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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)

### **RENEWAL OF CONTINUING CONNECTED TRANSACTION**

Reference is made to the Company's announcement dated 24 April 2013 and the circular dated 8 May 2013 in respect of, inter alia, the Original Business Services Agreement entered into between PYE and ITC Properties Holdings in relation to the provision of the Services for the three years ended 31 March 2016.

The Original Business Services Agreement has expired on 31 March 2016. As at the date of this announcement, the Services provided by the PYE Group to the ITC Properties Holdings Group in respect of the Projects contemplated under the Original Business Services Agreement are yet to be completed and/or the Final Account in connection with the Projects is yet to be agreed. In order to continue to regulate the provision of the Services, on 23 September 2016, PYE and ITC Properties Holdings entered into the New Business Services Agreement for a term of one year commencing from 1 April 2016 to 31 March 2017.

As at the date of this announcement, ITC Properties is a substantial shareholder of the Company. Accordingly, ITC Properties is a connected person of the Company and the entering into of the New Business Services Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the annual cap regarding the Services contemplated under the New Business Services Agreement are more than 0.1% but less than 5%, the entering into of the New Business Services Agreement is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **RENEWAL OF CONTINUING CONNECTED TRANSACTION**

Reference is made to the Company's announcement dated 24 April 2013 and the circular dated 8 May 2013 in respect of, inter alia, the Original Business Services Agreement entered into between PYE and ITC Properties Holdings in relation to the provision of the Services for the three years ended 31 March 2016.

The Original Business Services Agreement has expired on 31 March 2016. However, the Services provided by the PYE Group to the ITC Properties Holdings Group in respect of the Projects contemplated under the Original Business Services Agreement have not yet been completed and/or the Final Account in connection with the Projects have not yet been agreed. For the five months ended 31 August 2016, the value of the Services recognised was approximately HK\$2.6 million. In order to continue to regulate the provision of the Services, PYE and ITC Properties Holdings entered into the New Business Services Agreement.

### **New Business Services Agreement**

The principal terms of the New Business Services Agreement are as follows:

- Date: 23 September 2016
- Parties: (1) PYE, a subsidiary of the Company owned as to approximately 51.76% by the Company; and
- (2) ITC Properties Holdings, a subsidiary of ITC Properties.
- Services: The PYE Group may from time to time during the term of the New Business Services Agreement provide the Services to the ITC Properties Holdings Group on normal commercial terms and subject to the annual cap amount set out below.

Relevant members of the PYE Group and relevant members of the ITC Properties Holdings Group will enter into subsidiary agreements for providing the Services under the New Business Services Agreement. Each subsidiary agreement will set out the particulars and the terms upon which particular Services will be rendered by the PYE Group to the ITC Properties Holdings Group. The terms of each subsidiary agreement must (i) comply with the terms of the New Business Services Agreement; (ii) provide that the Services to be provided in aggregate shall be subject to the annual cap amount set out below; and (iii) be in compliance with the relevant requirements under the Listing Rules.

Term: The New Business Services Agreement will be effective as of 1 April 2016 and will continue thereafter for a term expiring on 31 March 2017. Upon expiry, the parties may renew the New Business Services Agreement subject to compliance with the Listing Rules and all applicable laws.

The Services to be provided by the PYE Group to the ITC Properties Holdings Group under the New Business Services Agreement will be in the usual and ordinary course of business of the PYE Group and will be conducted on arm's length basis and on normal commercial terms.

### **PROPOSED ANNUAL CAP AMOUNT AND BASIS OF DETERMINATION**

The proposed annual cap amount of the value of Services to be rendered under the New Business Services Agreement by the PYE Group to the ITC Properties Holdings Group for the financial year ending 31 March 2017 is HK\$120 million.

Revenue from a construction contract is recognised on the percentage of completion method, measured by reference to the value of work certified. Revenue from maintenance, property development management, project management, construction related advisory services, building management and facilities management and other related services are recognised when the services are provided. Fees from construction contracts (including interior contractor works and electrical and mechanical works) and maintenance contracts are charged by reference to the value of works certified. The fees may change if the works specified in the contract are varied. Fees from property development management services, project management services, facilities management services and construction related advisory services are usually charged based on a percentage of the property development costs or the construction costs of the development or construction project. The fees may vary in line with changes in the project costs.

The estimate for the annual cap amount for the financial year ending 31 March 2017 has been made based on (i) progress of delivery of services in respect of the Projects and information provided by the ITC Properties Holdings Group regarding the proposed construction schedules and/or completion or delivery of other projects identified, the gross/construction floor area covered by the relevant projects and indicative scope of services required; (ii) historical and market rates and method for calculation of fees for the relevant services (the component of services provided which are to be charged by reference to value of works certified); and (iii) additional allowances for delivery schedules in respect of the Projects which are not within the control of the PYE Group, or changes to the final scope of Services that may be required.

In view of the above, the Directors (including the independent non-executive Directors) consider that the entering into of the New Business Services Agreement is in the ordinary and usual course of business of the Group, the terms of the New Business Services Agreement were arrived at on normal commercial terms, are fair and reasonable and in the interests of the Company and Shareholders as a whole.

## **GENERAL INFORMATION**

The Company is an investment holding company and its Group companies are principally engaged in hotel development, management contracting, property development management and property investment. ITC Properties is an investment holding company and the subsidiaries of ITC Properties are principally engaged in property development and investment in Macau, the PRC and Hong Kong.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, ITC Properties was interested in 93,485,600 Shares, representing approximately 10.15% of the total issued share capital of the Company and is a substantial shareholder of the Company. Accordingly, ITC Properties is a connected person of the Company and the entering into of the New Business Services Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the annual cap regarding the Services contemplated under the New Business Services Agreement are more than 0.1% but less than 5%, the entering into of the New Business Services Agreement is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As no Director has a material interest in respect of the transaction under the New Business Services Agreement, none of the Directors is required to abstain from voting on the relevant Board resolutions concerning the approval of the New Business Services Agreement.

## **DEFINITIONS**

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“Company”	The 13 Holdings Limited, a company incorporated in Bermuda with limited liability whose Shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

“Final Account”	the agreed statement of the final value of works done by the contractor for the employer in respect of a construction contract that represents the full and final settlement of the construction contract including all claims and variation orders
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“ITC Properties”	ITC Properties Group Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange
“ITC Properties Holdings”	ITC Properties Holdings Group Limited, a company incorporated in the British Virgin Islands with limited liability and a subsidiary of ITC Properties
“ITC Properties Holdings Group”	ITC Properties Holdings and its associates from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	Macau Special Administrative Region of the PRC
“New Business Services Agreement”	the agreement dated 23 September 2016 entered into between PYE and ITC Properties Holdings
“Original Business Services Agreement”	the agreement dated 24 April 2013 entered into between PYE and ITC Properties Holdings
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Projects”	(i) main contract works for commercial redevelopment at No. 703-705 Nathan Road, Kowloon, Hong Kong; (ii) foundation and main contract works for redevelopment at No. 19 – 21 Shelter Street, Causeway Bay, Hong Kong; and (iii) main contract works for the hotel development at No. 7 Moreton Terrace, Causeway Bay, Hong Kong

“PYE”	Paul Y. Engineering Group Limited (formerly known as Paul Y. Engineering (BVI) Limited), a company incorporated in the British Virgin Islands with limited liability and owned by the Company as to approximately 51.76%
“PYE Group”	PYE and its subsidiaries from time to time
“Services”	services covering construction, maintenance, property development management, project management, building management, facilities management, construction related advisory services and other related services, including provision of services as main contractor, project manager, consultant and sub-contractor for a variety of works including superstructure, foundation, civil engineering, maintenance, construction and interior decoration
“Share(s)”	ordinary share(s) of HK\$2.00 each in the aggregate nominal amount of the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent

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

Hong Kong, 23 September 2016

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