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## **The 13 Holdings Limited**

**十三集團有限公司**

*(Incorporated in Bermuda with limited liability)*

(Stock code: 577)

### **VERY SUBSTANTIAL DISPOSAL**

**AND**

### **CONNECTED TRANSACTION**

#### **Financial Advisers to the Company**



**BNP PARIBAS**



Capital Limited

創富融資有限公司

The Board is pleased to announce that on 28 June 2017 (after trading hours), the Company, the Vendor and each of the Purchasers entered into the Sale and Purchase Agreements pursuant to which the Vendor has conditionally agreed to sell, and the Purchasers have conditionally agreed to purchase, the Sale Shares for a total consideration of HK\$300 million.

The Disposal Company, an indirect subsidiary of the Company, is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. The Disposal Group is one of the leading management contractors in Hong Kong and Macau and is principally engaged in civil engineering, building construction and foundation works, project management, manufacturing and trading of construction materials.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company pursuant to Rule 14.06(4) of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Furthermore, the Purchasers are also connected persons of the Company and the Disposal constitutes a connected transaction for the Company under the Chapter 14A of the Listing Rules. Accordingly, the Disposal is conditional upon the approval of the Independent Shareholders at the SGM.

A circular containing, among other things, (i) further information relating to the Disposal; (ii) a notice convening the SGM; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Sale and Purchase Agreements and the Disposal contemplated thereunder; (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (v) other information as required to be disclosed under the Listing Rules, will be despatched to the Shareholders on or before 25 August 2017, as the Company expects that it will require more time to collate the financial information to be included in the circular.

**Completions of the respective sales constituting the Disposal are subject to the fulfilment of the various conditions precedent as set out under the section headed "Conditions Precedent for the Sale and Purchase Agreements" in this announcement, including the approval of the Sale and Purchase Agreements and the transactions contemplated thereunder by the Independent Shareholders at the SGM. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

On 27 April 2017, the Company and ITCP entered into the MOU in respect of the proposed sale and purchase of approximately 51.6% interest in the Disposal Company. Pursuant to the MOU, ITCP paid a refundable earnest money of HK\$30 million to the Company. The Company and ITCP subsequently entered into the Supplemental MOUs to extend the expiry date of the MOU to 30 June 2017. Pursuant to the Supplemental MOU dated 19 May 2017, ITCP had paid an additional refundable earnest money of HK\$30 million to the Company in order to show its good faith in proceeding with the negotiation.

## **THE DISPOSAL**

The Board is pleased to announce that on 28 June 2017 (after trading hours), the Company, the Vendor and each of the Purchasers entered into the Sale and Purchase Agreements pursuant to which the Vendor has conditionally agreed to sell, and the Purchasers have conditionally agreed to purchase, the Sale Shares for a total Consideration of HK\$300 million. The principal terms of the Sale and Purchase Agreements are set out below.

## **THE SALE AND PURCHASE AGREEMENTS**

### **SPA I**

Date	:	28 June 2017
Vendor	:	The 13 (BVI) Limited, a wholly-owned subsidiary of the Company
Purchaser I	:	Precious Year Limited, acquiring 558,494,429 Sale Shares representing approximately 45.76% of the issued share capital of the Disposal Company
Guarantor to the Vendor	:	the Company

### **SPA II**

Date	:	28 June 2017
Vendor	:	The 13 (BVI) Limited, a wholly-owned subsidiary of the Company
Purchaser II	:	Tycoon Bliss Limited, acquiring 73,233,540 Sale Shares representing approximately 6.00% of the issued share capital of the Disposal Company
Guarantor to the Vendor	:	the Company

The respective completions under SPA I and SPA II are not inter-conditional.

### **Assets to be disposed**

As at the date of this announcement, the Vendor owns the Sale Shares, representing approximately 51.76% of the total issued shares of the Disposal Company. Pursuant to the Sale and Purchase Agreements, the Vendor has conditionally agreed to sell and the Purchasers have conditionally agreed to purchase the Sale Shares at the Consideration.

The Sale Shares shall be disposed of free from any encumbrances and together with all rights or benefits, including all dividend and distributions declared, paid or made in respect of them on or after the Completion Date.

## **Consideration**

The total Consideration for the Sale Shares is HK\$300 million. Each of Purchaser I and Purchaser II shall pay HK\$265.2 million (the “**Consideration I**”) and HK\$34.8 million (the “**Consideration II**”) respectively towards the Consideration to the Vendor. The Consideration shall be settled by each of the Purchasers in the following manner:

### ***Purchaser I***

- (i) an initial deposit of HK\$106 million, comprising HK\$46 million that shall be payable by Purchaser I to the Vendor within three (3) Business Days upon signing of SPA I, and a refundable earnest money of HK\$60 million that has been paid by ITCP to the Company pursuant to the MOU, will be applied as part payment of the Consideration I upon Completion;
- (ii) a further deposit of HK\$53 million shall be payable upon Purchaser I’s satisfaction of the Due Diligence Review and applied as part payment of the Consideration I upon Completion; and
- (iii) the remaining balance of Consideration I in the amount of HK\$106.2 million shall be paid to the Vendor upon Completion.

### ***Purchaser II***

- (i) a deposit of HK\$20 million shall be payable by Purchaser II to the Vendor within three (3) Business Days upon signing of SPA II and will be applied as part payment of the Consideration II upon Completion;
- (ii) the remaining balance of Consideration II in the amount of HK\$14.8 million shall be paid to the Vendor upon Completion.

## **Shortfall in net asset value under SPA I**

Under the terms of SPA I, Purchaser I may, within thirty (30) days after the Completion Date and at its sole costs and expenses, instruct its auditors to prepare the audited consolidated financial statements of the Disposal Group for the period from 1 February 2017 to the Completion Date (the “**Audited Accounts**”) and the Audited Accounts shall be final, binding and conclusive on the parties. If the net asset value as shown in the Audited Accounts is less than the net asset value as shown in the Completion Accounts by more than HK\$20 million, the Vendor shall pay to Purchaser I 45.76% of the total amount of such shortfall within seven (7) Business Days following the delivery of the Audited Accounts by the Vendor to Purchaser I or its solicitors.

### **Basis of consideration**

The Consideration was determined after arm's length negotiation between the Vendor and the Purchasers and the Directors have considered the following factors when determining the Consideration:

- (i) the unaudited/audited consolidated net asset value of the Disposal Group, which is at a discount of approximately 34% and 36% respectively to the 51.76% of the net asset value of the Disposal Group as at 30 September 2016 and 31 March 2017;
- (ii) the historical financial performance of the Disposal Group for the years ended 31 March 2015, 2016 and 2017 that reflected a slowing trend in revenue and net profit;
- (iii) the trading multiples of comparable companies listed on the Stock Exchange which are engaged in the construction engineering business and of comparable size in terms of revenue to the Disposal Group. It is noted that the average of the price to book multiples (P/B Multiple) of the comparable companies are trading below their net asset value; and
- (iv) the valuation of the Sale Shares undertaken by the independent valuer, which is valued in the range of HK\$250 million to HK\$300 million.

In light of the foregoing, the Directors (excluding the independent non-executive Directors who will give their views on the Disposal after taking into account the advice of the independent financial adviser) consider that the terms of the Disposal are on normal commercial terms and are fair and reasonable, and the Disposal is in the interests of the Company and its Shareholders as a whole.

### **Conditions Precedent for the Sale and Purchase Agreements**

Completion of each of the Sale and Purchase Agreements is subject to and conditional upon satisfaction (or waiver, as the case may be) of the following conditions:

- a) the obtaining of an ordinary resolution by the shareholders of the Company (other than those who are required to abstain from voting under the Listing Rules) passed at a general meeting of the Company approving the entering into of the Sale and Purchase Agreements and the performance of all transactions contemplated thereunder by the Vendor;
- b) the encumbrances against the Sale Shares have been absolutely released and discharged and the Vendor having received a certificate from Evo PE Opportunities, Limited stating that the Share Charge on the Vendor has been absolutely released and discharged to the satisfaction of Evo PE Opportunities, Limited;

- c) all existing permits in respect of the operation of the business of each member of the Disposal Group remaining valid and subsisting and no notice (actual or constructive) having been received by the Vendor or any member of the Disposal Group that the same will be terminated, revoked, withdrawn or suspended;
- d) all necessary consents, authorisations and approvals (or waivers) of any kind (including but not limited to any regulatory authority, recognised stock exchange, financial institution, lender, joint venture partner and other person) having been obtained by the Vendor and the Purchasers for completion of the transactions contemplated under the Sale and Purchase Agreements and for the uninterrupted continuation of the business of the Disposal Group and of the current rights enjoyed by the members of the Disposal Group after Completion;
- e) at the Completion Date:
  - (i) the Vendor's warranties (other than those waived by the respective Purchasers in accordance with the Sale and Purchase Agreements) being true, accurate and correct and not misleading;
  - (ii) the Vendor and the Company having performed all of their respective obligations under the Sale and Purchase Agreements to be performed on or before such date;
  - (iii) there having been no material adverse change on the conditions (financial or otherwise), business, property, earnings, results of operations, prospects and/or assets of the Disposal Group, the ability of the Vendor and/or the Company to perform their respective obligations under the Sale and Purchase Agreements and the validity, legality or enforceability of the Sale and Purchase Agreements or the rights or remedies of the Purchasers thereunder; and
  - (iv) there having been delivered to each of the Purchasers a certificate dated the Completion Date, signed by a duly authorised officer of each of the Vendor and the Company; and
- f) the Vendor and the Company having (i) settled or procured the settlement of all interest accrued up to the Completion Date under the Loan Agreement; (ii) executed or procured the execution of such security documents in such form and substance reasonably satisfactory to, and approved by, the Purchasers as security for all sums payable under the Loan Agreement; and (iii) complied or procured the compliance of the terms of such security documents which required to be complied with on or prior to Completion.

## **Additional Conditions Precedent under SPA I**

There are additional conditions precedent to be fulfilled under SPA I as follows:

- g) if required, the obtaining of an ordinary resolution by the shareholders of ITCP (other than those who are required to abstain from voting under the Listing Rules) passed at a general meeting of ITCP approving the entering into of SPA I and the performance of all transactions contemplated thereunder by Purchaser I;
- h) the Vendor having proved, given and shown a good title to the properties situated in Hong Kong owned by the Disposal Group and Purchaser I having been satisfied with the Due Diligence Review;
- i) Purchaser I having received legal opinions on each of the Vendor, the Company and the material subsidiaries of the Disposal Company as Purchaser I may reasonably require from qualified lawyers to be approved by Purchaser I as stipulated in SPA I and such legal opinions shall be in such form and substance reasonably acceptable to Purchaser I;
- j) the Company having executed a guarantee in favour of PYE General Contractors (Macau) Limited, a subsidiary of the Disposal Company (“**PYE Macau**”) whereby the Company shall guarantee all payment and other obligations of New Concordia Hotel Limited (“**New Concordia**”), being an indirect wholly-owned subsidiary of the Company, under the construction contract dated 8 July 2013 (as may be amended or supplemented from time to time) entered into between New Concordia and PYE Macau pursuant to which PYE Macau has been engaged to undertake the construction works of THE 13 Hotel; and
- k) Purchaser I having provided the Company with a counter-indemnity in a form and substance reasonably satisfactory to, and approved by, the Company in respect of any liabilities, losses, damages, costs and expenses that the Company may incur as a result of the default of the Disposal Group under the performance and surety bonds as stipulated in SPA I to which the Company is a guarantor and/or surety and/or indemnifying party after Completion.

Under the respective Sale and Purchase Agreements, Purchaser I may waive the conditions (e), (f), (h), (i) and (j) while Purchaser II may waive the conditions (e) and (f) at their sole and absolute discretion at any time before Completion. Other than as provided, the conditions may not be waived by any of the parties.

If any of the conditions has not been fulfilled (or waived by each of the Purchasers) by the Long Stop Date, each of the respective Sale and Purchase Agreements shall lapse and become null and void. The Vendor shall refund the initial deposit of HK\$106 million and the further deposit of HK\$53 million (if paid) (the “**Purchaser I Refund Sum**”) to Purchaser I, and the deposit of HK\$20 million (the “**Purchaser II Refund Sum**”) to



Purchaser II within one (1) Business Day thereafter. If any of the conditions (a), (b), (d), (f) or (j) are unfulfilled, the Vendor shall, simultaneously with the said refund, further pay a sum of HK\$32 million to Purchaser I only by way of agreed liquidated damages. Apart from the obligations of the Vendor mentioned above, no party to the Sale and Purchase Agreements shall have any claim, liability or obligation against the other party under the relevant Sale and Purchase Agreement (save for any antecedent breaches of the relevant Sale and Purchase Agreement).

### **Due Diligence Review**

After the signing of SPA I, Purchaser I shall be entitled to carry out the Due Diligence Review on the Disposal Group including without limitation to its assets, liabilities, contracts, commitments, businesses, financial, legal and taxation aspects. The Due Diligence Review shall be completed seven (7) Business Days prior to the Long Stop Date. If Purchaser I shall not be satisfied with the results of the Due Diligence Review, it may notify the Vendor of the defects in writing and:

- (i) in the event that such defects shall be remedied to the satisfaction of Purchaser I by the Long Stop Date, Purchaser I shall, subject to fulfilment of other conditions precedent before Completion, proceed to Completion; or
- (ii) in the event that such defects shall not be so remedied to the satisfaction of Purchaser I by the Long Stop Date, Purchaser I may by notice in writing to the Vendor rescind or terminate SPA I and the Vendor shall refund the initial deposit of HK\$106 million to Purchaser I within one (1) Business Day from the date of the said notice and SPA I shall have no further force and effect (save for any antecedent breach in respect thereof).

### **Guarantee**

The Company, as the holding company of the Vendor, has provided a guarantee to each of Purchaser I and Purchaser II in relation to the Vendor's performance of SPA I and SPA II respectively. The guarantee under the respective Sale and Purchase Agreements covers, among other things, the due observance and performance by the Vendor of all the agreements, obligations, commitments and undertakings contained in the respective Sale and Purchase Agreements (the "**Guaranteed Obligations**") on the part of the Vendor to be observed and performed and that the Vendor's warranties under the respective Sale and Purchase Agreements are true, correct and not misleading. The Company has undertaken and agreed to indemnify the Purchasers and keep the Purchasers fully indemnified against all losses, costs, expenses and damages whatsoever which may be sustained by the Purchasers by reason of or in connection with any failure of the Vendor to perform any of the Guaranteed Obligations or any breach of the Vendor's warranties under SPA I and SPA II.



## **Completion**

Completion of the Disposal shall take place on the Completion Date.

Upon Completion, the Vendor will cease to hold any shares in the Disposal Company and the Disposal Company will cease to be a subsidiary of the Group. The financial results of the Disposal Company will no longer be consolidated into the consolidated financial statements of the Group.

If Completion does not take place on the Completion Date due to the failure of either the Vendor and/or the Company on the one part or the Purchasers on the other part fulfilling its obligations under the Sale and Purchase Agreements, the non-defaulting party may, by notice to the defaulting party:

- (i) defer Completion to a date falling not more than thirty (30) Business Days after the original Completion Date provided that if Completion is not effected on such deferred date, the non-defaulting party may rescind the relevant Sale and Purchase Agreement and claim damages from the defaulting party;
- (ii) proceed to Completion so far as practicable; or
- (iii) rescind the relevant Sale and Purchase Agreement by notice in writing and the Vendor shall refund the Purchaser I Refund Sum to Purchaser I, and the Purchaser II Refund Sum to Purchaser II, as the case may be.

If the Vendor fails to comply with the terms of the Sale and Purchase Agreements or fails to complete the sale of the Sale Shares, each of the Purchasers shall be entitled to rescind the relevant Sale and Purchase Agreement by notice in writing to the Vendor and the Vendor shall within one (1) Business Day from the date of the said notice refund the Purchaser I Refund Sum and the Purchaser II Refund Sum to the relevant Purchaser. The Vendor shall further pay a sum of HK\$32 million to Purchaser I only for agreed liquidated damages under the terms of SPA I.

## **INFORMATION ON THE DISPOSAL GROUP**

The Disposal Company, an indirect subsidiary of the Company, is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. The Disposal Group is one of the leading management contractors in Hong Kong and Macau and is principally engaged in civil engineering, building construction and foundation works, project management, manufacturing and trading of construction materials. Approximately 48.23% of the shares of the Disposal Company is owned by PYI Corporation Limited, a listed company whose shares are listed on the Stock Exchange (stock code: 498) and the remaining 0.01% of the shares of the Disposal Company is held by two (2) individuals.

## FINANCIAL SUMMARY OF THE DISPOSAL GROUP

Set out below is the financial information of the Disposal Group as extracted from its audited financial statements for the three years ended 31 March 2015, 2016 and 2017:

<b>The Disposal Group</b>	<b>For the year ended 31 March</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<i>HK\$'M</i>	<i>HK\$'M</i>	<i>HK\$'M</i>
Revenue	10,696	9,960	6,954
Gross profit	326	330	282
Profit before taxation	119	80	68
Profit after taxation	86	57	60
	<b>As at 31 March</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<i>HK\$'M</i>	<i>HK\$'M</i>	<i>HK\$'M</i>
Total assets	5,594	4,423	4,374
Total liabilities	(4,742)	(3,564)	(3,467)
Net assets	852	859	907

## INFORMATION ON THE GROUP AND THE REMAINING GROUP

### The Group

The Company is an investment holding company. The Group is a hospitality, entertainment and construction group that is principally engaged in hotel development and through the Disposal Group, is involved in the construction and engineering business.

### The Remaining Group

Following the Disposal, the Company, through the Remaining Group, will continue to focus on its luxury hotel and entertainment complex project, namely “**THE 13**”, which is expected, in short order, to begin operations. The Company obtained the occupation permit of THE 13 Hotel from the Macau government on 29 March 2017. The Group is currently in the process of obtaining the necessary licenses for the operational and pre-opening phase of THE 13 Hotel.

THE 13 Hotel and entertainment complex is situated on a site of approximately 65,000 sq. ft. located on the Cotai Strip of Macau, with an expected gross floor area of approximately 945,000 sq. ft. THE 13 Hotel will comprise approximately 200 duplex suites and villas at approximately 2,000 sq. ft. to approximately 12,000 sq. ft., in addition to a royal villa of over 20,000 sq. ft. THE 13 Hotel is being built and furnished to the highest standards of luxury.

THE 13 Hotel has been named as one of the “finest design innovations of 1996-2016” in the 20<sup>th</sup> anniversary edition of *Wallpaper*, Time Inc.’s highly respected design magazine.

## **THE REASONS FOR THE DISPOSAL**

The corporate strategy of the Company changed in 2013, when it undertook a group reorganisation via a distribution-in specie exercise of 49% equity interest in the Disposal Company to its shareholders and formulated a new direction for the Group in developing THE 13 Hotel and entertainment complex project by acquiring land in Macau to commence the construction of the project. The principal business activity was refocused from construction to the development of THE 13 Hotel, and the reduction in the economic interest in the Disposal Company at that time was to allow more resources to be focused on the development of THE 13 Hotel project.

In terms of the development progress of THE 13 Hotel, with the occupation permit successfully obtained at the end of March 2017, the Group is now in the process of obtaining the necessary licenses for the operational and soft-opening phase of THE 13 Hotel. Senior management of THE 13 Hotel is in place while hiring of functional staff is in the process.

As the Group is working towards the opening of THE 13 Hotel, the Board believes it is timely for the Disposal to take place so that the management team can focus more of their time on the hotel management business of the Group and the Group’s resources can be effectively utilised for the hotel management business after the opening of THE 13 Hotel. In addition, the Disposal provides funding to finance the completion of the facilities and amenities of THE 13 Hotel as well as pre-opening costs of THE 13 Hotel.

Furthermore, with THE 13 Hotel commencing operation, a new revenue stream will be generated. Having considered the above reasons and factors, and the long term strategy and future image of the Group, the Board believes that it is time for the Company to reduce its exposure to the risks relating to the construction business and focus on THE 13 Hotel. The Directors believe that the completion and opening of THE 13 Hotel with provision of ancillary facilities will, in due course, start to generate cash flows for the benefit of the Shareholders.

In view of the above, the Directors (excluding the independent non-executive Directors who will give their view on the Disposal after taking into account of the advice of the independent financial adviser) consider that the terms of the Disposal, which are determined after arm’s length negotiations among the parties to the Sale and Purchase Agreements, are on normal commercial terms and are fair and reasonable, and the Disposal is in the interests of the Company and its Shareholders as a whole.

## **INFORMATION OF THE PURCHASERS**

### **(a) Purchaser I**

Precious Year Limited is a wholly owned subsidiary of ITCP, a listed company whose shares are listed on the Stock Exchange (stock code: 199) and is principally engaged in investment holding. The principal activities of its subsidiaries are property development and investment in Macau, the PRC, Hong Kong and Canada, development, investment and operation of hotels and leisure business in the PRC and Hong Kong, securities investments and provision of loan financing services.

### **(b) Purchaser II**

Tycoon Bliss Limited is wholly owned by Mr. CHAN Fut Yan, the deputy chairman and an executive director of the Disposal Company. He is also the managing director and an executive director of ITCP, being the sole shareholder of Purchaser I.

## **FINANCIAL EFFECTS AND USE OF PROCEEDS OF THE DISPOSAL**

Upon Completion, the Company will cease to hold any equity interest in the Disposal Company and the results of the Disposal Company will no longer be consolidated into the consolidated financial statements of the Company.

For illustrative purpose, based on (i) the audited adjusted net asset value of the Disposal Group as at 31 March 2017; and (ii) the Consideration, it is estimated that the Remaining Group will record a loss on the Disposal of approximately HK\$338 million.

The Group intends to apply the net proceeds from the Disposal against primarily the remaining pre-opening expenses of THE 13 Hotel, including costs related to furniture, fixtures and equipment, operating supplies, inventories and staff costs, debt servicing and the general working capital of the Group.

It should be noted that the aforementioned estimations are for illustrative purpose only and do not purport to represent how the actual financial position of the Remaining Group will be upon Completion.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company pursuant to Rule 14.06(4) of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the sole shareholder of Purchaser I, ITCP, indirectly owns 101,985,600 Shares, representing approximately 11.07% of the issued share capital of the Company. Mr. Chan Fut Yan, being the sole shareholder of Purchaser II, is an executive director of the Disposal Company, which is a subsidiary of the Company. Accordingly, the Purchasers are connected persons of the Company and the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal is conditional upon the approval of the Independent Shareholders at the SGM.

ITCP, through Advance Tech Limited which directly holds 101,985,600 Shares, will be required to abstain from voting in respect of the resolution relating to the Disposal at the SGM. The votes cast on the resolution regarding the Disposal at the SGM will be taken by poll. An Independent Board Committee will be formed to consider the Disposal as to (i) whether the terms of the Disposal are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and whether the Disposal is in the interests of the Company and the Shareholders as a whole; and (ii) whether to vote in favour of the Disposal, after taking into account the recommendation of the independent financial adviser to be appointed. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Disposal and the transaction contemplated thereunder.

A circular containing, among other things, (i) further information relating to the Disposal; (ii) a notice convening the SGM; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Sale and Purchase Agreements and the Disposal contemplated thereunder; (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (v) other information as required to be disclosed under the Listing Rules, will be despatched to the Shareholders on or before 25 August 2017, as the Company expects that it will require more time to collate the financial information to be included in the circular.

**Completions of the respective sales constituting the Disposal are subject to the fulfilment of the various conditions precedent as set out under the section headed “Conditions Precedent for the Sale and Purchase Agreements” in this announcement, including the approval of the Sale and Purchase Agreements and the transactions contemplated thereunder by the Independent Shareholders at the SGM. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday and other general public holidays in Hong Kong and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted or in effect between 9:00 a.m. and 5:00 p.m. and is not lowered or discontinued at or before 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business
“BVI”	British Virgin Islands
“Company” or “Guarantor”	The 13 Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the Disposal pursuant to the terms and conditions of the Sale and Purchase Agreements
“Completion Accounts”	the unaudited consolidated management accounts of the Disposal Company comprising a consolidated statement of financial position as at the Completion Date or such earlier date as may be agreed by Purchaser I (but immediately prior to Completion) and a consolidated income statement for the period from 1 February 2017 to the Completion Date or such earlier date as may be agreed by Purchaser I (but immediately prior to Completion), to be prepared in accordance with the relevant accounting standards and duly certified by one of its directors to be true and correct
“Completion Date”	the third (3 <sup>rd</sup> ) Business Day after the fulfilment (or waiver, as applicable) of the last of the conditions precedent (save and except those conditions precedent which by their terms are intended to or may be fulfilled immediately prior to Completion) or such other date as the parties may agree in writing

“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration of HK\$300 million payable by the Purchasers for the Sale Shares
“Director(s)”	director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares by the Vendor to the Purchasers collectively pursuant to the terms and conditions of the Sale and Purchase Agreements
“Disposal Company”	Paul Y. Engineering Group Limited, a company incorporated in the BVI with limited liability and a subsidiary of the Company
“Disposal Group”	the Disposal Company and its subsidiaries
“Due Diligence Review”	the due diligence review to be performed by Purchaser I on the Disposal Group pursuant to the terms and conditions of SPA I
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	an independent board committee of the Company, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the Disposal
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Disposal
“Independent Shareholders”	Shareholders other than the Purchasers and their associates (as defined in the Listing Rules) who do not have any material interests in the transactions contemplated under the Sale and Purchase Agreements



“ITCP”	ITC Properties Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (stock code: 199)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	a loan agreement dated 25 April 2016 entered into among The 13 Investments Limited (being a wholly-owned subsidiary of the Company) as borrower, the Company as guarantor and Paul Y. Finance Limited (being a subsidiary of the Disposal Company) as lender, where the lender has provided a loan facility in the principal amount of HK\$319,000,000 and the accrued interest of HK\$21,236,774.50 as at the date of SPA I, and as amended by the supplemental agreements, and as may be amended or supplemented from time to time
“Long Stop Date”	28 December 2017 or such later date as the parties to the Sale and Purchase Agreements may mutually agree in writing
“Macau”	the Macau Special Administrative Region of the PRC
“MOU”	the memorandum of understanding dated 27 April 2017 entered into between the Company and ITCP and as amended or supplemented by Supplemental the MOUs
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau and Taiwan
“Purchaser I”	Precious Year Limited, a company incorporated in the BVI with limited liability and a direct wholly owned subsidiary of ITCP
“Purchaser II”	Tycoon Bliss Limited, a company incorporated in the BVI with limited liability, which is wholly owned by Mr. CHAN Fut Yan, an executive director of both the Disposal Company and ITCP
“Purchasers”	collectively, Purchaser I and Purchaser II

“Remaining Group”	the Group, excluding the Disposal Group
“Sale and Purchase Agreement”	SPA I or SPA II, as applicable, and collectively, the “Sale and Purchase Agreements”
“Sale Share(s)”	an aggregate of 631,727,969 shares in the Disposal Company of which the Vendor is the legal and beneficial owner, representing approximately 51.76% of the total issued shares in the Disposal Company, to be acquired by the Purchasers pursuant to the terms and condition of the Sale and Purchase Agreements
“SGM”	the special general meeting to be convened for the purpose of considering and, if thought fit, to approve the Disposal, the Sale and Purchase Agreements and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$2.00 each in the capital of the Company
“Share Charge”	(i) the share charge dated 5 December 2016 executed by The 13 Hotel (BVI) Limited (being the holding company of the Vendor) as chargor in favour of Evo PE Opportunities, Limited as chargee, pursuant to which, among others, the entire issued share capital of the Vendor and other assets are charged as continuing security; and (ii) to the extent applicable, the relevant provisions of the loan agreement of the same date entered into between The 13 Hotel (BVI) Limited as borrower, the Company as guarantor, and Evo PE Opportunities, Limited as lender, in connection with which the Share Charge was executed
“Shareholder(s)”	holder(s) of the Share(s)
“SPA I”	the conditional Sale and Purchase Agreement dated 28 June 2017 entered into between the Vendor and Purchaser I in relation to the Disposal
“SPA II”	the conditional Sale and Purchase Agreement dated 28 June 2017 entered into between the Vendor and Purchaser II in relation to the Disposal

“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Supplemental MOU(s)”	the supplemental memoranda of understanding dated 10 May 2017, 19 May 2017, 26 May 2017, 2 June 2017, 9 June 2017, 16 June 2017, 21 June 2017 and 27 June 2017 entered into between the Company and ITCP in relation to the extension of the expiry date of the MOU
“THE 13 Hotel”	THE 13 Hotel, a luxury hotel being built and constructed by the Group which is located on the Cotai Strip of Macau
“sq. ft.”	square feet
“Vendor”	The 13 (BVI) Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent.

By order of the Board  
**The 13 Holdings Limited**  
**Mui Ching Hung, Joanna**  
*Company Secretary*

Hong Kong, 28 June 2017

As at the date of this announcement, the directors of the Company are:

Mr Stephen Hung	:	Joint Chairman (Executive Director)
Mr Peter Lee Coker Jr.	:	Joint Chairman (Executive Director)
Mr Lau Ko Yuen, Tom	:	Deputy Chairman (Executive Director)
Mr Walter Craig Power	:	Chief Executive Officer (Executive Director)
Ir James Chiu, <i>OBE, JP</i>	:	Independent Non-Executive Director
Professor Lee Chack Fan, <i>GBS, SBS, JP</i>	:	Independent Non-Executive Director
Mr Iain Ferguson Bruce	:	Independent Non-Executive Director
Mr Francis Goutenmacher	:	Independent Non-Executive Director
Mr Chan Kok Chung, Johnny	:	Independent Non-Executive Director