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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action you should take, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **The 13 Holdings Limited** (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

- (1) CONTINUING CONNECTED TRANSACTION RELATING TO  
RENEWAL OF BUSINESS SERVICES AGREEMENT;  
(2) PROPOSED REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE NEW  
SHARES AND THE EXTENSION THEREOF;  
(3) PROPOSED REFRESHMENT OF GENERAL MANDATE TO REPURCHASE SHARES;  
(4) PROPOSED REFRESHMENT OF SHARE OPTION SCHEME MANDATE LIMIT;  
AND  
(5) NOTICE OF SPECIAL GENERAL MEETING

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**

**VEDA | CAPITAL**  
**智 略 資 本**

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A notice convening the SGM to be held at 1804A, 18/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Tuesday, 8 May 2018 at 10:15 a.m. (or immediately after the conclusion of the special general meeting of the Company to be held at 10:00 a.m. at the same place and on the same day, whichever is later) is set out on pages 41 to 46 of this circular. If you are not able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

20 April 2018

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## DEFINITIONS

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

“2017 AGM”	the annual general meeting of the Company held on 23 August 2017 whereby, inter alia, the Existing Mandates and the Existing Scheme Mandate Limit was approved by the Shareholders;
“associates”	has the meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors;
“Bye-laws”	the bye-laws of the Company
“Capital Reorganisation”	the capital reorganisation of the Company, particulars of which are set out in the circular of the Company dated 24 January 2018;
“Company”	The 13 Holdings Limited (HK Stock Code: 577), a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Directors”	the directors of the Company;
“Disposal”	the proposed sale of the Company’s interest in the PYE Group, as referred to in the circular of the Company dated 28 March 2018;
“Eligible Person(s)”	any employee (whether full time or part time), executives or officers, directors (including executive, non-executive and independent non-executive directors) of any member of the Group or any Invested Entity and any consultant, adviser or agent of any member of the Group or any Invested Entity, who, in the sole discretion of the Board, have contributed or will contribute to the growth and development of the Group or any Invested Entity;
“Existing Issue Mandate”	the general mandate approved at the 2017 AGM authorizing the Directors to allot, issue and deal with a maximum of 18,417,340 Shares, representing 20% of the number of issued Shares as at the date of passing the relevant ordinary resolution and adjusted as a result of the Capital Reorganisation which became effective on 12 February 2018;

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## DEFINITIONS

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“Existing Issue Mandate Extension”	the extension of the Existing Issue Mandate by adding to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the Existing Issue Mandate the number of Shares repurchased under the Existing Repurchase Mandate as approved at the 2017 AGM;
“Existing Mandates”	the Existing Issue Mandate, the Existing Repurchase Mandate and the Existing Issue Mandate Extension;
“Existing Repurchase Mandate”	the general mandate approved at the 2017 AGM authorizing the Directors to repurchase a maximum of 9,208,670 Shares, representing 10% of the number of Shares in issue and fully paid up as at the date of passing the relevant ordinary resolution and adjusted as a result of the Capital Reorganisation which became effective on 12 February 2018;
“Existing Scheme Mandate Limit”	the maximum number of Shares which may be issued pursuant to the exercise of share options granted under the Share Option Scheme as refreshed at the 2017 AGM;
“Final Accounts”	the agreed statement of the final value of works done by the contractor for the employer in respect of a construction contract that represents the full and final settlement of the construction contract including all claims and variation orders;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board which comprises Ir James Chiu, Professor Lee Chack Fan, Mr Iain Ferguson Bruce, Mr Francis Goutenmacher and Mr Chan Kok Chung, Johnny, established to give recommendation to the Independent Shareholders in relation to the transactions contemplated under the New Business Services Agreement and the proposed annual cap for the year ending 31 March 2019;
“Independent Financial Adviser” or “Veda Capital”	Veda Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser to the Independent Board Committee and Independent Shareholders in relation to the transactions contemplated under the New Business Services Agreement and the proposed annual cap for the year ending 31 March 2019;

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## DEFINITIONS

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“Independent Shareholders”	Shareholders other than ITC Properties and its associates;
“Invested Entity”	any entity in which the Group holds an equity interest;
“ITC Properties”	ITC Properties Group Limited (HK Stock Code: 199), a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange;
“ITC Properties Holdings”	ITC Properties Holdings Group Limited, a company incorporated in the British Virgin Islands with limited liability and a subsidiary of ITC Properties;
“ITC Properties Holdings Group”	ITC Properties Holdings and its associates from time to time;
“Latest Practicable Date”	18 April 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Macau”	Macau Special Administrative Region of the PRC;
“New Business Services Agreement”	the agreement dated 28 March 2018 entered into between PYE and ITC Properties Holdings;
“New Issue Mandate”	the general mandate proposed to be granted to the Directors at the SGM to allot, issue and otherwise deal with new Shares not exceeding 20% of the number of issued Shares as at the date of the SGM;
“New Issue Mandate Extension”	the extension of the New Issue Mandate by adding to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the New Issue Mandate the number of Shares repurchased under the New Repurchase Mandate to be proposed at the SGM;
“New Repurchase Mandate”	the general mandate proposed to be granted to the Directors at the SGM to repurchase Shares not exceeding 10% of the number of Shares in issue and fully paid up as at the date of the SGM;

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## DEFINITIONS

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“New Scheme Mandate Limit”	the maximum number of Shares which may be issued pursuant to the exercise of share options to be granted under the Share Option Scheme proposed to be refreshed at the SGM, being 10% of the Shares in issue as at the date of the SGM;
“Rights Issue”	the rights issue of the Company, particulars of which are set forth in the prospectus of the Company dated 26 February 2018;
“Scheme Mandate Limit”	the maximum number of Shares that may be issued upon exercise of all the options which may be granted under the Share Option Scheme and any other share option schemes of the Company;
“Original Business Services Agreement”	the agreement dated 24 April 2013 entered into between PYE and ITC Properties Holdings;
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, Macau and Taiwan;
“Projects”	(i) main contract works for the hotel development at No. 7 Moreton Terrace, Causeway Bay, Hong Kong; (ii) site formation, foundation and pile cap works for the residential development at No. 23 Po Shan Road, Hong Kong; (iii) main contract works for the redevelopment at Nos. 205-211A Hai Tan Street, Sham Shui Po, Hong Kong; and (iv) main contract works (Lot 8) for the Concordia Development at Coloane, Macau;
“PYE”	Paul Y. Engineering Group Limited, a company incorporated in the British Virgin Islands with limited liability and owned by the Company as to approximately 51.76%;
“PYE Group”	PYE and its subsidiaries from time to time;
“Second Business Services Agreement”	the agreement dated 23 September 2016 entered into between PYE and ITC Properties Holdings;
“Services”	services covering construction, maintenance, property development management, project management, building management, facilities management, construction related advisory services and other related services, including provision of services as main contractor, project manager, consultant and sub-contractor for a variety of works including superstructure, foundation, civil engineering, maintenance, construction and interior decoration;

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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SGM”	the special general meeting of the Company to be held at 1804A, 18/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Tuesday, 8 May 2018 at 10:15 a.m. (or immediately after the conclusion of the special general meeting of the Company to be held at 10:00 a.m. at the same place and on the same day, whichever is later), notice of which is set out on pages 41 to 46 of this circular;
“Share(s)”	ordinary share(s) of HK\$0.20 each in the aggregate nominal amount of the share capital of the Company;
“Share Option Scheme”	the share option scheme of the Company approved and adopted by the Shareholders on 11 August 2015;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Third Business Services Agreement”	the agreement dated 12 December 2017 entered into between PYE and ITC Properties Holdings; and
“%”	per cent.

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr Peter Lee Coker Jr. (*Chairman*)  
Mr Lau Ko Yuen, Tom (*Deputy Chairman*)  
Mr Walter Craig Power (*Chief Executive Officer*)

*Independent Non-Executive Directors:*

Ir James Chiu, *OBE, JP*  
Professor Lee Chack Fan, *GBS, SBS, JP*  
Mr Iain Ferguson Bruce  
Mr Francis Goutenmacher  
Mr Chan Kok Chung, Johnny

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Principal Place of Business  
in Hong Kong:*

2901 AIA Central  
1 Connaught Road Central  
Hong Kong

20 April 2018

*To the Shareholders*

Dear Sir and Madam,

- (1) CONTINUING CONNECTED TRANSACTION RELATING TO  
RENEWAL OF BUSINESS SERVICES AGREEMENT;  
(2) PROPOSED REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE NEW  
SHARES AND THE EXTENSION THEREOF;  
(3) PROPOSED REFRESHMENT OF GENERAL MANDATE TO REPURCHASE SHARES;  
(4) PROPOSED REFRESHMENT OF SHARE OPTION SCHEME MANDATE LIMIT;  
AND  
(5) NOTICE OF SPECIAL GENERAL MEETING**

#### **INTRODUCTION**

Reference is made to the announcement (the “**Announcement**”) of the Company dated 28 March 2018 in relation to the renewal of continuing connected transaction.



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## LETTER FROM THE BOARD

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On 24 April 2013, the Original Business Services Agreement was entered into between PYE and ITC Properties Holdings in relation to the provision of the Services for the three years ended 31 March 2016. On 23 September 2016, the Second Business Services Agreement was entered into between PYE and ITC Properties Holdings in relation to the provision of the Services for a term of one year from 1 April 2016 to 31 March 2017. On 12 December 2017, the Third Business Services Agreement was entered into between PYE and ITC Properties Holdings in relation to the provision of the Services for a term of one year from 1 April 2017 to 31 March 2018.

The Third Business Services Agreement expired on 31 March 2018. As at the date of the Announcement, the Services provided by the PYE Group to the ITC Properties Holdings Group in respect of the Projects contemplated under the Third Business Services Agreement have yet to be completed and/or the Final Accounts in connection with the Projects have yet to be agreed. In order to continue to regulate the provision of the Services, on 28 March 2018, PYE and ITC Properties Holdings entered into the conditional New Business Services Agreement for a term of one year from 1 April 2018 to 31 March 2019.

In view of the increase of issued share capital of the Company subsequent to the issue of 920,867,010 new Shares under the Rights Issue on 20 March 2018, the Board proposes to seek the approval of the Shareholders at the SGM to refresh the Existing Mandate.

In view of the said increase of issued share capital of the Company and in order to provide the Company with greater flexibility in granting share options to eligible persons (including employees, executives or officers of the Group) under the Share Option Scheme as an incentive or reward for their contribution to the Group, the Board further proposes to seek the approval of the Shareholders at the SGM to refresh the Scheme Mandate Limit.

The purpose of this circular is to provide you with (i) details of the transactions contemplated under the New Business Services Agreement and the proposed annual cap amount for the year ending 31 March 2019; (ii) the recommendations of the Independent Board Committee; (iii) the advice of the Independent Financial Adviser; (iv) details of the proposed refreshment of the Existing Mandates; (v) details of the proposed refreshment of the Existing Scheme Mandate Limit; and (vi) the notice of SGM.

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## LETTER FROM THE BOARD

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### NEW BUSINESS SERVICES AGREEMENT

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

- Date: 28 March 2018
- Parties:
- (1) PYE, a subsidiary of the Company owned as to approximately 51.76% by the Company
  - (2) ITC Properties Holdings, a subsidiary of ITC Properties
- Services: The PYE Group may from time to time during the term of the New Business Services Agreement provide the Services to the ITC Properties Holdings Group on normal commercial terms and subject to the annual cap amount set out below.
- Relevant members of the PYE Group and relevant members of the ITC Properties Holdings Group will enter into subsidiary agreements for providing the Services under the New Business Services Agreement. Each subsidiary agreement will set out the particulars and the terms upon which particular Services will be rendered by the PYE Group to the ITC Properties Holdings Group. The terms of each subsidiary agreement must (i) comply with the terms of the New Business Services Agreement; (ii) provide that the Services to be provided in aggregate shall be subject to the annual cap amount set out below; and (iii) be in compliance with the relevant requirements under the Listing Rules.
- Condition precedent: The New Business Services Agreement is conditional on the approval of the Independent Shareholders.
- Term: The New Business Services Agreement will be effective as of 1 April 2018 if the condition precedent becomes fulfilled, and will continue thereafter for a term expiring on 31 March 2019. Upon expiry, the parties may renew the New Business Services Agreement subject to compliance with the Listing Rules and all applicable laws.

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## LETTER FROM THE BOARD

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### **Pricing policy and internal control**

For construction services and maintenance services, the prices of tenders submitted by the PYE Group to the ITC Properties Holdings Group are determined on the basis of the estimated costs for performing each contract plus a profit rate of 3% to 8% (which is not lower than the rate offered by the PYE Group to other customers). The estimated costs are determined with reference to the prevailing market prices in the supply chain which are subject to availability of materials, labour and machinery, requirements of management and supervision of resources, and opportunities and risks in the contract.

For property development management services, project management services, facilities management services and construction related advisory services and other related services, the fees are determined based on a percentage of 3% to 8% (which is not lower than the rate offered by the PYE Group to other customers) over the property development costs or the construction costs of the development or construction project with reference to the scope, complexity and risks of services provided, estimated resources to be utilised on providing the services and prevailing market rate.

The Group has implemented the following measures to ensure that this pricing policy is complied with and the value of the Services provided by the PYE Group to the ITC Properties Holdings Group will not exceed the annual cap:

- (a) Tender department and project department of the PYE Group (under the leadership of the Chief Executive Officer of PYE) are responsible for determining and monitoring the said tender prices and services fees in accordance with the pricing policy, and comparing the rates offered to the ITC Properties Holdings Group with the rates of similar type of transactions of the PYE Group offered to other customers to ensure that the prices under the New Business Services Agreement are fair and reasonable, on normal commercial terms and at rates no less favourable to the PYE Group than those offered to other customers;
- (b) Tender department of the PYE Group reviews the subsidiary agreements to be entered into between relevant members of the PYE Group and relevant members of the ITC Properties Holdings Group for providing the Services under the New Business Services Agreement, to ensure that the terms are comply with the terms of the New Business Services Agreement; and
- (c) Finance department of the Group reviews and monitors the aggregate value of Services provided to the ITC Properties Holdings Group to ensure the annual cap is not exceeded.

The Audit Committee of the Company holds meeting with the external auditor to review and discuss, amongst other things, the Group's connected transactions. External auditor of the Company conducts an annual review on the Company's compliance with this pricing policy and the transactions under the New Business Services Agreement to confirm that the annual cap is not exceeded. Given the above, the Directors are of the view that such methods and procedures can ensure and safeguard the transactions contemplated under the New Business Services Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders as a whole.

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## LETTER FROM THE BOARD

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### **Reasons for the New Business Services Agreement**

The Services to be provided by the PYE Group to the ITC Properties Holdings Group under the New Business Services Agreement will be in the usual and ordinary course of business of the PYE Group and will be conducted on arm's length basis and on normal commercial terms. Whilst the PYE Group has to go through a tender process to obtain contracts from the ITC Properties Holdings Group, the ITC Properties Holdings Group does not accord any priority to the PYE Group to provide the Services, and the tender may be awarded to an independent third party. During the tender process, the ITC Properties Holdings Group, like other customers of the PYE Group, will assess each tenderer's pricing, experience, technical skills and abilities, as well as other factors relevant to the projects to determine the successful tenderer.

The Directors therefore consider that it would not be in the interests of the Company to deliberately exclude the ITC Properties Holdings Group as customers of the PYE Group purely because they are connected persons of the Company. The New Business Services Agreement would enable the PYE Group to continue to provide the Services in compliance with the requirements of the Listing Rules, to contribute to the revenue and results of the Group, and is therefore in the interests of and are beneficial of the Group.

### **Proposed annual cap amount and basis of determination**

The annual cap amount of the value of Services under the Third Business Services Agreement for the year ended 31 March 2018 is HK\$120 million. For the eleven months ended 28 February 2018, the value of the Services recognised by the PYE Group was approximately HK\$19 million.

The proposed annual cap amount of the value of Services to be rendered under the New Business Services Agreement by the PYE Group to the ITC Properties Holdings Group for the financial year ending 31 March 2019 is HK\$1,600 million.

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

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## LETTER FROM THE BOARD

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The estimate for the annual cap amount for the financial year ending 31 March 2019 has been made based on (i) progress of delivery of Services in respect of the Projects and information provided by the ITC Properties Holdings Group regarding the proposed construction schedules and/or completion or delivery of the Projects, the gross/construction floor area covered by the relevant projects and indicative scope of services required; (ii) historical and market rates and method for calculation of fees for the relevant services (the component of services provided which are to be charged by reference to value of works certified); and (iii) additional allowances for delivery schedules in respect of the Projects and certain potential projects which are not within the control of the PYE Group, or changes to the final scope of Services that may be required.

The existing Projects currently carried out by the PYE Group for the ITC Properties Holdings Group are (i) main contract works for the hotel development at No. 7 Moreton Terrace, Causeway Bay, Hong Kong which was awarded in October 2013; (ii) site formation, foundation and pile cap works for the residential development at No. 23 Po Shan Road, Hong Kong which was awarded in February 2017; (iii) main contract works for the redevelopment at Nos. 205-211A Hai Tan Street, Sham Shui Po, Hong Kong which was awarded in March 2018; and (iv) main contract works (Lot 8) for the Concordia Development at Coloane, Macau (the “**Macau Project**”) which was awarded in February 2018. One of the Projects is subject to defects rectification and agreement on Final Accounts and the remaining three projects are scheduled to be completed by the first quarter and third quarter of 2019 and the fourth quarter of 2020, respectively. The last two projects (namely (a) the main contract works for the redevelopment at Nos. 205-211A Hai Tan Street, Sham Shui Po, Hong Kong and (b) the Macau Project) are newly awarded projects. In term of contract sum, the size of the Macau Project is more than 10 times larger than each of the other three existing projects. Therefore, the estimated value of works of the said existing Projects for the year ending 31 March 2019 is approximately HK\$1,331 million.

For projects not currently identified but which may be taken up and/or generate revenue during the year ending 31 March 2019, PYE has factored in further allowance of HK\$269 million, representing an allowance of approximately 20.2% over the said estimated value of works of the existing Projects. The allowance included in the proposed annual cap amount for the year ending 31 March 2019 caters for the PYE Group to readily capture potential business opportunities with the ITC Properties Holdings Group.

Shareholders and investors should note that the annual cap amount referred to above are prepared to enable the Company to comply with the requirements of Chapter 14A of the Listing Rules. No assurance is given as to whether or not, and the extent to which, the PYE Group will be able to secure the additional projects for Services and/or generate revenue as contemplated or estimated for the sole purpose of establishing the cap or at all.

### **PROPOSED REFRESHMENT OF THE EXISTING ISSUE MANDATE AND THE EXTENSION THEREOF**

At the 2017 AGM, the Shareholders passed, among other things, an ordinary resolution to grant to the Directors the Existing Issue Mandate to allot, issue and otherwise deal with a maximum of 18,417,340 Shares, representing 20% of the number of Shares in issue on the date of passing such resolution and adjusted as a result of the Capital Reorganization which became effective on 12 February 2018, and an ordinary resolution to approve the Existing Issue Mandate Extension by adding to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the Existing Issue Mandate the number of Shares repurchased under the Existing Repurchase Mandate.

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## LETTER FROM THE BOARD

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Since the granting of the Existing Issue Mandate to the Latest Practicable Date, the Existing Issue Mandate has not been utilized. There has been no refreshment of the Existing Issue Mandate since the 2017 AGM.

On 20 October 2017, the Board announced the Rights Issue. As a result of the Rights Issue, the Company allotted and issued an aggregate of 920,867,010 Shares on 20 March 2018. Accordingly, the issued share capital of the Company has been enlarged to 1,012,953,711 Shares. In view of the above, the Board proposes to seek the approval of the Shareholders at the SGM to refresh the Existing Issue Mandate and the Existing Issue Mandate Extension.

### **New Issue Mandate and the New Issue Mandate Extension**

As at the Latest Practicable Date, the Company had an aggregate 1,012,953,711 Shares in issue. Subject to the passing of the ordinary resolution for the approval of the New Issue Mandate and on the basis that no further Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Company would be allowed under the New Issue Mandate to issue and allot up to 202,590,742 Shares, being 20% of the total number of Shares in issue as at the Latest Practicable Date. At the SGM, an ordinary resolution will also be proposed for the approval of the New Issue Mandate Extension by adding to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the New Issue Mandate the number of Shares repurchased under the New Repurchase Mandate, if granted.

As a result of the increase in the issued share capital of the Company subsequent to the issue of 920,867,010 Shares under the Right Issue, the Existing Issue Mandate (which has not been utilized up to the Latest Practicable Date) only represents 1.82% of the existing issued share capital of the Company. The Directors consider that the proposed refreshment of the Existing Issue Mandate will give the Board the required flexibility for any future allotment and issue of the Shares on behalf of the Company as and when considered necessary. In the event there are any further funding needs or if an attractive offer for investment in the Shares is received from potential investors before the next annual general meeting, the Board will be able to address such funding needs or respond to the market and such investment offer(s) promptly by considering the issue of the Shares at the maximum of 20% of the number of issued Shares as at the date of the SGM. The Board believes that a fund raising exercise pursuant to a general mandate is simpler and faster than other types of fund raising exercises and removes uncertainties in circumstances when a specific mandate may not be obtained in a timely manner. Accordingly, the Directors consider that the refreshment of the Existing Issue Mandate and the Existing Issue Mandate Extension is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole.

It is noted that utilization of the New Issue Mandate will have potential dilution impact on the shareholding of the Shareholders. However, the Board considers to maintain financial flexibility of the Group is conducive to its future business development. Taking into account that (i) the Existing Issue Mandate (which has not been utilized up to the Latest Practicable Date) only represents 1.82% of the existing issued share capital of the Company; (ii) the next annual general meeting of the Company is expected to be held in August 2018, which is around four months away from the Latest Practicable Date; and (iii) the refreshment of Existing Issue Mandate and Existing Issue Mandate Extension could provide more flexibility and options of financing to the Group for future business development, accordingly, the Board considered that the refreshment of the Existing Issue Mandate and the Existing Issue Mandate Extension is in the interest of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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The Directors are of the opinion that, after taking into account the net proceeds from the Disposal, the Rights Issue and the financial resources available to the Group, including cash and cash equivalents on hand, cash flows from operating activities and available facilities, and based on the assumption that extension of requirement on opening of the Group's hotel in Macau in certain loan covenants, the Disposal and further financing plans can be successfully executed (as detailed in the circular of the Company dated 28 March 2018), the Group will have sufficient working capital for its present operating requirements, in the absence of unforeseeable circumstances.

As at the Latest Practicable Date, the Directors have no present plan for raising capital by issuing new Shares under the proposed New Issue Mandate.

The New Issue Mandate will, if granted at the SGM, remain effective until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws to be held; or
- (c) the revocation or variation of such authority by an ordinary resolution of the Shareholders in general meeting.

The Company conducted the Rights Issue which was completed on 20 March 2018. According to Rule 13.36(4)(e) of the Listing Rules, where the Company offers or issues securities to its shareholders pro rata to their existing holdings (including where overseas shareholders are excluded for legal or regulatory reasons), it will not be necessary for the Company to comply with, among others, the requirement to obtain independent shareholders' approval under Rule 13.36(4)(c) of the Listing Rules in order to refresh its general mandate immediately thereafter such that amount in percentage terms of the unused part of the general mandate upon refreshment is the same as the unused part of the general mandate immediately before the issue of the securities. In light of this, no Shareholder will be required to abstain from voting in relation to the resolution in respect of the proposed refreshment of the Existing Issue Mandate and the Existing Issue Mandate Extension.

### **PROPOSED REFRESHMENT OF THE EXISTING REPURCHASE MANDATE**

At the 2017 AGM, the Shareholders passed, among other things, an ordinary resolution to grant to the Directors the Existing Repurchase Mandate to repurchase a maximum of 9,208,670 Shares, representing 10% of the number of Shares in issue and fully paid up on the date of passing such resolution and adjusted as a result of the Capital Reorganisation which became effective on 12 February 2018.

Although the Existing Repurchase Mandate has not been utilized since the granting of the Existing Repurchase Mandate to the Latest Practicable Date, in view of the increase of issued share capital of the Company subsequent to the issue of 920,867,010 new Shares under the Rights Issue, the Board proposes to seek the Shareholder's approval at the SGM to refresh the Existing Repurchase Mandate.



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## LETTER FROM THE BOARD

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### **New Repurchase Mandate**

As at the Latest Practicable Date, the Company had an aggregate of 1,012,953,711 Shares in issue. Subject to the passing of the ordinary resolution for the approval of the New Repurchase Mandate and on the basis that no further Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Company would be allowed under the New Repurchase Mandate to repurchase up to 101,295,371 Shares, being 10% of the number of Shares in issue and fully paid up as at the Latest Practicable Date.

The New Repurchase Mandate will, if granted at the SGM, remain effective until the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws to be held; or
- (iii) the revocation or variation of such authority by an ordinary resolution of the Shareholders in general meeting.

An explanatory statement which contains all the necessary information in relation to the New Repurchase Mandate required under the Listing Rules is set out in the Appendix I to this circular.

### **PROPOSED REFRESHMENT OF THE EXISTING SCHEME MANDATE LIMIT**

The Share Option Scheme was adopted by the Company on 11 August 2015. Apart from the Share Option Scheme, the Company has no other share option scheme currently in force.

The Existing Scheme Mandate Limit was granted at the 2017 AGM, pursuant to which the Directors were authorized to grant options carrying rights to subscribe for up to a maximum number of 9,208,670 Shares, which represented 10% of the total number of issued Shares on the date of passing such resolution and adjusted as a result of the Capital Reorganisation which became effective on 12 February 2018.

Since the latest refreshment of the Scheme Mandate Limit on 23 August 2017 and up to the Latest Practicable Date, no options were granted.

As at the Latest Practicable Date, the Company has 9,208,670 options (adjusted as a result of the Capital Reorganisation which became effective on 12 February 2018) available under the Existing Scheme Mandate Limit, representing approximately 10% of the 92,086,701 Shares (adjusted as a result of the Capital Reorganisation which became effective on 12 February 2018) in issue as at the date of granting the Existing Scheme Mandate Limit on 23 August 2017.

Since the adoption of the Share Option Scheme and up to the Latest Practicable Date, there were 11,246,173 options outstanding, representing approximately 1.11% of the Shares in issue as at the Latest Practicable Date. Save and except for these outstanding options, there were no options granted under the Share Option Scheme or any other share option scheme(s) of the Company outstanding as at the Latest Practicable Date.



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## LETTER FROM THE BOARD

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As a result of the increase in the issued share capital of the Company subsequent to the issue of 920,867,010 Shares under the Rights Issue, the Existing Scheme Mandate Limit of 9,208,670 Shares (adjusted as a result of the Capital Reorganisation and has not been utilized up to the Latest Practicable Date) only represents approximately 0.91% of 1,012,953,711 Shares in issue as at the Latest Practicable Date. In view of the said increase of issued share capital of the Company and in order to provide the Company with greater flexibility in granting share options to eligible persons (including employees, executives or officers of the Group) under the Share Option Scheme as an incentive or reward for their contribution to the Group, the Board proposes to seek the approval of the Shareholders at the SGM to refresh the Scheme Mandate Limit.

### **New Scheme Mandate Limit**

Pursuant to the Share Option Scheme and in compliance with Chapter 17 of the Listing Rules, the Scheme Mandate Limit shall not exceed 10% of the total number of issued Shares as at the date of the Shareholders' approval and adoption of the Share Option Scheme. The Company may refresh the Scheme Mandate Limit by ordinary resolution of the Shareholders at general meeting provided that the Scheme Mandate Limit so refreshed shall not exceed 10% of the total number of issued Shares as at the date of approval of the refreshment of the Scheme Mandate Limit by the Shareholders. Options previously granted under the Share Option Scheme or any other share option scheme(s) of the Company (including options outstanding, cancelled, or lapsed in accordance with the relevant scheme rules or exercised options) shall not be counted for the purpose of calculating the limit so refreshed.

If the Existing Scheme Mandate Limit is refreshed at the SGM and assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date and approval of the New Scheme Mandate Limit at the SGM, the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and other share option scheme(s) of the Company will be 101,295,371 Shares, being 10% of the Shares in issue as at the Latest Practicable Date.

Notwithstanding the foregoing, pursuant to the Listing Rules, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company must not in aggregate exceed 30% of the total number of Shares in issue from time to time. No option shall be granted under any scheme(s) of the Company if this will result in the 30% limit being exceeded.

The adoption of the New Scheme Mandate Limit is conditional on:

- (a) the Shareholders passing an ordinary resolution to approve the New Scheme Mandate Limit at the SGM; and
- (b) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options that may be granted pursuant to the Share Option Scheme under the New Scheme Mandate Limit not exceeding 10% of the number of Shares in issue as at the date of approval of the New Scheme Mandate Limit by the Shareholders.

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## LETTER FROM THE BOARD

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Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of the options that may be granted under the Share Option Scheme under the New Scheme Mandate Limit.

### **General information and Listing Rules implications**

The Company is an investment holding company and its Group companies are principally engaged in hotel development, management contracting, property development management and property investment. ITC Properties is an investment holding company and the subsidiaries of ITC Properties are principally engaged in property development and investment in Macau, the PRC, Hong Kong, Canada and the United Kingdom, as well as the development of, investment in and operation of hotels and leisure business in the PRC, Hong Kong and Canada, securities investment and provision of loan financing services.

As at the Latest Practicable Date, ITC Properties was interested in 106,110,260 Shares, representing approximately 10.48% of the total issued share capital of the Company and is a substantial shareholder of the Company. Accordingly, ITC Properties is a connected person of the Company and the entering into of the New Business Services Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the annual cap regarding the Services contemplated under the New Business Services Agreement exceed 5%, the entering into of the New Business Services Agreement is subject to the reporting, annual review, announcement and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

ITC Properties, through Advance Tech Limited which directly hold 106,110,260 Shares, will abstain from voting on the resolution to approve the New Business Services Agreement and the annual cap amount at the SGM.

Save as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, no other Shareholder will be required to abstain from voting on the resolution to approve the New Business Services Agreement and the annual cap amount at the SGM.

To the best knowledge of the Directors and having made all reasonable enquiries, no Shareholders will be required to abstain from voting on the resolutions regarding the refreshment of Existing Mandates and refreshment of Existing Scheme Mandate Limit.

In addition, none of the Directors have a material interest in the transactions contemplated under the New Business Services Agreement and accordingly, no Director was required to abstain from voting on the board resolutions to approve the New Business Services Agreement and the annual cap amount.

On 28 June 2017, the Company announced the proposed sale of its interest in the PYE Group. Particulars of the said proposed sale are set out in the circular of the Company dated 28 March 2018 and the relevant shareholders' meeting will be held on 8 May 2018. Completion of the said proposed sale is subject to and conditional upon satisfaction (or waiver, as the case may be) of a number of conditions. After completion, PYE will cease to be a subsidiary of the Company, and accordingly, the transaction between the PYE Group and the ITC Properties Holdings Group will no longer be continuing connected transaction of the Company under the Listing Rules.

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## LETTER FROM THE BOARD

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### SGM

The notice convening the SGM to be held on Tuesday, 8 May 2018 at 10:15 a.m. (or immediately after the conclusion of the special general meeting of the Company to be held at 10:00 a.m. at the same place and on the same day, whichever is later) at 1804A, 18/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong is set out on pages 41 to 46 of this circular. At the SGM, ordinary resolutions will be proposed to approve (i) the New Business Services Agreement and the annual cap amount; (ii) the New Issue Mandate; (iii) the New Repurchase Mandate; (iv) the New Issue Mandate Extension; and (v) the New Scheme Mandate Limit.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. The Chairman of the SGM will therefore put the resolutions to be proposed at the SGM to be voted by way of a poll pursuant to the Bye-law 66 of the Bye-laws.

A form of proxy for use by the Shareholders at the SGM is enclosed. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

### RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee contained in this circular which contains its advice to the Independent Shareholders as regards the New Business Services Agreement and the annual cap amount; and (ii) the letter from Veda Capital contained in this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the New Business Services Agreement and the annual cap amount.

The Independent Shareholders are advised to read these letters before deciding how to vote on the resolution concerning the New Business Services Agreement and the annual cap amount.

The Directors (including the independent non-executive Directors after taking into account the advice of the Independent Financial Adviser) consider that the New Business Services Agreement and the annual cap amount for the year ending 31 March 2019 are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the New Business Services Agreement and the annual cap amount.

In addition, the Directors consider that the proposed refreshment of the Existing Mandates and Existing Scheme Mandate Limit are in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Existing Mandates and Existing Scheme Mandate Limit.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
For and on behalf of the Board of  
**The 13 Holdings Limited**  
**Peter Lee Coker Jr.**  
*Chairman*



**The 13 Holdings Limited**

**十三集團有限公司**

*(Incorporated in Bermuda with limited liability)*

(Stock code: 577)

20 April 2018

*To the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION RELATING TO  
RENEWAL OF BUSINESS SERVICES AGREEMENT**

We refer to the circular dated 20 April 2018 issued by the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the New Business Services Agreement, the annual cap amount for the year ending 31 March 2019 and the transactions contemplated thereunder and to advise the Independent Shareholders whether, in our opinion, the New Business Services Agreement and the annual cap amount for the year ending 31 March 2019 are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. The Independent Financial Adviser, Veda Capital, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

**RECOMMENDATION**

We wish to draw your attention to the letter from the Board as set out on pages 6 to 17 of the Circular, which contains, inter alia, information on the New Business Services Agreement, and the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders in connection with the New Business Services Agreement as set out on pages 20 to 30 of the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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After taken into consideration the advice from the Independent Financial Adviser, we concur with the views of the Independent Financial Adviser and consider that the New Business Services Agreement was entered into in the ordinary and usual course of the business of the Group and is on normal commercial terms, and the New Business Services Agreement and the annual cap amount for the year ending 31 March 2019 are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the New Business Services Agreement, the annual cap amount for the year ending 31 March 2019 and the transactions contemplated thereunder.

Yours faithfully,

**Independent Board Committee**

**James Chiu, Lee Chack Fan, Iain Ferguson Bruce,  
Francis Goutenmacher and Chan Kok Chung, Johnny**

*Independent Non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter from the Independent Financial Adviser setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the New Business Services Agreement (including the proposed annual cap) and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in the Circular.*

**VEDA | CAPITAL**  
**智 略 資 本**

Room 1106, 11/F.  
Wing On Centre  
111 Connaught Road Central  
Hong Kong

20 April 2018

*To: Independent Board Committee and the Independent Shareholders of  
The 13 Holdings Limited*

Dear Sirs/Madams,

### **CONTINUING CONNECTED TRANSACTION RENEWAL OF BUSINESS SERVICES AGREEMENT**

#### **INTRODUCTION**

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transaction contemplated under the New Business Services Agreement (including the proposed annual cap), details of which are set out in the circular to the Shareholders dated 20 April 2018 (the “**Circular**”), of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context requires otherwise.

As set out in the letter from the Board in the Circular (the “**Letter from the Board**”), the Third Business Services Agreement entered into between PYE (a 51.76% owned subsidiary of the Company) and ITC Properties Holdings (a subsidiary of ITC Properties) with respect to the provision of Services by PYE Group to the ITC Properties Holdings Group in respect of the Projects has expired on 31 March 2018. In order to continue to regulate the provision of the Services, on 28 March 2018, PYE and ITC Properties Holdings entered into the conditional New Business Services Agreement for a term of one year from 1 April 2018 to 31 March 2019.

As at the Latest Practicable Date, ITC Properties was interested in 106,110,260 Shares, representing approximately 10.48% of the total issued share capital of the Company and is a substantial shareholder of the Company. Accordingly, ITC Properties is a connected person of the Company and the entering into of the New Business Services Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the annual cap regarding the Services contemplated under the New Business Services Agreement exceed 5%, the entering into of the New Business Services Agreement is subject to the reporting, annual review, announcement and independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The New Business Services Agreement, the proposed annual cap amount and the transactions contemplated thereunder are subject to the approval by the Independent Shareholders. ITC Properties, through Advance Tech Limited which directly hold 106,110,260 Shares, will abstain from voting on the resolution to approve the New Business Services Agreement and the proposed annual cap amount at the SGM.

On 28 June 2017, the Company announced the proposed sale of its interest in the PYE Group. Particulars of the said proposed sale are set out in the circular of the Company dated 28 March 2018 and the relevant shareholders' meeting will be held on 8 May 2018. Completion of the said proposed sale is subject to and conditional upon satisfaction (or waiver, as the case may be) of a number of conditions. After completion, PYE will cease to be a subsidiary of the Company, and accordingly, the transaction between the PYE Group and the ITC Properties Holdings Group will no longer be continuing connected transaction of the Company under the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Ir James Chiu, *OBE, JP*, Professor Lee Chack Fan, *GBS, SBS, JP*, Mr Iain Ferguson Bruce, Mr Francis Goutenmacher and Mr Chan Kok Chung, Johnny, has been established to advise the Independent Shareholders in respect of the terms of the New Business Services Agreement and the proposed annual cap. As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to whether the terms of the New Business Services Agreement and the proposed annual cap amount are fair and reasonable so far as the Shareholders are concerned and whether the possible transactions under the New Business Services Agreement will be carried out on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, Veda Capital Limited did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of Veda Capital Limited. In the last two years, Veda Capital Limited has acted as an independent financial adviser to the then independent board committee and independent shareholders of the Company in relation to a continuing connected transaction (details of which were set out in the circular of the Company dated 5 January 2018). Apart from normal professional fees paid or payable to us in connection with such appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other party to the transactions, therefore we consider such relationship would not affect our independence.

### **BASIS OF OUR OPINION**

In formulating our opinion and advice, we have relied upon the accuracy of the information and representations contained in the Circular and information provided to us by the Company, the Directors and the management of the Company. We have assumed that all statements, information and representations made or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company, for which they are solely and wholly responsible, were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due and careful enquiry and were based on honestly-held opinions.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no omission of other facts that would make any statements in the Circular misleading. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any omission of any material facts that would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and the management of the Company.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing the New Business Services Agreement and in giving our recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into consideration of the following principal factors and reasons:

#### I. Information on the Group

With reference to the Letter from the Board, 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 table below sets out the summary financial information of the Group as extracted from the Company's annual report for the year ended 31 March 2017 (the "2017 Annual Report") and interim report for the six months ended 30 September 2017 (the "2018 Interim Report"):

	For the six months ended 30 September			For the financial year ended 31 March		
	2016	2017	Changes	2016	2017	Changes
	(HK\$'000) (unaudited)	(HK\$'000) (unaudited)	%	(HK\$'000) (audited)	(HK\$'000) (audited)	%
Revenue	3,058,022	3,075,067	0.56	6,811,519	6,127,109	(10.05)
Gross profit	112,564	139,259	23.72	197,834	246,751	24.73
Loss for the period/year attributable to owners of the Company	(28,313)	(23,031)	18.66	(197,361)	(44,559)	77.42

*For the six months ended 30 September 2017*

As depicted from the table above, the revenue of the Group for the six months ended 30 September 2017 ("HY2017/18") amounted to approximately HK\$3,075.07 million, representing a slight increase of approximately 0.56% as compared to that for the six months ended 30 September 2016 ("HY2016/17"). As advised by the Company, the slight increase of revenue of the Group was due to the increase in order book in relation to the construction projects of the Group.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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For the HY2017/18, the loss for the period attributable to owners of the Company decreased to approximately HK\$23.03 million which represents a 18.66% improvement as compared to the HY2016/17. As further noted from the 2018 Interim Report, the reduction in loss was mainly due to the increase in gross profit.

*For the financial year ended 31 March 2017*

As depicted from the table above, the revenue of the Group for the year ended 31 March 2017 (“FY2016/17”) amounted to approximately HK\$6,127.11 million, representing a decrease of approximately 10.05% as compared to that for the year ended 31 March 2016 (“FY2015/16”). As noted from the 2017 Annual Report, the reduction of revenue of the Group was due to the decrease in new contract awarded during the FY2015/16.

For the FY2016/17, the loss for the year attributable to owners of the Company decreased significantly to approximately HK\$44.56 million which represents a 77.42% improvement as compared to the FY2015/16. As further noted from the 2017 Annual Report, the reduction in loss was mainly due to the absence of one-off pre-opening expenses in relation to hotel under development segment and decrease in legal and professional fees.

## II. Information on the ITC Properties Group

ITC Properties Holdings is a subsidiary of ITC Properties, a listed company whose shares are listed on the Stock Exchange (stock code: 199) and is principally engaged in investment holding. The principal activities of its subsidiaries are property development and investment in Macau, the PRC, Hong Kong, Canada and the United Kingdom, as well as the development of, investment in and operation of hotels and leisure business in the PRC, Hong Kong and Canada, securities investments and provision of loan financing services.

The table below sets out the summary financial information of the ITC Properties Group as extracted from the ITC Properties’ annual report for the year ended 31 March 2017 (the “ITC 2017 AR”) and interim report for the six months ended 30 September 2017 (the “ITC 2018 IR”):

	For the six months ended 30 September			For the financial year ended 31 March		
	2016 (HK\$'000) (unaudited)	2017 (HK\$'000) (unaudited)	Changes %	2016 (HK\$'000) (audited)	2017 (HK\$'000) (audited)	Changes %
Revenue	79,662	108,782	36.55	143,402	188,871	31.71
Gross profit	36,615	47,187	28.87	73,904	88,828	20.19
Profit for the period/year attributable to owners of the Company	385,852	284,344	(26.31)	1,460,094	303,238	(79.23)

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*For the six months ended 30 September 2017*

The ITC Properties Group's revenue for the six months ended 30 September 2017 amounted to approximately HK\$108.78 million, which represented an increase of approximately 36.55% as compared with that for the six months ended 30 September 2016. As noted from the ITC 2018 IR, the increase in revenue was mainly due to the opening of Le Petit Rosedale Hotel in October 2016.

For the six months ended 30 September 2017, the profit for the period attributable to owners of ITC Properties decreased to approximately HK\$284.34 million which represents a 26.31% reduction as compared to the six months ended 30 September 2016. As noted from the ITC 2018 IR, the reduction in profit was due to the drop in the share of profits from associates and increase of the finance costs of the ITC Properties Group.

*For the financial year ended 31 March 2017*

The ITC Properties Group's revenue for the financial year ended 31 March 2017 amounted to approximately HK\$188.87 million, which represented an increase of approximately 31.71% as compared with that in the financial year ended 31 March 2016. As noted from the ITC 2017 AR, the increase in revenue was mainly due to the opening of Le Petit Rosedale Hotel in October 2016, increase of rental income and income from loan financing during the year.

For the financial year ended 31 March 2017, the profit for the year attributable to owners of ITC Properties decreased significantly to approximately HK\$303.24 million which represents a 79.23% reduction as compared to the financial year ended 31 March 2016. As further noted from the ITC 2017 AR, the reduction in profit was mainly due to the decrease in the share of profits from an associate of the ITC Properties Group.

### **III. Reasons for and benefits of the entering into of the New Business Services Agreement**

The scope of the Services under the New Business Services Agreement are set out in the Letter from the Board. As advised by the Group's management, the Group has been providing transactions similar to the possible transactions contemplated under the New Business Services Agreement to the ITC Properties Holdings Group since 2010.

As referred to the Letter from the Board, the Third Business Services Agreement expired on 31 March 2018. However, the Services provided by the PYE Group to the ITC Properties Holdings Group in respect of the Projects contemplated under the Third Business Services Agreement have not yet been completed and/or the Final Accounts in connection with the Projects have yet to be agreed. For the eleven months ended 28 February 2018, the value of the Services recognised by the PYE Group was approximately HK\$19 million. In order to continue to regulate the provision of the Services, PYE and ITC Properties Holdings entered into the conditional New Business Services Agreement.

Since the value of the Services recognised was approximately HK\$19 million for the eleven months ended 28 February 2018, and taken into account the potential projects, the Company considered it is time for PYE to enter into the New Business Services Agreement that would enable the PYE Group to provide the Services to the ITC Properties Holdings Group and would generate additional revenue to the Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

We understood from the Directors that, as at the Latest Practicable Date, PYE Group is providing Services to ITC Properties Holdings Group with respect to four Projects, being (i) main contract works for the hotel development at No. 7 Moreton Terrace, Causeway Bay, Hong Kong, which was awarded in October 2013; (ii) site formation, foundation and pile cap works for the residential development at No. 23 Po Shan Road, Hong Kong, which was awarded in February 2017; (iii) main contract works for the redevelopment at Nos. 205-211A Hai Tan Street, Sham Shui Po, Hong Kong, which was awarded in March 2018 (the “**Sham Shui Po Project**”); and (iv) main contract works (Lot 8) for the Concordia Development at Coloane, Macau, which was awarded in February 2018 (the “**Macau Project**”).

We have obtained and reviewed the abovementioned documents and understood that (i) main contract works for the hotel development has been completed and is subject to defects rectification and agreement on Final Accounts; (ii) site formation, foundation and pile cap works for residential development is scheduled to be completed by the first quarter of 2019; (iii) the Sham Shui Po Project was awarded in March 2018 and is scheduled to be completed by the third quarter of 2019; and (iv) the Macau Project was awarded in February 2018 and is scheduled to be completed by the fourth quarter of 2020. Therefore, it is expected that the Projects will generate further revenue to the Group.

Having considered the above and that (i) the New Business Services Agreement is conducted in the ordinary and usual course of business of the Group and brings revenue to the Group; (ii) the Group has long-established business relationship with ITC Properties Holdings Group; and (iii) the Projects will generate further revenue to the Group, we concur with the Directors that the New Business Services Agreement are in the interest of the Company and the Shareholders as a whole.

#### **IV. Principal terms of the New Business Services Agreement**

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

Date: 28 March 2018

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- Parties: (1) PYE, a subsidiary of the Company owned as to approximately 51.76% by the Company
- (2) ITC Properties Holdings, a subsidiary of ITC Properties
- Services: The PYE Group may from time to time during the term of the New Business Services Agreement provide the Services to the ITC Properties Holdings Group on normal commercial terms and subject to the annual cap amount set out below.
- Relevant members of the PYE Group and relevant members of the ITC Properties Holdings Group will enter into subsidiary agreements for providing the Services under the New Business Services Agreement. Each subsidiary agreement will set out the particulars and the terms upon which particular Services will be rendered by the PYE Group to the ITC Properties Holdings Group. The terms of each subsidiary agreement must (i) comply with the terms of the New Business Services Agreement; (ii) provide that the Services to be provided in aggregate shall be subject to the annual cap amount set out below; and (iii) be in compliance with the relevant requirements under the Listing Rules.
- Condition precedent: The New Business Services Agreement is conditional on the approval of the Independent Shareholders.
- Term: The New Business Services Agreement will be effective as of 1 April 2018 if the condition precedent becomes fulfilled, and will continue thereafter for a term expiring on 31 March 2019. Upon expiry, the parties may renew the New Business Services Agreement subject to compliance with the Listing Rules and all applicable laws.

We have, on a sampling basis, reviewed 16, 15 and 15 contracts for each of the year ended 31 March 2016, 2017 and 2018, which represents approximately 55.17%, 51.72% and 65.22% of the total number of contracts entered into by the PYE Group for the respective financial year, pursuant to which Services were provided by the PYE Group to (i) the ITC Properties Holdings Group similar to those under the New Business Services Agreement; and (ii) independent third parties in respect of services similar to the Services. We consider the sample basis for each of the respective financial years is fair and reasonable given that the number of reviewed contracts represent more than 50% of the total number of contracts for the underlying financial year and we noted that the terms and rates offered by the PYE Group to each of the ITC Properties Holdings Group and independent third parties were similar.

We have discussed with the Group's management and noted that whilst the PYE Group has to go through a tender process to obtain contracts from the ITC Properties Holdings Group, the ITC Properties Holdings Group does not accord any priority to the PYE Group to provide the Services, and the tender may be awarded to an independent third party. During the tender process, the ITC Properties Holdings Group, like other customers of the PYE Group, will assess each tenderer's pricing, experience, technical skills and abilities, as well as other factors relevant to the projects to determine the successful tenderer.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Directors therefore consider that it would not be in the interests of the Company to deliberately exclude the ITC Properties Holdings Group as customers of the PYE Group purely because they are connected persons of the Company.

We consider that the pricing basis of the New Business Services Agreement is acceptable after taking into account:

- (i) the Group's management advised that the award of contract by the ITC Properties Holdings Group will be subject to a tender normally involving two or more bidders, which is similar to the award of contracts by independent third parties to the PYE Group;
- (ii) as the pricing under the New Business Services Agreement have to go through a competitive bidding process in tender, it would be determined with reference to market rates; and
- (iii) the determination of award of contracts to the PYE Group through a tender process is in line with similar construction and/or engineering services agreements in Hong Kong, and such arrangement normally allows the price of awarded contracts to be made with reference to market rates.

Therefore, we consider that the terms of the New Business Services Agreement are (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

### V. The annual cap amount

#### 1. *The annual cap amount for the financial year ending 31 March 2019*

We noted that the proposed annual cap amount of the value of Services to be rendered under the New Business Services Agreement by the PYE Group to the ITC Properties Holdings Group for the financial year ending 31 March 2019 is HK\$1,600 million.

For the eleven months ended 28 February 2018, the value of the Services recognised by the PYE Group was approximately HK\$19 million.

#### 2. *The historical transaction amounts of Services provided by the PYE Group to the ITC Properties Group*

Set out below is a summary of the annual cap amounts for the three financial years ended 31 March 2018:

	Financial year ended 31 March		
	2016	2017	2018
Annual cap (HK\$'000)	2,900,000	120,000	120,000

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As advised by the Company, for two financial years ended 31 March 2017, the value of the Services recognised by the Group was approximately HK\$234.6 million and HK\$26.5 million respectively while for the eleven months ended 28 February 2018, the value of the Services recognised was approximately HK\$19.0 million.

3. *The basis for annual cap amount for the financial year ending 31 March 2019*

As advised by the Group's management, the estimated annual cap amount for the New Business Services Agreement for the financial year ending 31 March 2019 is arrived at after taking into account:

- (i) progress of delivery of Services in respect of the Projects and information provided by the ITC Properties Holdings Group regarding the proposed construction schedules and/or completion or delivery of the Projects, the gross/construction floor area covered by the relevant projects and indicative scope of services required;
- (ii) historical and market rates and method for calculation of fees for the relevant services (the component of services provided which are to be charged by reference to value of works certified); and
- (iii) additional allowances for delivery schedules in respect of the Projects and certain potential projects which are not within the control of the PYE Group, or changes to the final scope of Services that may be required.

We wish to emphasise that:

- (i) the historical transaction amounts only reflected the number of contracts awarded by the ITC Properties Holdings to the PYE Group in the past, and does not provide a meaningful reference in making projections regarding the annual cap amount for the financial year ending 31 March 2019; and
- (ii) the Group's management could not rule out the possibility that the ITC Properties Holdings Group have made or will make a significant change in its business strategy to increase its scale of property development, which in turn may create a significant increase in its demand for the Services.

Thus, we consider that the historical transaction amounts of Services provided by the PYE Group to the ITC Properties Holdings Group in the past may not provide meaningful basis for our assessment of the fairness and reasonableness of the annual cap.

As referred to the interim report of ITC Properties for the six months ended 30 September 2017, ITC Properties Holdings Group has various properties in Hong Kong, Macau, the PRC, Canada and the United Kingdom. As at the Latest Practicable Date, the existing Projects currently carried out by the PYE Group for the ITC Properties Holdings Group are (i) main contract works for the hotel development at No. 7 Moreton Terrace, Causeway Bay, Hong Kong; (ii) site formation, foundation and pile cap works for the residential development at No. 23 Po Shan Road, Hong Kong; (iii) the Sham Shui Po Project; and (iv) the Macau Project. As advised by the Group's

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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management, the estimated value of work of the abovementioned Services for the year ending 31 March 2019 amounted to approximately HK\$1,331.1 million is based on (i) one of the Projects is subject to defects rectification and agreement on Final Accounts and the remaining three projects are scheduled to be completed by the first quarter and third quarter of 2019 and the fourth quarter of 2020, respectively; (ii) the Sham Shui Po Project and the Macau Project are newly awarded projects; and (iii) in term of contract sum, the size of the Macau Project is more than 10 times larger than each of the other three existing projects.

In addition to the existing Projects, there could be potential projects open for tender by ITC Properties Holdings Group during the period up to the financial year ending 31 March 2019 and PYE Group might consider participating in such projects where additional revenue could be generated from ITC Properties Holdings Group upon winning the tenders. PYE has factored in allowance of HK\$268.9, representing an allowance of approximately 20.2% over the said estimated value of works of the existing Projects. However, as advised by the Company, there are no projects from ITC Properties Holdings Group which are under tender or under consideration by PYE Group as at the Latest Practicable Date.

Hence, the proposed annual cap amount of the value of Services to be rendered under the New Business Services Agreement of HK\$1,600 million shall be able to cover the aggregate value of both the Projects and potential projects, and the Directors are of the view that such proposed annual cap shall provide buffer to PYE Group to cover the additional allowances for delivery schedules in respect of the Projects and potential projects which are not within the control of the PYE Group, or changes to the final scope of Services that may be required.

In respect of the abovementioned basis of the annual cap amount, we have discussed with the Group's management and noted the underlying factors (the "**Underlying Factors**") set out below:

- (i) four Projects are ongoing between PYE Group and ITC Properties Holdings Group and potential projects that could be open for tender by ITC Properties Holdings Group;
- (ii) the PYE Group does not and would not provide preferential pricing to ITC Properties Holdings Group in respect of the Services, and the pricing is determined based on normal commercial terms and similar to those comparable services provided by the PYE Group to independent third parties;
- (iii) it is common to provide a buffer in respect of projects in progress as the final value of contracts often differ from the original contract amount as result of, for example, changes in design, construction schedules and price adjustments; and
- (iv) the additional allowances will cater for any potential projects in view of the expected continuing growth which the ITC Properties Holdings Group will take part.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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After taking into account: (i) the Underlying Factors set out above; (ii) a smaller amount of the cap will limit the PYE Group's ability to provide the Services, and hence the Group's ability to expand its business growth; (iii) the Group's expectation of the possible increase in demand for the Services by the ITC Properties Holdings Group; and (iv) the annual cap amount would provide adequate buffer for the Group, in case unanticipated revenue is derived from the New Business Services Agreement, we consider that the proposed amount of annual cap is fair and reasonable so far as the Independent Shareholders are concerned.

### RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that (i) Services under the New Business Services Agreement is conducted in the ordinary and usual course of business of the Group; (ii) the terms of the New Business Services Agreement (including the proposed annual cap) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the entering into of the New Business Services Agreement is in the interests of Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend Independent Shareholders to vote in favour of the relevant resolution for approving the New Business Services Agreement (including the proposed annual cap) and the transactions contemplated thereunder.

Yours Faithfully,  
For and on behalf of  
**Veda Capital Limited**  
**Julisa Fong**  
*Managing Director*

*Ms. Julisa Fong is a Responsible Officer under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 21 years of experience in investment banking and corporate finance.*



This is an explanatory statement relating to the ordinary resolution to approve the New Repurchase Mandate at the SGM.

This explanatory statement contains a summary of the information required pursuant to Rule 10.06 of the Listing Rules which is set out as follows:

#### *Share Capital*

- As at the Latest Practicable Date, there were in issue a total of 1,012,953,711 Shares, all of which are fully paid;
- Assuming that no further Shares are issued or repurchased after the Latest Practicable Date and before the date of the SGM, there will be 1,012,953,711 Shares in issue, and exercise in full of the New Repurchase Mandate would result in up to a maximum of 101,295,371 Shares being repurchased by the Company during the relevant period referred to in ordinary resolution numbered 3 of the notice of the SGM;

#### *Reasons for repurchase*

- The Directors believe that it is in the best interests of the Company and the Shareholders as a whole for the Directors to have a general authority from the Shareholders to enable the Directors to purchase the Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will benefit the Company and the Shareholders;

#### *Funding of repurchase*

- The repurchase of Shares shall be made with funds legally available for such purpose in accordance with the Company's memorandum of association and the Bye-laws and the applicable laws of Bermuda. Under Bermuda law, repurchases may only be effected out of the capital paid up on the purchased Shares or out of funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purpose. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of funds of the Company otherwise available for dividend or distribution or out of the Company's share premium account before the Shares are repurchased. It is envisaged that the funds required for any repurchase would be derived from such sources;
- By reference to the financial position of the Company as at 31 March 2017 (being the date of the Company's latest audited accounts), the Directors consider that the repurchases of securities will have no material adverse impact on the working capital and the gearing position of the Company in the event that the New Repurchase Mandate were to be exercised in full during the proposed repurchase period. The Directors do not propose to exercise the New Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company;

***Directors, their close associates and core connected persons***

- None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates, as defined in the Listing Rules, have any present intention, in the event that the New Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company;
- No core connected person, as defined in the Listing Rules, has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the New Repurchase Mandate is approved by the Shareholders.

***Undertaking of the Directors***

- The Directors have undertaken to the Stock Exchange that, so far as may be applicable, they will exercise the New Repurchase Mandate in accordance with the Listing Rules, the Bye-laws and the applicable laws of Bermuda; and

***Share repurchase made by the Company***

- The Company had not purchased any Shares, whether on the Stock Exchange or otherwise, in the six months preceding the Latest Practicable Date.

**GENERAL**

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the Company has one substantial Shareholder: Advance Tech Limited ("**Advance Tech**"), holding approximately 10.48% of the issued share capital of the Company. On the basis that no further Shares are issued or repurchased and in the event that the New Repurchase Mandate is exercised in full and that there is no change in the shareholdings of Advance Tech in the Company, the shareholdings of Advance Tech would be increased to approximately 11.64% of the issued share capital of the Company respectively, on exercise in full of the New Repurchase Mandate. Therefore, no obligation to make a general offer to Shareholders under Rule 26 of the Takeovers Code would arise.

**PRICES OF THE SHARES**

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows:

	<b>Shares</b>	
	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
<b>2017</b>		
April	10.359*	8.897*
May	9.649*	8.605*
June	9.315*	6.683*
July	6.767*	3.091*
August	4.261*	3.509*
September	3.843*	3.133*
October	4.428*	1.337*
November	1.754*	1.295*
December	1.525*	1.170*
<b>2018</b>		
January	2.297*	1.253*
February	2.530	1.278*
March	2.980	0.650
April (up to the Latest Practicable Date)	0.720	0.530

\* Adjusted for the effect of the Capital Reorganisation which became effective on 12 February 2018 and the effect of the Rights Issue.

**RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**DISCLOSURE OF INTERESTS****(a) Interests of Directors**

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules; or (c) were required pursuant to section 352 of the SFO to be entered in the register referred to therein were as follows:

*Long positions in the Shares and underlying Shares*

Name of Director	Capacity	Number of Shares held	Interest in underlying Shares	Total number of Shares and underlying Shares held	Approximate percentage (Note 1)
Peter Lee Coker Jr.	Beneficial owner	6,376,260	2,204,276 (Note 2)	8,580,536	0.85%
Lau Ko Yuen, Tom	Interest of controlled corporation	90,725,800 (Note 4)	–	90,725,800	8.96%
Lau Ko Yuen, Tom	Beneficial owner	–	2,204,276 (Note 2)	2,204,276	0.22%
Walter Craig Power	Beneficial owner	–	2,204,276 (Note 2)	2,204,276	0.22%
James Chiu	Beneficial owner	–	195,350 (Note 3)	195,350	0.02%
Lee Chack Fan	Beneficial owner	–	195,350 (Note 3)	195,350	0.02%
Iain Ferguson Bruce	Beneficial owner	89,881	195,350 (Note 3)	285,231	0.03%
Francis Goutenmacher	Beneficial owner	–	195,350 (Note 3)	195,350	0.02%
Chan Kok Chung, Johnny	Beneficial owner	–	195,350 (Note 3)	195,350	0.02%

*Notes:*

1. Shareholding percentage is based on 1,012,953,711 issued Shares as at the Latest Practicable Date.
2. 2,204,276 share options (adjusted as a result of the completion of the Rights Issue on 20 March 2018) were granted to each of Mr Peter Lee Coker Jr., Mr Lau Ko Yuen, Tom and Mr Walter Craig Power on 18 September 2015 under the share option scheme adopted on 11 August 2015 (the “**2015 Share Option Scheme**”) and entitle each of them to subscribe for Shares upon exercise at an adjusted exercise price of HK\$12.531 per Share. The share options shall vest in 3 tranches, as to one-third on 18 September 2016, as to a further one-third on 18 September 2017 and as to the final one-third on 18 September 2018. The share options are exercisable from the aforesaid vesting dates until 17 September 2019 (both dates inclusive).
3. 195,350 share options (adjusted as a result of the completion of the Rights Issue on 20 March 2018) were granted to each of Ir James Chiu, Professor Lee Chack Fan, Mr Iain Ferguson Bruce, Mr Francis Goutenmacher and Mr Chan Kok Chung, Johnny on 18 September 2015 under the 2015 Share Option Scheme and entitle each of them to subscribe for Shares upon exercise at an adjusted exercise price of HK\$12.531 per Share. The share options shall vest in 3 tranches, as to one-third on 18 September 2016, as to a further one-third on 18 September 2017 and as to the final one-third on 18 September 2018. The share options are exercisable from the aforesaid vesting dates until 17 September 2019 (both dates inclusive).
4. These Shares were beneficially owned by Circle Swing Limited. Circle Swing Limited was a wholly owned subsidiary of Rally Praise Limited which was in turn a wholly owned subsidiary of Empire City International Limited. Empire City International Limited was a wholly owned subsidiary of Affluent Talent Limited which was in turn wholly owned by Mr Lau Ko Yuen, Tom. Mr Lau Ko Yuen, Tom, the deputy chairman and executive Director of the Company, is also a director of Affluent Talent Limited, Empire City International Limited, Rally Praise Limited and Circle Swing Limited respectively.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules; or (c) were required pursuant to section 352 of the SFO to be entered in the register referred to therein.

**(b) Interests of Substantial Shareholders**

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company in accordance with disclosure by the substantial shareholders under Part XV of the SFO, the following Substantial Shareholders of the Company within the meaning of the Listing Rules and other persons (in each case other than the Directors and chief executive of the Company) had an interest or a short position in Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Capacity	Long/Short position/ Lending Pool	Number of Shares held	Interest in underlying Shares	Total number of Shares and underlying Shares held	Approximate percentage (Note 1)
Global Allocation Fund (“ <b>Global Allocation</b> ”)	Beneficial owner	Long position	–	168,368,300	168,368,300 (Note 2)	16.62%
Evolution Capital Management, LLC (“ <b>Evolution</b> ”)	Interest of controlled corporation	Long position	–	168,368,300	168,368,300 (Note 2)	16.62%
Tiger Trust	Interest of controlled corporation	Long position	14,220,000	168,368,300	182,588,300 (Note 3)	18.03%
Lerch Michael	Interest of controlled corporation	Long position	14,220,000	168,368,300	182,588,300 (Notes 2 & 3)	18.03%
Advance Tech	Beneficial owner	Long position	106,110,260	–	106,110,260 (Note 4)	10.48%
ITC Properties Management Group Limited (“ <b>ITC Properties Management</b> ”)	Interest of controlled corporation	Long position	106,110,260	–	106,110,260 (Note 4)	10.48%
ITC Properties	Interest of controlled corporation	Long position	106,110,260	–	106,110,260 (Note 4)	10.48%
Chan Kwok Keung Charles (“ <b>Dr Chan</b> ”)	Beneficial owner & Interest of controlled corporation	Long position	106,110,260	4,500,000	110,610,260 (Note 4)	10.92%
Ng Yuen Lan Macy (“ <b>Ms Ng</b> ”)	Interest of spouse	Long position	106,110,260	4,500,000	110,610,260 (Note 4)	10.92%

*Notes:*

- Shareholding percentage is based on 1,012,953,711 issued Shares as at the Latest Practicable Date.
- Global Allocation was wholly owned by Evolution which was in turn wholly owned by Tiger Trust. Mr Michael Lerch has 100% interest in Tiger Trust. Evolution, Tiger Trust and Mr Michael Lerch were deemed to be interested in the underlying Shares held by Global Allocation.
- Evo Fund was wholly owned by Evo Feeder Fund and Evolution Japan Asset Management Co., Ltd., (“**Evolution Japan**”). Evo Feeder Fund was wholly owned by Mr Michael Lerch and Evolution Capital Investments LLC which was in turn wholly owned by Mr Michael Lerch. Evolution Japan was wholly owned by Tiger Inn Enterprises Limited (“**Tiger Inn**”) which was in turn wholly owned by Evolution Japan Co. Ltd. Evolution Japan Co. Ltd. was wholly owned by Evolution Japan Group Holding Inc. which was in turn wholly owned by Tiger Holdings Ltd. Tiger Holdings Ltd was wholly owned by Tiger Trust. Mr Michael Lerch has 100% interest in Tiger Trust. Evo Fund, Evo Feeder Fund, Evolution Japan, Evolution Capital Investments LLC, Tiger Inn, Evolution Japan Co. Ltd., Evolution Japan Group Holding Inc., Tiger Holdings Ltd, Tiger Trust and Mr Michael Lerch were deemed to be interested in the Shares held by Evo Fund.

4. Advance Tech was a wholly-owned subsidiary of ITC Properties Management which was in turn a wholly-owned subsidiary of ITC Properties. Dr Chan and Ms Ng (the spouse of Dr Chan) have approximately 27.10% and 24.96% interest in issued shares of ITC Properties respectively. ITC Properties Management, ITC Properties, Ms Ng and Dr Chan were deemed to be interested in the Shares held by Advance Tech.

(c) **Interests of other persons**

Name of person	Capacity	Number of Shares held (Note 1)	Interest in underlying Shares	Total number of Shares and underlying Shares held (Note 3)	Approximate percentage (Note 2)
Omega Advisors, Inc.	Investment manager	74,530,907 (L)	11,760,243	86,291,150 (Note 3)	8.52%
Circle Swing Limited	Beneficial owner	90,725,800 (L)	–	90,725,800 (Note 4)	8.96%
Rally Praise Limited	Interest of controlled corporation	90,725,800 (L)	–	90,725,800 (Note 4)	8.96%
Empire City International Limited	Interest of controlled corporation	90,725,800 (L)	–	90,725,800 (Note 4)	8.96%
Affluent Talent Limited	Interest of controlled corporation	90,725,800 (L)	–	90,725,800 (Note 4)	8.96%
Lau Ko Yuen, Tom	Interest of controlled corporation	90,725,800 (L)	–	90,725,800 (Note 4)	8.96%
Julian Hart Robertson ("Ms Robertson")	Interest of controlled corporation	54,703,784 (L)	–	54,703,784 (Note 5)	5.40%
U.S. Trust Company of Delaware as Directed Co-Trustee of the Julian H. Robertson, Jr. Revocable Trust dated 19 December 2005 as amended (the "Trust")	Interest of controlled corporation	54,703,784 (L)	–	54,703,784 (Note 5)	5.40%

Name of person	Capacity	Number of Shares held (Note 1)	Interest in underlying Shares	Total number of Shares and underlying Shares held (Note 5)	Approximate percentage (Note 2)
Tiger Management Corporation	Interest of controlled corporation	54,703,784 (L)	–	54,703,784 (Note 5)	5.40%
Tiger Management L.L.C.	Investment manager	54,703,784 (L)	–	54,703,784 (Note 5)	5.40%
Tiger Partners GP, L.L.C.	Interest of controlled corporation	54,703,784 (L)	–	54,703,784 (Note 5)	5.40%
Tiger Partners, L.P.	Interest of controlled corporation	54,703,784 (L)	–	54,703,784 (Note 5)	5.40%
Tiger Partners Trading L.L.C.	Beneficial owner	54,703,784 (L)	–	54,703,784 (Note 5)	5.40%

## Notes:

- (L) denotes a long position.
- Shareholding percentage is based on 1,012,953,711 issued Shares as at the Latest Practicable Date.
- Omega Advisors, Inc., as investment adviser of Omega Capital Investors, L.P., Omega Capital Partners, L.P., Omega Equity Investors, L.P., Omega Overseas Partners, Ltd. and VMT II, LLC (the “**Omega Group**”), was deemed to be interested in the Shares held by the Omega Group.
- Circle Swing Limited was a wholly owned subsidiary of Rally Praise Limited which was in turn a wholly owned subsidiary of Empire City International Limited. Empire City International Limited was a wholly owned subsidiary of Affluent Talent Limited which was in turn wholly owned by Mr Lau Ko Yuen, Tom. Mr Lau Ko Yuen, Tom, the deputy chairman and executive Director of the Company, is also a director of Affluent Talent Limited, Empire City International Limited, Rally Praise Limited and Circle Swing Limited respectively.
- Tiger Partners Trading L.L.C. was wholly owned by Tiger Partners, L.P. which was in turn wholly owned by Tiger Partners GP, L.L.C. Tiger Partners GP, L.L.C. was wholly owned by the Trust. Ms Robertson has 100% interest in the Trust. Tiger Partners, L.P., Tiger Partners GP, L.L.C., the Trust and Ms Robertson were deemed to be interested in the Shares held by Tiger Partners Trading L.L.C.

Tiger Management L.L.C. was 89.48%-owned by Tiger Management Corporation which was in turn wholly owned by the Trust. Ms Robertson has 100% interest in the Trust. Tiger Management Corporation, the Trust and Ms Robertson were deemed to be interested in the Shares indirectly held by Tiger Management L.L.C.



Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company were not aware of any Substantial Shareholder of the Company within the meaning of the Listing Rules or other person (in each case other than a Director or chief executive of the Company) who had, as at the Latest Practicable Date, an interest or a short position in Shares or underlying Shares which was required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO.

#### **DIRECTORS' INTERESTS IN COMPETING INTERESTS**

As at the Latest Practicable Date, to the best of knowledge of the Directors, none of the Directors or their respective close associates had any interests in a business which competes or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group.

#### **DIRECTORS' INTERESTS IN ASSETS**

As at the Latest Practicable Date, none of the Directors had: (a) any direct or indirect interests in any assets which have been since 31 March 2017 (being the date to which the latest published audited consolidated financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and (b) any subsisting material interest in any contract or arrangement which is significant in relation to the business of the Group.

#### **DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

#### **MATERIAL ADVERSE CHANGE**

Save as disclosed in the interim report published on 14 December 2017 and in all other announcements published since 31 March 2017, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2017 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

#### **EXPERT AND CONSENT**

The following is the qualification of the expert who has given its opinion or advice which is contained or referred to in this circular:

<b>Name</b>	<b>Qualification</b>
Veda Capital Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Veda Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it is included.

As at the Latest Practicable Date, Veda Capital was not beneficially interested in the share capital of any member of the Group nor has any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. In addition, Veda Capital does not have any interest, either directly or indirectly, in any assets which have been, since 31 March 2017 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

### **MISCELLANEOUS**

The English version of this circular shall prevail over the Chinese text for the purpose of interpretation.

### **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 2901 AIA Central, 1 Connaught Road Central, Hong Kong up to and including the date of the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the Original Business Services Agreement;
- (c) the Second Business Services Agreement;
- (d) the Third Business Services Agreement;
- (e) the New Business Services Agreement;
- (f) the letter addressed to the Independent Shareholders from the Independent Board Committee, the text of which is set out on pages 18 and 19 of this circular;
- (g) the letter of advice from Veda Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 20 to 30 of this circular; and
- (h) the letter of consent from Veda Capital referred to in the section headed “Expert and consent” of this appendix.

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## NOTICE OF SGM

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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)

**NOTICE IS HEREBY GIVEN** that the special general meeting of The 13 Holdings Limited (the “**Company**”) will be held at 1804A, 18/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Tuesday, 8 May 2018 at 10:15 a.m. (or immediately after the conclusion of the special general meeting of the Company to be held at 10:00 a.m. at the same place and on the same day, whichever is later) for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:–

#### **ORDINARY RESOLUTIONS**

1. **“THAT**

- (a) the business services agreement dated 28 March 2018 entered into between Paul Y. Engineering Group Limited and ITC Properties Holdings Group Limited (the “**Business Services Agreement**”), in respect of which a copy of the Business Services Agreement marked “A” has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification, and the terms of and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) the annual cap amount for the year ending 31 March 2019 as set out in the Business Services Agreement be and is hereby approved, ratified and confirmed; and
- (c) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such documents and to do all such acts or things incidental to, ancillary to or in connection with the Business Services Agreement and to take such steps as he may consider necessary, desirable or expedient to give effect to or in connection with the Business Services Agreement or any of the transactions contemplated thereunder.”

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2. **“THAT:**

- (a) the general mandate granted to the directors of the Company to allot, issue or otherwise deal with shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power as approved by the shareholders of the Company at the annual general meeting of the Company held on 23 August 2017 to the extent not already exercised be and is hereby revoked (but without prejudice to any valid exercise of such general mandate prior to the passing of this resolution);
- (b) subject to sub-paragraph (d) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which would or might require the exercise of such powers, subject to and in accordance with all applicable laws and the bye-laws of the Company, be and is hereby generally and unconditionally approved;
- (c) the approval in sub-paragraph (b) of this resolution shall be in addition to any other authorisation given to the directors of the Company and shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- (d) the aggregate number of shares of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approvals in sub-paragraphs (b) and (c) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) any grant or exercise of any option granted under the share option scheme of the Company or any other option, scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or options to subscribe for, or rights to acquire shares of the Company; or (iii) any issue of shares in the Company upon the exercise of any rights of subscription or conversion under the terms of any exercisable convertible notes issued by the Company or any existing warrants, bonds, debentures and other securities of the Company which carry rights to subscribe for or are convertible into shares of the Company; or (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company, shall not exceed 20 per cent. of the number of issued shares of the Company on the date of this resolution (such maximum number of shares of the Company that may be allotted and issued pursuant to the approval in paragraph (b) above is subject to adjustment in the event of share consolidation and subdivision, provided that the percentage of the total number of issued shares of the Company immediately before and after such consolidation or subdivision shall be the same and such maximum number of shares of the Company shall be adjusted accordingly), and the said approval shall be limited accordingly; and

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- (e) for the purpose of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of shares or an offer or issue of warrants, options or other securities giving the right to subscribe for shares, open for a period fixed by the directors of the Company to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

3. “**THAT:**

- (a) the general mandate granted to the directors of the Company to exercise the powers of the Company to repurchase shares as approved by the shareholders of the Company at the annual general meeting of the Company held on 23 August 2017, to the extent not already exercised be and is hereby revoked (but without prejudice to any valid exercise of such general mandate prior to the passing of this resolution);
- (b) subject to sub-paragraph (d) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or requirements of the Rules Governing the Listing of Securities on the Stock Exchange or any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

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- (c) the approval in paragraph (b) of this resolution shall be in addition to any other authorization given to the directors of the Company and shall authorise the directors of the Company on behalf of the Company during the Relevant Period to procure the Company to purchase its own shares at a price determined by the directors of the Company;
- (d) the aggregate number of shares of the Company which the directors of the Company are authorised to repurchase or agree conditionally or unconditionally to repurchase pursuant to the approval in sub-paragraphs (b) and (c) of this resolution shall not exceed 10 per cent. of the number of issued shares of the Company on the date of this resolution, and the said approval shall be limited accordingly; and
- (e) for the purpose of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

- 4. “**THAT** conditional upon resolutions numbered 2 and 3 as set out in the notice convening this meeting being passed, the aggregate number of shares of the Company which are repurchased by the Company under the authority granted to the directors of the Company pursuant to and in accordance with the said resolution numbered 3 above shall be added to the aggregate number of shares of the Company that may be allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with by the directors of the Company pursuant to and in accordance with the resolution numbered 2 as set out in the notice convening this meeting.”

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5. “**THAT** the refreshing of the scheme limit in respect of the grant of options to subscribe for shares in the Company under the share option scheme of the Company adopted on 11 August 2015 (the “**Scheme**”), provided that the total number of shares which may be allotted or issued pursuant to the grant or exercise of options under the Scheme and any other share option schemes of the Company (excluding options previously granted, outstanding, cancelled, lapsed or exercised under the Scheme or any other share option schemes of the Company) shall not exceed 10 per cent. of the shares of the Company in issue as at the date of passing this resolution (the “**Refreshed Mandate Limit**”), be and is hereby approved, subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval of the listing of, and permission to deal in, the shares of the Company of HK\$0.20 each in the capital of the Company, representing 10 per cent. of the shares of the Company in issue as at the date of passing this resolution, to be issued pursuant to the exercise of any options granted under the Scheme, and that the directors of the Company be and are hereby authorised, at their absolute discretion, to grant options under the Scheme up to the Refreshed Mandate Limit, to exercise all powers of the Company to allot, issue and deal with shares of the Company pursuant to the exercise of such options and to do such acts and execute such documents for or incidental to such purpose.”

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

Hong Kong, 20 April 2018

*Principal Place of Business:*  
2901 AIA Central  
1 Connaught Road Central  
Hong Kong

*Registered Office:*  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

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*Notes:*

1. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company.
2. A form of proxy for the meeting is enclosed. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, shall be deposited at the Company's branch share registrar in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote.
3. The register of members of the Company will be closed from Friday, 4 May 2018 to Tuesday, 8 May 2018 (both dates inclusive), during which period no transfers of shares will be registered. To determine the entitlement to attend and vote at the meeting, all transfers of shares accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch registrar in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 3 May 2018.

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

Mr Peter Lee Coker Jr.	:	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