were repayable as follows:

	Year ended 31/12/2013	Year ended 31/12/2014	Year ended 31/12/2015
	HK$	*HK$*	*HK$*
Borrowings classified as current liabilities			
Bank loans with a repayable on demand clause, secured	68,994,017	85,864,433	79,239,660

The bank loans carry interest at HIBOR plus a spread or Hong Kong Prime Rate minus certain basis points and are repayable on demand. The bank borrowings is secured over a property owned by the Second Target Group as at 31 December 2013, 2014 and 2015. After the disposal of the Second Target Company to the Company, the property continued to secure the bank borrowings as at 31 December 2015. The sole shareholder, Mr. Mak has provided joint and several personal guarantees in respect of such facilities.

15. SHARE CAPITAL

The movements of authorised and issued share capital of the Second Target Company during the Relevant Periods are as follows:

	Authorised	
	Number of shares	Amount *HK$ equivalent*
Ordinary shares of US$1 each		
At 31 December 2013, 2014 and 2015	50,000	390,000

	Issued and fully paid	
	Number of shares	Amount *HK$ equivalent*
Ordinary shares of US$1 each		
At 31 December 2013, 2014 and 2015	9,997	77,977

16. FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and liabilities of the Second Target Group as at the end of the Relevant Period are loans and receivables, and financial liabilities at amortised cost, respectively.

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Second Target Group's financial instruments reasonably approximate to their fair values.

Management has assessed that the fair values of cash and cash equivalents, an amount due to Mr. Mak and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Second Target Group's principal financial instruments include cash and bank balances and balances with Mr. Mak.

The main risk arising from the Second Target Group's financial instruments is liquidity risk. The directors review and agree policies for managing this risk and is summarised below.

Liquidity risk

The Second Target Group's policy is to monitor regularly the current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash in short and long term. The Second Target Group's funding requirements are generally met by the advances from Mr. Mak which have undertaken not to demand repayment of the amount due by the Second Target Group until such time when the Second Target Group is in a position to repay such amount without impairing its liquidity position. Thus, the Second Target Group, liquidity risk is minimised.

Capital management

The Second Target Group manages its capital to ensure that entities in the Second Target Group will be able to continue as a going concern while maximising the return to its sole equity owner through the optimisation of the debt and equity balance.

The capital structure of the Second Target Group consists of net debt, which includes advances from Mr. Mak net of bank balances and cash and equity attributable to the sole equity owner of the Second Target Group, comprising paid-in capital and accumulated loss.

The directors of the Second Target Group reviews the capital structure on a regular basis. As part of this review, the directors of the Second Target Group considers the cost of capital and the risks associated with each class of capital, and take appropriate actions to balance the overall capital structure of the Second Target Group.

19. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Second Target Group or any of its subsidiaries in respect of any period subsequent to 31 December 2015.

Yours faithfully,
Mark K. Lam & Co.
Certified Public Accountants
Hong Kong

This unaudited pro forma consolidated statement of financial position (the "**Unaudited Pro Forma Financial Information**") has been prepared for the purpose of providing shareholders of the Company with information about the impact of the Transactions by illustrating how the Transactions might have affected the financial position of the Group as at 30 June 2015, had the completion of the Transactions taken place on 30 June 2015.

The Unaudited Pro Forma Financial Information has been prepared based on a number of assumptions, estimates and uncertainties. Accordingly, the Unaudited Pro Forma Financial Information does not purport to describe the actual financial position of the Enlarged Group that would have been attained had the Transactions been completed on 30 June 2015. Neither does the Unaudited Pro Forma Financial Information purports to predict the future financial position of the Enlarged Group.

This Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of the Enlarged Group following the completion of the Transactions.

HK$ million	**The Group as at 30 June 2015** *Note 1*	**The First Target Group as at 31 Dec 2015** *Note 1*	**The Second Target Group as at 31 Dec 2015** *Note 1*	**Pro forma adjustments**	*Notes*	**Unaudited pro forma Enlarged Group**
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	472	—	—	—		472
Investment properties	976	73	72	290	*2(a)*	1,411
Interest in an associate	278	—	—	—		278
Promissory notes receivables	1,047	—	—	—		1,047
Classic cars held for investment	21	—	—	—		21
Available-for-sale investments	4	—	—	—		4
Held-to-maturity debt securities	51	—	—	—		51
Other receivables	14	—	—	—		14
Pledged time deposits	50	—	—	—		50
Total non-current assets	2,913	73	72	290		3,348
CURRENT ASSETS						
Inventories	12	—	—	—		12
Stock of properties held for sale	382	—	—	—		382
Stock of classic cars held for sale	158	—	—	—		158
Trade receivables	21	—	—	—		21
Prepayments, deposits and other receivables	89	—	—	—		89
Pledged time deposits	57	—	—	—		57
Cash and cash equivalents	112	—	—	(26)	*2(a)*	86
Total current assets	831	—	—	(26)		805
Total assets	3,744	73	72	264		4,153

HK$ million	The Group as at 30 June 2015 *Note 1*	The First Target Group as at 31 Dec 2015 *Note 1*	The Second Target Group as at 31 Dec 2015 *Note 1*	Pro forma adjustments	*Notes*	Unaudited pro forma Enlarged Group
EQUITY AND LIABILITIES						
Equity attributable to owners of the parent						
Issued capital	83	—	—	—	*2(d)*	83
Equity component of Convertible Bonds	—	—	—	18	*2(b)*	18
Reserves	2,402	(19)	(19)	38	*2(d)*	2,404
				2	*2(e)*	
Total equity	2,485	(19)	(19)	58		2,505
Non-current liabilities						
Interest-bearing bank and other Borrowings	587	—	—	—		587
Convertible Bonds	—	—	—	232	*2(b)*	232
Deferred tax liabilities	38	—	—	—		38
Total non-current liabilities	625	—	—	232		857
Current liabilities						
Trade and bills payables	19	—	—	—		19
Tax payable	61	—	—	—		61
Other payables and accruals	63	—	—	—		63
Amount due to a director	—	14	12	(26)	*2(c)*	—
Interest-bearing bank and other Borrowings	491	78	79	—		648
Total current liabilities	634	92	91	(26)		791
Total liabilities	1,259	92	91	206		1,648
Total equity and liabilities	3,744	73	72	264		4,153
Net current assets	197	(92)	(91)	—		14
Total assets less current liabilities	3,110	(19)	(19)	290		3,362

Notes:

1. Basis of preparation

This Unaudited Pro Forma Financial Information has been prepared in accordance with Rule 4.29 of the Listing Rules and based upon: (i) the unaudited consolidated statement of financial position of the Group as of 30 June 2015, which has been extracted from the interim report of the Company for the six months ended 30 June 2015 dated 28 August 2015; and (ii) the audited consolidated statement of financial position of the First Target Group and the Second Target Group as of 31 December 2015, which has been extracted from the accountants' report on the First Target Group and the Second Target Group included in Appendix II to this circular; and adjusted in accordance with the pro forma adjustments described in note 2 below, as if the Transactions had been completed on 30 June 2015.

This Unaudited Pro Forma Financial Information has been prepared in a manner consistent with both the format and accounting policies adopted by the Company in its unaudited consolidated financial statements for the six months ended 30 June 2015.

2. Notes to the pro forma adjustments

(a) Under Hong Kong Financial Reporting Standards, the Transactions was accounted for as an acquisition of assets and liabilities as the First Target Group and the Second Target Group had not carried out any significant business activities except for holding two properties (the "**Properties**").

In accordance with the Agreement, the total consideration for the Transactions of approximately HK$275,861,721 is to be satisfied as to:

1. HK$250,200,000 by issue of the Convertible Bonds for the purchase of the Total Sale Shares; and

2. settlement of the consideration for the assignment of Total Shareholder's Loans as at Completion Date (which amounted to HK$25,661,721 as at 31 December 2015) by way of cash for the purchase and assignment of the Total Shareholder's Loans.

For the purpose of this Unaudited Pro Forma Financial Information, the Directors have assumed that the Convertible Bonds were issued on 30 June 2015 and the consolidated statement of financial position of the First Target Group and Second Target Group as at 31 December 2015 approximated to those as at 30 June 2015, the completion date for the purpose of preparing the Unaudited Pro Forma Financial Information.

The Directors have engaged Grant Sherman, an independent professional valuer, to measure the fair value of the Properties and the full valuation report is set out in Appendix IV.

The market value of the Properties as at 31 December 2015 as appraised by Grant Sherman is HK$434,400,000. Assuming that the market value of the Properties as at 30 June 2015 was also HK$434,400,000, the fair value adjustment of the Properties is computed as follows:

	HK$
Market value of the Properties	434,000,000
Net book value of the First Property	73,237,701
Net book value of the Second Property	71,644,021
Net book value of the Properties	144,881,722
Fair value adjustment (market value minus net book value)	289,118,278

Since the fair values of the Properties as at the Completion Date may be materially different from their respective values used in the preparation of the Unaudited Pro Forma Financial Information, the final amounts of the Properties and the fair value adjustment on the Properties to be recognised in connection with the Transactions may be materially different from the estimated amounts as shown above.

(b) The Directors have engaged GCA Professional Services Group ("**GCA**") (an independent professional valuer) to determine the fair value of the liability component of the Convertible Bonds as at 30 June 2015 for the purpose of preparation of the Unaudited Pro Forma Financial Information. The fair value of the liability component of the Convertible Bonds as appraised by GCA is approximately HK$232 million. GCA has valued the debt component of the Convertible Bonds using the **Effective Interest Method** which calculates the amortized cost of a financial instrument (or group of financial instruments) and allocates the interest income/expense over the relevant period. The following assumptions were made in this valuation:

Effective Interest method

Credit Rating of Convertible Bonds: estimated (determined) by considering the historical financial status, business operation, business risk, use of proceeds related to the Convertible Bonds and economic condition with reference to the Standard & Poor's standard rating research (or with reference to the rating given by Standard & Poor's).

Effective interest rate: determined by USD US Industrials B+, B, B- BVAL Yield Curve, USD risk free rate and HKD risk free rate with the use of the Build-Up method.

Effective Interest method:

Valuation Date	30 June 2015
Credit rating	B
Effective interest rate	6.3404%

In accordance with the relevant accounting standards, the equity component of the Convertible Bonds is the residual amount of approximately HK$18 million, representing the Share Consideration of approximately HK$250 million less the fair value of the liability component of HK$232 million. The equity is never re-measured after initial recognition. The fair value of the liability component of the Convertible Bonds as at the Completion Date may be different from the value used above and as such the allocation of the Convertible Bonds between the liability component and the equity component at Completion may be materially different from the allocation used in the Unaudited Pro Forma Financial Information.

(c) This adjustment represents the assignment of the Total Shareholder's Loans to the Group which will be eliminated on consolidation.

(d) This adjustment represents the elimination of the share capital and pre-acquisition reserves of the Target Groups.

(e) This adjustment of approximately HK$2 million represents the 0.67% discount of the Share Consideration of approximately HK$250 million to the adjusted net value of the Target Groups of approximately HK$252 million.

The following is the text of a report, prepared for the sole purpose of incorporation in this circular and received from Mark K. Lam & Co., Certified Public Accountants, Hong Kong.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT IN THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The Board of Directors

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of CCT Fortis Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purpose only. The pro forma financial information consists of the unaudited pro forma consolidated statement of financial position of the Group as at 30 June 2015 and the related notes set out in Appendix III to the circular dated 9 March 2016 (the "**Circular**") issued by the Company (the "**Unaudited Pro Forma Financial Information**") in connection with the proposed acquisition of the entire share capital of First Target Company and its subsidiary (the "**First Target Group**") and Second Target Company and its subsidiary (the "**Second Target Group**") and the rights under the shareholder's loan owing by the First Target Group and the Second Target Group at completion (the "**Transactions**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in notes 1 and 2 in Appendix III to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Transactions on the Group's financial position as at 30 June 2015 as if the Transactions had taken place at 30 June 2015. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's unaudited consolidated financial statements for the six months ended 30 June 2015 as set out in the interim report of the Company dated 28 August 2015.

DIRECTORS' RESPONSIBILITY FOR THE PRO FORMA FINANCIAL INFORMATION

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 ("**AG**") Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Transactions on unadjusted financial information of the Group as if the Transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors

in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Mark K. Lam & Co.
Certified Public Accountants
Hong Kong

The following is the text of letter, summary of valuation and valuation certificates prepared for the purpose of incorporation in this circular, received from Grant Sherman Appraisal Limited, an independent property valuer, in connection with their valuation as at 31 December 2015 of the property interest to be held by the Group in the Hong Kong Special Administrative Region of the People's Republic of China.



GRANT SHERMAN

Unit 1005, 10/F., AXA Centre,
151 Gloucester Road,
Wanchai,
Hong Kong

9 March 2016

The Directors
CCT Fortis Holdings Limited
31st Floor
Fortis Tower
77–79 Gloucester Road
Hong Kong

Dear Sirs,

RE: Houses No. 38 & 39 and Car Parking Nos. P5, P6, P14 & P16 in the garage, No. 56 Repulse Bay Road, Hong Kong (the "Properties")

In accordance with your instructions for us to value the property interests to be acquired by CCT Fortis Holdings Limited ("**the Company**") and its subsidiaries (together referred to as the "**Group**") in the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interests as at the 31 December 2015 ("**date of valuation**") for inclusion in the circular issued by the Company.

Our valuation is our opinion of the market value of the property interests where we would define market value as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Market Value is understood as the value of a property estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

In valuing the property interests, we have valued the properties by market approach (comparison approach) assuming sale in their existing state by making reference to comparable sales evidences as available in the relevant market

Our valuation has been made on the assumption that the owner sells the property interests on the open market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the values of the property interests. In addition, no forced sale situation in any manner is assumed in our valuation.

No allowance has been made in our valuation for any charge, mortgage or amount owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. It is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In valuing the property interests, we have assumed that the owner has free and uninterrupted rights to use the properties for the whole of the unexpired term as granted and is entitled to transfer the Property with 'the residual term without payment of any further premium to the government authorities or any third parties.

We have assumed that all consents, approvals and licenses from relevant government authorities for the properties have been granted without any onerous conditions or undue time delay which might affect their values. It is assumed that all applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined, and considered in the valuation certificates. Moreover, we have assumed that the utilization of the properties and improvements is within the boundaries of the properties described and that no encroachment or trespass exists, unless noted in the valuation certificates.

We have been provided with copies of extracts of title documents relating to the properties. However, we have not caused title searches to be made for the property interests at the relevant government bureaus in Hong Kong and we have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. All documents have been used for reference only. All dimensions, measurements and areas are approximations.

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us by the Group on such matters as planning approvals or statutory notices, easements, tenure, occupancy, lettings, site and floor areas and in the identification of the Properties and other relevant matter. We have no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We have also been advised by the Group that no material facts had been concealed or omitted in the information provided to us and have no reason to suspect that any material information has been withheld. All documents have been used for reference only. We consider that we have been provided with sufficient information to reach an informed view.

In valuing the property interests which are situated in Hong Kong and held under the government leases which will be expired before 30th June 2047, we have taken into account of the statement contained in the Annex III of the Joint Declaration of the Government of the

United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the question of Hong Kong and the New Territories Leases (Extension) Ordinance 1988 that such leases would have been extended without payment of premium until 30th June 2047 and that an annual rent of three percent of the rateable value of the properties would be charged from the date of extension.

We have inspected the exteriors and interiors of the properties. However, no structural survey has been made and we are therefore unable to report as to whether the Properties are or not free of rot, infestation or any other structural defects. No tests have been carried out on any of the services. Neither have we carried out site investigation to determine the suitability of the ground conditions or the services for any property development thereon. Our valuations are on the basis that these aspects are satisfactory and that no extraordinary expense or delay will be incurred during the construction period. No structural survey has been carried out and it was not possible to inspect the wood work and other parts of the structures which were covered, unexposed or inaccessible. We are therefore, unable to report that the properties are free of rot, infestation or any structural defects. No tests have been carried out on any of the building services.

All dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are approximations only. No on-site measurement has been taken.

In valuing the property interests, we have fully complied with the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors (HKIS) and the requirements set out in Chapter 5 of and Practice Note 12 to the Rule Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the Code on Takeovers and Mergers.

We enclose herewith the summary of valuation together with the valuation certificates.

Respectfully submitted,
For and on behalf of
GRANT SHERMAN APPRAISAL LIMITED
Lawrence Chan Ka Wah
MRICS MHKIS RPS(GP)MHIREA
Director
Real Estate Group

Note: Mr. Lawrence Chan Ka Wah is a member of the Royal Institution of Chartered Surveyors, a member of the Hong Kong institute of Surveyors and Registered Professional Surveyors in the General Practice Section, who has over 12 years' experience in the valuation of properties in Hong Kong, Macau, the PRC and the Asian Rim.

1. SUMMARY OF VALUATIONS

	Property	Market Value in existing state as at 31 December 2015	Interest to be attributable to the Group	Market Value in existing state to be attributable to the Group as at 31 December 2015
Property interests to be held by the Group for investment purpose in Hong Kong				
1.	House No. 38 (Including The Flat Roof Thereabove) and Car Parking Nos. P14 & P15 in the garage, No. 56 Repulse Bay Road, Hong Kong	HK$219,600,000	100%	HK$219,600,000
2.	House No. 39 (Including The Flat Roof Thereabove) and Car Parking Nos. P5 & P6 in the garage, No. 56 Repulse Bay Road, Hong Kong	HK$214,800,000	100%	HK$214,800,000
	Total	HK$434,400,000		HK$434,400,000

VALUATION CERTIFICATE

Property interests to be held by the Group for investment purpose in Hong Kong

	Property	Description and Tenure	Particulars of Occupancy	Market value in existing state as at 31 December 2015 *HK$*
1.	House No. 38 (Including The Flat Roof Thereabove) and Car Parking Nos. P14 & P15 in the garage, No. 56 Repulse Bay Road, Hong Kong	The property comprises whole floor of level 3 and level 4 of a 4-storey town house and 2 car park spaces of a residential development completed in about 1994.	The property was owner-occupied for residential use as at the valuation Date.	219,600,000
				Interest to be attributable to the Group
				100%
	364/16,363rd equal and undivided shares of and in the Remaining Portion of Rural Building Lot No. 172 and the Extension Thereto	The gross floor area and saleable area of the property are approximately 4,143 sq.ft. and 3,314 sq.ft. respectively. (exclusive of flat roof with an area of approximately 1,172 sq.ft.)		**Market Value in existing state to be attributable to the Group as at 31 December 2015** *HK$*
		The property is held for a term of 75 years and renewable for further 75 years commencing from 30 June 1921. The government rent for the entire development is HK$1,742,796 per annum.		219,600,000

Notes:

1. Pursuant to Land Registers, the registered owner of the property is Billion Industries Limited, vide Memorial No. UB9446486 dated 17 December 2004.

2. The property is subject to a mortgage in favour of The HongKong and Shanghai Banking Corporation Limited vide Memorial No. 11062401320058 dated 26 May 2011.

3. The property was inspected by our Mr. Cris Chan (B.Sc.) on 18 February 2016, the external and internal conditions of the Property were reasonable.

4. According to the information provided, Billion Industries Limited is a wholly-owned subsidiary of Capital Top Industrial Limited, the entire issued capital in which was held by Mr. Mak Shiu Tong, as at the date of the report.

5. Pursuant to the Approved Shouson Hill & Repulse Bay Outline Zoning Plan (S/H4/15), the land parcel of the property situated is zoned for "Residential (Group C)" use.

6. The property is situated in Repulse Bay, buildings in the locality are low to medium-rise luxury residential buildings. Taxis, buses and mini-buses are accessible to the property.

7. According to the information from Rating and Valuation Department, the property market yields of the similar properties as at November 2015 is about 2.2%.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of Occupancy	Market value in existing state as at 31 December 2015 *HK$*
2.	House No. 39 (Including The Flat Roof Thereabove) and Car Parking Nos. P5 & P6 in the garage, No. 56 Repulse Bay Road, Hong Kong 355/16,363rd equal and undivided shares of and in the Remaining Portion of Rural Building Lot No. 172 and the Extension Thereto	The property comprises whole floor of level 3 and level 4 of a 4-storey town house and 2 car park spaces of a residential development completed in about 1994. The gross floor area and saleable area of the property are approximately 4,053 sq.ft. and 3,231 sq.ft. respectively. (exclusive of flat roof with an area of approximately 1,057 sq.ft.) The property is held for a term of 75 years and renewable for further 75 years commencing from 30 June 1921. The government rent for the entire development is HK$1,742,796 per annum.	The property was owner-occupied for residential use as at the valuation Date.	214,800,000 **Interest to be attributable to the Group** 100% **Market Value in existing state to be attributable to the Group as at 31 December 2015** *HK$* 214,800,000

Notes:

1. Pursuant to Land Registers, the registered owner of the property is Grand Capital Development Limited, vide Memorial No. 05072600960105 dated 4 July 2005.

2. The property is subject to a mortgage in favour of The HongKong and Shanghai Banking Corporation Limited vide Memorial No. 10110100530129 dated 4 October 2010.

3. The property was inspected by our Mr. Cris Chan (B.Sc.) on 18 February 2016, the external and internal conditions of the property were reasonable.

4. According to the information provided, Grand Capital Development Limited is a wholly-owned subsidiary of Next Capital Investment Limited, the entire issued capital in which was held by Mr. Mak Shiu Tong, as at the date of the report.

5. Pursuant to the Approved Shouson Hill & Repulse Bay Outline Zoning Plan (S/H4/15), the land parcel of the property situated is zoned for "Residential (Group C)" use.

6. The property is situated in Repulse Bay, buildings in the locality are low to medium-rise luxury residential buildings. Taxis, buses and mini-buses are accessible to the property.

7. According to the information from Rating and Valuation Department, the property market yields of the similar properties as at November 2015 is about 2.2%.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at 31 December 2014 (being the date of the latest published audited accounts of the Company), the Latest Practicable Date and immediately after Completion and full conversion of the Convertible Bonds at the initial Conversion Price of HK$0.90 per Conversion Share (subject to adjustments in accordance with the CB Conditions) were and will be as follows:

Authorised:	**Number of Shares**	**Nominal value** *HK$*
As at 31 December 2014 and as at the Latest Practicable Date:		
— shares of the Company of par value of HK$0.10 each	2,000,000,000	200,000,000.00
Immediately after Completion and full conversion of the Convertible Bonds:		
— shares of the Company of par value of HK$0.10 each	2,000,000,000	200,000,000.00

Issued and fully paid and to be issued and fully paid or credited as fully paid:	**Number of Shares**	**Nominal value** *HK$*
As at 31 December 2014 and as at the Latest Practicable Date:		
— shares of the Company of par value of HK$0.10 each	832,394,907	83,239,490.70
Full conversion of Convertible Bonds, based on the initial conversion price of HK$0.90 per Conversion Share (subject to adjustments pursuant to the CB Conditions)	278,000,000	27,800,000.00
Immediately after Completion and full conversion of the Convertible Bonds:		
— shares of the Company of par value of HK$0.10 each	1,110,394,907	111,039,490.70

The Enlarged Group has not granted any share options and there was no share options outstanding as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS

Directors' interests and short positions in the shares and the underlying shares of the Company and its associated corporations (if any)

As at the Latest Practicable Date, the Directors and chief executive of the Company and/or any of their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or which were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

Interests and short positions in the Shares and the underlying Shares of the Company as at the Latest Practicable Date

(i) Long positions in the Shares:

Name of the Directors	Number of the Shares interested and nature of interest		Total	Approximate percentage of the existing total issued share capital of the Company *(%)*
	Personal	Corporate		
Mr. Mak *(Note)*	10,073,652	446,025,079	456,098,731	54.79
Tam Ngai Hung, Terry	500,000	—	500,000	0.06
William Donald Putt	591,500	—	591,500	0.07

Note: Of the shareholding in which Mr. Mak was interested, an aggregate of 446,025,079 Shares were held by Capital Force, New Capital and Capital Winner, all of which are private corporations wholly-owned by Mr. Mak beneficially. Mr. Mak is deemed to be interested in 446,025,079 Shares under the SFO as he controls the exercise of all the voting power at general meetings of Capital Force, New Capital and Capital Winner.

(ii) Long positions in the underlying Shares of the Convertible Bonds to be issued by the Company:

Name of the Directors	Number of the underlying Shares interested and nature of interest		Total	Approximate percentage of the existing total issued share capital of the Company *(%)*
	Personal	Corporate		
Mr. Mak *(Note)*	—	278,000,000	278,000,000	33.40

Note: The interest disclosed represents an aggregate of 278,000,000 underlying Shares in respect of the Convertible Bonds to be issued by the Company to Capital Force and New Capital pursuant to the terms and conditions of the Agreement. Mr. Mak is deemed to be interested in such underlying Shares under the SFO as he controls the exercise of all the voting power at general meetings of Capital Force and New Capital.

Save as disclosed above, none of the Directors and chief executive of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

Interests of substantial shareholders

As at the Latest Practicable Date, so far as was known to, or could be ascertained after reasonable enquiries by, the Directors, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Interests and short positions in the Shares and the underlying Shares of the Company as at the Latest Practicable Date

(i) Long positions in the Shares:

Name of the Shareholders	**Number of the Shares held**	**Approximate percentage of the existing total issued share capital of the Company** *(%)*
Capital Force *(Note)*	96,868,792	11.64
New Capital *(Note)*	171,357,615	20.59
Capital Winner *(Note)*	177,798,672	21.36

Note: Capital Force, New Capital and Capital Winner are private corporations, the shares in which are wholly-owned by Mr. Mak beneficially, whose interest in such Shares has also been disclosed in Directors' interests of this section.

(ii) Long positions in the underlying Shares of the Convertible Bonds to be issued by the Company:

Name of the Shareholders	Number of the underlying Shares held	Approximate percentage of the existing total issued share capital of the Company *(%)*
Capital Force *(Note)*	200,000,000	24.03
New Capital *(Note)*	78,000,000	9.37

Note: Capital Force and New Capital are private corporations, the shares in which are wholly-owned by Mr. Mak beneficially, whose interest in such underlying Shares has also been disclosed in Directors' interests of this section.

Save for Mr. Mak who is a director and who is the beneficial owner of all the issued share capital of the substantial shareholders disclosed above, no other Director or proposed Director is a director or employee of the above substantial shareholders who has an interests or short positions in the shares and the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, there was no other person (other than the Directors or chief executive of the Company) who had any interests or short positions in the Shares and the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Interests in contract or arrangement

As at the Latest Practicable Date, none of the Directors is materially interested in contract or arrangement subsisting and which is significant in relation to the business of the Enlarged Group.

Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2014, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

Service contracts

There is no existing or proposed service contract between any member of the Enlarged Group and any Director (excluding contracts expiring or determinable by the Enlarged Group within one year without payment of compensation (other than statutory compensation)).

Competing interests

Each of the Directors has confirmed that so far as they are aware of, none of the Directors nor any proposed Director or his/her respective close associates has any interest in a business, apart from the Enlarged Group's business, which competes or is likely to compete, either directly or indirectly, with the Enlarged Group's business.

4. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Enlarged Group was engaged in any litigation or claims of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any member of the Enlarged Group.

5. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the qualifications of the experts who have given opinion and advice which are contained in this circular:

Name	Qualification
Gram Capital	A licensed corporation to carry out type 6 (advising on corporation finance) regulated activities as defined under the SFO
Grant Sherman	Professional valuer
Mark K. Lam & Co. ("**Mark Lam**")	Certified Public Accountants

Each of Gram Capital, Grant Sherman and Mark Lam has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter/report and reference to its name in the form and context in which they are included.

As at the Latest Practicable Date:

(i) None of Gram Capital, Grant Sherman and Mark Lam has any shareholding, directly or indirectly, in the Company or any member of the Enlarged Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any member of the Enlarged Group;

(ii) None of Gram Capital, Grant Sherman and Mark Lam has any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to the Company or any members of the Enlarged Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Enlarged Group since 31 December 2014, the date to which the latest published audited financial statements of the Group were made up.

6. MATERIAL ADVERSE CHANGE

The Directors have confirmed that there has been no material adverse change in the financial or trading position or prospects of the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Group were made up, up to the Latest Practicable Date.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by the Enlarged Group within the two years immediately preceding the Latest Practicable Date which are, or may be, material:

(i) the Agreement and the Supplemental Agreement;

(ii) the agreement dated 26 January 2016 entered into among Glory Merit International Investment Limited ("**Glory Merit**"), the Company and Jade Assets Company Limited ("**Jade Assets**", an indirect wholly-owned subsidiary of the Company) in relation to (a) consent given by the Company and Jade Assets to Glory Merit to place 10,000,000,000 shares of CCT Land Holdings Limited ("**CCT Land**") at HK$0.035 per share, and (b) the arrangement for Glory Merit to repay the HK$300,000,000 debt due by Glory Merit to the Company and Jade Assets;

(iii) the provisional sale and purchase agreement dated 20 January 2016 entered into between Billion Spread Limited (an indirect wholly-owned subsidiary of the Company) as purchaser and an independent third party as the vendor, in relation to the acquisition of a property at Units 1 to 15 and the Flat Roofs Appurtenant Thereto (inclusive) on the 3rd Floor, and Parking Spaces Nos. 20 and L20 on the 1st Floor of Paramount Building, No. 12 Ka Yip Street, Chai Wan, Hong Kong at the purchase price of HK$110,000,000;

(iv) the manufacturing agreement dated 9 November 2015 entered into between the Company and CCT Land governing the terms and conditions for the manufacture and supply of (a) the plastic casings and components and any other component products (the "**Component Products**") and (b) the dies, casts, moulds and any other relevant toolings required to manufacture the Component Products by the Group to the group of CCT Land for the production of products at the transaction caps of HK$135 million, HK$160 million and HK$200 million for the three financial year ending 31 December 2016, 2017 and 2018;

(v) the agreement dated 27 October 2015 and the supplemental agreement dated 10 November 2015 entered into by and among Jade Assets, CCT Telecom Securities Limited ("**CCT Securities**", an indirect wholly-owned subsidiary of the Company), the Company, Glory Merit and CCT Land in respect of (a) the subscription of convertible bonds of CCT Land by CCT Securities in the aggregate principal amount of HK$795,671,000 at the total issue price of HK$795,671,000 as full settlement of the outstanding principal and accrued interest (if any) of the promissory note due by CCT Land to Jade Assets at that time; and (b) the subscription of convertible bonds by Glory Merit in the aggregate principal amount of HK$300,000,000 at the total issue price of HK$300,000,000 as full settlement of all the outstanding principal and accrued interest of the promissory notes due by CCT Land to Glory Merit at that time, and the issue and allotment of a maximum of 109,567,100,000 new shares of CCT Land upon full conversion of the convertible bonds at the initial conversion price of HK$0.01 per conversion share (subject to adjustments pursuant to the terms and conditions of the convertible bonds);

(vi) the sale and purchase agreement dated 25 September 2015 entered into amongst Jade Assets as first vendor, the Company as second vendor and Glory Merit as the purchaser in relation to the disposal of the promissory notes with the total principal amount of HK$300,000,000 then due by CCT Land to Jade Assets and the Company, to Glory Merit, at a total consideration of HK$300,000,000;

(vii) the placing agreement dated 21 July 2015 entered into between Jade Assets as the vendor and Kingsway Financial Services Group Limited (the "**Placing Agent**") in respect of the placing through the Placing Agent to independent third parties of up to 3,500,000,000 shares in CCT Land held by Jade Assets at a price of HK$0.028 each for total placing proceeds of HK$98,000,000;

(viii) the deed of charge over shares and the guarantee dated 28 May 2015 entered into by CCT Land as chargor and CCT Tech Global Holdings Limited ("**CCT Global**") as guarantor, in favour of Jade Assets as first chargee and the Company as second chargee in respect of (a) the charge of 28,000,000 issued ordinary shares with no par value of CCT Global made by CCT Land to Jade Assets and the Company; and (b) the guarantee given by CCT Global to Jade Assets and the Company as security for payment, performance and discharge of all the undertakings, obligations and liabilities of CCT Land under the promissory notes previously issued by CCT Land to the Company and the corporate guarantees of amount of HK$145,550,000, provided by the Company and its subsidiaries to CCT Land;

(ix) the placing agreement dated 5 December 2014 entered into between Jade Assets as the vendor and the Placing Agent in respect of the placing through the Placing Agent to independent third parties of up to 6,500,000,000 shares in CCT Land held by Jade Assets at a price of HK$0.015 each for total placing proceeds of HK$97,500,000;

(x) the placing agreement dated 12 November 2014 entered into between Capital Force as the vendor and the Placing Agent in respect of the placing through the Placing Agent to independent third parties of up to 75,000,000 placing shares held by Capital Force in the Company at a price of HK$0.90 each for total placing proceeds of HK$67,500,000 and the subscription agreement dated 12 November 2014 entered into between Capital Force as the subscriber and the Company as the issuer in respect of the subscription of new Shares by Capital Force for up to 75,000,000 shares at the subscription price of HK$0.90 each for total subscription consideration of HK$67,500,000;

(xi) the provisional sale and purchase agreement dated 28 August 2014 entered into between Dragon Glory Limited (an indirect wholly-owned subsidiary of the Company) as purchaser and an independent third party as the vendor, in relation to the acquisition of a property at Workshop 10 on 2nd Floor, Workshop 11 on 2nd Floor, Workshop 12 on 2nd Floor including the flat roof adjacent thereto, and Workshop 13 on 2nd Floor, MP Industrial Centre, 18 Ka Yip Street, Hong Kong at the purchase price of HK$47,414,400; and

(xii) the conditional agreement dated 9 May 2014 (the "**Conditional Agreement**") entered into amongst (1) Madam Yiu Yu Ying and Mr. Mak Chun Kiu as the register holders; (2) Mr. Mak as the beneficial owner; and (3) the Company as the purchaser in respect of the proposed acquisition of the sale shares in Cyber Profit (HK) Limited ("**Cyber Profit**") (representing the entire issued capital of Cyber Profit) at the consideration of HK$121,000,000 by the Company or its designated nominee(s) from the registered holders acting on behalf of the beneficial owner and the proposed acquisition of the loan amounted to HK$7,126,849 by the Company or its designated nominee(s) from the beneficial owner pursuant to the terms and conditions in the Conditional Agreement.

8. MISCELLANEOUS

(a) The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and the head office and the principal place of business of the Company in Hong Kong is located at 31/F., Fortis Tower, 77–79 Gloucester Road, Hong Kong.

(b) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(c) The company secretary of the Company is Mr. Tam Ngai Hung, Terry, who is a fellow of the Association of Chartered Certified Accountants and an associate of both the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Secretaries and Administrators.

(d) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the head office and the principal place of business of the Company in Hong Kong at 31/F., Fortis Tower, 77–79 Gloucester Road, Hong Kong during normal business hours on any business day from the date of this circular up to 14 days thereafter:

(a) the memorandum of continuance and the bye-laws of the Company;

(b) the letter from the Board to the Shareholders, the text of which is set out on pages 7 to 28 of this circular;

(c) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 29 to 30 of this circular;

(d) the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 31 to 45 of this circular;

(e) the written consents from Gram Capital, Grant Sherman and Mark Lam referred to in the section headed "Qualifications and consents of Experts" in the appendix;

(f) the accountants' reports of the Target Groups, the text of which is set out in Appendix II to this circular;

(g) the unaudited pro forma financial information of the Enlarged Group and the comfort letter from Mark Lam on pro forma financial information, the text of which is set out in Appendix III to this circular;

(h) the valuation report on the Properties, the text of which is set out in Appendix IV to this circular;

(i) the annual reports of the Company which included the audited consolidated accounts of the Group for the two financial years ended 31 December 2014;

(j) the interim report of the Company which included the unaudited consolidated accounts of the Group for the six months ended 30 June 2015;

(k) the material contracts of the Enlarged Group referred to under section headed "Material Contracts" in this appendix;

(l) the circulars of the Company dated 9 January 2015, 11 August 2015 and 20 October 2015;

(m) the Agreement and the Supplemental Agreement; and

(n) this circular.



CCT FORTIS HOLDINGS LIMITED
（中建富通集團有限公司）

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 00138)

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of the shareholders of CCT Fortis Holdings Limited (the "**Company**") will be held at 31/F., Fortis Tower, 77–79 Gloucester Road, Hong Kong on Tuesday, 29 March 2016 at 9:00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the conditional agreement dated 27 January 2016, as amended by the supplemental agreement dated 17 February 2016 (the "**Agreement**") entered into between Mr. Mak Shiu Tong ("**Mr. Mak**"), a director and the controlling shareholder of the Company, as the vendor and the Company as the purchaser, in relation to the proposed acquisition (the "**Acquisition**") by the Company or designated nominee(s) from Mr. Mak of the following assets:

(i) the 9,997 shares in the capital of Capital Top Industrial Limited (the "**First Target Company**"), a company incorporated in the British Virgin Islands with limited liability, representing 100% of the existing issued share capital of the First Target Company (the "**First Sale Shares**");

(ii) the 9,997 shares in the capital of Next Capital Investments Limited (the "**Second Target Company**"), a company incorporated in the British Virgin Islands with limited liability, representing 100% of the existing issued share capital of the Second Target Company (the "**Second Sale Shares**");

(iii) the outstanding interest-free loan due to Mr. Mak (the "**First Shareholder's Loan**") by Billion Industries Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the First Target Company, which holds 100% ownership of the property at House 38 and car park space P14 and P15, No. 56 Repulse Bay Road, Repulse Bay, Hong Kong; and

(iv) the outstanding interest-free loan due to Mr. Mak (the "**Second Shareholder's Loan**") by Grand Capital Development Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Second Target Company, which holds 100% ownership of the property at House 39 and car park space P5 and P6, No. 56 Repulse Bay Road, Repulse Bay, Hong Kong,

pursuant to which the Company will issue convertible bonds (the "**Convertible Bonds**") with the principal amount of HK$250,200,000, entitling the holders thereof to convert the principal amount thereof into ordinary shares of the Company at an initial conversion price of HK$0.90 (subject to adjustments pursuant to the terms and conditions of the Convertible Bonds), to satisfy the total consideration of HK$250,200,000 (the "**Share Consideration**") for the acquisition of the First Sale Shares and the Second Sale Shares; and the Company will settle the consideration for assignment of the First Shareholder's Loan and the Second Shareholder's Loan at completion of the Acquisition in cash, the amount of which as at 31 December 2015 was HK$25,661,721, in aggregate, (a copy of the Agreement is tabled at the meeting and marked "A" and initialled by the chairman of the meeting (the "**Chairman**") for identification purpose, and details of the Agreement, the Acquisition, the terms and conditions of the Convertible Bonds have been set out in the circular of the Company dated 9 March 2016, a copy of which is tabled at the meeting and marked "B" and initialled by the Chairman for identification purpose (the "**Circular**")), and the entering into and execution of the Agreement by the Company be and is hereby approved, ratified and confirmed;

(b) the Acquisition and any other transactions contemplated under the Agreement be and are hereby approved;

(c) the creation and issue (the "**CB Issue**") by the Company of the Convertible Bonds with the total principal amount of HK$250,200,000 to Capital Force International Limited and New Capital Industrial Limited and any other nominee(s) designated by Mr. Mak, with the terms and conditions as set out in the Agreement, and the instrument constituting the Convertible Bonds be and are hereby approved;

(d) subject to the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the Conversion Shares to be allotted and issued upon conversion of the Convertible Bonds, the directors of the Company be and are hereby granted a specific mandate to exercise the powers of the Company to allot and issue new shares of the Company, credited as fully paid, upon conversion of the Convertible Bonds in accordance with the terms and conditions of the Convertible Bonds; and

(e) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her/them to be incidental to, ancillary to or in connection with the matters contemplated in and completion of the Agreement, the Acquisition, the CB Issue, the allotment and issue of the new shares of the Company upon conversion of the Convertible Bonds and any other transactions contemplated under the Agreement.''

By Order of the Board of
CCT FORTIS HOLDINGS LIMITED
Tam Ngai Hung, Terry
Director

Hong Kong, 9 March 2016

Head office and principal place of business in Hong Kong:
31/F., Fortis Tower
77–79 Gloucester Road
Hong Kong

Notes:

1. A form of proxy for use at the SGM is enclosed herewith.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either executed under its common seal or under the hand of any officer, attorney or other person duly authorised to sign the same.

3. Any shareholder entitled to attend and vote at the SGM or at any adjourned meeting thereof (as the case may be) is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A shareholder who is the holder of two or more shares may appoint not more than two proxies (who must be an individual or individuals) to attend and vote instead of him/her on the same occasion. A proxy need not be a shareholder of the Company but must attend the SGM in person to represent him/her.

4. In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 48 hours before the time appointed for holding the SGM or any adjourned meeting thereof (as the case may be). Such prescribed form of proxy for use at the SGM is also published on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company at www.cct-fortis.com/eng/investor/announcements.php.

5. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the SGM or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.

6. Where there are joint registered holders of any share(s), any one of such joint holders may attend and vote at the SGM or at any adjourned meeting thereof (as the case may be), either in person or by proxy, in respect of such share(s) as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the SGM or at any adjourned meeting thereof (as the case may be), the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.