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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)

CONNECTED TRANSACTIONS

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



FIRST SHANGHAI CAPITAL LIMITED

A letter from the Board is set out on pages 5 to 16 of this circular.

A letter from the Independent Board Committee is set out on pages 17 to 18 of this circular.

A letter from First Shanghai containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 31 of this circular.

A notice convening the SGM to be held at 31/F., Fortis Tower, 77-79 Gloucester Road, Hong Kong on Tuesday, 17 June 2014 at 10:30 a.m. is set out on pages 44 to 45 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/circular.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.

30 May 2014

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DEFINITIONS

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

“Agreement”	the conditional agreement dated 9 May 2014 entered into amongst Madam Yiu Yu Ying and Mr. Mak Chun Kiu as the Registered Holders, Mr. Mak Shiu Tong, Clement as the Beneficial Owner and the Company as the purchaser in respect of the Transactions;
“Announcement”	the Company’s announcement dated 9 May 2014 in which the Company disclosed the entering of the Agreement and details of the Agreement and the Transactions;
“associate(s)”	has the same meaning as ascribed to it under the Listing Rules;
“Beneficial Owner”	Mr. Mak Shiu Tong, Clement;
“Board”	the board of the Directors;
“Business Day(s)”	a day (other than Saturdays, Sundays and public holidays) on which banks in Hong Kong are open for business;
“Capital Winner”	Capital Winner Investments Limited, a company incorporated in the British Virgin Islands, the share capital in which is wholly-owned by the Beneficial Owner beneficially and which held 26,548,672 Shares as at the Latest Practical Date;
“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;
“CCT Land”	CCT Land Holdings Limited, a company incorporated in Bermuda with limited liability and 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;
“classic car(s)”	a classic car is an older automobile, usually between 30 to 100 years old;
“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;

DEFINITIONS

“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 on the Completion Date) to the Agreement;
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules;
“Consideration Shares”	151,250,000 new Shares to be issued by the Company at Completion at the issue price of HK\$0.80 a Share to Capital Winner (or other nominee(s) designated by the Beneficial Owner), pursuant to the Agreement to satisfy the Share Consideration;
“Director(s)”	the director(s) (including the independent non-executive directors) of the Company from time to time;
“First Shanghai”	First Shanghai Capital Limited, a licensed corporation under the SFO to carry out type 6 (advising on corporate finance) regulated activity, being the independent financial adviser to 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 Transactions, formed for the purpose of advising the Independent Shareholders on the terms of the Agreement and the Transactions;
“Independent Shareholders”	the Shareholders other than the Beneficial Owner and his associates;
“Inside Information Provisions”	as defined in the Listing Rules;

DEFINITIONS

“Latest Practicable Date”	27 May 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	the outstanding interest-free loan due from the Target Company to the Beneficial Owner as at Completion, which amounted to HK\$7,126,849 as at the date of the Agreement;
“Long Stop Date”	31 July 2014, or such later date as the parties to the Agreement may agree in writing;
“PRC”	the People’s Republic of China, excluding Hong Kong for the purpose of this circular;
“Properties”	the properties owned by the Target Company, consisting of Workshop 8 and Workshop 11, Ground Floor, MP Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong;
“Registered Holders”	Madam Yiu Yu Ying and Mr. Mak Chun Kiu, who is the spouse and son respectively of the Beneficial Owner and who hold one Sale Share each in trust for the Beneficial Owner and who have agreed to enter into the Agreement to sell the Sale Shares to the Company (or its designated nominee(s)) on behalf of the Beneficial Owner;
“Sale Shares”	two issued and paid-up shares in the Target Company, representing the entire issued capital of the Target Company;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SGM”	the special general meeting of the Shareholders to be convened for the Independent Shareholders to consider and, if thought fit, inter alia, approve the Transactions (including the allotment and issue of the Consideration Shares);
“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);

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“Share(s)”	the share(s) of HK\$0.10 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	has the same meaning as ascribed to it under the Listing Rules;
“Target Company”	Cyber Profit (HK) Limited, a company incorporated in Hong Kong with limited liability;
“Transactions”	the proposed acquisition of the Sale Shares 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 by the Company or its designated nominee(s) from the Beneficial Owner, all pursuant to the terms of the Agreement, and any other transaction as contemplated under the Agreement, including the issue of the Consideration Shares by the Company to satisfy the Share Consideration; and
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

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

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Independent non-executive Directors:

Tam King Ching, Kenny
Chow Siu Ngor
Chen Li

*Head office and principal place
of business in Hong Kong:*

31/F., Fortis Tower
77-79 Gloucester Road
Hong Kong

30 May 2014

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to the Announcement.

It was announced that on 9 May 2014, the Agreement was entered into amongst the Registered Holders, the Beneficial Owner and the Company (as the purchaser) pursuant to which the Registered Holders, acting on behalf of the Beneficial Owner, have agreed to sell the Sale Shares to the Company or its designated nominee(s) at a consideration of HK\$121,000,000 to be satisfied by the issue of the Consideration Shares and the Beneficial Owner has agreed to sell and assign the Loan to the Company or its designated nominee(s) at the Cash Consideration. The Sale Shares represent the entire issued capital of the Target Company, which are wholly owned by the Beneficial Owner beneficially as at the Latest Practicable Date.

As the Beneficial Owner, namely Mr. Mak Shiu Tong, Clement, is the chairman, executive director, chief executive officer, and a substantial shareholder of the Company, he is a connected person under the Listing Rules. As such, the Transactions also constitute a

LETTER FROM THE BOARD

connected transaction for the Company under the Listing Rules. The Transactions including the issue of the Consideration Shares are therefore subject to the approval of the Independent Shareholders at the SGM. The Beneficial Owner 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 on normal commercial terms and are in the best interests of the Company and the Independent Shareholders as a whole. The SGM will be convened and held to approve the Transactions. The Beneficial Owner 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, First Shanghai, 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 further details of the Agreement and the Transactions and the valuation report of the Properties;
- (ii) set out the opinion of First Shanghai 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 9 May 2014 was entered into amongst the following parties in relation to the sale and purchase of the following assets:

Registered Holders:	Madam Yiu Yu Ying and Mr. Mak Chun Kiu, who hold the Sale Shares in trust for the Beneficial Owner
Beneficial Owner:	Mr. Mak Shiu Tong, Clement
Purchaser:	the Company or its designated nominee(s)

LETTER FROM THE BOARD

Assets to be acquired: Acting on behalf of the Beneficial Owner, the Registered Holders, as registered shareholders of the Sale Shares, have agreed to sell and transfer the Sale Shares to the Company or its designated nominee(s) at the Share Consideration of HK\$121,000,000. Also, the Beneficial Owner has agreed to sell and assign the Loan to the Company or its designated nominee(s) at the Cash Consideration of approximately HK\$7,126,849 (based on the book value of the Loan as at the date of the Agreement). The Sale Shares represents the entire issued capital of the Target Company, which are wholly owned by the Beneficial Owner beneficially as at the Latest Practicable Date.

The Beneficial Owner, namely Mr. Mak Shiu Tong, Clement, is the chairman, executive director, chief executive officer of the Company. Furthermore, the Beneficial Owner owns personally and indirectly through corporations a total of 303,250,731 Shares, representing approximately 50.03% of the total issued capital of the Company as at the Latest Practicable Date. The Beneficial Owner is therefore also a substantial shareholder of the Company. As such, the Beneficial Owner is a connected person of the Company under the Listing Rules.

Consideration of the Transactions

The consideration for the purchase of the Sale Shares will be HK\$121,000,000 (the “**Share Consideration**”), which will be satisfied by the Company by allotment and issue of the Consideration Shares of 151,250,000 new Shares at the issue price of HK\$0.80 a Share to Capital Winner (or other nominee(s) designated by the Beneficial Owner), credited as fully paid upon issue.

The Loan 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 Loan will be approximately HK\$7,126,849 (based on the book value of the Loan as at the date of the Agreement) (the “**Cash Consideration**”), which will be satisfied by the Company in cash at Completion.

The Share Consideration of HK\$121,000,000 was determined based on a net total of:

- (a) the market value of the Properties of HK\$150,000,000 as at 30 April 2014 as appraised by Grant Sherman;
- (b) the unaudited net liabilities of the Target Company of HK\$25,310,262 as at 30 April 2014, which represent the unaudited book value of the total liabilities of the Target Company (including the Loan) after deduction of the unaudited book value of other assets (excluding the book value of the Properties) of the Target Company as at 30 April 2014; and
- (c) a discount of approximately 2.96% to the net amount of (a) and (b) above.

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The Company and the Beneficial Owner have taken into account the following factors in arriving at the Share Consideration:

- (i) current commercial and retail property market in Hong Kong;
- (ii) current financial position of the Target Company;
- (iii) the valuation of the Properties as at 30 April 2014 as appraised by Grant Sherman;
- (iv) potential income generation and possible price appreciation of the Properties in the future;
- (v) settlement of the Share Consideration by means of the Consideration Shares which will not involve any cash outlay for the Company; and
- (vi) a discount of approximately 2.96% to the net amount calculated above.

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.

The issue price of the Consideration Shares at HK\$0.800 each represents:

- (i) a discount of approximately 5.88% to the closing price of HK\$0.850 a Share as quoted on the Stock Exchange on 8 May 2014, being the last trading day immediately before the entering into of the Agreement;
- (ii) a discount of approximately 5.88% to the average closing price of approximately HK\$0.850 a Share as quoted on the Stock Exchange for the last three trading days up to including 8 May 2014;
- (iii) a discount of approximately 6.10% to the average closing price of approximately HK\$0.852 a Share as quoted on the Stock Exchange for the last five trading days up to including 8 May 2014;
- (iv) a discount of approximately 6.21% to the average closing price of approximately HK\$0.853 a Share as quoted on the Stock Exchange for the last 10 trading days up to including 8 May 2014;
- (v) a discount of approximately 7.30% to the average closing price of approximately HK\$0.863 a Share as quoted on the Stock Exchange for the last 30 trading days up to including 8 May 2014; and
- (vi) a discount of approximately 4.76% to the closing price of HK\$0.840 a Share as quoted on the Stock Exchange on the Latest Practicable Date.

LETTER FROM THE BOARD

Conditions Precedent of the Agreement

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

- (a) the warranties given by Beneficial Owner 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 Sale Shares and the Loan and the other transactions contemplated under the Agreement; and (ii) the issue of the Consideration Shares by the Company pursuant to the Agreement having been obtained;
- (d) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, on the Stock Exchange, the allotment and issue of the Consideration Shares; 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 the Registered Holders, the Beneficial Owner and the Company (as the case may be) and no statute, regulations or decision which would prohibit, restrict or materially delay the sale and purchase of the Sale Shares and the Loan 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 the Beneficial Owner and the Registered Holders. 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. None of the above conditions precedent has been fulfilled or waived as at the Latest Practicable Date. The Beneficial Owner 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.

In the event that any of the conditions shall not have been fulfilled or waived on or before 31 July 2014 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.

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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 Target Company will become a wholly-owned subsidiary of the Company.

Further information about the Target Company

The Target Company is principally engaged in property investment. The major assets of the Target Company are the Properties, which consist of the properties at Workshop 8 and Workshop 11, Ground Floor, MP Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong. The Properties are located at well developed residential and commercial areas of Chai Wan. The Properties have convenient access to public transport. Although the land on which the Properties are situated is zoned for industrial use, waivers have been granted by the Town Planning Board for permission to use the Properties for retail shop and service usage. The Properties are located on ground level, with wide shop front and high ceiling. One of the Properties, which is Workshop 8 has been let to a company owned by family members of the Beneficial Owner at a monthly rental of HK\$30,000. No lease agreement has been signed and no fixed lease period has been agreed between the Target Company and the existing tenant. It is intended that Workshop 8 will continue to be let to the family private company of the Beneficial Owner after Completion at a higher rental of HK\$60,000 per month, which is based on the market rental as appraised by Grant Sherman. This will constitute a continuing connected transaction for the Company. However as the applicable percentage ratios under the Listing Rules in respect of the letting is less than 5% and the annual rental income is less than HK\$1,000,000, the letting of Workshop 8 will only constitute an exempt continuing connected transaction for the Company.

The audited turnover of the Target Company for the financial year ended 31 March 2013 was approximately HK\$360,000 and the audited turnover of the Target Company for the nine months ended 31 December 2013 (as the Target Company changed its accounting date from 31 March to 31 December in 2013) was approximately HK\$270,000. The audited net loss before tax of the Target Company for the year ended 31 March 2013 and for the period ended 31 December 2013 was approximately HK\$1,905,428 and HK\$356,832 respectively. The audited net loss after tax of the Target Company for the year ended 31 March 2013 and for the period ended 31 December 2013 was approximately HK\$1,905,428 and HK\$356,832 respectively. The unaudited net liabilities (including the net book value of the Properties) of the Target Company before exclusion of the Loan as at 30 April 2014 were HK\$14,424,180, which represented the unaudited total liabilities (including the Loan) less book value of total assets (including the book value of the Properties) of the Target Company. The unaudited net liabilities of the Target Company after exclusion of the Loan as at 30 April 2014 were HK\$7,297,331, which represented the total external liabilities (excluding the Loan) less the book value of total assets of the Target Company. Workshop No. 11 was acquired by the Target Company in July 2002 for HK\$9,000,000 and Workshop No. 8 was acquired by the Target Company in September 2006 for HK\$4,600,000. The unaudited net book value of the Properties as at 30 April 2014 was HK\$10,886,082. The market value of the Properties as at 30 April 2014 as appraised by Grant Sherman is HK\$150,000,000.

LETTER FROM THE BOARD

Information on the Company and the Group

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

- (i) property development and property trading in Hong Kong;
- (ii) property investment and holding;
- (iii) property development in the Mainland China through the CCT Land Group;
- (iv) manufacture and sale of telecom, electronic and child products through the CCT Land Group;
- (v) manufacture and sale of plastic components;
- (vi) the securities business; and
- (vii) the newly established business in investment and trading of classic cars and the operations of classic car storage, restoration and maintenance center.

Change to the shareholding of the Company

The table below shows the shareholding movements of the Company before and immediately after the Completion (assuming no new Share will be issued from the Latest Practicable Date to Completion):

Shareholders	As at the Latest Practicable Date		Issue of the Consideration Shares at Completion	Immediately after Completion	
	No. of Shares	%	No. of Shares	No. of Shares	%
New Capital Industrial Limited (Note)	171,357,615	28.27	—	171,357,615	22.62
Capital Force International Limited (Note)	96,868,792	15.98	—	96,868,792	12.79
Capital Winner (Note)	26,548,672	4.38	151,250,000	177,798,672	23.47
Mak Shiu Tong, Clement — the Beneficial Owner	<u>8,475,652</u>	<u>1.40</u>	<u>—</u>	<u>8,475,652</u>	<u>1.12</u>
Sub-total for the Beneficial Owner	303,250,731	50.03	151,250,000	454,500,731	60.00
Other Directors:					
Tam Ngai Hung, Terry	500,000	0.08	—	500,000	0.07
William Donald Putt	591,500	0.10	—	591,500	0.08
Sub-total for other Directors	1,091,500	0.18	—	1,091,500	0.15
Total non-public shareholders	304,342,231	50.21	151,250,000	455,592,231	60.15
Public Shareholders	<u>301,802,676</u>	<u>49.79</u>	<u>—</u>	<u>301,802,676</u>	<u>39.85</u>
Total	<u><u>606,144,907</u></u>	<u><u>100.00</u></u>	<u><u>151,250,000</u></u>	<u><u>757,394,907</u></u>	<u><u>100.00</u></u>

LETTER FROM THE BOARD

Note: New Capital Industrial Limited, Capital Force International Limited and Capital Winner are private corporations, the shares in each of which are wholly-owned by Mr. Mak Shiu Tong, Clement beneficially.

Application has been made to the Stock Exchange for the listing of, and the permission to deal in the Consideration Shares.

Reasons for and benefits of the proposed Transactions

Reference is made to section headed “Outlook” in the Chairman’s letter of the Company’s 2013 annual report, in which it was disclosed that the Group has established and started a new venture of investment and trading in classic cars earlier this year.

The business model of this new business is as follows: the Group has designated an existing wholly-owned subsidiary to be engaged in the classic car business. The Group will buy classic cars which the Group thinks have potential of price appreciation. Some of the classic cars will be held as investment for long term gains in value while some other cars will be held for trading for short term gains and will be sold when there is a price appreciation which will give rise to a profit satisfactory to the Group. Classic cars include classic sport cars and non-sport cars. The Group is currently more interested in classic sport cars manufactured by the famous brands such as Ferrari and Porsche because of their very good performance in price appreciation. Classic cars are a kind of collectibles like jewellery, watches, gold, wine and art. Classic cars are recognised by collectors as an art form on one hand and on the other hand can be driven on roads as automobiles, subject to local traffic laws and rules. According to the *Wealth Report 2014* (“**Wealth Report**”) published by Knight Frank in March 2014, the average value of classic cars which consists of the categories of classic sport cars that the Group is investing has risen by 456% over the past 10 years and represented the highest growth in value among the various popular luxury investment in collectibles as set out in *Wealth Report*. Based on the above information, the Company realizes that classic cars have been a very good performer in terms of value appreciation and have outperformed other collectibles in the collectible markets. As part of the venture, the Company intends to establish a classic car restoration and maintenance (“**R&M**”) center. The Company is of the view that the demand for classic car professional R&M services in the region is very high, attributable to the limited supply of such services in Hong Kong. The Company considers that the R&M center will supplement the classic car investment and trading business, which the Board believes to have good business prospects and promising growth potential and which may become a major contributor of revenue to the Group in the future. The Group has already started investing in classic cars and so far has acquired seven classic sport cars for approximately HK\$95 million. In this regard, the Company has been looking for suitable property to house the R&M centre but it is difficult to find suitable property at reasonable price. Workshop 11 of the Properties is located on ground level and has wide shop front and high ceiling, which is very suitable for operations of classic car R&M facility. Therefore, the Company intends to use Workshop 11 as the R&M facility for classic cars. The Board is of the view that the Transactions will result in the following benefits to the Group:

- (a) Workshop 11 will house the future restoration and maintenance center for classic cars, which will generate recurrent service income to the Group;

LETTER FROM THE BOARD

- (b) the R&M service business will be part of and will supplement the development of the new business in the classic car investment and trading sector of the Group, which the Company considers to have favourable business prospects and promising growth potential;
- (c) Workshop 8 will be let to a family company of the Beneficial Owner at market rental, which will increase the recurrent rental income of the Group;
- (d) the Properties have convenient public transport access and are located on street level, with large shop front and high ceiling, which are suitable for commercial and retail uses. The potential for future price appreciation of the Properties is considered to be good because of the long-term favourable conditions of commercial and retail property market in Hong Kong and because of the good quality of the Properties. Furthermore, the Properties will enlarge the property investment and holdings of the Group;
- (e) the Share Consideration will be settled by the Consideration Shares, which will not require cash outlay of the Group and will therefore conserve the cash resources of the Group; and
- (f) the Consideration Shares will expand the capital of the Company and will reduce gearing of the Group, as such, further improve the financial position of the Group.

As (i) the Share Consideration represents a discount of 2.96% to the fair value of the net assets of the Target Company; (ii) the Share Consideration will be settled by means of the Consideration Shares, which will enlarge the capital base of the Company and will not require cash outlay of the Company in order to conserve cash of the Company; and (iii) the other benefits of the Transactions to the Group as set out above, the slight discount of the issue price of the Consideration Shares to the closing price and average closing prices of the Shares as outlined in the sub-section headed “Consideration of the Transactions” under the section “The Agreement and the Transactions” of this circular is considered to be fair and reasonable.

Besides issuing Shares to satisfy the consideration of the Transactions, the Board has considered other alternatives of financing the Transactions, such as entire reliance on the utilization of internal cash resources of the Group or external borrowings. The Board considers that other financing alternatives have more disadvantages than advantages to the Group because these other alternatives would either have a negative impact on the liquidity or would increase the gearing or interest costs of the Group. Although the Transactions will give rise to a dilution impact of approximately 10% to the Independent Shareholders (whose aggregate shareholding in the Company will be diluted from approximately 50% to approximately 40% as a result of the Transactions), in light of the significant benefits that may be brought to the Group by the Transactions, as outlined above, the Board believes that the terms of Agreement are on normal commercial terms and are fair and reasonable, and in the interests of Shareholders as a whole.

LETTER FROM THE BOARD

Financial effects of the Transactions

(a) Net profits

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated in the accounts of the Group. The Group recorded profit attributable to owners of the parent of approximately HK\$232 million for the year ended 31 December 2013. On the other hand, the Target Company recorded net losses of approximately HK\$2 million for the year ended 31 March 2013 and approximately HK\$0.4 million for the nine months ended 31 December 2013. The Company expects that the Transactions will (i) generate service revenue to the Group by using Workshop 11 for classic car restoration and maintenance facility, which will, in turn, support and facilitate the development of its classic car investment and trading business; and (ii) generate additional rental income to the Group from leasing of Workshop 8 to a private family company of the Beneficial Owner, at the expected rental of HK\$60,000 per month.

(b) Net assets

As the Target Company will become a wholly-owned subsidiary of the Company, the assets and the liabilities of the Target Company will be consolidated in the accounts of the Group, after Completion. The Group will apply the acquisition method in accordance with Hong Kong Financial Reporting Standard 3 (Revised) Business Combinations (“**HKFRS 3**”) to record the Transactions, under which the Group will account for the net identifiable assets and liabilities of the Target Company at their fair value at Completion. Based on the Company’s 2013 annual report, the Group had net assets attributable to owners of the parent of approximately HK\$2,032 million as at 31 December 2013. Based on the market value of the Properties of HK\$150 million as appraised by Grant Sherman and the unaudited book value of the net liabilities (including the Loan but excluding the value of the Properties) of the Target Company of approximately HK\$25 million as at 30 April 2014, the net assets of the Group would be increased by approximately HK\$125 million upon Completion, which would represent approximately 6% increase to the net assets of the Group as at 31 December 2013. The fair values of the identifiable assets (which consist primarily of the Properties) and liabilities of the Target Company will be reassessed at Completion and accordingly, their fair values as at the date of Completion may be different from their values as at 30 April 2014 and the effect to net assets of the Group arising from the Transactions may be different from that as shown above.

LISTING RULES IMPLICATIONS

Connected Transaction for the Company

As the Beneficial Owner is the chairman, executive director, chief executive officer, and a substantial shareholder of the Company, he is a connected person under the Listing Rules. As such, the Transactions constitute a connected transaction for the Company under the Listing Rules. The Transactions including the issue of the Consideration Shares are therefore subject to the approval of the Independent Shareholders at the SGM. The Beneficial Owner and his associates, which together held an aggregate of 303,250,731 Shares, representing

LETTER FROM THE BOARD

approximately 50.03% of the total issued capital of the Company as at the Latest Practicable Date, will abstain from voting in respect of the resolution(s) to approve the Transactions at the SGM.

GENERAL

Mr. Mak Shiu Tong, Clement, who is an executive director, the chairman, the chief executive officer and a substantial shareholder of the Company and who beneficially owns the Sale Shares and the Loan, has a material interest in the Agreement and the Transactions. As such, he was absent from the meeting of the Board to consider and approve the Agreement and the Transactions and therefore he had abstained from voting on the resolution(s) of the Board approving the Agreement and the Transactions. Save as aforesaid, none of the other Directors (that is the Directors other than Mr. Mak Shiu Tong, Clement) have any material interest in the Agreement and the Transactions, and therefore none of them had abstained from voting on the resolution(s) of the Board approving 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. First Shanghai has been appointed as the independent financial adviser 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, 17 June 2014 at 10:30 a.m. is set out on pages 44 to 45 of this circular. At the SGM, an ordinary resolution will be proposed for the Independent Shareholders to consider 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. 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.

LETTER FROM THE BOARD

Pursuant to Rule 13.39(4) of the Listing Rules, voting at the SGM will be conducted by way of poll. 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. The Beneficial Owner (Mr. Mak Shiu Tong) and his associates, namely New Capital Industrial Limited, Capital Force International Limited and Capital Winner who/which held 8,475,652 Shares, 171,357,615 Shares, 96,868,792 Shares and 26,548,672 Shares respectively as at the Latest Practical Date, through which they control the voting rights of their respective Shares, together with respective associates, will abstain from voting in respect of the resolution to approve the Transactions (including the issue of the Consideration Shares) 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 17 to 18 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 First Shanghai as set out on pages 19 to 31 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 in the usual and ordinary course of business of the Group; and that the terms of the Agreement and the Transactions are on normal commercial terms, and 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 and the notice of the SGM.

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



CCTI FORTIS HOLDINGS LIMITED

(中 建 富 通 集 團 有 限 公 司)

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

(Stock Code: 00138)

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

30 May 2014

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTIONS

We refer to the circular of the Company to the Shareholders dated 30 May 2014 (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. First Shanghai 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, First Shanghai, as set out on pages 19 to 31 of the Circular and the letter from the Board as set out on pages 5 to 16 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered, amongst other matters, the factors and reasons considered by, and the opinion of First Shanghai as stated in its letter of advice, we consider that the terms of the Agreement and the Transactions are on normal commercial terms and 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. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) to approve the Transactions (including the issue of the Consideration Shares) 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

LETTER FROM FIRST SHANGHAI

The following is the text of the letter of advice to the Independent Board Committee and the Independent Shareholders from First Shanghai for the purpose of incorporation into this circular.



FIRST SHANGHAI CAPITAL LIMITED

19th Floor, Wing On House
71 Des Voeux Road Central
Hong Kong

30 May 2014

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreement and the Transactions, details of which are set out in the circular of the Company to the Shareholders dated 30 May 2014 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Circular.

On 9 May 2014, the Company, the Beneficial Owner and the Registered Holders entered into the Agreement, pursuant to which (i) the Registered Holders (acting on behalf of the Beneficial Owner) agreed to sell the Sale Shares, which represent the entire issued capital of the Target Company, to the Company (or its designated nominee(s)) at the Share Consideration of HK\$121 million to be satisfied by the issue of the Consideration Shares; and (ii) the Beneficial Owner agreed to sell and assign the Loan, which amounted to approximately HK\$7 million as at the date of the Agreement, to the Company (or its designated nominee(s)) at the Cash Consideration.

The Beneficial Owner is the chairman, executive director and chief executive officer and a substantial shareholder of the Company. Therefore, the Beneficial Owner is a connected person of the Company under the Listing Rules. Accordingly, the Transactions constitute connected transactions for the Company under the Listing Rules and are subject to, among other things, the approval by the Independent Shareholders at the SGM.

LETTER FROM FIRST SHANGHAI

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Tam King Ching, Kenny, Mr. Chow Siu Ngor and Mr. Chen Li, has been formed to advise the Independent Shareholders in respect of the terms of the Agreement and the Transactions. We, First Shanghai Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Independent Shareholders should note that, within the past two years from the Latest Practicable Date, we were engaged as independent financial adviser by CCT Land, which is a non-wholly owned subsidiary of the Company, for two occasions as detailed in the circulars of CCT Land dated 31 October 2012 and 14 June 2013. Given (i) our independent role in these two engagements; (ii) none of the members of the CCT Land Group is a direct party to the Transactions; and (iii) our fees for these two engagements represented an insignificant percentage of revenue of our parent group, we consider these two engagements would not affect our independence to form our opinion in respect of the terms of the Agreement and the Transactions.

In putting forth our opinion and recommendation, we have relied on the accuracy of the information and representations included in the Circular and provided to us by the management of the Group, and have assumed that all such information and representations made or referred to in the Circular and provided to us by the management of the Group were true at the time they were made and will continue to be true up to the time of the holding of the SGM. We have also assumed that all statements of belief, opinion and intention made in the Circular were reasonably made after due enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Group and have been advised that no material facts have been withheld or omitted from the information provided and referred to in the Circular. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the management of the Group nor have we conducted any form of investigation into the business, affairs or future prospects of the Group and the Target Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the terms of the Agreement and the Transactions, we have taken into account the following principal factors and reasons:

1. Background of the Group

The Group is principally engaged in (i) property development and property trading in Hong Kong; (ii) property investment and holding; (iii) property development in the PRC through the CCT Land Group; (iv) manufacture and sale of telecom, electronic and child products through the CCT Land Group; (v) manufacture and sale of plastic components; (vi) the securities business; and (vii) the newly established business in investment and trading of classic cars and the operations of classic car storage, restoration and maintenance center.

LETTER FROM FIRST SHANGHAI

According to the annual report of the Company for the year ended 31 December 2013 (the “**2013 Annual Report**”), the performance of the operating segments of the Group for each of the years ended 31 December 2012 and 2013 were as follows:

	Operating profit/(loss) before taxation for the year ended 31 December	
	2012	2013
	<i>HK\$ million</i>	<i>HK\$ million</i>
Property development and trading in Hong Kong	—	246
Property investment and holding	134	100
Property development in the PRC	15	10
Telecom, electronic and child products	(25)	(18)
Components	(35)	(35)
Securities business	<u>13</u>	<u>2</u>
Total	<u>102</u>	<u>305</u>

The majority of the operating profit before taxation of the Group for each of the years ended 31 December 2012 and 2013 were derived from property related sector.

2. Background of the Target Company

The Target Company is principally engaged in property investment. As the Target Company changed its accounting date from 31 March to 31 December in 2013, the table below sets out a summary of the key information on the financial performance of the Target Company for the year ended 31 March 2013 and the nine months ended 31 December 2013 as extracted from the audited financial statements of the Target Company and for the four months ended 30 April 2014 as extracted from the unaudited management accounts of the Target Company (the “**Relevant Periods**”).

	For the year ended 31 March 2013	For the nine months ended 31 December 2013	For the four months ended 30 April 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Unaudited)
Revenue	360	270	120
Administrative expenses	(1,733)	(274)	(130)
Finance costs	<u>(532)</u>	<u>(353)</u>	<u>(194)</u>
Loss before and after tax	<u>(1,905)</u>	<u>(357)</u>	<u>(204)</u>

LETTER FROM FIRST SHANGHAI

We are advised by the management of the Group that, for the Relevant Periods, (i) the revenue of the Target Company were all derived from the stable rental of Workshop 8 of the Properties; (ii) the administrative expenses of the Target Company for the year ended 31 March 2013 were primarily attributable to accounting depreciation of a motor vehicle, which was subsequently disposed of by the Target Company during the four months ended 30 April 2014, and depreciation of the Properties; (iii) the administrative expenses of the Target Company for the nine months ended 31 December 2013 and the four months ended 30 April 2014 were primarily attributable to depreciation of the Properties; and (iv) the finance costs of the Target Company were mainly due to bank loan interests.

The table below sets out a summary of the key information on the financial position of the Target Company as at 30 April 2014 based on the unaudited management accounts of the Target Company and as advised by the management of the Group.

	As at 30 April 2014 <i>HK\$'000</i> (Unaudited)
Non-current assets	15,388
Current assets	690
Total assets	16,078
Bank loans	23,346
The Loan	7,127
Other liabilities	29
Total liabilities	30,502
Net liabilities	14,424

The Target Company recorded net liabilities of approximately HK\$14 million as at 30 April 2014. We are advised by the management of the Group that, as at 30 April 2014, (i) liabilities of the Target Company primarily comprised bank loans of approximately HK\$23 million and the Loan of approximately HK\$7 million; and (ii) non-current assets of the Target Company primarily comprised the net book value of the Properties of approximately HK\$11 million.

LETTER FROM FIRST SHANGHAI

3. Reasons for and benefits of entering into the Agreement

The Properties, being the major assets of the Target Company, are Workshop 8 and Workshop 11, Ground Floor, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan. As stated in the letter from the Board of the Circular, despite the land on which the Properties are situated is zoned for industrial use, waivers have been granted by the Town Planning Board for permission to use the Properties for retail shop and service usage.

According to the letter from the Board of the Circular, Workshop 11 of the Properties is suitable for the Group to establish a classic car restoration and maintenance center, which will support and facilitate the Group to develop the newly started venture of investing and trading in classic cars. We are advised by the management of the Group that the Group has started investing in several classic cars. In this regard, we have reviewed industry information published by Knight Frank, which is a global real estate consultancy headquartered in London with 330 offices and employing more than 12,500 professionals across the globe. Reference is made to the *Wealth Report 2014* published by Knight Frank in March 2014 on its website (the “**Wealth Report**”), which indicates that (i) the number of billionaires in the PRC is expected to increase by about 80% from 2013 to 2023 and will exceed the total number of billionaires in the United Kingdom, Russia, France and Switzerland combined in 2023; (ii) classic car, being the category of collectible which the Group began investing as detailed in the letter from the Board of the Circular, is the sixth most widespread luxury investment category in Asia after jewellery, watches, diamonds, wine, and art; and (iii) classic car recorded the highest growth in value among various popular luxury investment categories as set out in the table below:

	Performance of value				
	Classic cars	Jewellery	Watches	Wine	Art
1-year change (Q3 2012 — Q3 2013)	+28%	+3%	+4%	+3%	–3%
10-year change (Q3 2003 — Q3 2013)	+456%	+156%	+82%	+176%	+193%

Source: Wealth Report

Based on the above information, we understand that classic cars have performed well in value appreciation amongst the popular luxury collectibles. We understand the Board is of the view that the newly established classic car business of the Group has very good business prospects and promising growth potential and that the acquisition of interest in the Properties through the Transactions will support and facilitate the Group to develop and grow such promising business.

The acquisition of the Properties through the Transactions is also in line with the business direction of the Group, where property related segments contributed majority of the operating profit of the Group in the past two years. The Properties are located on street level and have wide frontage and tall ceiling and as such the management of the Group believes that they have good potential of future value appreciation as they are suitable for commercial and retail uses and because of their good quality. The

LETTER FROM FIRST SHANGHAI

management of the Group believes that price of the Properties will appreciate in the long run given the shortage of supply over demand of commercial and retail properties in Hong Kong and the good quality of the Properties. The management of the Group considers that the Transactions will enhance the property investment and holdings of the Group. As disclosed in the letter from the Board of the Circular, Workshop 8 of the Properties is expected to be let to the family private company of the Beneficial Owner after Completion at market rental, which will increase the recurrent rental income of the Group. On the other hand, Workshop 11 of the Properties will house the restoration and maintenance facility of classic cars. The management of the Group believes that the demand for professional classic car restoration and maintenance services is high in the region and as such, Workshop 11 will generate recurrent service revenue to the Group. In considering entering into the Transactions, the management of the Group has taken into account one of the major factors that the establishment of the restoration and maintenance facility in Workshop 11 will support and facilitate the development of the classic car business, which the management believes to have favourable business prospects and great growth potential.

In addition, the Share Consideration, being the majority amount of the consideration for the Transactions, will be satisfied by the issue of the Consideration Shares. Therefore, the Transactions would allow the Group to acquire the Target Company without imposing any significant cash flow burden, under which the Group could preserve its cash resources for business development or working capital needs.

Having principally considered that: (i) classic cars have performed well in value appreciation and the acquisition of the Properties would facilitate the Group to develop its classic car business and generate recurrent revenue at the same time; (ii) the Transactions will allow the Group to capture possible appreciation of capital value of the Properties; (iii) the acquisition of the Properties is in line with the business direction of the Group, which will enlarge its property investment and holding portfolio; (iv) approximately 95% of the aggregate consideration for the Transactions will be satisfied by the issue of the Consideration Shares, which would allow the Group to acquire the Target Company without imposing any significant cash flow burden; (v) the assignment of the Loan is part and parcel of the Transactions, of which the Cash Consideration represents only approximately 5% of the aggregate consideration for the Transactions; and (vi) the terms of the Agreement are fair and reasonable as discussed below, we are of the view that the entering into of the Agreement and the Transactions are in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the Agreement

Pursuant to the Agreement, (i) the Registered Holders (acting on behalf of the Beneficial Owner) agreed to sell the Sale Shares, which represent the entire issued capital of the Target Company, to the Company (or its designated nominee(s)) at the Share Consideration of HK\$121 million to be satisfied by the issue of the Consideration Shares; and (ii) the Beneficial Owner agreed to sell and assign the Loan, which amounted to approximately HK\$7 million as at the date of the Agreement, to the Company (or its designated nominee(s)) at the Cash Consideration to be satisfied in cash.

LETTER FROM FIRST SHANGHAI

We are advised by the management of the Group that the financing methods of the Transactions under the Agreement, where the Share Consideration representing approximately 95% of the total consideration will be satisfied by the Consideration Shares and the Cash Consideration representing approximately 5% of the total consideration will be satisfied by cash, are in the interests of the Company and the Shareholders as a whole because (i) the majority of the aggregate consideration for the Transactions would be satisfied by way of the issue of the Consideration Shares, which would allow the Group to acquire the Target Company without imposing any significant cash flow burden; and (ii) other financing alternatives have more disadvantages than advantages to the Group as (a) entire reliance on the utilisation of internal cash resources of the Group to satisfy the consideration would have a negative impact on the liquidity of the Group because such resources might instead be better utilised for business development or working capital needs; and (b) entire reliance on external borrowing would increase the gearing of the Group and would involve significant interest costs. We also note that the effective interest rate of the current unsecured bank loans of the Group was approximately 3.5% for the year ended 31 December 2013 as disclosed in the 2013 Annual Report. Hence, we are of the view that the financing methods of the Share Consideration and the Cash Consideration under the Agreement are acceptable.

(a) The Share Consideration

The Share Consideration of HK\$121 million was determined based on a discount of approximately 3% to the adjusted net asset value of the Target Company (the “**Adjusted NAV**”), which represents the net total of (i) the market value of the Properties of approximately HK\$150 million as at 30 April 2014 appraised by Grant Sherman, the valuation report of which is set out in Appendix I to the Circular (the “**Valuation Report**”); and (ii) the unaudited net liabilities (including the Loan) of the Target Company after exclusion of the net book value of the Properties of approximately HK\$25 million as at 30 April 2014.

Given that the Share Consideration was primarily based on the Adjusted NAV, a principal component of which was the appraised value of the Properties, we have reviewed the Valuation Report and discussed with Grant Sherman regarding the methodology of and the principal bases and assumptions adopted for the valuation of the Properties. Moreover, we have interviewed Grant Sherman as to its expertise and reviewed its terms of engagement. Furthermore, based on our discussion with Grant Sherman and the management team of the Group, we understand that (i) apart from the provision of independent valuation services, Grant Sherman has no other current or prior relationships with the Company, the Beneficial Owner, the Registered Holders and the connected persons of either of them; and (ii) the Company, the Beneficial Owner and the Registered Holders have not made any formal or informal representations to Grant Sherman in relation to the valuation of the Properties. We understand that Grant Sherman had primarily adopted the direct comparison approach, which is a common approach for property valuation. We also understand that (i) the cost approach was not adopted because it ignores the market trend of the property market; and (ii) the income approach was not adopted because it would involve making assumptions which are subject to uncertainties. We have (i) reviewed information on the market comparables adopted by Grant Sherman for the valuation of the Properties under the direct comparison approach, where we note that the appraised unit price of the Properties is within the range of those of the market

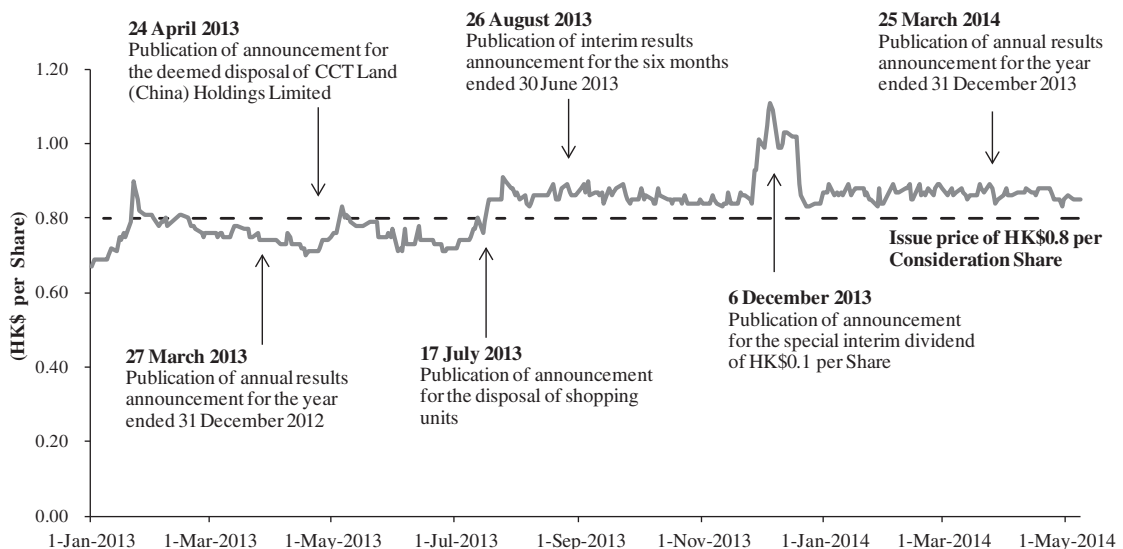
LETTER FROM FIRST SHANGHAI

comparables; and (ii) assessed price quotations of properties located in the same district of the Properties based on information we obtained from the internet as cross reference. During the course of our discussion with Grant Sherman and our review and assessment, we have not identified any major factors which cause us to doubt the fairness and reasonableness of the principal bases and assumptions adopted for the valuation of the Properties.

Taking into account, in particular, that: (i) the Properties are the primary assets of the Target Company and the value of the Properties is the major component of the Share Consideration; (ii) the Share Consideration represents a discount of approximately 3% to the Adjusted NAV, which is calculated primarily with reference to the appraised market value of the Properties and the other net liabilities of the Target Company as at 30 April 2014; and (iii) the reasons for and the benefits of entering into the Agreement as previously discussed, particularly the Share Consideration will be satisfied by the issue of the Consideration Shares, where the Group could preserve its cash resources, we are of the view that the basis of determining the Share Consideration is acceptable.

(b) The Consideration Shares

The Share Consideration shall be satisfied by the issue of the 151,250,000 Consideration Shares, which represents approximately 24.95% of the existing issued Shares of the Company. The issue price of the Consideration Shares will be HK\$0.80 per share, which represents (i) a discount of approximately 6% to the closing price of the Shares (the “**Issue Price Discount**”) on 8 May 2014, being the last trading day immediately before entering into the Agreement (the “**Last Trading Day**”); and (ii) a discount of approximately 7% to the average of the closing prices of the Shares for the last 30 trading days up to the Last Trading Day. The chart below sets out the trend of the closing prices of the Shares from 1 January 2013 to the Last Trading Day (the “**Review Period**”):



Source: Website of the Stock Exchange

LETTER FROM FIRST SHANGHAI

We note that the closing prices of the Shares were mainly in the range between HK\$0.7 and HK\$0.8 from 1 January 2013 to mid July 2013 and were mainly in the range between HK\$0.8 and HK\$0.9 from mid July 2013 to the Last Trading Day.

We have also reviewed the trading volume of the Shares during the Review Period as set out in the following table:

	Trading volume (million Shares)	Average daily trading volume (million Shares)	Percentage of average daily trading volume to total issued Shares (%)	Percentage of average daily trading volume to public float (%)
2013				
January	12.11	0.55	0.09%	0.18%
February	2.62	0.15	0.03%	0.05%
March	3.31	0.17	0.03%	0.05%
April	0.97	0.06	0.01%	0.02%
May	2.15	0.10	0.02%	0.03%
June	1.06	0.06	0.01%	0.02%
July	14.82	0.78	0.13%	0.26%
August	5.90	0.28	0.05%	0.09%
September	3.50	0.17	0.03%	0.06%
October	3.06	0.15	0.02%	0.05%
November	10.54	0.50	0.08%	0.17%
December	24.80	1.24	0.20%	0.41%
2014				
January	3.16	0.15	0.02%	0.05%
February	1.98	0.10	0.02%	0.03%
March	5.89	0.28	0.05%	0.09%
April	2.93	0.15	0.02%	0.05%
May (up to the Last Trading Day)	0.35	0.09	0.01%	0.03%

Source: Bloomberg

We note from the above table that the trading volume of the Shares was generally very thin during the Review Period, where the percentages of average daily trading volume of the Shares to the average total issued Shares and public float during the Review Period were mainly below 0.05% and 0.1%, respectively. Hence, the disposal of a large volume of Shares in the open market is likely to exert downward pressure on the price of the Shares. Accordingly, we consider a liquidity

LETTER FROM FIRST SHANGHAI

discount to the bulk sale of Shares to be acceptable. The Independent Shareholders should note that the liquidity discount of the Shares depends on the liquidity of the Shares at the time of disposal and the scale of disposal.

Taking into account, in particular, that: (i) the Share Consideration represents a discount of approximately 3% to the Adjusted NAV, whereas the Issue Price Discount is approximately 6%, representing a slight net difference of approximately 3%; (ii) the effective interest rate of the current unsecured bank loans of the Group was approximately 3.5% for the year ended 31 December 2013 and the issue of the Consideration Shares to settle the Share Consideration would not incur interest expenses; (iii) the issue price of the Consideration Shares is not materially different from the closing prices of the Shares in the recent Review Period; (iv) the number of Consideration Shares represents approximately 24.95% of the existing issued Shares of the Company and the trading volume of the Shares was generally very thin during the Review Period, where a liquidity discount could be given to the bulk sale of Shares; and (v) the reasons for and the benefits of entering into the Agreement as previously discussed, particularly the issue of the Consideration Shares could preserve the cash resources of the Group for business development or working capital needs, we are of the view that the issue price of the Consideration Shares is acceptable.

(c) The Cash Consideration

The Cash Consideration shall equal the book value of the Loan at Completion and shall be satisfied in cash. The Loan amounted to approximately HK\$7 million as at the date of the Agreement. We are advised by the management of the Group that the amount of the Loan is not expected to have any material change between the date of the Agreement and the date of Completion.

Taking into account, in particular, that: (i) the Cash Consideration shall equal the book value of the Loan at Completion; (ii) the assignment of the Loan is part and parcel of the Transactions; (iii) the amount of the Cash Consideration represents approximately 5% of the aggregate consideration for the Transactions; and (iv) the reasons for and the benefits of entering into the Agreement as previously discussed, we are of the view that the basis of determining the Cash Consideration is acceptable.

(d) Conclusion

Based on the foregoing, we are of the view that the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

5. Possible financial and dilution effects of the Transactions

(a) Net profit

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated in the accounts of the Group. The Group recorded profit attributable to owners of the parent of approximately HK\$232 million for the year ended 31 December 2013. On the other hand, the Target Company recorded net losses of approximately HK\$2 million for the year ended 31 March 2013 and approximately HK\$0.4 million for the nine months ended 31 December 2013. The Independent Shareholders should note that the Group is expected to (i) generate service revenue by using Workshop 11 of the Properties as the classic car restoration and maintenance facility, which will, in turn, support the development of the classic car investment and trading business; and (ii) generate additional rental income to the Group from leasing Workshop 8 of the Properties to a private family company of the Beneficial Owner at the expected rental of HK\$60,000 per month.

(b) Net assets

As the Target Company will become a wholly-owned subsidiary of the Company, the assets and the liabilities of the Target Company will be consolidated in the accounts of the Group after Completion. We are advised by the management of the Group that the Group will apply the acquisition method in accordance with Hong Kong Financial Reporting Standard 3 (Revised) *Business Combinations* to record the Transactions at Completion under which the Group will account for the net identifiable assets and liabilities of the Target Company at their fair value at Completion. We are further advised by the management of the Group that, based on the market value of the Properties of HK\$150 million as appraised by Grant Sherman and the unaudited book value of the net liabilities (including the Loan but excluding the value of the Properties) of the Target Company of approximately HK\$25 million as at 30 April 2014, the net assets of the Group would increase by approximately HK\$125 million upon Completion, which would represent an approximately 6% increase to the net assets of the Group as at 31 December 2013. The Independent Shareholders should note that upon Completion, the fair values of the identifiable assets (which consist primarily of the Properties) and liabilities of the Target Company will be reassessed and, accordingly, their fair values at the date of Completion may be different from their values as at 30 April 2014 and the effect to net assets of the Group arising from the Transactions may be different from that as shown above.

(c) Working capital

The Group had cash and cash equivalents of approximately HK\$643 million as at 31 December 2013. On the other hand, the Target Company had unaudited cash and cash equivalents of approximately HK\$0.6 million as at 30 April 2014. Given the majority of the aggregate consideration for the Transactions will be satisfied by

LETTER FROM FIRST SHANGHAI

the issue of the Consideration Shares, the Transactions are not expected to have a material adverse impact on the working capital position of the Group upon Completion.

(d) Dilution

The table below sets out the simplified shareholding structure of the Company as at the Latest Practicable Date and immediately after Completion (assuming no change to the shareholding structure and the number of issued shares of the Company from the Latest Practicable Date to Completion other than the issue of the 151,250,000 Consideration Shares to the Beneficial Owner):

	As at the Latest Practicable Date		Immediately after Completion	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Beneficial Owner and his associates	303,250,731	50.03%	454,500,731	60.00%
Other Directors	1,091,500	0.18%	1,091,500	0.15%
Public Shareholders	<u>301,802,676</u>	<u>49.79%</u>	<u>301,802,676</u>	<u>39.85%</u>
Total	<u>606,144,907</u>	<u>100.00%</u>	<u>757,394,907</u>	<u>100.00%</u>

As shown in the above table, the public shareholding of the Company is expected to dilute from approximately 50% as at the Latest Practicable Date to approximately 40% immediately after Completion.

Taking into account, in particular, (i) the issue of the Consideration Shares to satisfy the Share Consideration would allow the Group to acquire the Target Company without imposing any significant cash flow burden, where the Group could preserve its cash resources for business development or working capital needs; (ii) the dilution to public shareholding, approximately from 50% to approximately 40%, representing a difference of approximately 10%, is not very substantial; (iii) the terms of the Agreement are fair and reasonable as previously discussed; and (iv) the reasons for and the benefits of entering into the Agreement as previously discussed, we are of the view that the dilution is acceptable.

LETTER FROM FIRST SHANGHAI

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the entering into of the Agreement and the Transactions are in the interests of the Company and the Shareholders as a whole and the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves advise, the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the SGM to approve the Transactions.

Yours faithfully,
For and on behalf of
First Shanghai Capital Limited

Eric Lee
Managing Director

Fanny Lee
Managing Director

Note: Mr. Eric Lee and Ms. Fanny Lee have been responsible officers of Type 6 (advising on corporate finance) regulated activity under the SFO since 2006. Both of them have participated in the provision of independent financial advisory services for various connected transactions involving companies listed in 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 30 April 2014 of the property interests to be acquired by the Group in Hong Kong.

**GRANT SHERMAN**

Room 1005 on
10/F AXA Centre
151 Gloucester Road
Wanchai
Hong Kong

30 May 2014

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

Dear Sirs,

In accordance with your instructions to value the property interests to be acquired by CCT Fortis Holdings Limited (“**the Company**”) and its subsidiaries (together referred to as “**the Group**”) located in Hong Kong, we confirm that we have 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 interests as at 30 April 2014 (the “**Valuation Date**”) for the purpose of incorporation into the circular issued by the Company on the date hereof.

Our valuation is our opinion of market value which we would define 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 in Hong Kong, we have adopted the direct comparison approach and made reference to the recent transactions for similar premises in the proximity. Adjustments have been made for the differences in transaction dates, building age, floor area etc. between the comparable properties and the subject properties.

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 property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, 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 complied with all the requirements contained in Chapter 5 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

We have caused searches to be made on the title of the properties at the Land Registry in Hong Kong, however, we have not scrutinized the original title documents to verify ownership or to verify any amendments, which may not appear on the copies handed to us.

In valuing the property interests which are situated in Hong Kong and held under the government leases which will be expired before 30 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 30 June 2047 and that an annual rent of three percent of the rateable values of the properties would be charged from the date of extension.

We have relied to a considerable extent on the information provided by the Company and have accepted advice given to us by the Company on matters such as statutory notices, easements, tenure, occupancy, floor areas, identification of the properties and all other relevant matters. We have no reason to doubt the truth and accuracy of the information provided to us by the Company. We have relied on the Company's confirmation that no material fact has been omitted from the information so supplied. All documents have been used as reference only. All dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interiors of the properties in respect of which we have been provided with such information as we have required for the purpose of our valuation. However, 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 defect. No tests have been carried out on any of the building services.

Unless otherwise stated, all monetary amounts stated are in Hong Kong Dollars (HK\$).

We enclose herewith the summary of valuations 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: 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 10 years experience in the valuation of properties in Hong Kong, Macau, Taiwan, the PRC and the Asian Rim.

SUMMARY OF VALUATION

**Market value
in existing state as at
30 April 2014
HK\$**

**Group I — Property interest to be acquired by the Group for
investment purpose in Hong Kong**

- | | |
|---|------------|
| 1. Workshop 8 on Ground Floor, MP Industrial Centre,
No. 18 Ka Yip Street, Hong Kong | 28,000,000 |
|---|------------|

**Group II — Property interest to be acquired by the Group for
self occupation purpose in Hong Kong**

- | | |
|--|-------------|
| 2. Workshop 11 on Ground Floor, MP Industrial Centre,
No. 18 Ka Yip Street, Hong Kong | 122,000,000 |
|--|-------------|

Grand Total	<u>150,000,000</u>
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VALUATION CERTIFICATE

Group I — Property interest to be acquired by the Group for investment purpose in Hong Kong

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 30 April 2014 HK\$
1. Workshop 8 on Ground Floor, MP Industrial Centre, No. 18 Ka Yip Street, Hong Kong	The subject development (the “ Development ”) comprises 2 blocks of industrial buildings, known as Block A and Block B with 16-storey and 17-storey respectively, and a 4-storey podium erected underneath completed in about 1992.	As advised by the Company, the property was occupied by a private family company of the Beneficial Owner for retail use as at the Valuation Date without tenancy agreement.	28,000,000
48/8,899th equal and undivided shares of and in Chai Wan Inland Lot No.: 139.	The property comprises a workshop unit on ground floor of the Development with a saleable floor area of approximately 1,111 sq.ft. The property is held under Conditions of Sale No.12021 commencing from 13 July 1988 until 30 June 2047.		

Notes:

- (i) Pursuant to the Land Register, the registered owner of the property is Cyber Profit (HK) Limited, registered vide Memorial No.06101600280086 dated 21 September 2006.
- (ii) The property is subject to occupation permit No.K66/92 (OP) subject to registration vide memorial No. UB5333174 dated 12 May 1992.
- (iii) The property is subject to certificate of compliance from District Lands Office, H.K. East subject to registration vide memorial No. UB5333175 dated 2 July 1992.
- (iv) The property is subject to a Waiver Letter from The Government of The Hong Kong Special Administrative Region by the District Lands Officer/Hong Kong East vide Memorial No.11062202660045 dated 9 May 2011.
- (v) The property is subject to a mortgage in favor of Nanyang Commercial Bank, Limited vide Memorial No.13121100290040 dated 18 November 2013.
- (vi) Approval has been granted for permission to use the property for retail shop and service usage under section 16 of the Town Planning Ordinance by the Town Planning Board vide letter dated 17 January 2014 with Reference No. TPB/A/H20/180.
- (vii) As advised by the Company, Cyber Profit (HK) Limited is a company incorporated in Hong Kong with limited liability.
- (viii) The property was inspected by our Ms. Flora. Chan (BSc) on 12 May 2014. Upon our inspection, the external condition of the property is reasonable.
- (ix) The Development is located at the Ka Yip Street. The vicinity is mainly comprised of medium-rise industrial buildings. The Development is accessible via bus, minibuses and MTR and is within 25-minute walking distance to Chai Wan MTR Station. According to the statistics from the Rating and Valuation Department, the average yield for the same type of the property in Hong Kong is about 2.5%.
- (x) Pursuant to the Chai Wan Outline Zoning Plan (S/H20/21), the land parcel the property situated is zoned for industrial use.

VALUATION CERTIFICATE

Group II — Property interest to be acquired by the Group for self occupation purpose in Hong Kong

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 30 April 2014 HK\$
2. Workshop 11 on Ground Floor, MP Industrial Centre, No. 18 Ka Yip Street, Hong Kong	The subject development (the “ Development ”) comprises 2 blocks of industrial buildings, known as Block A and Block B with 16-storey and 17-storey respectively, and a 4-storey podium erected underneath completed in about 1992.	The property was vacant as at the Valuation Date.	122,000,000
207/8,899th equal and undivided shares of and in Chai Wan Inland Lot No.: 139.	The property comprises a workshop unit on ground floor with a saleable floor area of approximately 4,876 sq.ft. The property is held under Conditions of Sale No.12021 commencing from 13 July 1988 until 30 June 2047.		

Notes:

- (i) Pursuant to the Land Register, the registered owner of the property is Cyber Profit (HK) Limited, registered vide Memorial No.UB8757551 dated 31 July 2002.
- (ii) The property is subject to occupation permit No.K66/92 (OP) subject to registration vide memorial No. UB5333174 dated 12 May 1992.
- (iii) The property is subject to certificate of compliance from District Lands Office, H.K. East subject to registration vide memorial No. UB5333175 dated 2 July 1992.
- (iv) The property is subject to a legal charge/mortgage in favor of Citic Ka Wah Bank Limited vide Memorial No.06101800480145 dated 20 September 2006.
- (v) The property is subject to a Waiver Letter from The Government of The Hong Kong Special Administrative Region by the District Lands Officer/Hong Kong East vide Memorial No.12042501840024 dated 14 March 2012.
- (vi) Approval has been granted for permission to use the property for retail shop and service usage under section 16 of the Town Planning Ordinance by the Director of Planning under the delegated authority of the Town Planning Board vide letter dated 7 February 2012 with Reference No. TBA/A/H20/176-1.
- (vii) As advised by the Company, Cyber Profit (HK) Limited is a company incorporated in Hong Kong with limited liability.
- (viii) The property was inspected by our Ms. Flora Chan (BSc) on 12 May 2014. Upon our inspection, the external condition of the property is reasonable.
- (ix) The Development is located at the Ka Yip Street. The vicinity is mainly comprised of medium-rise industrial buildings. The Development is accessible via bus, minibuses and MTR and is within 25 minutes walking distance to Chai Wan MTR Station. According to the statistics from the Rating and Valuation Department, the average yield for the same type of the property in Hong Kong is about 2.5%.
- (x) Pursuant to the Chai Wan Outline Zoning Plan (S/H20/21), the land parcel the property situated is zoned for industrial use.

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. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the shares and the underlying shares of the share options of the Company and its associated corporations

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:

(1) *Interests and short positions in the Shares and the underlying Shares of the share options 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			Approximate percentage of the total issued share capital of the Company (%)
	Personal	Corporate	Total	
Mak Shiu Tong, Clement <i>(Note)</i>	8,475,652	294,775,079	303,250,731	50.03
Tam Ngai Hung, Terry	500,000	—	500,000	0.08
William Donald Putt	591,500	—	591,500	0.10

Note: Of the shareholding in which Mr. Mak Shiu Tong, Clement was interested, an aggregate of 294,775,079 Shares were held by Capital Force International Limited, New Capital Industrial Limited and Capital Winner, all of which are private corporations the shares in which are wholly-owned by Mr. Mak beneficially. Mr. Mak is deemed to be interested in such Shares under the SFO as he controls the exercise of one-third or more of the voting power at general meetings of Capital Force International Limited, New Capital Industrial Limited and Capital Winner.

(2) *Interests and short positions in the shares and the underlying shares of an associated corporation — CCT Land as at the Latest Practicable Date*

(i) *Long positions in the shares of CCT Land:*

Name of the Directors	Number of the shares interested and nature of interest			Total	Approximate percentage of the total issued share capital of CCT Land (%)
	Personal	Corporate			
Mak Shiu Tong, Clement (<i>Note</i>)	—	33,026,391,124	33,026,391,124		50.49
Tam Ngai Hung, Terry	20,000,000	—	20,000,000		0.03
Cheng Yuk Ching, Flora	18,000,000	—	18,000,000		0.03
Chen Li	10,000,000	—	10,000,000		0.02

Note: The interest disclosed above represents 33,026,391,124 shares of CCT Land held by the Company through its indirect wholly-owned subsidiaries. Mr. Mak Shiu Tong, Clement is deemed to be interested in such shares of CCT Land under the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of the Company through his interest in the shareholding of approximately 50.03% of the total issued share capital in the Company as at the Latest Practicable Date.

(ii) *Long positions in the underlying Shares of the share options granted under the share option scheme of the Company:*

Name of the Directors	Date of grant of the share options	Exercise period of the share options	Exercise price per Share HK\$	Number of the share options outstanding	Number of the total underlying Shares	Approximate percentage of the total issued share capital of the Company (%)
Cheng Yuk Ching, Flora	17/1/2014	17/1/2014–16/1/2024	0.01	300,000,000	300,000,000	0.46
Tam Ngai Hung, Terry	17/1/2014	17/1/2014–16/1/2024	0.01	275,000,000	275,000,000	0.42
William Donald Putt	17/1/2014	17/1/2014–16/1/2024	0.01	5,000,000	5,000,000	0.01
Chow Siu Ngor	17/1/2014	17/1/2014–16/1/2024	0.01	5,000,000	5,000,000	0.01
Tam King Ching, Kenny	17/1/2014	17/1/2014–16/1/2024	0.01	5,000,000	5,000,000	0.01
Chen Li	17/1/2014	17/1/2014–16/1/2024	0.01	5,000,000	5,000,000	0.01

(b) Particulars of the Directors' other interests

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service contract with the Company or any other member of the Group (excluding contracts expiring or determinable by the Company or any member of the Group within one year without payment of any compensation, other than statutory compensation).

(c) Save as disclosed above, as at the Latest Practicable Date

- (i) 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;
- (ii) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2013, being the date of the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and
- (iii) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which contract or arrangement was subsisting and which was significant in relation to the business of the Group taken as a whole.

(d) Substantial Shareholders' interests

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 the 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:

Long positions in the Shares as at the Latest Practicable Date:

Name of the Shareholders	Number of the Shares held	Approximate percentage of the total issued share capital of the Company (%)
Capital Force International Limited (<i>Note</i>)	96,868,792	15.98
New Capital Industrial Limited (<i>Note</i>)	171,357,615	28.27

Note: Capital Force International Limited and New Capital Industrial Limited are private corporations, the shares in which are wholly-owned by Mr. Mak Shiu Tong, Clement beneficially, whose interest in such Shares has also been disclosed in sub-section (a)(1) of this section.

Save for Mr. Mak Shiu Tong, Clement 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 which has an interest or short position in the shares and 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.

3. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the 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 Group.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinions and advice which are contained in this circular:

Name	Qualification
First Shanghai	a licensed corporation under the SFO to carry out type 6 (advising on corporate finance) regulated activity
Grant Sherman	professional valuer

- (i) Neither First Shanghai nor Grant Sherman had any shareholding, directly or indirectly, in the Company or any member of the 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 Group as at the Latest Practicable Date;
- (ii) Both First Shanghai and Grant Sherman have given and have not withdrawn their written consent to the issue of this circular with the inclusion herein of their letters/report dated 30 May 2014 and reference to their names in the form and context in which they are included; and
- (iii) Neither First Shanghai nor Grant Sherman had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to the Company or any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2013, the date to which the latest published audited financial statements of the Group were made up.

6. MATERIAL ADVERSE CHANGE

Save as disclosed in the annual report of the Group for the year ended 31 December 2013, 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 2013, being the date to which the latest published audited financial statements of the Group were made up, up to the Latest Practicable Date.

7. 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.

8. 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 association 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 5 to 16 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 17 to 18 of this circular;
- (d) the letter of advice from First Shanghai to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 19 to 31 of this circular;
- (e) the written consent from First Shanghai referred to in the section headed “Qualification and Consent of Expert” in this appendix;
- (f) the written consent from Grant Sherman referred to in the section headed “Qualification and Consent of Expert” in this appendix;
- (g) the valuation report of the Properties, the text of which is set out in Appendix I to this circular;
- (h) the Agreement; and
- (i) this circular.

NOTICE OF THE SGM



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, 17 June 2014 at 10:30 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 9 May 2014 (the “**Agreement**”) entered into amongst (i) Madam Yiu Yu Ying and Mr. Mak Chun Kiu, being the registered holders (the “**Registered Holders**”) holding the two shares (the “**Sale Shares**”) (which represent the entire share capital) of Cyber Profit (HK) Limited (the “**Target Company**”) in trust for Mr. Mak Shiu Tong; (ii) Mr. Mak Shiu Tong (the “**Beneficial Owner**”) and the Company, (a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting (the “**Chairman**”) for identification purpose), which sets out the terms and conditions of (1) the proposed acquisition (the “**Acquisition**”) of the Sale Shares by the Company or its designated nominee(s) from the Registered Holders acting on behalf of the Beneficial Owner; (2) the assignment (the “**Assignment**”) of the outstanding interest-free loan due from the Target Company to the Beneficial Owner as at completion of the transactions pursuant to the Agreement, which amounted to HK\$7,126,849.00 as at the date of the Agreement (the “**Loan**”); and (3) the issue (the “**New Issue**”) of 151,250,000 new shares of the Company at HK\$0.80 each to Capital Winner Investments Limited (or other nominee(s) designated by the Beneficial Owner) as consideration to satisfy the consideration of the acquisition of the Sale Shares (the Acquisition, the Assignment and the New Issue together referred to hereinafter as (the “**Transactions**”), details of which have been set out in the circular of the Company dated 30 May 2014, 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 of the Agreement by the Company be and is hereby approved, confirmed and ratified;

NOTICE OF THE SGM

- (b) the Transactions, including the New Issue, be and are hereby approved; and
- (c) 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 and the Transactions (including the New Issue).”

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

Hong Kong, 30 May 2014

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 notorially 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.