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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)

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO
THE ANNUAL REPORT FOR
THE YEAR ENDED 31 DECEMBER 2023**

Reference is made to the 2023 annual report of CCT Fortis Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 (the “**Annual Report**”). Capitalised terms used herein shall have the same meanings as those defined in the Annual Report unless the context requires otherwise. In addition to the information disclosed in the Annual Report, the Board would like to provide the Shareholders and the potential investors with the supplementary information to the relevant subsections under the section headed “Corporate Governance Practices” on page 19 of the Annual Report.

(a) Subsection headed “Rule 13.49 and Code Provision D.1.3.”:

The management of the Company is of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 31 December 2023 after taking into consideration the following:

- (i) The Group obtained a waiver of financial covenants from the bank for certain borrowings amounting to HK\$1,196 million, valid until 15 December 2024, which would expire within 12 months after the reporting period. Based on the past experience of the Group and meetings with the bank, the bank generally prefers to grant another waiver when it is closer to the expiry date of 15 December 2024. Historical precedent indicates that banks have shown a preference for negotiation, leading to mutually agreeable resolutions, rather than exercising their rights. This preference for dialogue and resolution is evidenced by the Group’s successful

negotiations in obtaining waivers of the financial covenants in 2023 and early 2024 and a bank has demonstrated the flexibility by revising the terms of the facilities upon negotiations with the Group in 2022. The Group's experience is that the banks remain open to considering further revisions to the terms of the loans upon receiving requests by the Group and are willing to engaging in negotiations with the Group. The Directors expect that if another waiver of financial covenants is required, the Group will be able to obtain the renewed waiver from the bank before the expiry of the waiver on 15 December 2024;

- (ii) The Company has obtained another waiver of financial covenants for the bank borrowing of HK\$49 million which is valid until 30 December 2024;
- (iii) The revolving loans of the Group, totaling HK\$168 million, are subject to renewal every three to twelve months at the discretion of the banks. Historically, the Group has demonstrated a consistent track record of renewing these loans, which are primarily utilised for ongoing trading activities. The standardised renewal terms, coupled with the Group's continuous trading operations, provide a solid foundation for the banks to renew the loans. The continuity of our trading activities and the strong banking relationships constitute a favorable outlook for the anticipated renewal of the revolving loans;
- (iv) The Group is actively pursuing the disposal of certain long term assets. The Group is currently in advanced negotiations with the potential purchasers and certain negotiations are in or reaching the final stage. It is expected that these disposals can be completed before 31 December 2024. The proceeds from the disposal of these long-term assets may be utilised for the repayment of the bank loans and improvement of the working capital of the Group; and
- (v) The Group is actively discussing with an independent financial advisory firm for potential fund raising transactions.

Accordingly, the management of the Company is of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2023 on a going concern basis.

Taking into account of the basis as set out above, the Audit Committee agreed with the management's position that the Company remains a going concern and it was appropriate to use a going concern assumption to prepare the consolidated financial statements for the year

ended 31 December 2023. The Audit Committee agreed with the Directors' position and basis.

(b) Subsection headed "Management action plans to be implemented by the Company":

The details of the status of the management action plans are as follows:

Action plan 1:

The successful and timely disposals of the Group's long term assets to satisfy the repayments of term loans.

The status:

The Company projects the following sales timelines:

(i) by December 2024*: completion of the sale of a Classic Car, the asset value of which was approximately HK\$28,500,000.

(* subject to the market actual circumstances)

(ii) by December 2024: subject to the prevailing market conditions, completion of the sale of the long term properties. Furthermore, to expedite the sales process, the Company has engaged a professional property agent to facilitate the disposal of the properties.

Action plan 2:

The successful renewal of banking facilities such as revolving, trading and working capital loans with more favourable financial covenants upon or before the maturity dates.

The status:

In general, the period from October to December 2024 marks a general practice for our banks to initiate the renewal process which is approximately three months prior to the due date for our banking facilities.

Action plan 3:

The successful completion of capital transactions to improve the net asset position of the Group.

The status:

The Company has approached an independent financial advisory firm to assess the viability of potential fund raising activities. The feasibility study is being conducted. The feasibility report is expected to be completed around the middle of the year 2024.

Action plan 4:

The successful and timely implementation of the plans to enhance operating cash flows in order to improve the Group's working capital.

The status:

To enhance operational efficiency and streamline processes, the Company has approached an independent financial advisory firm to conduct thorough review of the Group's various operations. The aim is to optimise the Group's overall performance by identifying and addressing non-core and unprofitable segments, thereby improving profitability for targeted subsidiaries within the Group. After completion of the review, the Group will consider and implement the advisor's recommendations for strategic improvements.

The Board, including the Audit Committee, has thoroughly reviewed the action plans above to address the disclaimer and believes it to be effective. The Company is making every effort to ensure that these measures will be carried out successfully.

Save for the supplemental information provided above, all other information and contents set out in the Annual Report remain unchanged.

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

Hong Kong, 10 May 2024

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