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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)

ANNOUNCEMENT

- (I) PROPOSED CAPITAL REORGANISATION;**
- (II) PROPOSED CHANGE IN BOARD LOT SIZE;**
- (III) PROPOSED RIGHTS ISSUE ON THE BASIS OF TEN (10) RIGHTS ISSUE SHARES FOR EVERY ONE (1) ADJUSTED SHARE HELD ON THE RECORD DATE;**
- (IV) PLACING OF LOAN NOTES OF UP TO HK\$740 MILLION;**
- (V) BRIDGE LOAN OF UP TO HK\$250 MILLION;**
- (VI) NOTICE OF CLOSURE OF REGISTER OF MEMBERS; AND**
- (VII) RESUMPTION OF TRADING**

Financial Adviser to the Company



Underwriter of the Rights Issue



Sub-underwriters of the Rights Issue



Supreme China Securities Limited

Placing Agent of the Loan Notes



SUMMARY

The Group has been developing a luxury hotel and entertainment complex, THE 13 Hotel, in Macau since 2013. THE 13 Hotel was originally expected to open by the end of 2016. However due to delays in obtaining various licences/permits and more costs requiring to be incurred on the hotel decoration, acquisition of furniture, fixtures and equipment and operating supplies and equipment in order to meet market expectations for a unique ultra-luxury hotel, further funding is required for completion.

The Company has been exploring various options to finance this final development phase and successfully obtained a HK\$300 million Existing Bridge Loan in December, 2016 as a temporary measure. The Company is proposing to raise the further capital required through the Rights Issue, the Placing and the Bridge Loan. The Rights Issue will be fully underwritten and it is expected that the proceeds from the Rights Issue will be sufficient for completion of THE 13 Hotel. The Placing will be on a best effort basis and will enable the Group to service its existing debt. The Bridge Loan will provide temporary financial relief to the Group, enabling the Group to resume the remaining fitting-out works of THE 13 Hotel before the completion of the Rights Issue. The Bridge Loan will be repaid from the proceeds of the Rights Issue, and hence is in essence an advance on the proceeds of the Rights Issue. The hotel opening, as at the date of this announcement, is expected to be on or before 31st March, 2018, subject to keeping to the Rights Issue timetable and the confirmation of the key contractors, suppliers and vendors on the hotel works delivery and completion program upon the publication of this announcement.

The Company's intention is to include gaming operation in THE 13 Hotel as soon as practicable, subject to the progress of the Licensed Operator in submitting an application for and obtaining approval for the gaming operation after the licences for the operation of THE 13 Hotel have been granted or when it is clear such licences are almost certain to be granted as a matter of procedure. The authorisation to install and operate a casino in THE 13 Hotel is subject to the approval of Macau Government, and therefore its success remains an uncertainty. However, the Company would like to reiterate that although it is the Company's intention to include gaming operation in THE 13 Hotel, it is subject to, among other things, the entering into a formal agreement between the Company and the Licensed Operator, and the approval of Macau Government, and as such, gaming operation may or may not commence at THE 13 Hotel, but will not affect the opening and the hotel operation of THE 13 Hotel. Please refer to the section headed "THE 13 Hotel's development after the Rights Issue – After completion of THE 13 Hotel" for further details of the progress of the gaming operation.

PROPOSED CAPITAL REORGANISATION

The Board proposes to put forward a proposal to the Shareholders to effect the Capital Reorganisation which will comprise the following:

- (i) the Share Consolidation on the basis of every ten (10) issued and unissued Existing Shares of par value HK\$2.00 each into one (1) Consolidated Share of par value HK\$20.00 each;

- (ii) the Capital Reduction involving a reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK\$19.80 on each of the issued Consolidated Shares so that the nominal value of each issued Consolidated Share will be reduced from HK\$20.00 to HK\$0.20; and
- (iii) the Share Subdivision of each authorised but unissued Consolidated Share of HK\$20.00 (including those arising from the Capital Reduction) into one hundred (100) Adjusted Shares of HK\$0.20 each.

The Capital Reorganisation is conditional upon the conditions set out in the paragraph headed “Conditions of the Capital Reorganisation” in this announcement. If the relevant resolution(s) in relation to the Capital Reorganisation is passed at the SGM, the Capital Reorganisation will take effect on the next Business Day following the date of passing of the relevant resolution(s) approving the Capital Reorganisation and before the completion of the Rights Issue.

PROPOSED CHANGE IN BOARD LOT SIZE

The Board proposes that the board lot size of the Shares for trading on the Stock Exchange be changed from 500 Adjusted Shares to 2,000 Adjusted Shares upon the Capital Reorganisation becoming effective.

PROPOSED RIGHTS ISSUE

The Board proposes, subject to, among others, the Capital Reorganisation becoming effective, to implement the Rights Issue on the basis of ten (10) Rights Issue Shares for every one (1) Adjusted Share held on the Record Date at the Subscription Price of HK\$1.10 per Rights Issue Share. The Rights Issue will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement.

On the above basis, the Company will raise gross proceeds of not less than approximately HK\$1,013 million before expenses by way of the issue of not less than 920,867,010 Rights Issue Shares and will raise gross proceeds of not more than approximately HK\$1,153 million before expenses by way of the issue of not more than 1,048,593,270 Rights Issue Shares, subject to the fulfilment or waiver (as appropriate) of the conditions precedent to the Rights Issue and the Underwriting Agreement.

The Company will provisionally allot to the Qualifying Shareholders ten (10) Rights Issue Shares in nil-paid form for every one (1) Adjusted Share held on the Record Date. The Rights Issue will not be available to the Excluded Shareholders.

Applications will be made to the Stock Exchange for the listing of, and the permission to deal in, the Rights Issue Shares in both their nil-paid and fully-paid forms to be allotted and issued pursuant to the Rights Issue.

Irrevocable undertakings

Pursuant to the Irrevocable Undertaking, each of Paul Y. Investments Limited, Advance Tech Limited and Mr. Peter Lee Coker Jr. has irrevocably undertaken to the Company (i) to accept or to procure the acceptance of their respective assured entitlements to the Rights Issue Shares under the Rights Issue in full; and (ii) the Shares held by them (either directly or indirectly) will remain so held by them from the date of the Irrevocable Undertakings to the Record Date.

All the holders of the Convertible Securities (except for the holders of the Non-undertaken Convertible Securities) have provided irrevocable undertakings that they will not exercise their subscription or conversion rights under the Convertible Securities on or before the Record Date.

As at the date of this announcement, in respect of those Shareholders (including but not limited to Omega Advisors, Inc., Deutsche Bank Aktiengesellschaft, Janus Henderson, FIL Ltd. and Mr. Iain Ferguson Bruce) identified in the section headed “Shareholding Structure of the Company” in this announcement who have not provided irrevocable undertakings to the Company (i) to accept or to procure the acceptance of their respective assured entitlements to the Rights Issue Shares under the Rights Issue in full; and (ii) the Shares held by them (either directly or indirectly) will remain so held by them up to the Record Date, the Company has not received any indication from the said Shareholders regarding their intentions in relation to their respective assured entitlements to the Rights Issue Shares under the Rights Issue. These Shareholders are entitled to make their own decisions as to whether or not to accept or to procure the acceptance of their respective assured entitlements to the Rights Issue Shares under the Rights Issue. Further details will be disclosed in the Circular as appropriate.

The Underwriting Agreement

The Board is pleased to announce that on 19th October, 2017 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter.

Under the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite not less than 770,076,180 Rights Issue Shares and not more than 897,802,440 Rights Issue Shares. Taking into account the Irrevocable Undertakings given by each of Paul Y. Investments Limited, Advance Tech Limited and Mr. Peter Lee Coker Jr., the Rights Issue is fully underwritten. The underwriting obligations are subject in each case to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment of the conditions precedent contained therein. Details of the principal terms and conditions of the Underwriting Agreement are set out in the section headed “Underwriting Arrangement” in this announcement.

Intended use of proceeds of the Rights Issue

The estimated net proceeds from the Rights Issue (after deducting the estimated expenses) will be approximately HK\$973 million, assuming that there will be no change in the number of issued Shares on or before the Record Date. The Company intends to use the net proceeds for, among others, (i) settling the remaining pre-opening expenses of THE 13 Hotel, including costs related to decoration, furniture, fixtures and equipment, operating supplies and equipment, and other hotel operation preparation costs; and (ii) the general working capital of the Group.

As further detailed in the section headed “Reasons for and benefits of the proposed Rights Issue, the Placing and the Bridge Loan; and the proposed use of proceeds”, due to a shortage of funding, the Group has suspended the remaining works on THE 13 Hotel since July 2017 pending additional financing. Pursuant to a facility agreement for a bank loan granted by a lending bank to the Group, among other things, the Group was required to open THE 13 Hotel by no later than 31st March, 2017. The Group had previously successfully applied to extend this date to 31st July, 2017, and has been in discussions with the lending bank to further extend the opening date. As at the date of this announcement, the Company is still in discussions with the lending bank regarding possible options. As a result, the Group is in urgent need of financing and the Rights Issue (together with the Bridge Loan) would provide financial relief to the Group and enable it to resume the remaining works on THE 13 Hotel and avoid triggering default of the loan.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS ISSUE SHARES

The Rights Issue is conditional on, amongst other things, the Underwriting Agreement having become unconditional and not terminated (see the section headed “Underwriting Arrangement – Termination of the Underwriting Agreement” in this announcement). The conditions of the Underwriting Agreement are set out in the section headed “Underwriting Arrangement – Conditions of the Underwriting Agreement” in this announcement. In particular, it is conditional, among other things, upon:

- (i) the approval of the Rights Issue by the Independent Shareholders at the SGM; and
- (ii) the Listing Committee of the Stock Exchange granting and not having withdrawn or revoked the listing of, and the permission to deal in, the Rights Issue Shares in both nil-paid and fully-paid forms by no later than the Posting Date, and such listings and permission to deal not having been withdrawn or revoked on or before the Latest Time for Termination.

If the Underwriter exercises its right to terminate the Underwriting Agreement pursuant to the terms therein, the Rights Issue will not proceed. Any Shareholders and potential investors contemplating buying or selling Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled (including the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases), and, or any dealings in the Rights Issue Shares in their nil-paid form from 9:00 a.m. on Friday, 8th December, 2017 to 4:00 p.m. on Friday, 15th December, 2017 (both dates inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed.

Any Shareholders and potential investors contemplating dealing in Shares and, or Rights Issue Shares in their nil-paid form are advised to exercise caution when dealing in the Shares and, or the Rights Issue Shares in their nil-paid form. Any person who is in doubt about his, or her, or its position or any action to be taken is recommended to consult his, or her, or its own professional adviser(s).

According to the expected timetable, the last day of dealings in the Shares on a cum-rights basis is Monday, 27th November, 2017 and the Shares will be dealt in on an ex-rights basis from Tuesday, 28th November, 2017. The Rights Issue Shares are expected to be dealt in their nil-paid form from 9:00 a.m. on Friday, 8th December, 2017 to 4:00 p.m. on Friday, 15th December, 2017 (both dates inclusive). In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfers of the Shares (together with the relevant share certificate(s) or indemnities thereof) with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Wednesday, 29th November, 2017. The Latest Time for Acceptance is expected to be 4:00 p.m. on Wednesday, 20th December, 2017. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Issue Shares in both nil-paid and fully-paid forms. Please refer to the section headed "Expected timetable" in this announcement for further details.

PLACING OF LOAN NOTES OF UP TO HK\$740 MILLION

On 19th October, 2017 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed to act as the placing agent, on a best effort basis, for the purposes of procuring Placee(s) who are not and whose ultimate beneficial owner(s), if applicable, are not connected persons of the Company to subscribe for the Loan Notes with an aggregate principal amount of up to HK\$740 million within the Placing Period.

Intended use of proceeds of the Placing

The estimated net proceeds from the Placing (after deducting the estimated expenses) will be approximately HK\$717 million. The Company intends to use the net proceeds for, among others, the debt servicing.

Completion of the Placing is subject to the Placing Agent's rights of termination under the Placing Agreement. Accordingly, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

BRIDGE LOAN OF UP TO HK\$250 MILLION

On 19th October, 2017 (after trading hours), the Company and Get Nice Finance entered into the Bridge Loan Agreement pursuant to which Get Nice Finance intends to grant a loan facility of HK\$250 million to the Company, bearing interest at a rate of 18% per annum for a period of one year from the date of the first drawdown under the Bridge Loan Agreement or the day following completion of the Rights Issue, whichever is the earlier. The proceeds from the Bridge Loan shall provide temporary financial relief to the Company, enabling the Group to resume the remaining fitting-out works of THE 13 Hotel before the completion of the Rights Issue.

Shareholders and potential investors of the Company should note that drawdown under the Bridge Loan Agreement is subject to certain conditions precedent, including but not limited to the proper execution and registration of the relevant security to be granted in favour of the lender, the lender being satisfied with the results of the due diligence review to be conducted by the lender on the financial and legal conditions of the Company, and there being no event of default (as set out in the Bridge Loan Agreement). Accordingly, the transactions contemplated under the Bridge Loan Agreement may or may not proceed, and Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

LISTING RULES IMPLICATIONS

Capital Reorganisation

The Capital Reorganisation is conditional upon, among other things, the approval by the Shareholders by way of poll at the SGM. As none of the Shareholders or their associates would have any interest in the Capital Reorganisation, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Capital Reorganisation at the SGM.

Rights Issue

As the Rights Issue will result in an increase of the number of issued Shares by more than 50%, the Rights Issue is subject to, among other things, the approval by the Independent Shareholders at the SGM. Pursuant to Rule 7.19(6) of the Listing Rules, any controlling shareholder of the Company, and its associates or, where there are no controlling shareholders, directors (excluding the independent non-executive directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue at the SGM. As there is no controlling Shareholder as at the date of this announcement, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall be required to abstain from voting in favour of the Rights Issue in accordance with Rule 7.19(6)(a) of the Listing Rules.

As at the date of this announcement, Pride Wisdom Group Limited, an associate of Mr. Stephen Hung (an executive Director), is interested in 82,477,999 Existing Shares, representing approximately 8.96% of the total issued share capital of the Company. Mr. Peter Lee Coker Jr., an executive Director, is interested in 5,796,600 Existing Shares, representing approximately 0.63% of the total issued share capital of the Company. Save for aforesaid, none of the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates have any share interest entitling them to exercise any voting right at the SGM. Accordingly, Pride Wisdom Group Limited and Mr. Peter Lee Coker Jr. shall abstain from voting in favour of the Rights Issue at the SGM.

Placing of the Loan Notes and the Bridge Loan

The information in relation to the Placing and the Bridge Loan is made pursuant to the Inside Information Provisions (as defined in the Listing Rules) and Rule 13.09(2)(a) of the Listing Rules.

GENERAL

The Company will establish an Independent Board Committee, comprising all the independent non-executive Directors, to advise the Independent Shareholders with respect to the Rights Issue, and to provide recommendations as to voting. The Company will appoint an Independent Financial Adviser (subject to the approval of the Independent Board Committee) to advise the Independent Board Committee and the Independent Shareholders as to the terms of the Rights Issue and as to voting. The Independent Board Committee will form its views with respect to the Rights Issue after considering the advice of the Independent Financial Adviser.

The SGM will be convened and held for the Shareholders and, or Independent Shareholders (as the case may be) to consider and, if thought fit, approve, among other matters, the Capital Reorganisation, the Rights Issue and the transactions contemplated thereunder. The Circular containing, among other things, further details of (i) the Capital Reorganisation; (ii) the Rights Issue and the Underwriting Agreement; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue and the transactions contemplated thereunder; and (v) a notice convening the SGM is expected to be despatched to the Shareholders on or before Tuesday, 7th November, 2017.

Subject to the approval of the Capital Reorganisation by the Shareholders and the approval of the Rights Issue by the Independent Shareholders at the SGM, and the Capital Reorganisation becoming effective, the Prospectus Documents are expected to be despatched to the Qualifying Shareholders on or before Wednesday, 6th December, 2017 and the Prospectus (but not the PAL and the EAF) will be despatched to the Excluded Shareholders for information only.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 21st November, 2017 to Friday, 24th November, 2017 (both dates inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM.

The register of members of the Company will be closed from Thursday, 30th November, 2017 to Tuesday, 5th December, 2017 (both days inclusive) for determining the entitlements to the Rights Issue.

No transfer of the Shares will be registered during the above book closure periods.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been halted with effect from 9:00 a.m. on Friday, 20th October, 2017 pending the publication of this announcement. An application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on Monday, 23rd October, 2017.

SUMMARY

The Group has been developing a luxury hotel and entertainment complex, THE 13 Hotel, in Macau since 2013. THE 13 Hotel was originally expected to open by the end of 2016. However due to delays in obtaining various licences/permits and more costs requiring to be incurred on the hotel decoration, acquisition of FF&E and OS&E in order to meet market expectations for a unique ultra-luxury hotel, further funding is required for completion.

The Company has been exploring various options to finance this final development phase and successfully obtained a HK\$300 million Existing Bridge Loan in December, 2016 as a temporary measure. The Company is proposing to raise the further capital required through the Rights Issue, the Placing and the Bridge Loan. The Rights Issue will be fully underwritten and it is expected that the proceeds from the Rights Issue will be sufficient for completion of THE 13 Hotel. The Placing will be on a best effort basis and will enable the Group to service its existing debt. The Bridge Loan will provide temporary financial relief to the Group, enabling the Group to resume the remaining fitting-out works of THE 13 Hotel before the completion of the Rights Issue. The Bridge Loan will be repaid from the proceeds of the Rights Issue, and hence is in essence an advance on the proceeds of the Rights Issue. The hotel opening, as at the date of this announcement, is expected to be on or before 31st March, 2018, subject to keeping to the Rights Issue timetable and the confirmation of the key contractors, suppliers and vendors on the hotel works delivery and completion program upon the publication of this announcement.

PROPOSED CAPITAL REORGANISATION

Introduction

The Board proposes to put forward a proposal to the Shareholders to effect the Capital Reorganisation which will comprise:

- (i) the Share Consolidation on the basis of every ten (10) issued and unissued Existing Shares of par value HK\$2.00 each into one (1) Consolidated Share of par value HK\$20.00 each;
- (ii) the Capital Reduction involving a reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK\$19.80 on each of the issued Consolidated Shares so that the nominal value of each issued Consolidated Share will be reduced from HK\$20.00 to HK\$0.20; and
- (iii) the Share Subdivision of each authorised but unissued Consolidated Share of HK\$20.00 (including those arising from the Capital Reduction) into one hundred (100) Adjusted Shares of HK\$0.20 each.

The authorised share capital of the Company is HK\$5,000 million divided into 2,500 million Existing Shares of HK\$2.00 each as at the date of this announcement. Following the Capital Reorganisation becoming effective, the authorised share capital would be HK\$5,000 million divided into 25,000 million Adjusted Shares of HK\$0.20 each. Following the Capital Reorganisation becoming effective, the issued share capital of the Company would be reduced from HK\$1,841,734,020 divided into 920,867,010 Existing Shares of HK\$2.00 each to HK\$18,417,340.20 divided into 92,086,701 Adjusted Shares of HK\$0.20 each.

The credit of HK\$1,823,316,679.80 arising from the Capital Reduction will be credited to the contributed surplus account of the Company, and the Board will be authorised to utilise credits in the contributed surplus account in such manner as permissible under the bye-laws of the Company and the Companies Act, including to set off accumulated losses of the Company.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon, among other things:

- (i) the passing of the necessary resolutions by the Shareholders approving the Capital Reorganisation and the transactions contemplated thereunder at the SGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares in issue arising from the Capital Reorganisation and the Adjusted Shares which may fall to be issued upon exercise of the rights attaching to the Convertible Securities;
- (iii) compliance by the Company with the requirements under the Companies Act including the publication of a notice in relation to the Capital Reduction in Bermuda in accordance with section 46(2) of the Companies Act; and
- (iv) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

Assuming the above conditions are fulfilled, it is expected that the Capital Reorganisation will become effective on the next Business Day following the date of passing of the relevant resolution(s) approving the Capital Reorganisation.

Effects of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK\$5,000,000,000 comprising 920,867,010 issued Existing Shares and 1,579,132,990 unissued Existing Shares of HK\$2.00 each. The Company has 62,116,000 outstanding Share Options exercisable by its holders to subscribe for up to 62,116,000 Existing Shares, Existing CBs convertible into 465,814,719 Existing Shares, and Exchange Right exercisable by its holders for up to 88,235,294 Existing Shares.

Save as disclosed above, the Company has no other outstanding warrants, options or convertible securities or other similar rights which are convertible or exchangeable into Shares.

Upon the Capital Reorganisation becoming effective and assuming that there is no change in the number of issued Existing Shares prior to the SGM, the share capital structure of the Company will be as follows:

	As at the date of this announcement	Immediately following the Share Consolidation becoming effective but prior to the Capital Reduction and Share Subdivision becoming effective	Immediately following the Share Consolidation, Capital Reduction and Share Subdivision becoming effective
Par value	HK\$2.00	HK\$20.00	HK\$0.20
Number of authorised Shares	2,500,000,000	250,000,000	25,000,000,000
Authorised share capital	HK\$5,000,000,000	HK\$5,000,000,000	HK\$5,000,000,000
Number of issued Shares	920,867,010	92,086,701	92,086,701
Number of unissued Shares	1,579,132,990	157,913,299	24,907,913,299
Issued share capital	HK\$1,841,734,020	HK\$1,841,734,020	HK\$18,417,340.20

Reasons for the Capital Reorganisation

The crediting of the amount of HK\$1,823,316,679.80 arising from the Capital Reduction to the contributed surplus account of the Company will facilitate the payment of dividends as and when the Directors consider it appropriate in the future. The lower par value of the Adjusted Shares will also allow the Company greater flexibility in setting the issue price for future equity fund raising exercises. Indeed, the lower par value is required in order to implement the Rights Issue.

The Capital Reorganisation will not, of itself, alter the underlying assets, business operations, management or financial position of the Group except for the payment of related expenses.

In view of the above, the Board considers that the Capital Reorganisation is in the best interests of the Company and the Shareholders as a whole.

Listing and dealings

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Adjusted Shares arising from the Capital Reorganisation.

Subject to the granting of listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange, the Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Adjusted Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The Capital Reorganisation will not result in any change in the rights of the Shareholders. The Adjusted Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. All necessary arrangements will be made for the Adjusted Shares to be admitted into CCASS.

Exchange of share certificates

Subject to the Capital Reorganisation becoming effective, which is expected to be on Monday, 27th November, 2017, Shareholders may on or after Monday, 27th November, 2017 and until Wednesday, 3rd January, 2018, (both dates inclusive) submit their existing share certificates for the Existing Shares to the Registrar for exchange for share certificates for the Adjusted Shares at the expense of the Company. Thereafter, share certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each share certificate issued for the Adjusted Shares or each existing share certificate for the Existing Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher.

After 4:00 p.m. on Wednesday, 3rd January, 2018, existing share certificates for the Existing Shares will continue to be good evidence of legal title and may be exchanged for share certificates for Adjusted Shares at any time but are not acceptable for trading, settlement and registration purposes.

The colour of the new share certificates for the Adjusted Shares will be announced by the Company in due course.

Trading arrangements for the Adjusted Shares

Subject to the Capital Reorganisation becoming effective, the arrangements proposed for dealings in the Adjusted Shares are expected to be as follows:

- (i) from 9:00 a.m. on Monday, 27th November, 2017, the original counter for trading in the Existing Shares in board lots of 500 Existing Shares will be temporarily closed and a temporary counter for trading in the Adjusted Shares in board lots of 50 Adjusted Shares will be set up and opened;
- (ii) with effect from 9:00 a.m. on Monday, 11th December, 2017, the original counter for trading in the Adjusted Shares will be re-opened in board lots of 2,000 Adjusted Shares;

- (iii) during the period from 9:00 a.m. on Monday, 11th December, 2017 to 4:00 p.m. on Wednesday, 3rd January, 2018 (both dates inclusive), there will be parallel trading at the above two counters; and
- (iv) the temporary counter for trading in the Adjusted Shares in board lots of 50 Adjusted Shares will be removed after the close of trading at 4:00 p.m. on Wednesday, 3rd January, 2018. Thereafter, trading will only be in board lots of 2,000 Adjusted Shares with new share certificates and the existing share certificates for the Existing Shares will cease to be marketable and will not be acceptable for dealing and settlement purposes. However, such certificates will remain as documents of title on the basis of ten (10) Existing Shares for one (1) Adjusted Share.

Fractional Shares, odd lot arrangements and matching services

Fractional Adjusted Shares will not be issued by the Company to the Shareholders. Any fractional entitlements of the Adjusted Shares will be aggregated and sold for the benefit of the Company.

In order to facilitate the trading of odd lots (if any) of the Adjusted Shares arising from the Capital Reorganisation, a designated broker will be appointed to match the purchase and sale of odd lots of the Adjusted Shares at the relevant market price per Adjusted Share for the period from Monday, 11th December, 2017 to Wednesday, 3rd January, 2018 (both dates inclusive). Holders of odd lots of the Adjusted Shares should note that successful matching of the sale and purchase of odd lots of the Adjusted Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his, or her, or its own professional advisers. Details of the matching service will be provided in the Circular to be despatched to the Shareholders.

CHANGE OF BOARD LOT SIZE

The Board proposes to change the board lot size for trading in the Shares from 500 Adjusted Shares to 2,000 Adjusted Shares upon the Capital Reorganisation becoming effective with effect from 9:00 a.m. on Monday, 27th November, 2017.

Reasons for the change in board lot size

At present, the Existing Shares are trading in board lots of 500 Existing Shares and the market value of each board lot is HK\$455 (based on the closing price of HK\$0.91 per Existing Share as quoted on the Stock Exchange on the Last Trading Day). Based on the closing price of HK\$0.91 per Existing Share on the Last Trading Day and assuming that the Capital Reorganisation and the Rights Issue having become effective and the dealings in the Adjusted Shares on an ex-rights basis having commenced, if the Adjusted Shares were continued to be trading in board lots of 500, the value of each board lot of Adjusted Shares would be approximately HK\$914.

In order to increase the value of each board lot so that the value of each board lot will be not less than HK\$2,000, the Board proposes to change the board lot size for trading in the Shares from 500 to 2,000 Adjusted Shares upon the Capital Reorganisation becoming effective. Had the change in board lot size become effective, the value of each board lot of Adjusted Shares would be approximately HK\$3,660 (based on the theoretical ex-entitlement price of approximately HK\$1.83 per Adjusted Share calculated based on the closing price of HK\$0.91 per Existing Share on the Last Trading Day and adjusted for the effect of Capital Reorganisation). The Board considers that the change in the board lot size will maintain the trading value for each board lot at a reasonable level to attract investors.

The Board has considered different possible sizes of new board lot and concluded that the change in board lot size to 2,000 Adjusted Shares may (i) minimise the odd lot of Adjusted Shares for those Qualifying Shareholders taking up the Rights Issue Shares; and (ii) facilitate the convenience of trading of the Adjusted Shares in the future, as it is comparatively easy to calculate the multiples of 2,000. The change in board lot size will not result in any change in the relative rights of the Shareholders. The Board is of the opinion that the change in board lot size is in the interests of the Company and its Shareholders as a whole.

Trading arrangement

In order to facilitate the trading of odd lots of the Adjusted Shares arising from the change in board lot size, the Company will procure an agent to arrange for the sale and purchase of odd lots on behalf of the Shareholders. Details of such arrangements and the colour of the new share certificates will be disclosed in the Circular to be despatched to Shareholders.

Shareholders should note that successful matching of the sale and purchase of odd lots of the Adjusted Shares is not guaranteed.

PROPOSED RIGHTS ISSUE

Subject to the Capital Reorganisation becoming effective, the Company proposes to implement the Rights Issue on the basis of ten (10) Rights Issue Shares for every one (1) Adjusted Share held at the close of business on the Record Date at the Subscription Price of HK\$1.10 per Rights Issue Share by issue of not less than 920,867,010 Rights Issue Shares (assuming no change in the number of issued Shares on or before the Record Date other than from the Capital Reorganisation becoming effective) and not more than 1,048,593,270 Rights Issue Shares (assuming no change in the number of issued Shares on or before the Record Date other than from the Capital Reorganisation becoming effective and other than the issue of new Shares upon the exercise in full of the subscription rights attaching to the Non-undertaken Convertible Securities on or before the Record Date).

Qualifying Shareholders may apply for any number of Rights Issue Shares, but are assured of allocations only up to the numbers in their assured allotments. Allocations of Rights Issue Shares to those who apply for more than their assured allotments will be made on an equitable basis. Please refer to the section headed “Application for excess Rights Issue Shares” for details.

Set out below are the principal terms of the Rights Issue:

Issue statistics

Basis of the Rights Issue	:	Ten (10) Rights Issue Shares for every one (1) Adjusted Share held on the Record Date
Subscription Price	:	HK\$1.10 per Rights Issue Share
Number of Existing Shares in issue as at the date of this announcement	:	920,867,010 Existing Shares
Number of Adjusted Shares in issue upon the Capital Reorganisation becoming effective	:	Not less than 92,086,701 Adjusted Shares (assuming no change in the number of issued Shares on or before the Record Date) and not more than 104,859,327. Adjusted Shares (assuming no change in the number of issued Shares on or before the Record Date, other than the issue of new Shares upon the exercise in full of the subscription rights attaching to the Non-undertaken Convertible Securities on or before the Record Date)
Number of Rights Issue Shares to be issued pursuant to the Rights Issue	:	Not less than 920,867,010 Rights Issue Shares (based on the number of Existing Shares in issue as at the date of this announcement and adjusted for the effect of the Capital Reorganisation, and assuming no change in the number of issued Shares on or before the Record Date) and not more than 1,048,593,270 Rights Issue Shares (based on the number of Existing Shares in issue as at the date of this announcement and adjusted for the effect of the Capital Reorganisation, and assuming no change in the number of issued Share from the date of this announcement up to the Record Date other than the issue of new Shares upon the exercise in full of the subscription rights attaching to the Non-undertaken Convertible Securities on or before the Record Date)

Total number of issued Adjusted Shares as enlarged by the Rights Issue Shares upon Completion	:	Not less than 1,012,953,711 Adjusted Shares and not more than 1,153,452,597 Adjusted Shares
Aggregate nominal value of the Rights Issue Shares	:	Not less than HK\$184,173,402 and not more than HK\$209,718,654
Total number of Rights Issue Shares being underwritten by the Underwriter	:	Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite all the Rights Issue Shares other than the Rights Issue Shares that are subject to the Irrevocable Undertaking on a fully underwritten basis subject to the terms and conditions of the Underwriting Agreement
Net proceeds to be raised upon Completion	:	Not less than approximately HK\$973 million and not more than approximately HK\$1,113 million

As at the date of this announcement, the Company has 62,116,000 outstanding Share Options exercisable by its holders to subscribe for up to 62,116,000 Existing Shares, Existing CBs convertible into 465,814,719 Existing Shares, and Exchange Right exercisable by its holders for up to 88,235,294 Existing Shares. Save as disclosed above, the Company has no other outstanding warrants, options or convertible securities or other similar rights which are convertible or exchangeable into Shares.

All the holders of the above Convertible Securities (except for holders of the Non-undertaken Convertible Securities) have provided irrevocable undertakings that they will not exercise their subscription or conversion rights under the Convertible Securities on or before the Record Date.

Assuming no change in the number of issued Shares on or before the Record Date, other than from the Capital Reorganisation becoming effective, the 920,867,010 Rights Issue Shares to be issued pursuant to the terms of the Rights Issue represents 1,000.00% of the number of issued Adjusted Shares upon completion of the Capital Reorganisation and approximately 90.91% of the number of issued Adjusted Shares as enlarged immediately upon Completion.

Assuming no change in the number of issued Shares on or before the Record Date, other than from the Capital Reorganisation becoming effective and other than the issue of new Shares upon exercise in full of the subscription rights attaching to the Non-undertaken Convertible Securities on or before the Record Date, the 1,048,593,270 Rights Issue Shares to be issued pursuant to the terms of the Rights Issue represents 1,000.00% of the number of issued Adjusted Shares upon completion of the Capital Reorganisation and approximately 90.91% of the number of issued Adjusted Shares as enlarged immediately upon Completion.

Subscription Price

The Subscription Price of HK\$1.10 per Rights Issue Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Issue Shares under the Rights Issue, upon an application of excess Rights Issue Shares, or where a transferee of the nil-paid Rights Issue Shares subscribes for the Rights Issue Shares. The Subscription Price represents:

- (i) a discount of approximately 87.91% to the adjusted closing price of HK\$9.10 per Adjusted Share, based on the closing price of HK\$0.91 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (ii) a discount of approximately 87.91% to the adjusted 5-day average closing price of HK\$9.10 per Adjusted Share, based on the average closing price of HK\$0.91 per Existing Share as quoted on the Stock Exchange over the last five consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (iii) a discount of approximately 87.86% to the adjusted 10-day average closing price of HK\$9.06 per Adjusted Share, based on the average closing price of approximately HK\$0.91 per Existing Share as quoted on the Stock Exchange over the last ten consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (iv) a discount of approximately 39.89% to the theoretical ex-entitlement price of approximately HK\$1.83 per Adjusted Share after the Rights Issue, based on the closing price of the Existing Share of HK\$0.91 per Share quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation; and
- (v) a discount of approximately 98.22% over the audited equity attributable to the owners of the Company per Adjusted Share of approximately HK\$61.69 as at 31st March, 2017 (based on the number of Existing Shares in issue as at the date of this announcement and adjusted for the effect of the Capital Reorganisation).

The Subscription Price was determined, among others, after arm's length negotiation between the Company and the Underwriter with reference to the market price of the Shares prior to and including the Last Trading Day, the capital needs of the Group as detailed in the sections headed "Reasons for and benefits of the proposed Rights Issue, the Placing and the Bridge Loan; and the proposed use of proceeds" below, the financial position of the Group and the prevailing market conditions.

Given (i) each Qualifying Shareholder will be entitled to subscribe for the Rights Issue Shares at the same Subscription Price in proportion to his, or her, or its shareholding held on the Record Date; (ii) the Subscription Price has been set at a price with a view to encouraging existing Shareholders to participate in the potential growth of the Company; and (iii) the proceeds are to fulfil the funding needs of the Group as referred to in the sections below headed “Reasons for and benefits of the proposed Rights Issue, the Placing and the Bridge Loan; and the proposed use of proceeds”, the Directors (excluding the independent non-executive Directors who will form their views after considering the opinion of the Independent Financial Adviser) consider the terms of the Rights Issue, including the basis of determination of the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Taking into account the estimated expense in connection with the Rights Issue of approximately HK\$40 million, the net price per Rights Issue Share is expected to be approximately HK\$1.06, upon full acceptance of the relevant provisional allotment of Rights Issue Shares.

Basis of provisional allotments

The basis of the provisional allotment shall be ten (10) Rights Issue Shares (in nil-paid form) for every one (1) Adjusted Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Issue Shares being applied for with the Registrar on or before the Last Acceptance Date.

Conditions of the Rights Issue

The Rights Issue is conditional upon, among others, (i) the Capital Reorganisation becoming effective on or before the Record Date; (ii) the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms; and (iii) the passing of the relevant resolutions by the Independent Shareholders at the SGM to approve the Rights Issue and the transactions contemplated thereunder. The conditions to the Underwriting Agreement are set out in the section headed “Underwriting Arrangement - Conditions of the Underwriting Agreement” below.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and not be an Excluded Shareholder on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) or indemnities thereof must be lodged with the Registrar no later than 4:30 p.m. (Hong Kong time) on Wednesday, 29th November, 2017, at Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong. It is expected that the last day of dealings in the Adjusted Shares on a cum-rights basis is Monday, 27th November, 2017 and the Adjusted Shares will be dealt with on an ex-rights basis from Tuesday, 28th November, 2017.

The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdiction(s) and to the extent reasonably practicable, the Company will send copies of the Prospectus to the Excluded Shareholders for their information only, but will not send any PAL or EAF to them.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Issue Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his, or her, or its entitlement in full under the Rights Issue, his, or her, or its proportionate shareholding in the Company will be diluted.

Excluded Shareholders

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation or equivalent legislation of any jurisdictions other than Hong Kong.

The Directors are in the process of making enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules with the overseas legal adviser(s) of the Company as to the feasibility of extending the Rights Issue to the Overseas Shareholders, taking into consideration the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange for the issue of the Rights Issue Shares to the Overseas Shareholders.

If, after making such enquiry, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any applicable requirements of the relevant regulatory body or stock exchange in that place, not to offer the Rights Issue Shares to such Overseas Shareholders, the Rights Issue will not be extended to such Overseas Shareholders who will become the Excluded Shareholders. The results of the enquiries and the basis of exclusion of the Overseas Shareholders will be included in the Prospectus.

Entitlements of the Excluded Shareholders will be aggregated and made available for excess applications by the Qualifying Shareholders who wish to apply for the Rights Issue Shares over and above their assured allotments.

Overseas Shareholders should note that they may or may not be entitled to the participation of the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2) of the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

Fractional entitlement to the Rights Issue Shares

On the basis of provisional allotment of ten (10) Rights Issue Shares for every one (1) Adjusted Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Issue Shares will arise under the Rights Issue.

Application for excess Rights Issue Shares

Qualifying Shareholders shall be entitled to apply by way of excess application, for (i) the Rights Issue Shares representing the entitlement of the Excluded Shareholders and which cannot be sold at a net premium; and (ii) any Rights Issue Shares provisionally allotted but not validly accepted by the Qualifying Shareholders. Applications for excess Rights Issue Shares may be made by completing the EAF for the excess Rights Issue Shares and lodging the same with a separate remittance for the excess Rights Issue Shares being applied for. The Board will allocate the excess Rights Issue Shares at its discretion, but on a fair and equitable basis as far as practicable on the following principles:

- (i) no preference will be given to applications for topping-up odd-lot holdings to whole-lot holdings as the giving of such preference may potentially be abused by certain investors by splitting their Shares and thereby receiving more Rights Issue Shares than they would receive if such preference is not given, which is an unintended and undesirable result; and
- (ii) subject to availability of the excess Rights Issue Shares, the excess Rights Issue Shares will be allocated to the Qualifying Shareholders who have applied for excess application on a pro rata basis based on the number of excess Rights Issue Shares applied for by them. No reference will be made to Rights Issue Shares subscribed through PALs, or the number of Shares held by the Qualifying Shareholders.

Beneficial owners of Shares whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the beneficial owners of Shares whose Shares are registered in name of nominee companies should note that the aforesaid arrangement in relation to the allocation of the excess Rights Issue Shares will not be extended to beneficial owners individually and are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

For those beneficial owners of Shares whose Shares are held by their nominee(s) (including HKSCC Nominees Limited) and who would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for completion of the relevant registration not later than 4:30 p.m. on Wednesday, 29th November, 2017.

The Qualifying Shareholders who do not take up the Rights Issue Shares to which they are entitled should note that their interests in the Company will be diluted by the Rights Issue.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 21st November, 2017 to Friday, 24th November, 2017 (both dates inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM.

The register of members of the Company will be closed from Thursday, 30th November, 2017 to Tuesday, 5th December, 2017 (both dates inclusive) for determining the entitlements to the Rights Issue.

No transfer of the Adjusted Shares will be registered during the above book closure periods.

Status of the Rights Issue Shares

The Rights Issue Shares (when allotted, fully-paid and issued) will rank *pari passu* in all respects among themselves and with the Adjusted Shares then in issue on the date of allotment and issue of the Rights Issue Shares. Holders of fully-paid Rights Issue Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Issue Shares in their fully-paid form.

Certificates of the Rights Issue Shares and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Issue Shares are expected to be sent on or before Tuesday, 2nd January, 2018, to those entitled thereto by ordinary post, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Issue Shares (if any) are expected to be posted on or before Tuesday, 2nd January, 2018, by ordinary post to the applicants, at their own risk, to their registered addresses.

Application for listing of the Rights Issue Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Issue Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Subject to the granting of the listing of, and the permission to deal in, the Rights Issue Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange, the Rights Issue Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Issue Shares in each of their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Both the nil-paid Rights Issue Shares and the fully-paid Rights Issue Shares will be traded in board lots of 2,000 in the market.

Dealings in the Rights Issue Shares in both nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

Irrevocable undertakings

Pursuant to the Irrevocable Undertaking, each of Paul Y. Investments Limited, Advance Tech Limited and Mr. Peter Lee Coker Jr. has irrevocably undertaken to the Company (i) to accept or to procure the acceptance of their respective assured entitlements to the Rights Issue Shares under the Rights Issue in full; and (ii) the Shares held by them (either directly or indirectly) will remain so held by them from the date of the Irrevocable Undertakings to the Record Date.

All the holders of the Convertible Securities (except for the holders of the Non-undertaken Convertible Securities) have provided irrevocable undertakings that they will not exercise their subscription or conversion rights under the Convertible Securities on or before the Record Date.

As at the date of this announcement, in respect of those Shareholders (including but not limited to Omega Advisors, Inc., Deutsche Bank Aktiengesellschaft, Janus Henderson, FIL Ltd. and Mr. Iain Ferguson Bruce) identified in the section headed “Shareholding Structure of the Company” in this announcement who have not provided irrevocable undertakings to the Company (i) to accept or to procure the acceptance of their respective assured entitlements to the Rights Issue Shares under the Rights Issue in full; and (ii) the Shares held by them (either directly or indirectly) will remain so held by them up to the Record Date, the Company has not received any indication from the said Shareholders regarding their intentions in relation to their respective assured entitlements to the Rights Issue Shares under the Rights Issue. These Shareholders are entitled to make their own decisions as to whether or not to accept or to procure the acceptance of their respective assured entitlements to the Rights Issue Shares under the Rights Issue. Further details will be disclosed in the Circular as appropriate.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Date : 19th October, 2017 (after trading hours)

Parties : (i) the Company (the issuer); and
(ii) Get Nice (the Underwriter)

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owner(s) are Independent Third Party(ies) and is, or are not connected persons (as defined in the Listing Rules) of the Company.

Number of Rights Issue Shares : Not less than 920,867,010 Rights Issue Shares (based on the number of Existing Shares in issue as at the date of this announcement and adjusted for the effect of the Capital Reorganisation, and assuming no change in the number of issued Shares on or before the Record Date) and not more than 1,048,593,270 Rights Issue Shares (based on the number of Existing Shares in issue as at the date of this announcement and adjusted for the effect of the Capital Reorganisation, and assuming no change in the number of issued Shares on or before the Record Date other than the issue of new Shares upon exercise in full of the subscription rights attaching to the Non-undertaken Convertible Securities on or before the Record Date).

Number of Underwritten Shares : Not less than 770,076,180 Rights Issue Shares (based on the number of Existing Shares in issue as at the date of this announcement and adjusted for the effect of the Capital Reorganisation, and assuming no change in the number of issued Shares on or before the Record Date) and not more than 897,802,440 Rights Issue Shares (based on the number of Existing Shares in issue as at the date of this announcement and adjusted for the effect of the Capital Reorganisation, and assuming no change in the number of issued Share from the date of this announcement up to the Record Date other than the issue of new Shares upon the exercise in full of the subscription rights attaching to the Non-undertaken Convertible Securities on or before the Record Date).

Taking into account the Irrevocable Undertakings by Paul Y. Investments Limited, Advance Tech Limited and Mr. Peter Lee Coker Jr., the Rights Issue is therefore fully underwritten.

The Underwriter will subscribe or procure subscribers for the Untaken Shares in accordance with the terms of the Underwriting Agreement.

Underwriting Commission : 3% of the aggregate Subscription Price of the Underwritten Shares; save for the Underwritten Shares as would relate to any Shares arising on exercise of the rights attaching to the Non-undertaken Convertible Securities, in respect of which the underwriting commission is 0.5% of the aggregate Subscription Price (reflecting, as it does, the lower risk of any such underwriting being called upon).

The terms of the Underwriting Agreement, including the commission rate of 3% (and 0.5% in respect of the Underwritten Shares associated with the Non-undertaken Convertible Securities), were determined after arm's length negotiations between the Company and the Underwriter with reference to, among other things, the size of the Rights Issue, the current market conditions and the prevailing market rate for the underwriting commission of comparable transactions.

The Directors (excluding the independent non-executive Directors who will form their views after considering the advice from the Independent Financial Adviser) consider that the terms of the Underwriting Agreement including the underwriting commission rate are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Underwriting Agreement

The obligations of the Underwriter under the Underwriting Agreement are conditional on, among others:

- (i) the passing of all the necessary resolution(s) by the Shareholders (or where applicable, the Independent Shareholders), in each case other than those who are required to abstain from voting or to vote in favour of the relevant resolutions, at the SGM approving and confirming:
 - (a) the Capital Reorganisation; and
 - (b) the Rights Issue and the transactions contemplated thereunder and authorising the Directors to allot and issue the Rights Issue Shares (in their nil-paid and fully paid-forms),each in accordance with the bye-laws of the Company and the Listing Rules;
- (ii) the Capital Reorganisation having become effective;
- (iii) the delivery to the Stock Exchange for authorisation and registration by the Registrar of Companies in Hong Kong, respectively, on or prior to the Posting Date of each of the Prospectus Documents each duly certified in compliance with section 342C of the Companies Miscellaneous Provision Ordinance (and all other documents required to be attached thereto or otherwise filed or delivered) and otherwise complying with the requirements of the Companies Miscellaneous Provisions Ordinance and the Listing Rules;
- (iv) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus to the Excluded Shareholders, if any, for information purposes only, on or before the Posting Date;

- (v) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Rights Issue Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) by no later than the Posting Date and such listings and permission to deal not having been withdrawn or revoked on or before the Latest Time for Termination;
- (vi) the Shares remaining listed on the Stock Exchange at all times and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than five (5) trading days;
- (vii) the execution and delivery of the Irrevocable Undertaking by each of Paul Y. Investments Limited, Advance Tech Limited and Mr. Peter Lee Coker Jr. in favour of the Company on the date of the Underwriting Agreement; and
- (viii) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms thereof.

In the event that the conditions precedent in (i) to (iv) have not been satisfied on or before the Posting Date or in the event that the conditions precedent (v) to (vi) have not been satisfied on or before the Latest Time for Termination (or, in each case, such later date as the Underwriter and the Company may agree in writing) all liabilities of the parties thereto shall cease and determine and neither party shall have any claim against the other (save in respect of any antecedent breaches and claims) save that all such reasonable costs, fees and other out of pocket expenses as have been properly incurred by the Underwriter in connection with the underwriting of the Underwritten Shares by the Underwriter (excluding the underwriting commission, sub-underwriting fees and related expenses) shall, to the extent agreed by the Company, be borne by the Company.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed.

Underwriter's undertaking

To the extent the Underwriter is called upon to subscribe for or procure subscription for the Untaken Shares, the Underwriter shall not subscribe, for its own account, such number of Untaken Shares which will result in the shareholding of it and parties acting in concert with it in the Company to be 29.9% (or such other percentage which shall trigger a general offer to be made for the Shares under the Takeovers Code) or more of the voting rights of the Company upon completion of the Rights Issue.

The Underwriter has undertaken to the Company that it shall use all its best endeavours to ensure that each of the subscribers or purchasers (in each case together with their respective ultimate beneficial owners) of the Untaken Shares procured by it:

- (i) shall be third party(ies) independent of, not acting in concert (as such term is defined in the Takeovers Code) with and shall not be connected with the Directors, chief executive or substantial shareholders of the Company or their respective associates;
- (ii) shall not, together with party(ies) acting in concert (as such term is defined in the Takeovers Code) with each of them, hold 29.9% (or such other percentage which shall trigger a general offer to be made for the Shares under the Takeovers Code) or more of the voting rights of the Company upon completion of the Rights Issue; and
- (iii) will not own 10% or more of the issued share capital of the Company immediately after the Rights Issue and are not otherwise core connected persons (as such term is defined in the Listing Rules) of the Company.

The Underwriter confirmed to the Company that it and the sub-underwriters (if any) (in each case together with their respective ultimate beneficial owners) do not have any shareholding in the Company which, in aggregate, represent 10% or more of the issued share capital of the Company, and that they are not otherwise connected persons (as such term is defined in the Listing Rules) of the Company.

The Underwriter shall and shall cause the sub-underwriters (if any) to procure independent places to take up such number of Rights Issue Shares as necessary to ensure that the public float requirements under the Listing Rules are complied with.

As at the date of this announcement, the Underwriter has entered into 5 separate sub-underwriting agreements with 5 sub-underwriters respectively, namely, CS Wealth Securities Limited, Koala Securities Limited, Opus Securities Limited, and Supreme China Securities Limited (in respect of the Underwritten Shares which will be underwritten by the Underwriter under the Underwriting Agreement, other than Underwritten Shares as would relate to any Shares arising on exercise of the rights attaching to the Non-undertaken Convertible Securities), and Opus HK Advisors Limited (in respect of the Underwritten Shares as would relate to any Shares arising on exercise of the rights attaching to the Non-undertaken Convertible Securities).

Mr. Lau Ko Yuen, Tom, the deputy chairman and executive Director of the Company, is also the non-executive chairman and director of Opus Financial Holdings Limited, the ultimate holding company of Opus Securities Limited and Opus HK Advisors Limited.

PYI Corporation Limited, a company listed on the Stock Exchange under the stock code 498, is the ultimate holding company of Paul Y. Investments Limited (a Shareholder of the Company with approximately 4.67% shareholding). PYI Corporation Limited indirectly holds 48.23% of the shares of PVE Group and indirectly holds 19.99% of the shares of Opus Financial Holdings Limited.

Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the sub-underwriters (a) is an Independent Third Party; and (b) is otherwise not a party acting (or presumed to be acting) in concert with any of the Directors, chief executive and substantial shareholders of the Company or its subsidiaries or any of their respective associates.

Further details regarding the sub-underwriting arrangements will be disclosed in the Circular in accordance with the Listing Rules as and when appropriate.

Termination of the Underwriting Agreement

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing issued by the Underwriter to the Company at any time prior to the Latest Time for Termination if there occurs:

- (i) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
- (ii) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and, or after the date hereof) of a political, military, financial, economic or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; or
- (iii) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out;

and in the opinion of the Underwriter, acting reasonably, such change would have a material and adverse effect on the business, financial or trading position or prospects of the Group as a whole or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue.

If, at or prior to the Latest Time for Termination:

- (i) the Company commits any material breach of or omits to observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement which breach or omission will have a material and adverse effect on its business, financial or trading position; or
- (ii) the Underwriter shall receive notification from the Company, or shall otherwise become aware of, the fact that any of the representations, warranties or undertakings pursuant to the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate, and the Underwriter shall, in its reasonable opinion, determine that any such untrue representation, warranty or undertaking represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a material adverse effect on the Rights Issue; or
- (iii) if, prior to the despatch of the Prospectus Documents or on or prior to the Latest Time for Acceptance, any matter or event comes to the attention of the Company, as a result of which any representation or warranty, if repeated immediately after the occurrence thereof, would be untrue or inaccurate in any material respect or which would or might render untrue, inaccurate in any material respect or misleading any statement, whether of fact or opinion, contained in the Prospectus Documents if the same were issued immediately after such occurrence, the Company fails to promptly to send out any announcement or circular (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents) as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company;

the Underwriter shall be entitled (but not bound) by notice in writing issued by the Underwriter to the Company to elect to treat such matter or event as releasing and discharging the Underwriter from its obligations under the Underwriting Agreement.

Upon the giving of notice of termination pursuant to the terms of the Underwriting Agreement, all obligations of the Underwriter thereunder shall cease and determine (but without prejudice to the rights of any party in respect of antecedent breach) and none of the parties thereto shall have any claim against the other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriter such fees and expenses (but not the underwriting commission) in accordance with the terms of the Underwriting Agreement.

REASONS FOR AND BENEFITS OF THE PROPOSED RIGHTS ISSUE, THE PLACING AND THE BRIDGE LOAN; AND THE PROPOSED USE OF PROCEEDS

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. The Board would like to provide further details about THE 13 Hotel, its development history, fundraising conducted and the current financial status of the Group to allow the Shareholders and potential investors to understand more about the rationale and background behind the Rights Issue.

Background of THE 13 Hotel development

The Group is currently working towards the opening of its luxury hotel and entertainment complex, THE 13 Hotel, which is located on a 65,000 square foot site on the Cotai Strip of Macau. The management of the Company intends to include gaming operations in THE 13 Hotel, subject to the approval of the Macau Government.

Since the grant of formal consent from the Macau Government to begin works on THE 13 Hotel in 2013 and up till the end of 2015, shell and core works, as well as the MEP works on THE 13 Hotel were all progressing as scheduled.

The Group also undertook the design works related to (i) ceilings, flooring, partitioning and walls, painting, as well as woodwork (“**1st stage fitting-out works**”); and (ii) the interior final decoration, including installation of FF&E, and OS&E (“**2nd stage fitting-out works**”).

The overall design of THE 13 Hotel was submitted to the Macau Government as statutory submissions for the Occupation Permit in late 2015. The Group received a qualification to the design in the first quarter of 2016 and worked with the Macau Government over the subsequent few months to address their comments. As a result of the foregoing, the Group was only able to complete the inspections for the issue of the Occupation Permit in the fourth quarter of 2016, which was later than originally planned.

In the second half of 2016, there was a change in the market conditions in the Macau hotel and entertainment industry with the opening of two large hotel and entertainment complexes. In order to increase the competitiveness of THE 13 Hotel and to cement its niche market position as an ultra-luxury hotel, the management of the Company decided to utilise the additional time from the delayed regulatory process mentioned above to revise and upgrade its interior design for the 2nd stage fitting-out works. The upgraded designs were finalised in the fourth quarter of 2016 and the budget for the development of THE 13 Hotel was therefore increased. To ensure sufficient funding for the increased investment costs in relation to such fitting-out upgrades and administrative and financing costs from the delay of the project, the Group secured a HK\$300 million Existing Bridge Loan from an investment fund in December, 2016 to provide immediate financial relief for the development of THE 13 Hotel.

By the end of the first quarter of 2017, all the shell and core works, the 1st stage fitting-out works, as well as the MEP works had been completed, and the 2nd stage fitting-out works, being the main remaining works to be done before completion of THE 13 Hotel, were progressing based on the upgraded designs adopted in the fourth quarter of 2016. Reference is made to the announcement of the Company dated 3rd April, 2017, which disclosed that the Group obtained the Occupation Permit on 29th March, 2017. However, the Group faced further difficulties from April 2017 on the progress of the 2nd stage fitting-out works, as the Macau Government has been implementing stricter policies on the importation of labour, which led to difficulty in recruiting workers.

Taking into account (i) the prolonged licensing process with the Macau Government; (ii) the upgraded designs for the 2nd stage fitting-out works; and (iii) difficulties with labour recruitment, the overall budget for the construction of THE 13 Hotel increased substantially. The Company was actively seeking but had yet to secure sufficient additional funding, as further detailed in the section headed “Background of fundraising activities” below, to complete the remaining works on THE 13 Hotel. As a result of insufficient funding, the remaining 2nd stage fitting-out works were temporarily suspended in July, 2017, until further funding becomes available.

As at the date of this announcement, the project management team of the Company estimated that approximately 90% of the entire development of THE 13 Hotel has been completed, with the remaining works for the completion of THE 13 Hotel being the 2nd stage fitting-out works as discussed above, including installation of FF&E and OS&E. The Directors’ view is that such fitting-out works can be readily resumed as soon as financial resources (i.e. the net proceeds from the Rights Issue, the Placing and the Bridge Loan) are available.

The Group has obtained submission approval from the MGTO for all the required licenses for THE 13 Hotel. Going forward, the procedures and requirements for the issuance of the outstanding licenses required for operation as a five-star hotel in Macau are as follows:

1. Invite the MGTO to inspect on completion of the preparation works and delivery of FF&E and OS&E (expected to take place in mid-February, 2018);
2. Pass the MGTO inspection against the approved submission plans and its standards (expected to be in mid-February, 2018); and
3. The MGTO issues all the relevant operational licenses (expected in March, 2018 for the opening of THE 13 Hotel on or before 31st March, 2018).

Background of fundraising activities

Since March, 2016, the management of the Company has been attempting to raise new financing for completion of THE 13 Hotel. In considering the best interests of the Shareholders, the Company had prioritised obtaining funding through debt first, then through equity placements, and only as a last resort, through the rights issue. The Company had been exploring various fundraising activities before the final decision was made to proceed with the Rights Issue and the Placing.

High yield notes

In April, 2016, the Company engaged a financial adviser to explore fundraising through the issue of high yield notes. Over the period from April, 2016 till early 2017, the Company worked with this financial adviser, and approached a number of potential lenders worldwide. Nevertheless, despite extensive work done by several potential lenders, none of the potential lenders offered to take up the high yield notes.

During the first quarter of 2017, the Company received an indicative offer and the term sheet from an international investment bank (the “**Investment Bank**”) for a high yield notes financing on the condition that the financing would be secured by a second mortgage over THE 13 Hotel and the land over which THE 13 Hotel was situated. The Group had been granted a HK\$3,045 million loan from a lending bank in 2014, the terms of which restricted the creation of further security over THE 13 Hotel and the land over which it was situated as security to another lender, even in the form of a second mortgage. The Company engaged the Investment Bank as exclusive master lead arranger in early March, 2017. The Investment Bank subsequently commenced extensive due diligence involving parties from potential investors, but in June, 2017, the Investment Bank notified the Company that it was terminating its engagement.

Following the termination of the Investment Bank’s exclusivity under its engagement in June, 2017, the management of the Company then approached the investors and lenders it had contacted before, and the Company received two indicative offers of financing in late June, 2017. Both these indicative offers for high yield notes were conditional upon, among other things, obtaining (i) the consent to a second mortgage over THE 13 Hotel from the abovementioned lending bank; and (ii) raising additional equity. Although not explicitly stated in the term sheets provided, both of these two potential lenders indicated that their offers of financing required the Company to raise between approximately HK\$1,200 million and HK\$1,600 million in additional equity or convertible bonds to support their loans and to provide a substantial cash interest reserve. The Company therefore began seeking demand for an equity placement and, or underwriters for a rights issue, as the last resort.

Bridge loan

In December, 2016, a subsidiary of the Company entered into the Existing Bridge Loan with an investment fund. The initial maturity date of the Existing Bridge Loan was 5th June, 2017, and was subsequently extended in stages pursuant to negotiations with the lender. As at the date of this announcement, the maturity date of the Existing Bridge Loan has been extended to 1st April, 2018.

Equity, convertible bonds, and, or structured convertible bonds placement

From June, 2017, the Company has further approached its current investors, holders of Convertible Securities, advisors and investors who expressed an interest in equity, and, or convertible bond investments before, to see if there was any interest in an equity or convertible bonds placement at or near the market price of the Shares. The Company received general feedback that they did not have any interest in such placing owing to the volatility of the price of the Shares and their downward trend, citing that the only condition under which they would potentially consider a placement was where the Company could definitively prove that the equity and, or convertible bonds placed represented the “last dollar in” prior to full opening of THE 13 Hotel.

Sale of interest in the PYE Group

Reference is made to the announcement of the Company dated 28th June, 2017. On 28th June, 2017, the Company agreed to sell its indirect shareholding in PYE Group to Precious Year Limited and Tycoon Bliss Limited for a consideration of HK\$300 million. As part of the agreement, a deposit in the total sum of HK\$179 million has been paid to the Company. The long stop date for the Disposal is 28th December, 2017 (or such later date as the parties to the respective sale and purchase agreements may mutually agree in writing).

Rights Issue

Taking into account the fundraising efforts of the management of the Company during the past year, as mentioned above, the Board believes that the Company has no further options but to proceed with the Rights Issue, as the only viable option that can be executed on a timely basis. The Board believes it would demonstrate to the respective lenders under the Existing Bridge Loan and the HK\$3,045 million facility agreement that the Group is able to comply with its obligations under the respective facility agreements (one of which required the Group to open the hotel by 31st July 2017, but the rolling back of which date remains under current discussion with the lending bank) in order to avoid triggering any default of the loans, and meet the urgent financing required to complete and open THE 13 Hotel.

In May and June, 2017, the management of the Company had several meetings with two corporate financial advisers which advised the Company on strategies related to the urgent fundraising issue, including the rights issue. However, no concrete fundraising plan of any sort had crystallised by the end of June, 2017.

In mid-July, 2017, the management of the Company conducted several internal meetings regarding the potential fundraising options and during such meetings, further details on the rights issue, including but not limited to, the ratios for the rights issue, subscription prices, theoretical potential dilution impact on Shareholders, were discussed. Nevertheless, no concrete terms of the rights issue were fixed at that time, but the management of the Company concluded that when making decisions on the ratio for the rights issue and the subscription price, they would take into consideration the following factors:

- (a) the need to encourage underwriters to participate in the rights issue and to attract the Shareholders to participate into the rights issue;
- (b) the volatile market conditions and sentiment, in the context of the market price of the Shares decreasing significantly (i.e. around 50%) between June and July, 2017;
- (c) the stringent liquidity issues faced by the Group as set out in the Company's 2017 annual report for the year ended 31st March, 2017 (the "**2017 Annual Report**"), and the auditor of the Company drawing attention to a material uncertainty related to going concern of the Group in the 2017 Annual Report; and
- (d) the urgent requirement to finance completion of the facilities and amenities of THE 13 Hotel, and the pre-opening costs for the opening of THE 13 Hotel.

The Company initiated discussions with four brokers regarding underwriting a rights issue between May and July, 2017. Two of them declined to participate, and the management of the Company continued discussions with the remaining two (one of them being Get Nice), which were willing to discuss and negotiate with the management of the Company regarding the detailed terms of a proposed rights issue between May and July, 2017. Various offer possibilities of were discussed between the management of the Company and these two brokers. However, as a result of the drop in the market price of the Shares in June and July following the publication of the 2017 annual results announcement of the Company, one of these two brokers declined to participate in the underwriting in mid-July, 2017, leaving only Get Nice, which in July, 2017 indicated its informal offer to underwrite the entire rights issue on the basis of 10 Rights Issue shares for every 1 Adjusted Share held on the record date at a subscription price of HK\$1.10 per Share (assuming the Capital Reorganisation becoming effective) (i.e. the Rights Issue), raising gross proceeds amounting to approximately HK\$1,013 million.

Taking into account (i) the recent market conditions; (ii) investors' appetite according to Get Nice's knowledge; (iii) the performance of the market price of the Shares; and (iv) the compensation for the risk of underwriting the Rights Issue, Get Nice accepted that a 82% premium for the 10 for 1 rights issue was justifiable and feasible to cover the risk of the underwriting, and accordingly, the management of the Company agreed with Get Nice a 10 for 1 rights issue (i.e. the Rights Issue).

Considering the unfavorable current financial and market conditions the Group is facing as mentioned above, and as this is the only available offer as provided by Get Nice, the management of the Company considered that the deep discount of the Subscription Price to the prevailing market price of the Shares was necessary (and the substantial dilution impact on non-participating Shareholders under the Rights Issue justifiable) to encourage the underwriter to participate in the rights issue on a fully underwritten basis, and to attract the Shareholders to further invest in the Group, so as to take part in the future growth of the Group upon the opening of THE 13 Hotel. Accordingly, the management of the Company, to the best of its endeavours, believes that it has taken all reasonable steps to obtain the best available terms for the Rights Issue.

Taking into account:

- (i) the exhaustive fundraising options explored, and, or considered, and discussed with different investors as detailed above, especially during the period between May and July, 2017;
- (ii) that the Board had endeavored but had not been able to secure underwriting commitments for any alternative (better) terms for a rights issue, with the current terms of the Rights Issue offered by Get Nice as the only available terms;
- (iii) the additional costs incurred due to the delay in opening of THE 13 Hotel; and
- (iv) the dire financial situation of the Group including material uncertainty related to its going concern as raised by the Company's auditor in its annual results announcement leading to the suspension of the fitting-out works on THE 13 Hotel since July, 2017,

the Board considers that the Rights Issue is justifiable on every basis in terms of its dilution effect and discount, and is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Directors are attracted to the fact that the Rights Issue affords Qualifying Shareholders with the opportunity to increase their investment in the Company and benefit from the future growth and development of the Group. The Directors consider that taking into account the Group's working capital requirements and the costs and benefits, as well as the timing of different types of possible fundraising alternatives available to the Group, the Rights Issue is the most preferred means, as well as the only viable option for the Group to finance its future business growth. Accordingly, the Directors consider that the Rights Issue is in the interests of the Company and the Shareholders as a whole for the reasons above.

Financial condition of the Group

As disclosed in the 2017 Annual Report, the Group had net current liabilities of approximately HK\$301 million, with the auditor's report including a statement on a material uncertainty on going concern. As detailed above, the Company has been diligently exploring and considering various fundraising activities, and successfully secured the Existing Bridge Loan, as well as the proceeds from the Disposal up to July, 2017.

As at 31st July, 2017, the Group had bank and cash balance of approximately HK\$483 million with only approximately HK\$4 million available for the development of THE 13 Hotel. In contrast, the remaining expenses required for the completion of THE 13 Hotel is estimated to be approximately HK\$1,092 million. As a result of insufficient funding, the Group has temporarily suspended all works on THE 13 Hotel since July, 2017. Nonetheless, the Group incurs approximately HK\$31 million per month in working capital relating to rental, staff salaries, administrative and interest expenses.

THE 13 Hotel's development after the Rights Issue

Completion and opening of THE 13 Hotel

Subject to the successful fund raising through the Rights Issue, the Placing and the Bridge Loan on the time frame set out in this announcement, as at the date of this announcement, the latest estimated timetable for the development of THE 13 Hotel (which may be further adjusted according to the actual circumstances in respect of the development) is as follows:

From the date of this announcement to mid-February, 2018	Completing remaining works and installation of FF&E and OS&E for inspection by the MGTO
Mid-February, 2018	MGTO inspection
Mid-February, 2018 to mid-March, 2018	Administrative time of the MGTO and issue of hotel licence
Mid-March, 2018 to end-March, 2018	Preparation works for the hotel opening
31 st March, 2018	Opening of THE 13 Hotel

The Company shall make further announcement(s) regarding the progress of THE 13 Hotel as and when appropriate.

After completion of THE 13 Hotel

As disclosed in the circular of the Company dated 5th January, 2013, a subsidiary of the Company has already entered into a memorandum of understanding dated 16th April, 2008, supplemented by a confirmation letter dated 3rd November, 2010 and a letter dated 5th September, 2012 (collectively, the “**MOU**”) with an affiliate of one of the holders of a gaming concession or sub-concession in Macau (the “**Licensed Operator**”) in relation to the management and operation of a casino proposed to be opened in THE 13 Hotel. The Company further received a letter on 24th February, 2017 from the Licensed Operator acknowledging the MOU (the “**Confirmation Letter**”).

As at the date of this announcement, no formal agreement has been entered into in respect of the arrangements under the MOU. It is expected that a formal agreement will be entered into by the relevant parties subject to, amongst other things, the Licensed Operator obtaining approval from the Macau Government regarding the gaming operation in THE 13 Hotel.

As disclosed in the circular of the Company dated 5th January, 2013, the Company obtained a legal opinion from its Macau legal adviser, and as opined by the Macau legal adviser, it did not foresee any difficulties for obtaining approval from the Macau Government on the arrangements as contemplated under the MOU. It is the Company’s intention to work with the Licensed Operator in submitting an application for the gaming operation after the licences for the operation of THE 13 Hotel have been granted or when it is clear such licences are almost certain to be granted as a matter of procedure. The management of the Company understands such timing to be in line with general market practice. However, the authorisation to install and operate a casino in THE 13 Hotel is subject to the approval of Macau Government, and therefore its success remains an uncertainty. As at the date of this announcement and based on the Confirmation Letter, the Company has not received any negative feedback from the Licensed Operator in respect of the MOU.

The Company will make further announcement(s) regarding the progress of the gaming operation as and when appropriate.

Use of proceeds from the Rights Issue, the Placing and the Disposal

The following summary table is the detailed allocation of net proceeds from the Rights Issue, the Placing and the Disposal:

<i>(in HK\$ million)</i>	The Rights Issue	The Placing	The Disposal (for reference only)	Total
Gross proceeds	1,013	740	300	2,053
Estimated expenses	40	23	7	70
Net proceeds	973	717	293	1,983
Allocation of net proceeds				
Pre-opening expenses for THE 13 Hotel	862	–	24	886
Debt servicing	–	717	3	720
General working capital	111	–	266	377
Total	973	717	293	1,983

The gross proceeds from the Rights Issue will be approximately HK\$1,013 million. The net proceeds from the Rights Issue after deduction of related expenses are estimated to be not less than approximately HK\$973 million, which will be used by the Company as follows:

- approximately 88.6% of the net proceeds (approximately HK\$862 million) will be used for the pre-opening expenses of THE 13 Hotel. The Directors consider that the completion of THE 13 Hotel is important to the sustainable growth of the Group in the future. The following table is the detailed breakdown of the pre-opening expenses allocated from the proceeds of the Rights Issue:

Timeline (based on estimations as at the date of this announcement)	Item	Decoration	FF&E	OS&E	Total
<i>(in HK\$ million)</i>					
From now to mid-February, 2018	Completing remaining works and installation of FF&E and OS&E for inspection by MGTO	330	130	135	595
Mid-March, 2018 to end March, 2018	Preparation works for hotel opening	91	15	31	137
From now to 31 st March, 2018	Hotel operation preparation costs	N/A	N/A	N/A	130
	Total	421	145	166	862

- the remaining 11.4% of the net proceeds (approximately HK\$111 million) will be used as general working capital, which is estimated with reference to its historical monthly operating costs of the Group including office rent, other administration expenses and staff expenses (excluding the operating costs of the PYE Group).

Please refer to the section headed “Reasons for the Placing and the proposed use of proceeds” and the section headed “Reasons for the Bridge Loan and the proposed use of proceeds” for details of the use of proceeds from the Placing and the Bridge Loan respectively.

EQUITY FUND RAISING ACTIVITY IN THE PAST TWELVE MONTHS

The Company has not conducted other equity fund raising exercise in the twelve months immediately preceding the date of this announcement.

EXPECTED TIMETABLE

The expected timetable for the Capital Reorganisation, the change in board lot size and the Rights Issue is set out below. Dates or deadlines specified in this announcement are indicative only and will be affected by a number of matters such as timing of the despatch of the Circular, proxy form and notice of SGM, which are required to take into account, amongst other things, financial information of the Group. The times and dates may also be varied by agreement between the Company and the Underwriter. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

Event	2017
Expected despatch date of the Circular, proxy form and notice of the SGM	Tuesday, 7 th November
Publication of notice of reduction of share capital in Bermuda (which shall be not less than 15 days and not more than 30 days prior to the date on which the Capital Reduction becomes effective)	Not earlier than Saturday, 28 th October and not later than Saturday, 11 th November
Latest time for lodging transfers of the Existing Shares to attend and vote at the SGM	4:30 p.m. on Monday, 20 th November
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the SGM (both dates inclusive)	From Tuesday, 21 st November to Friday, 24 th November
Latest time for lodging proxy forms to qualify for attendance and voting at the SGM	10:00 a.m. on Wednesday, 22 nd November
Record date for attendance and voting at the SGM	Friday, 24 th November
Expected date and time of the SGM	10:00 a.m. on Friday, 24 th November

Event**2017**

Announcement of results of the SGM	Friday, 24 th November
Effective date of the Capital Reorganisation	Monday, 27 th November
Commencement of dealings in the Adjusted Shares.	9:00 a.m. on Monday, 27 th November
Original counter for trading in the Existing Shares in board lots of 500 Existing Shares temporarily closes.	9:00 a.m. on Monday, 27 th November
Temporary counter for trading in board lots of 50 Adjusted Shares (in the form of existing share certificates) opens	9:00 a.m. on Monday, 27 th November
First day of free exchange of existing share certificates for new share certificates for the Adjusted Shares	Monday, 27 th November
Last day of dealings in the Adjusted Shares on cum-rights basis	Monday, 27 th November
First day of dealings in the Adjusted Shares on ex-rights basis.	Tuesday, 28 th November
Latest time for the Shareholders to lodge transfer of the Adjusted Shares in order to qualify for the Rights Issue	4:30 p.m. on Wednesday, 29 th November
Closure of register of members of the Company for determining entitlements under the Rights Issue (both dates inclusive)	From Thursday, 30 th November to Tuesday, 5 th December
Record Date for determining entitlements to the Rights Issue	Tuesday, 5 th December
Register of members of the Company re-opens	Wednesday, 6 th December
Despatch of Prospectus Documents (in the case of the Excluded Shareholders, the Prospectus only for their information)	Wednesday, 6 th December

Event**2017**

First day of dealings in nil-paid Rights Issue Shares Friday, 8th December

Original counter for trading in board lots of
2,000 Adjusted Shares (in the form of
new share certificates) re-opens. 9:00 a.m. on Monday,
11th December

Parallel trading in the Adjusted Shares
(in the form of existing share certificates and
new share certificates) commences 9:00 a.m. on Monday,
11th December

Designated broker starts to stand in the market
to provide matching services for the odd lots of
Adjusted Shares. 9:00 a.m. on Monday,
11th December

Latest time for splitting nil-paid Rights
Issue Shares. 4:30 p.m. on Tuesday,
12th December

Last day of dealings in nil-paid Rights Issue Shares Friday, 15th December

Latest time for acceptance of, and payment for,
the Rights Issue Shares and the applications for
excess Rights Issue Shares. 4:00 p.m. on Wednesday,
20th December

Latest time to terminate the Underwriting Agreement and
for the Rights Issue to become unconditional. 4:00 p.m. on Thursday,
21st December

Announcement of results of the Rights Issue. Friday, 29th December

2018

Refund cheques to be despatched in relation to
wholly or partially unsuccessful applications
for excess Rights Issue Shares on or before Tuesday, 2nd January

Certificates for fully-paid Rights Issue Shares
to be despatched on or before Tuesday, 2nd January

Event**2018**

Commencement of dealings in the fully-paid Rights Issue Shares	9:00 a.m. on Wednesday, 3 rd January
Temporary counter for trading in board lots of 50 Adjusted Shares (in the form of existing share certificates) closes	4:00 p.m. on Wednesday, 3 rd January
Parallel trading in the Adjusted Shares (in the form of existing share certificates and new share certificates) ends	4:00 p.m. on Wednesday, 3 rd January
Designated broker ceases to stand in the market to provide matching services for the odd lots of the Adjusted Shares.	4:00 p.m. on Wednesday, 3 rd January
Last day of free exchange of existing share certificates for new share certificates for the Adjusted Shares	Friday, 5 th January

Note: All references to time in this announcement are references to Hong Kong time.

EFFECTS OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS ISSUE SHARES

The Latest Time for Acceptance of and payment for the Rights Issue Shares and for application and payment for excess Rights Issue Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Last Acceptance Date. Instead the Latest Time for Acceptance of and payment for the Rights Issue Shares and for application and payment for excess Rights Issue Shares will be extended to 5:00 p.m. on the same Business Day;
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Last Acceptance Date. Instead the Latest Time for Acceptance of and payment for the Rights Issue Shares and for application and payment for excess Rights Issue Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance and application and payment for excess Rights Issue Shares does not take place on the Last Acceptance Date, the dates mentioned in the “Expected timetable” section may be affected. The Company will notify Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the date of the announcement to immediately after completion of the Rights Issue for illustration purpose only:

(a) assuming no change in the number of issued Shares on or before the Record Date:

Shareholders	As at the date of this announcement		Immediately upon the Capital Reorganisation becoming effective but before the completion of the Rights Issue		Immediately after the completion of the Rights Issue assuming all Rights Issue Shares are subscribed by Qualifying Shareholders		Immediately after the completion of the Rights Issue assuming none of the Rights Issue Shares are subscribed by Qualifying Shareholders except for Paul Y. Investments Limited, Advance Tech Limited and Mr. Peter Lee Coker, Jr.	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Omega Advisors, Inc. ^(Note 1)	122,964,576	13.35%	12,296,457	13.35%	135,261,027	13.35%	12,296,457	1.21%
Deutsche Bank Aktiengesellschaft	100,540,223	10.92%	10,054,022	10.92%	110,594,242	10.92%	10,054,022	0.99%
Advance Tech Limited ^(Note 2)	101,985,600	11.07%	10,198,560	11.07%	112,184,160	11.07%	112,184,160	11.07%
Janus Henderson	91,728,200	9.96%	9,172,820	9.96%	100,901,020	9.96%	9,172,820	0.91%
Pride Wisdom Group Limited ^(Note 3)	82,477,999	8.96%	8,247,799	8.96%	90,725,789	8.96%	8,247,799	0.81%
FIL Ltd.	51,250,500	5.57%	5,125,050	5.57%	56,375,550	5.57%	5,125,050	0.51%
Paul Y. Investments Ltd.	43,008,631	4.67%	4,300,863	4.67%	47,309,493	4.67%	47,309,493	4.67%
Peter Lee Coker Jr.	5,796,600	0.63%	579,660	0.63%	6,376,260	0.63%	6,376,260	0.63%
Iain Ferguson Bruce	81,711	0.01%	8,171	0.01%	89,881	0.01%	8,171	0.00%
Get Nice ^(Note 4)	-	-	-	-	-	-	302,873,160	29.90%
Public Shareholders								
Sub-underwriters and, or, subscribers to be procured by Get Nice ^(Note 4)	-	-	-	-	-	-	467,203,020	46.12%
Other public Shareholders	321,032,970	34.86%	32,103,299	34.86%	353,136,289	34.86%	32,103,299	3.18%
Total	920,867,010	100.00%	92,086,701	100.00%	1,012,953,711	100.00%	1,012,953,711	100.00%

(b) assuming no change in number of issued Shares on or before the Record Date other than the issue of new Shares upon the exercise in full of the subscription rights attaching to the Non-undertaken Convertible Securities:

Shareholders	As at the date of this announcement (and assuming full conversion of the subscription rights attaching to the Non-undertaken Convertible Securities)		Immediately upon the Capital Reorganisation becoming effective but before the completion of the Rights Issue		Immediately after the completion of the Rights Issue assuming all Rights Issue Shares are subscribed by Qualifying Shareholders		Immediately after the completion of the Rights Issue assuming none of the Rights Issue Shares are subscribed by Qualifying Shareholders except for Paul Y. Investments Limited, Advance Tech Limited and Mr. Peter Lee Coker, Jr.	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Omega Advisors, Inc. ^(Note 1)	146,628,697	13.98%	14,662,869	13.98%	161,291,559	13.98%	14,662,869	1.27%
Deutsche Bank Aktiengesellschaft	100,540,223	9.59%	10,054,022	9.59%	110,594,242	9.59%	10,054,022	0.87%
Advance Tech Limited ^(Note 2)	101,985,600	9.73%	10,198,560	9.73%	112,184,160	9.73%	112,184,160	9.73%
Janus Henderson	91,728,200	8.75%	9,172,820	8.75%	100,901,020	8.75%	9,172,820	0.80%
Pride Wisdom Group Limited ^(Note 3)	82,477,999	7.87%	8,247,799	7.87%	90,725,789	7.87%	8,247,799	0.72%
FIL Ltd.	51,250,500	4.89%	5,125,050	4.89%	56,375,550	4.89%	5,125,050	0.44%
Paul Y. Investments Ltd.	43,008,631	4.10%	4,300,863	4.10%	47,309,493	4.10%	47,309,493	4.10%
Peter Lee Coker Jr.	5,796,600	0.55%	579,660	0.55%	6,376,260	0.55%	6,376,260	0.55%
Iain Ferguson Bruce	8,171	0.01%	8,171	0.01%	89,881	0.01%	8,171	0.00%
Get Nice ^(Note 4)	-	-	-	-	-	-	344,882,327	29.90%
Public Shareholders	-	-	-	-	-	-	-	-
Sub-underwriters and, or subscribers to be procured by Get Nice ^(Note 4)	-	-	-	-	-	-	552,920,113	47.94%
Other public Shareholders	321,032,970	30.61%	32,103,300	30.61%	353,136,300	30.61%	32,103,300	2.78%
Other holders of Existing CBs ^(Note 5)	103,522,139	9.87%	10,352,213	9.87%	113,874,343	9.87%	10,352,213	0.90%
Other holders of Share Options ^(Note 6)	540,000	0.05%	54,000	0.05%	594,000	0.05%	54,000	0.00%
Total	1,048,593,270	100.00%	104,859,327	100.00%	1,153,452,597	100.00%	1,153,452,597	100.00%

Notes:

1. Omega Advisors, Inc. has direct interest in Omega Overseas Partners, Ltd., Omega Capital Investors, L.P., Omega Capital Partners, L.P., Omega Equity Investors, L.P., Beta Equities Inc., GS & Co Profit Sharing Master Trust, VMT II, LLC and Omega Charitable Partnership, L.P. (collectively, the “**Omega Group**”). Omega Advisors, Inc. was deemed to be interested in the Shares held by the Omega Group. The Omega Group holds Existing CBs in the outstanding principal amount of HK\$155,000,000, with 23,664,121 new Existing Shares (pre-adjustment) to be issued upon full exercise of the conversion rights attaching to the Existing CBs.
2. Advance Tech Limited was a wholly-owned subsidiary of ITC Properties Management Group Limited, which was in turn a wholly-owned subsidiary of ITC Properties Group Limited (“**ITCP**”), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (stock code: 199). Chan Kwok Keung Charles (“**Dr. Chan**”) and Ng Yuen Lan Macy (the spouse of Dr. Chan) (“**Ms. Ng**”) indirectly held approximately 26.22% and 23.73% interest in issued shares of ITCP respectively. ITC Properties Management Group Limited, ITCP, Ms. Ng and Dr. Chan were deemed to be interested in the Shares held by Advance Tech Limited.
3. Pride Wisdom Group Limited was jointly owned by S Hung Limited and I Hung Limited, which were wholly owned by Mr. Sean Hung. S Hung Limited, I Hung Limited and Mr. Sean Hung were deemed to be interested in the Shares held by Pride Wisdom Group Limited.
4. Get Nice, the Underwriter, will not, in fact, take up the Rights Issue Shares for its own account in an amount that would cause it to make a mandatory general offer under the Takeovers Code. Thus, in satisfying its underwriting commitments as regards to the Rights Issue Shares in excess of 29.90% of the voting rights of the Company, Get Nice will be obliged to procure subscriptions for those Rights Issue Shares from parties not acting in concert with Get Nice. Furthermore, Get Nice shall and shall cause the sub-underwriters (if any) to procure independent placees to take up such number of Rights Issue Shares as necessary to ensure that the public float requirements under the Listing Rules are complied with. It should be noted that 29.90% is the maximum shareholding of Get Nice and it may further procure subscribers to take up such shares. As at the date of this announcement, the Underwriter has entered into 5 separate sub-underwriting agreements with 5 sub-underwriters respectively, namely, CS Wealth Securities Limited, Koala Securities Limited, Opus Securities Limited, Supreme China Securities Limited and Opus HK Advisors Limited. Please refer to the section headed “Underwriting arrangement – Underwriter’s undertaking” for details. Each of the sub-underwriters has undertaken to the Underwriter that it shall use all its best endeavours to ensure that each of the subscribers or purchasers (in each case together with their respective ultimate beneficial owners) of the relevant Untaken Shares procured by it: (i) shall not, together with party(ies) acting in concert (as such term is defined in the Takeovers Code) with each of them, hold 29.90% (or such other percentage which shall trigger a general offer to be made for the Shares under the Takeovers Code) or more of the voting rights of the Company upon completion of the Rights Issue; and (ii) will not hold 10% or more of the issued share capital of the Company immediately upon completion of the Rights Issue and are not otherwise core connected persons (as such term is defined in the Listing Rules) of the Company.
5. A total of 465,814,719 new Existing Shares (pre-adjustment) shall be issued upon full conversion of the Existing CBs in the total outstanding principal amount of HK\$2,218,542,350. Save for (i) holders of the Existing CBs in the outstanding principal amount of HK\$1,752,542,350 who have given irrevocable undertakings that they will not exercise their conversion rights under the relevant Existing CBs on or before the Record Date, and (ii) the Existing CBs held by the Omega Group (see note 1), other holders of the Existing CBs in the outstanding principal amount of HK\$311,000,000 may exercise their conversion rights for a total of 103,522,139 new Existing Shares (pre-adjustment) on or before the Record Date.
6. The Company has 62,116,000 outstanding Share Options exercisable by its holders to subscribe for up to 62,116,000 new Existing Shares. Save for holders of 61,576,000 Share Options who have given irrevocable undertakings that they will not exercise their subscription rights on or before the Record Date, holders of 540,000 Share Options may exercise their subscription rights to subscribe for up to 540,000 new Existing Shares (pre-adjustment) on or before the Record Date.

Shareholders and public investors should note that the above changes in shareholding structure of the Company are for illustration purpose only and the actual change in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors including, among other things, the results of acceptance of the Rights Issue.

TAXATION

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Issue Shares or the fully-paid Rights Issue Shares, regarding Excluded Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Issue Shares on their behalf.

WARNING OF THE RISKS OF DEALINGS IN SHARES AND, OR RIGHTS ISSUE SHARES IN NIL-PAID FORM

The Rights Issue is conditional on, amongst other things, the Underwriting Agreement having become unconditional and not terminated (see the section headed “Underwriting Arrangement – Termination of the Underwriting Agreement” in this announcement). The conditions of the Underwriting Agreement are set out in the section headed “Underwriting Arrangement – Conditions of the Underwriting Agreement” in this announcement. In particular, it is conditional, among other things, upon:

- (i) the approval of the Rights Issue by the Independent Shareholders at the SGM; and
- (ii) the Listing Committee of the Stock Exchange granting and not having withdrawn or revoked the listing of, and the permission to deal in, the Rights Issue Shares in both nil-paid and fully-paid forms by no later than the Posting Date, and such listings and permission to deal not having been withdrawn or revoked on or before the Latest Time for Termination.

If the Underwriter exercises its right to terminate the Underwriting Agreement pursuant to the terms therein, the Rights Issue will not proceed.

Any Shareholders and potential investors contemplating buying or selling Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled (including the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases), and, or any dealings in the Rights Issue Shares in their nil-paid form from 9:00 a.m. on Friday, 8th December, 2017 to 4:00 p.m. on Friday, 15th December, 2017 (both dates inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed.

Any Shareholders and potential investors contemplating dealing in Shares and, or Rights Issue Shares in their nil-paid form are advised to exercise caution when dealing in the Shares and, or the Rights Issue Shares in their nil-paid form. Any person who is in doubt about his, or her, or its position or any action to be taken is recommended to consult his, or her, or its own professional adviser(s).

ADJUSTMENTS RELATING TO THE CONVERTIBLE SECURITIES

As at the date of this announcement, the Company has outstanding 62,116,000 Share Options exercisable by its holders to subscribe for up to 62,116,000 Existing Shares, Existing CBs convertible into 465,814,719 Existing Shares, and Exchange Right exercisable by its holders for up to 88,235,294 Existing Shares.

As a result of the Capital Reorganisation and the Rights Issue, there may be certain adjustments to the exercise prices and numbers of the outstanding Share Options, Existing CBs and Exchange Right pursuant to the relevant terms of the Share Option Schemes, the Existing CBs and Exchange Right instruments. Pursuant to the terms of the Share Option Schemes, Existing CBs and Exchange Right instruments, the final results of adjustments (if any) to the subscription prices of the Share Options, Existing CBs and Exchange Right are subject to certification by the auditors for the time being of the Company or an independent financial adviser (to be appointed by the Company) and will become effective following the completion of the Rights Issue. Further details of final results of the adjustments (if any) to the subscription prices of the Share Options, Existing CBs and Exchange Right will be disclosed by the Company in further announcement(s) as and when appropriate.

PLACING OF LOAN NOTES

On 19th October, 2017 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed to act as the placing agent, on a best effort basis, for the purposes of procuring Placee(s) who are not and whose ultimate beneficial owner(s), if applicable, are not connected persons of the Company to subscribe for the Loan Notes with an aggregate principal amount of up to HK\$740 million within the Placing Period.

PLACING AGREEMENT

Date

19th October, 2017 (after trading hours)

Parties

Issuer : The Company

Placing Agent : Opus Capital Limited

Mr. Lau Ko Yuen, Tom, the deputy chairman and executive Director of the Company, is also the non-executive chairman and director of Opus Financial Holdings Limited, the ultimate holding company of Opus Capital Limited.

PYI Corporation Limited, a company listed on the Stock Exchange under the stock code 498, is the ultimate holding company of Paul Y. Investments Limited (a Shareholder of the Company with approximately 4.67% shareholding). PYI Corporation Limited indirectly holds 48.23% of the shares of PYE Group and indirectly holds 19.99% of the shares of Opus Financial Holdings Limited.

Save as above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are not connected persons (as defined in the Listing Rules) of the Company.

Placing

Pursuant to the Placing Agreement, the Placing Agent agreed to act as the placing agent, on a best effort basis, for the purposes of procuring Placee(s) to subscribe for the Loan Notes with an aggregate principal amount of up to HK\$740 million.

Placees

The Loan Notes will be placed to not less than six (6) Placees which will be independent professional, institutional or private investors who will be and whose ultimate beneficial owners are Independent Third Parties and are not connected persons (as defined in the Listing Rules) of the Company.

Placing Period

The placing period shall commence upon the signing of the Placing Agreement for a period of 120 days (or such other period as the Placing Agent and the Company may agree in writing), unless terminated by the Company or the Placing Agent earlier pursuant to the terms of the Placing Agreement.

Placing Commission

The Company shall pay to the Placing Agent in respect of the Placing a placing commission of 2% of the aggregate principal amount of the Loan Notes successfully placed by the Placing Agent.

The placing commission was determined after arm's length negotiation between the Company and the Placing Agent by reference to the size, the current and the expected market conditions and the time allowed for the Placing Agent to procure Placees for the Placing. The Directors are of the view that the placing commission payable for the Placing is fair and reasonable.

Conditions precedent

Completion of the Placing is conditional upon the fulfilment of the following conditions:

- (a) all consents and approvals, including the board and shareholders resolutions (as applicable), required in relation to the issue and offering of the Loan Notes and the performance of the Company's obligations under the Placing Agreement and the Loan Notes (including any consents and approvals required from any lenders), having been obtained; and
- (b) the Placing Agreement not being terminated in accordance with the terms thereof.

If any of the conditions precedent are not fulfilled on or before 9:00 a.m. on 14th February, 2018 or such later time or date as may be agreed between the Placing Agent and the Company in writing, the Placing Agent may, at any time thereafter, terminate their obligations under the Placing Agreement by notice in writing to the Company, whereupon the obligations of the Placing Agent under the Placing Agreement shall forthwith cease and terminate and neither the Company nor the Placing Agent shall have any claim against any of the others, save for any antecedent breach thereof.

Completion

Completion of the Placing will take place within five (5) Business Days after the later of (i) the date of the relevant completion notice by the Placing Agent to the Company; and (ii) the date of the last of the conditions precedent set out in the Placing Agreement have been fulfilled (or such later time and date as the Placing Agent and the Company may agree in writing).

Termination Rights of the Placing Agent

The Placing Agent may, by written notice to the Company given at any time prior to the expiry of the Placing Period, terminate the Placing Agreement if in the opinion of the Placing Agent after reasonable consultation with the Company, the success of the Placing would be materially and adversely affected by:

- (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Placing; or

- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Placing Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and makes it inexpedient or inadvisable to proceed with the Placing; or
- (c) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Placing Agent is likely to materially or adversely affect the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or
- (d) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (e) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than fifteen (15) consecutive Business Days; or
- (f) any material breach of any of the warranties under the Placing Agreement comes to the knowledge of the Placing Agent.

PRINCIPAL TERMS OF THE LOAN NOTES

Set out below are the principal terms of the Loan Notes:

Issuer	:	The Company
Aggregate principal amount	:	Up to HK\$740 million
Maturity date	:	The date falling on the fourth (4 th) anniversary of the issue date

- Interest rate : 6% per annum on the outstanding principal amount of the Loan Notes from the issue date of the Loan Notes to the maturity date of the Loan Notes. Such interest shall be payable in arrears on 31st December in each year (or if such day is not a Business Day, on the next following Business Day). Except where the Loan Notes have been previously repaid or repurchased, the final interest payment will be made on the maturity date of the Loan Notes
- Denomination : the Loan Notes are issued in specified denominations of HK\$100,000 and integral multiples thereof
- Status : the Loan Notes constitute general, direct, unconditional, unsubordinated and unsecured obligations of the Company and rank, and will rank, *pari passu* with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law
- Transferability: : the Loan Notes may be transferrable in whole multiples of HK\$100,000 and may be transferred to any person
- Early redemption: : the Company may prepay the outstanding principal amount of the Loan Notes (together with interests) at any time before the Maturity Date by giving the holder(s) of the Loan Notes not less than 1 month prior notice in writing
- Redemption on maturity : any of the Loan Notes not previously repaid or repurchased by the Company shall be repaid in full at its principal amount, together with accrued interest, on the maturity date of the Loan Notes
- Listing : No application will be made for the listing of the Loan Notes on the Stock Exchange

REASONS FOR THE PLACING AND THE PROPOSED USE OF PROCEEDS

Assuming the Loan Notes are placed in full, the maximum aggregate principal amount of the Loan Notes placed will be HK\$740 million. The Company intends to use the net proceeds from the issue of Loan Notes (after deducting the commissions and other estimated expenses payable in connection with the Placing) of approximately HK\$717 million for debt servicing. Please refer to the section headed “Reasons for and benefits of the proposed Rights Issue, the Placing and the Bridge Loan; and the proposed use of proceeds” for further details of the reasons for the Placing.

The Board considers that the Placing, alongside with the Rights Issue, is in the best interests of the Company and the Shareholders as a whole.

Completion of the Placing is subject to the Placing Agent’s rights of termination under the Placing Agreement. Accordingly, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

THE BRIDGE LOAN

On 19th October, 2017 (after trading hours), the Company and Get Nice Finance entered into the Bridge Loan Agreement pursuant to which Get Nice Finance intends to provide the Bridge Loan in the principal amount of up to HK\$250 million to the Company, bearing interest at a rate of 18% per annum for a period of one year from the date of the first drawdown under the Bridge Loan Agreement or the day following completion of the Rights Issue, whichever is the earlier.

The principal terms of the Bridge Loan Agreement are summarised as follows:

Date	:	19 th October, 2017 (after trading hours)
Lender	:	Get Nice Finance
Borrower	:	the Company
Chargor	:	The 13 Entertainment (BVI) Limited, a wholly-owned subsidiary of the Company
Loan facility amount	:	HK\$250 million
Term	:	one year from the date of the first drawdown under the Bridge Loan Agreement or the day following completion of the Rights Issue, whichever is the earlier
Interest	:	18% per annum

- Security : First legal charge (or equivalent) to be given by the borrower in favour of the lender on the entire unencumbered issued share capital of the chargor, which holds certain tenant improvement works within the premises of THE 13 Hotel.
- Purpose of the Bridge Loan : The Bridge Loan shall be applied and used for non-construction costs for the completion of the hotel development, including decoration, furniture, fixtures and equipment, operating supplies and equipment, hotel operation preparation costs and general working capital.
- Conditions precedent for drawdown :
 1. Proper execution and registration of the first legal charge in favour of the lender as set out above
 2. The Stock Exchange having duly approved the announcement in relation to the Rights Issue
 3. The lender being satisfied with the results of the due diligence review to be conducted on the financial and legal condition of the Company, including but not limited to the hotel development. The lender's decision on this condition precedent shall be final and conclusive
 4. Proper execution of the Bridge Loan Agreement and the first legal charge
 5. No event of default (as set out in the Bridge Loan Agreement) shall have occurred (or would be likely to occur as a result of the loan being made) and all representations and warranties made by the Company in or in connection with the Bridge Loan Agreement and the abovementioned first legal charge shall remain true and correct in all respects

If any of the foregoing conditions is not fulfilled (or otherwise waived by the lender) within one month from the date of the Bridge Loan Agreement, the Bridge Loan Agreement will be terminated and the lender will not be obliged to grant any loan to the Company.

Drawdown under the Bridge Loan Agreement is subject to certain conditions precedent, including but not limited to the proper execution and registration of the relevant security to be granted in favour of the lender, the lender being satisfied with the results of the due diligence review to be conducted by the lender on the financial and legal conditions of the Company, and there being no event of default (as set out in the Bridge Loan Agreement). Accordingly, the transactions contemplated under the Bridge Loan Agreement may or may not proceed, and Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

REASONS FOR THE BRIDGE LOAN AND THE PROPOSED USE OF PROCEEDS

The Bridge Loan is provided by Get Nice Finance, a fellow subsidiary of the Underwriter, as a temporary relief to the current financial condition of the Group. With proceeds from the Bridge Loan, the Group will be able to resume the remaining fitting-out works of THE 13 Hotel before the completion of the Rights Issue, including decoration, FF&E, OS&E, hotel operation preparation costs and general working capital. The Bridge Loan will be repaid from the proceeds of the Rights Issue, and hence is in essence an advance on the proceeds of the Rights Issue. Please refer to the section headed “Reasons for and benefits of the proposed Rights Issue, the Placing and the Bridge Loan; and the proposed use of proceeds” for further details of the reasons for the Bridge Loan.

LISTING RULES IMPLICATIONS

Capital Reorganisation

The Capital Reorganisation is conditional upon, among other things, the approval by the Shareholders by way of poll at the SGM. As none of the Shareholders or their associates would have any interest in the Capital Reorganisation, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Capital Reorganisation at the SGM.

Rights Issue

As the Rights Issue will result in an increase of the number of issued Shares by more than 50%, the Rights Issue is subject to, among other things, the approval by the Independent Shareholders at the SGM. Pursuant to Rule 7.19(6)(a) of the Listing Rules, any controlling Shareholders and their associates, or where there is no such controlling shareholder, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates are required to abstain from voting in favour of the resolution(s) relating to the Rights Issue. As there is no controlling Shareholder as at the date of this announcement, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall be required to abstain from voting in favour of the Rights Issue in accordance with Rule 7.19(6)(a) of the Listing Rules.

As at the date of this announcement, Pride Wisdom Group Limited, an associate of Mr. Stephen Hung (an executive Director), is interested in 82,477,999 Existing Shares, representing approximately 8.96% of the total issued share capital of the Company. Mr. Peter Lee Coker Jr., an executive Director, is interested in 5,796,600 Existing Shares, representing approximately 0.63% of the total issued share capital of the Company. Save for aforesaid, none of the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates have any share interest entitling them to exercise any voting right at the SGM. Accordingly, Pride Wisdom Group Limited and Mr. Peter Lee Coker Jr. shall abstain from voting in favour of the Rights Issue at the SGM.

Placing of Loan Notes and the Bridge Loan

The information in relation to the Placing and the Bridge Loan is made pursuant to the Inside Information Provisions (as defined in the Listing Rules) and Rule 13.09(2)(a) of the Listing Rules.

GENERAL

The Company will establish an Independent Board Committee, comprising all the independent non-executive Directors, namely Ir. James Chiu, Professor Lee Chack Fan, Mr. Iain Ferguson Bruce, Mr. Francis Goutenmacher and Mr. Chan Kok Chung, Johnny, to advise the Independent Shareholders with respect to the Rights Issue, and to provide recommendations as to voting. The Company will appoint an Independent Financial Adviser (subject to the approval of the Independent Board Committee) to advise the Independent Board Committee and the Independent Shareholders as to the terms of the Rights Issue and as to voting. The Independent Board Committee will form its views with respect to the Rights Issue after considering the advice of the Independent Financial Adviser.

The SGM will be convened and held for the Shareholders and, or Independent Shareholders (as the case may be) to consider and, if thought fit, approve, the Capital Reorganisation and the Rights Issue and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Pride Wisdom Group Limited (being an associate of Mr. Stephen Hung, an executive Director), Mr. Peter Lee Coker Jr. (being an executive Director who has given the Irrevocable Undertaking), no Shareholders are required to abstain from voting in favour of the resolution relating to the Rights Issue at the SGM.

The Circular containing, among other things, further details of (i) the Capital Reorganisation; (ii) the Rights Issue and the Underwriting Agreement; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue and the transactions contemplated thereunder; and (v) a notice convening the SGM is expected to be despatched to the Shareholders on or before Tuesday, 7th November, 2017.

“Capital Reorganisation”	the Share Consolidation, Capital Reduction and Share Subdivision
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular to be despatched to the Shareholders giving details of, among other things, the Capital Reorganisation, the Rights Issue and containing the notice of the SGM
“Companies Act”	the Companies Act 1981 of Bermuda
“Companies Miscellaneous Provisions Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	The 13 Holdings Limited (Stock Code: 0577), a company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Rights Issue
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$20.00 each in the share capital of the Company immediately following the Share Consolidation becoming effective but prior to the Capital Reduction and Share Subdivision
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Convertible Securities”	the Share Options, the Existing CBs and the Exchange Right
“Director(s)”	director(s) of the Company
“Disposal”	the proposed sale of the Company’s interest in the PYE Group, as referred to in the announcement of the Company dated 28 th June, 2017

“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for the excess Rights Issue Shares
“Exchange Right”	the prospective exchange right exercisable by its holder(s) to exchange shares in Falloncroft Investments Limited for up to 88,235,294 new Existing Shares
“Excluded Shareholder(s)”	the Overseas Shareholders to whom the Board, after making enquiries, considers it necessary or expedient not to offer the Rights Issue Shares on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Existing Bridge Loan”	the HK\$300 million bridge loan facility granted to a subsidiary of the Company by an investment fund in December, 2016
“Existing CBs”	(a) the zero coupon convertible bonds due 2025 issued by the Company on 5 th February, 2013 with an outstanding principal amount of HK\$1,163,300,000 and conversion price of HK\$6.55 per Existing Share; (b) the zero coupon convertible bonds due 2025 issued by the Company on 16 th December, 2013 with an outstanding principal amount of HK\$299,942,350 and conversion price of HK\$8.23 per Existing Share; and (c) the zero coupon convertible bonds due 2025 issued by the Company on 8 th January, 2015 with an outstanding principal amount of HK\$755,300,000 and conversion price of HK\$3.00 per Existing Share. A total of 465,814,719 new Existing Shares shall be issued upon full conversion of the Existing CBs
“Existing Share(s)”	the ordinary share(s) of HK\$2.00 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
“FF&E”	furniture, fixtures and equipment (i.e. movable furniture, fixtures and equipment, such as beds, chairs, tables and cabinets that have no permanent connection to the structure of a building or utilities)
“Get Nice Finance”	Get Nice Finance Company Limited, a fellow subsidiary of Get Nice

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising five independent non-executive Directors, namely Ir. James Chiu, Professor Lee Chack Fan, Mr. Iain Ferguson Bruce, Mr. Francis Goutenmacher and Mr. Chan Kok Chung, Johnny, to be established to give a recommendation to the Independent Shareholders in respect of the Rights Issue
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons and their respective associates
“Independent Financial Adviser”	an independent financial adviser to be appointed by the Company with the approval of the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders on the terms of the Rights Issue
“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the SGM under the Listing Rules
“Irrevocable Undertaking”	an irrevocable undertaking given by each of Paul Y. Investments Limited, Advance Tech Limited and Mr. Peter Lee Coker Jr. in favour of the Company
“Last Acceptance Date”	Wednesday, 20 th December, 2017, being the last day for acceptance and payment of the Rights Issue Shares, or such other date as the Company may determine and notify the Underwriter in writing
“Last Trading Day”	Tuesday, 19 th October, 2017, being the last trading day of the Existing Shares on the Stock Exchange immediately prior to the publication of this announcement
“Latest Time for Acceptance”	4:00 p.m. on the Last Acceptance Date

“Latest Time for Termination”	4:00 p.m. on the next Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Underwriter and the Company in writing, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the same meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Notes”	the loan notes in the aggregate principal amount of up to HK\$740 million to be issued by the Company
“Macau”	the Macau Special Administrative Region of the PRC
“Macau Government”	the government of Macau
“MEP”	the mechanical, electrical, and plumbing works for the development of THE 13 Hotel
“MGTO”	the Macau Government Tourism Office
“Non-undertaken Convertible Securities”	(i) a total of 540,000 outstanding Share Options and (ii) Existing CBs in the outstanding principal amount of HK\$466,000,000, the holders of which may elect to exercise their conversion rights for a total of 127,186,260 Existing Shares (pre-adjustment)
“Occupation Permit”	the occupation permit for THE 13 Hotel issued by the Macau Government on 29 th March, 2017
“OS&E”	operating supplies and equipment (i.e. consumable items such as toiletries, cleaning materials, napkins, towels and bedding)
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) on the register of members of the Company on the Record Date are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Issue
“Placee(s)”	any independent professional, institutional or other private investors selected and procured by or on behalf of the Placing Agent to subscribe for the Loan Notes pursuant to the Placing Agreement

“Placing”	the placing of the Loan Notes pursuant to the Placing Agreement
“Placing Agent”	Opus Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 19 th October, 2017 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Period”	a period of 120 days starting from the date of the Placing Agreement, or such other period as may be agreed between the Company and the Placing Agent in writing
“Posting Date”	Wednesday, 6 th December, 2017 or such other day as may be agreed between the Company and the Underwriter, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Excluded Shareholders (as the case may be)
“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, Macau and Taiwan
“Prospectus”	the prospectus to be despatched to the Qualifying Shareholders (and the Excluded Shareholder(s) for information only) on the Posting Date in connection with the Rights Issue in such form as may be agreed between the Company and the Underwriter
“Prospectus Documents”	the Prospectus, the PAL(s) and the EAF(s)
“PYE Group”	Paul Y. Engineering Group Limited, a company incorporated in the British Virgin Islands with limited liability and a subsidiary of the Company
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date

“Record Date”	being the date by reference to which entitlements to the Rights Issue will be determined
“Registrar”	the Company’s branch share registrar and transfer office in Hong Kong, which is Tricor Standard Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of ten (10) Rights Issue Shares for every one (1) Adjusted Share held on the Record Date at the Subscription Price on the terms to be set out in the Prospectus Documents and summarised herein
“Rights Issue Share(s)”	new Adjusted Share(s) to be allotted and issued under the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held at which resolution(s) will be proposed to consider, and, if thought fit, to approve, among other things, the Capital Reorganisation, the Rights Issue and the transactions contemplated thereunder
“Share(s)”	the Existing Share(s), Consolidated Share(s), or Adjusted Share(s) (as the case may be)
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Existing Shares of HK\$2.00 each into one (1) Consolidated Share of HK\$20.00
“Share Option(s)”	the share option(s) granted under the Share Option Schemes
“Share Option Schemes”	(i) the share option scheme approved by the Shareholders on 7 th September, 2005 and which expired on 7 th September, 2015 (the outstanding Share Options granted thereunder will continue to be valid and exercisable), and (ii) the existing share option scheme approved by the Shareholders on 11 th August, 2015

“Share Subdivision”	the proposed sub-division of each authorised but unissued Consolidated Share of HK\$20.00 (including those arising from the Capital Reduction) into one hundred (100) Adjusted Shares of HK\$0.20 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price in respect of each Rights Issue Share, being HK\$1.10
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-back of the Securities and Futures Commission of Hong Kong
“Trading Day(s)”	a day on which the Stock Exchange is open for dealing business
“Underwriter” or “Get Nice”	Get Nice Securities Limited, a corporation licensed to carry on business in type 1 regulated activity (dealing in securities), type 4 regulated activity (advising on securities), type 6 regulated activity (advising on corporate finance) and type 9 regulated activity (asset management) under the SFO
“Underwriting Agreement”	the underwriting agreement dated 19 th October, 2017 and entered into between the Company and the Underwriter in relation to the Rights Issue
“Underwritten Share(s)”	the Rights Issue Shares, other than those agreed to be taken up by Paul Y. Investments Limited, Advance Tech Limited and Mr. Peter Lee Coker Jr. pursuant to the Irrevocable Undertaking, subject to the terms and conditions of the Underwriting Agreement
“Untaken Shares”	any of the Rights Issue Shares not taken up by the Qualifying Shareholders under the Rights Issue
“%”	per cent

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

Hong Kong, 20th October, 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