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South Shore Holdings Limited

南岸集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 577)

(I) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION

**IN RELATION TO THE DISPOSAL OF 50% OF THE ISSUED
SHARE CAPITAL OF AND SHAREHOLDER'S LOAN OWED
BY UNI-DRAGON LIMITED AND OPTION TO COMPEL
DISPOSAL OF UP TO AN ADDITIONAL 30% OF THE ISSUED
SHARE CAPITAL OF AND SHAREHOLDER'S LOAN DUE
FROM UNI-DRAGON LIMITED**

(II) MAJOR AND CONNECTED TRANSACTION

**IN RELATION TO FINANCIAL ASSISTANCE CONTEMPLATED
UNDER THE SHAREHOLDERS' AGREEMENT**

**(III) VERY SUBSTANTIAL ACQUISITION AND CONNECTED
TRANSACTION IN RELATION TO LEASE OF PROPERTY**

(IV) RESUMPTION OF TRADING

Financial Adviser to the Company

ANGLO CHINESE 英高
CORPORATE FINANCE, LIMITED

THE DISPOSAL

The Board announces that, on 14 and 15 October, 2019, the Vendor (an indirect wholly-owned subsidiary of the Company) and the Company entered into respective Sale and Purchase Agreements with the Purchasers, pursuant to which (i) the Vendor has agreed to sell, and the Purchasers have agreed to acquire, the Sale Shares, representing in aggregate 50% of the issued share capital of the Disposal Company; (ii) the Vendor has agreed to assign and the Purchasers have agreed to acquire the Sale Loans, representing 50% of the shareholder's loan owed by the Disposal Company as at Completion, for a total Consideration of HK\$750 million; and (iii) the Company has agreed to guarantee the obligations and liabilities of the Vendor under the Sale and Purchase Agreements.

Upon Completion, the Disposal Company and its subsidiaries will cease to be subsidiaries of the Group and the financial results of the subsidiaries of the Disposal Company will no longer be consolidated into the financial statements of the Group. The Company will, on Completion, retain an interest of 50% of the Disposal Company (and 50% of the shareholders' loans owed by the Disposal Company).

THE OPTION

As a term of the Sale and Purchase Agreement No. 1, on Completion, Falloncroft shall grant to Fine Intellect an option to purchase shares representing up to 30% of the issued share capital of the Disposal Company as at the Completion Date and the related percentage of shareholder's loans outstanding as at Completion for a consideration consistent with the pricing under the Sale and Purchase Agreements.

SHAREHOLDERS' AGREEMENT

Pursuant to the Sale and Purchase Agreements, the Purchasers, the Vendor and Uni-Dragon will enter into the Shareholders' Agreement upon Completion, to govern their relationship as shareholders of Uni-Dragon and the management and operation of Uni-Dragon.

Pursuant to the Shareholders' Agreement, the Company and Falloncroft will be required to provide certain financial assistance to the Disposal Company, namely (i) a shareholder's loan of \$250 million to be contributed by Falloncroft; (ii) the continued provision by the Company of the existing guarantee in respect of the full amount of the Bank Loan; and (iii) a commitment by Falloncroft to fund the Loan Service Advance during the first three years after Completion. Out of the above, the financial assistance envisaged under items (ii) and (iii) will be provided by the Company and Falloncroft on a non-pro-rata basis.

LEASE

As a condition precedent to Completion, New Concordia (as lessor/landlord), the Management Company (being a wholly-owned subsidiary of the Company, as lessee/tenant), and the Company (as the guarantor to the lessee/tenant) shall enter into the Lease, pursuant to which the Management Company shall operate and manage the Property. The term of the Lease is five years, and the Management Company shall pay to New Concordia a monthly base rent and an annual performance rent calculated with reference to the Gross Operating Profit.

LISTING RULES IMPLICATIONS

The Disposal and the Option

As the highest applicable percentage ratio calculated pursuant to Chapter 14 of the Listing Rules is above 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules. The Option, the exercise of which is not at the Company's discretion will, of itself and when aggregated with the Disposal, constitute a very substantial disposal of the Company.

As at the date of this announcement, ITCP, through its indirect wholly-owned subsidiary, Advance Tech, owns 106,110,260 Shares, representing approximately 10.48% of the issued share capital of the Company. ITCP is therefore a substantial shareholder and connected person of the Company. ITCP is also the sole shareholder of Fine Intellect, being one of the Purchasers and the grantee of the Option. As an associate of ITCP, Fine Intellect is also a connected person of the Company. Accordingly, the Disposal, the grant of the Option and the disposal of the Option Interest, constitute connected transactions of the Company under Chapter 14A of the Listing Rules. Accordingly, the Sale and Purchase Agreements and the Option Deed, and the transactions contemplated thereunder are conditional upon the approval of the Independent Shareholders at the SGM.

Shareholders' agreement and financial assistance to the Disposal Company

The Disposal Company will cease to be a subsidiary of the Company and, by virtue of the Shareholders' Agreement, will be operated as a joint venture with effect from Completion. On-going financial assistance to the Disposal Company or any other member of the Disposal Group will constitute a transaction for the purposes of Chapter 14 and a connected transaction for the Company, representing financial assistance to a commonly-held entity for the purposes of Listing Rule 14A.26.

The obligation of the Company and Falloncroft to fund the new shareholder's loan and the commitment to fund the Loan Service Advance will in aggregate amount to a financial commitment of up to HK\$550 million. Together with the continued provision of the existing guarantee in respect of the Bank Loan, one or more of the applicable percentage ratios calculated pursuant to Chapter 14 of the Listing Rules exceed 25%. Accordingly, these funding arrangements constitute a major transaction of the Company, subject to the reporting, announcement and shareholders' approval requirements of Chapter 14 of the Listing Rules. In addition, because of the non-pro-rata nature of some of the financial assistance, namely the Non-exempt Financial Assistance, this element constitutes Chapter 14A financial assistance that is subject to the approval of the Independent Shareholders at the SGM.

Lease

The Lease will be regarded as the acquisition of an asset by the Company for the purposes of Chapter 14 of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the aggregate value of the right-of-use of the Property (calculated by reference to the Monthly Base Rent payable) exceed 100%, the Lease constitutes a very substantial acquisition for the purposes of Chapter 14 of the Listing Rules. It is also treated as a connected transaction for the purposes of Chapter 14A and is subject to the approval of the Independent Shareholders at the SGM.

INFORMATION ON THE REMAINING GROUP

The Company owns 51.76% of Paul Y. Engineering Group Limited, the holding company of the Paul Y. Group. The Paul Y. Group is one of the leading management contractors in Hong Kong and Macau and is principally engaged in civil engineering, building construction and foundation works, project management, manufacturing and trading of construction materials. As originally announced by the Company on 28 June 2017, the Company has agreed to sell all of its interest in the Paul Y. Group to a subsidiary of ITCP (a substantial shareholder of the Company) and a company owned by Mr Chan Fut Yan, an executive director of ITCP, pursuant to respective sale and purchase agreements dated 28 June 2017 (the "**Paul Y. Sale Agreements**"). The Paul Y. Sale Agreements, and transactions contemplated thereunder, were approved by the Company's independent shareholders at a special general meeting of the Company held on 8 May 2018. Completion of the disposal of the Paul Y. Group pursuant to the Paul Y. Sale Agreements is conditional on various conditions precedent, including the consent of the Lender, which remains outstanding. The longstop date for satisfaction of these conditions (or waiver, as applicable) has been extended on a number of occasions, most recently to 31 March 2020 (as announced by the Company on 31 July 2019).

Were the conditions to the Paul Y. Sale Agreements to be satisfied (or waived) prior to satisfaction (or waiver) of the conditions precedent in the Sale and Purchase Agreements, the Directors would not complete the sale of the Paul Y. Group in circumstances where the prospect of the Disposal remained on track. The Directors are aware that completing the disposal of the Paul Y. Group and completing the Disposal would likely result in the Company having an insufficient level of operations and, or assets of insufficient value to sustain the Company's listing. **A failure to demonstrate a sufficient level of operations and assets of sufficient value to support the Company's operations as required pursuant to Listing Rule 13.24 would result in a trading suspension of the Company's shares and the commencement of delisting procedures under Listing Rule 6.10.**

To this end, should the Disposal proceed, the Directors would elect not to proceed with the disposal of the Paul Y. Group unless it were able to implement other appropriate measures satisfactory to the Stock Exchange to preserve the Company's listing status. It is, of course, quite possible that the Paul Y. Sale Agreements will not go unconditional prior to the 31 March 2020 long stop date. They require, amongst other things, Lender consent and certification from another creditor as to its satisfaction of a loan repaid and security released. These conditions are not capable of being waived (and have remained unsatisfied since June 2017). The Directors are not confident that the conditions will be fulfilled by the deadline. Were the Paul Y. Sale Agreements to lapse, the Company would be required to refund aggregate deposits of HK\$179 million to the purchasers and pay aggregate liquidated damages of HK\$32 million.

However, were the Disposal to complete and were the Paul Y. Sale Agreements to go unconditional in all respects and were the Directors not able to demonstrate alternative appropriate measures to preserve the listing status, the Directors would seek to negotiate a settlement agreement with ITCP and the other purchaser to terminate, or subject to compliance with the Listing Rules, amend the Paul Y. Sale Agreements on a mutually agreeable basis, so as to preserve the Company's listing (itself being in the interests of ITCP as one of the Company's substantial shareholders). It is possible, however unlikely in practice, were the Paul Y. Sale Agreements to go unconditional in all respects and were the Company not able to negotiate mutually agreeable termination arrangements, that ITCP and the other purchaser could seek to pursue the equitable remedy of specific performance, being a remedy that rests at the discretion of the courts. The Company would vigorously oppose pursuit of such a remedy. The Directors were advised that the legal principle is that specific performance will not be decreed if there is an adequate remedy in law, and the Company would assert that damages are themselves an adequate remedy and the appropriate remedy envisaged under the Paul Y. Sale Agreements. In any event, the Directors express confidence in their ability to negotiate a satisfactory settlement with ITCP and the other counter party to the Paul Y. Sale Agreements in circumstances where the Company's continuing listing status might be jeopardized by the prospective sale of the Paul Y. Group. In the meantime, the Directors would wish to keep open the possibility of pursuing either transaction lest the other should fail, and see it as entirely appropriate and in the best interests of shareholders that they should do so.

As regards the financial information relevant to the Remaining Group for the purposes of this announcement and the Circular, it has been assumed that the Paul Y. Group will be retained by the Company and will continue to be subsidiary of the Remaining Group.

In addition, the Company will, after Completion, continue to hold an indirect 50% interest in the Disposal Company. Moreover, as detailed in the subsection headed “Lease”, the Management Company, an indirect and wholly-owned subsidiary of the Company, will, on or before Completion, enter into the Lease with New Concordia. The Lease affords the Management Company the continued ability to operate the Hotel and derive revenues from those operations as discussed under the sub-section headed “Reasons for entering into and benefits of the Lease”.

GENERAL

A circular containing, among other things, (i) further information relating to the Disposal, the Option, the Shareholders’ Agreement and the Lease; (ii) a notice convening the SGM; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Sale and Purchase Agreements, the Option Deed, the Non-exempt Financial Assistance contemplated under the Shareholders’ Agreement, and the Lease; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (v) other information as required to be disclosed under the Listing Rules, will be despatched to the Shareholders on or before 24 January 2020, as the Company expects that it will require more time to collate the financial information to be included in the circular.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 15 October 2019 at the request of the Company pending the issue and publication of this announcement. An application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 4 November 2019.

Completion is conditional upon the satisfaction of the condition set out in the section headed “Conditions Precedent” in this announcement. Accordingly, the Sale and Purchase Agreements, the Disposal and the transactions contemplated thereunder may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

I. INTRODUCTION

Reference is made to the announcement of the Company dated 29 January, 2019 in relation to the MOU entered into between the Company and an associate of a substantial shareholder of the Company regarding a potential investment in the Company's subsidiary that beneficially owns the Hotel, the supplemental announcements of the Company in relation to the extension of the expiry date of the MOU; the inside information announcement dated 5 August 2019 updating the progress of the MOU; and the inside information and trading suspension announcement dated 14 October 2019.

The Board announces that, on 14 and 15 October, 2019, the Vendor (an indirect wholly-owned subsidiary of the Company) and the Company entered into respective Sale and Purchase Agreements with the Purchasers, pursuant to which (i) the Vendor has agreed to sell, and the Purchasers have agreed to acquire, the Sale Shares, representing in aggregate 50% of the issued share capital of the Disposal Company; (ii) the Vendor has agreed to assign and the Purchasers have agreed to acquire the Sale Loans, representing 50% of the shareholder's loans owed by the Disposal Company as at Completion, for a total consideration of HK\$750 million; and (iii) the Company has agreed to guarantee the obligations and liabilities of the Vendor under the Sale and Purchase Agreements.

Through the various other agreements contemplated pursuant to the Sale and Purchase Agreements and as described in this announcement the parties have agreed: (i) arrangements for the ongoing conduct of, and financial assistance for the benefit of, the Disposal Company (via the Shareholders' Agreement); (ii) that the Company, through its subsidiary, will lease back the Hotel (via the Lease); and (iii) the Vendor will grant an option to one of the Purchasers to purchase an additional interest of up to 30% of the issued share capital of the Disposal Company, and related shareholder's loans (via the Option Deed).

II. THE SALE AND PURCHASE AGREEMENTS

Sale and Purchase Agreement No. 1:

Date: 14 October, 2019

Parties: (i) Vendor – Falloncroft, an indirectly wholly-owned subsidiary of the Company

(ii) Purchasers –

1. Fine Intellect, a wholly-owned subsidiary of ITCP, a substantial shareholder of the Company. Fine Intellect is therefore a connected person of the Company
2. All Fame, a private company ultimately beneficially owned by Mr Ma. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, All Fame and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

(iii) The Guarantor – The Company

Subject matter: The Sale Shares FI (representing 20% of the issued share capital of the Disposal Company) and Sale Shares AF (representing 20% of the issued share capital of the Disposal Company), representing in aggregate 40% of the issued share capital of the Disposal Company; and the Sale Loan FI (representing 20% of all outstanding amounts owing by the Disposal Company to the Vendor as at Completion) and Sale Loan AF (representing 20% of all outstanding amounts owing by the Disposal Company to the Vendor as at Completion), representing in aggregate 40% of all outstanding amounts owed by the Disposal Company to the Vendor as at Completion.

Consideration: An aggregate of HK\$600 million, apportioned to and payable by Fine Intellect and All Fame as to HK\$300 million each. Pursuant to the Sale and Purchase Agreement No. 1, on signing of the Sale and Purchase Agreement No. 1, each of Fine Intellect and All Fame shall pay a deposit of HK\$15 million into a specified bank account in the name of a wholly-owned subsidiary of ITCP, which will be released upon Completion. The balance (in an aggregate amount of HK\$570 million) shall be payable on Completion. The consideration is subject to adjustment, as described below.

Fine Intellect and All Fame had entered into a single agreement in respect of the Disposal (ie. Sale and Purchase Agreement No. 1) as the terms of their purchase of the relevant Sale Shares and Sale Loans were substantially the same.

Sale and Purchase Agreement No. 2:

Date: 15 October, 2019

Parties: (i) Vendor – Falloncroft

(ii) Purchaser – Ease Link, a wholly-owned subsidiary of CST. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, CST and its substantial shareholders are third parties independent of the Company and connected persons of the Company.

(iii) The Guarantor – The Company

Subject matter: The Sale Shares EL, representing 10% of the issued share capital of the Disposal Company; and the Sale Loan EL, representing 10% of all outstanding amounts owed by the Disposal Company to the Vendor as at Completion.

Consideration: HK\$150 million, comprising a 20% deposit (HK\$30 million) paid on signing of the Sale and Purchase Agreement No. 2; and the balance (HK\$120 million) payable on Completion. The consideration is subject to adjustment, as described below.

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

Without prejudice to any rights or remedies the Vendor or the Purchasers may have under the Sale and Purchase Agreements, none of them is obliged to complete the sale or purchase of the Sale Shares or the assignment of the Sale Loans or any part thereof unless the sale and purchase of the Sale Shares and the assignment of the entire Sale Loans (but not part thereof) are completed simultaneously.

Underlying assets to be disposed of

As at the date of this announcement, the Disposal Company holds the entire issued share capital of Manlink and Challenge Shore, and each of Manlink and Challenge Shore respectively holds 60% and 40% of the issued share capital of New Concordia. New Concordia is in turn the sole beneficial owner of the Property.

Aggregate Consideration

The Consideration, subject to adjustment, is HK\$750 million, and shall be paid by the Purchasers to the Vendor in the following manner:

- (a) deposits in the aggregate sum of HK\$60 million (the “**Deposit**”) shall be paid by the Purchasers upon the signing of the Sale and Purchase Agreements. Out of the Deposit, HK\$30 million (in respect of Sale and Purchase Agreement No. 1) shall, pursuant to the Sale and Purchase Agreement No. 1, be deposited into an account opened in the name of and under the control of a fellow subsidiary of Fine Intellect within the ITCP group of companies, and shall be paid to the Vendor, or to its order, on Completion. The balance of the Deposit, HK\$30 million (in respect of Sale and Purchase Agreement No. 2) has been paid to the Company; and
- (b) the balance of the Consideration, in the aggregate sum of HK\$690 million shall be paid by the Purchasers to the Vendor, or to its order, on Completion (“**Completion Payment**”).

The Consideration shall be adjusted as follows:

- (a) the Vendor shall prepare and deliver to the Purchasers within five business days after the Fulfilment Date the pro-forma Completion Accounts prepared on accounting policies consistent with the audited accounts to the Disposal Company for the year ended and as at 31 March 2019; and the consolidated audited financial statements of the Disposal Company to be included in the Circular. The Vendor and the Purchasers shall use their respective reasonable endeavours and in good faith to attempt to mutually agree the draft pro-forma Completion Accounts before the Completion Date in order to ascertain the Consolidated Liabilities and the Completion Payment. In the event that the Consolidated Liabilities, excluding the Vendor Loan, derived from the draft pro-forma Completion Accounts provided by the Vendor exceed HK\$3,342 million, the Completion Payment shall be reduced by 50% of such excess;
- (b) the Vendor and the Purchasers shall jointly cause the Completion Accounts to be audited and the Consolidated Liabilities to be determined by auditors within sixty (60) days from the Completion Date;
- (c) if the Consolidated Liabilities (excluding the Vendor Loan) as so audited and determined by the auditors exceed the amount used in calculating the Completion Payment paid on Completion, the Vendor shall refund to the Purchasers, in the Purchaser Agreed Proportions, an amount equivalent to 50% of such excess.

Basis of Consideration

The Consideration was determined after arm's length negotiation between the Vendor and the Purchasers with reference to the unaudited adjusted combined net assets of the Disposal Group of approximately HK\$1,356 million as at 31 March 2019 (the "**Unaudited Adjusted Combined Net Assets**") and taking account of the reasons and benefits of the Disposal as detailed in the section headed "Reasons for and benefits of the Disposal". The aforesaid Unaudited Adjusted Combined Net Assets is calculated based on the unaudited consolidated net liabilities of the Disposal Company as at 31 March 2019 of approximately HK\$5,667 million (which had accounted for the Property Valuation Report prepared by the Property Valuer valuing the Property at approximately HK\$4,330 million as at 31 March 2019) and adding back (i) the amount of shareholder's loan owed to Falloncroft of approximately HK\$6,479 million as at 31 March 2019; and (ii) all other liabilities (except the Bank Loan) as at 31 March 2019 of approximately HK\$544 million ("**Pre-Completion Indebtedness**") which shall be fully settled by Falloncroft on or before Completion. The Consideration of HK\$750 million (for 50% interest in the Disposal Group) is less than the value of 50% of the shareholder's loan of approximately HK\$3,240 million as at 31 March 2019 as the Disposal Group recorded a net liability of approximately HK\$5,667 million (50% is HK\$2,834 million) as at 31 March 2019.

In view of the foregoing, the Directors (excluding the independent non-executive Directors who will give their views on the Sale and Purchase Agreements and the Disposal contemplated thereunder after taking into account the advice of the Independent Financial Adviser) consider that the terms of the Sale and Purchase Agreements and the Disposal contemplated thereunder are on normal commercial terms and are fair and reasonable, and the Disposal is in the interests of the Company and its Shareholders as a whole.

Conditions Precedent

The obligation of the Vendor and the Purchasers to effect Completion is conditional upon the following conditions precedent having been fulfilled and satisfied (and, wherever applicable, remaining fulfilled and satisfied):

- (a) the Vendor having delivered to the Purchasers the audited accounts of New Concordia for the year ended 31 March 2019;
- (b) the passing of the requisite resolutions by the shareholders of the Company (other than those, if any, who are required to abstain from voting under the Listing Rules or the applicable laws, rules and regulations) approving the Sale and Purchase Agreements and the transactions contemplated thereunder, including those pursuant to the Option Deed, the Shareholders' Agreement and the Lease, at a general meeting of the Company to be convened for such purpose in compliance with the requirements of the Listing Rules;

- (c) where applicable, the passing of the requisite resolutions by the shareholders of ITCP (other than those, if any, who are required to abstain from voting under the Listing Rules or the applicable laws, rules and regulations) approving the Sale and Purchase Agreement No. 1 and the transactions contemplated thereunder at a general meeting to be convened for such purpose in compliance with the requirements of the Listing Rules;
- (d) where applicable, the passing of the requisite resolution by the shareholders of CST (other than those, if any, who are required to abstain from voting under the Listing Rules or the applicable laws, rules and regulations) approving the Sale and Purchase Agreement No. 2 and the transactions contemplated thereunder, at a general meeting to be convened for such purpose in compliance with the requirements of the Listing Rules;
- (e) the Lender having given its written consent to the sale and purchase contemplated under the Sale and Purchase Agreements, the Lease and the execution of the Release on Completion, either unconditionally or, if subject to condition(s), such condition(s) being acceptable to the Purchasers as each Purchaser may in its sole and absolute discretion determine, and such consent, if given, not having been withdrawn or (except to the extent acceptable to the Purchasers as each Purchaser may in its sole and absolute discretion determine) modified in any manner;
- (f) either (i) the Lender of the Existing Bank Facilities issuing a new facility letter for the Bank Facilities or such other document acceptable to the Purchasers modifying the terms and conditions of the Existing Bank Facilities to, including but not limited to, the deferral on repayment of principal; or (ii) a facility letter having been issued by another financial institution committing to refinance the Bank Loan in full or if less, an amount acceptable to the Purchaser, in each case on terms and conditions and in all respects (including waiver of past defaults and/or breaches) satisfactory to the Purchasers as each of the Purchasers may in its sole and absolute discretion determine, and the relevant facility letter or document not having been withdrawn or terminated or (except to the extent acceptable to the Purchasers as each of the Purchasers may in its sole and absolute discretion determine) modified in any manner;
- (g) all other necessary approvals and processes of the relevant authorities for the entry into and/or implementation of the Sale and Purchase Agreements and the transactions contemplated thereunder, including the Lease, having been fulfilled, obtained and/or complied with by the Group;
- (h) the Reorganisation having been completed to the satisfaction of the Purchasers;

- (i) the Purchasers having obtained a legal opinion by a Macau firm of lawyers in respect of New Concordia and its business and assets (including the Property, the rights and title of New Concordia to the Property and licenses in relation to the operation of the Hotel) and such other matters as the Purchasers may reasonably require, and in such form and substance to the satisfaction of the Purchasers as each Purchaser may in its sole and absolute discretion determine;
- (j) the Purchasers having obtained a legal opinion by a BVI law firm acceptable to the Purchasers on the due execution of the Sale and Purchase Agreements and other documents required to be executed by the Vendor thereunder, their validity and enforceability and such other matters regarding the Vendor and the shares of the Disposal Company, the Disposal Company, Manlink, Challenge Shore, Easy Fix Limited and their respective business and assets as the Purchasers may reasonably require, such legal opinion to be in form and substance to the satisfaction of each Purchaser;
- (k) each Purchaser being satisfied with the results of the due diligence review in its sole and absolute discretion;
- (l) each of the warranties of the Vendor in the Sale and Purchase Agreements being true and accurate and not misleading as at the date of the Sale and Purchase Agreements and remaining true and accurate in all material respects and not misleading as at Completion and on the basis that, unless the context otherwise requires, any express or implied reference in any warranty to the date of the Sale and Purchase Agreements shall be deemed a reference to the Completion Date;
- (m) New Concordia, the Management Company, and the Company having duly executed the Lease, and the Disposal Group having terminated all subsisting arrangements with The 13 Hotel Management Ltd and, where applicable, other subsidiaries of the Company and all other third parties (including the existing tenancies) on terms satisfactory to the Purchasers; and
- (n) no material adverse change (as each Purchaser may in its sole and absolute discretion determine) having occurred.

The Purchasers (in respect of Sale and Purchase Agreement No. 1, by Fine Intellect and All Fame acting jointly, and in respect of Sale and Purchase Agreement No. 2, by Ease Link) may, without prejudice to any of their rights and remedies under the relevant Sale and Purchase Agreement, at their discretion at any time waive in whole or in part any of the conditions precedent, other than the conditions precedent (b) to (e) inclusive and (g), by notice in writing to the Vendor. Neither the Vendor nor the Purchasers may waive the conditions precedent (b) to (e) inclusive or (g).

If any of the conditions precedent are not fulfilled on or before the Long Stop Date and, or the conditions precedent (e), (f), (l) and (n) do not remain fulfilled up to Completion, and are not (as applicable) waived by the Purchasers, the Sale and Purchase Agreements shall automatically terminate, and in such event, the Deposit shall be refunded to the Purchasers without any costs or compensation, and save for the refund of the Deposit and for any antecedent breach of any obligation, none of the parties shall have any claim against the others under the Sale and Purchase Agreements.

Completion

Subject to the fulfilment (or waiver) of all the above mentioned conditions precedent on or before the Long Stop Date, Completion will take place on the 10th business day after the Fulfilment Date, or on such other date as the Vendor and the Purchasers may agree in writing.

Completion of each of the Sale and Purchase Agreements is inter-conditional upon simultaneous completion of the other Sale and Purchase Agreement. Should any Purchaser not proceed to complete, notwithstanding fulfilment (or as applicable waiver) of the conditions precedent and notwithstanding the Vendor's willingness to complete, the Vendor shall be entitled to retain the entire amount of the deposit paid by the defaulting Purchaser in the case of Fine Intellect or All Fame, and where the defaulting Purchaser is Ease Link, 50% of the deposit paid by Ease Link, and the deposits of the non-defaulting Purchasers shall be refunded accordingly.

On Completion, the Vendor and the Purchasers shall advance aggregate additional shareholder loans of HK\$500 million in proportion to their equity holdings in the Disposal Company (the Vendor's share amounting to HK\$250 million) to be applied immediately in reducing the Bank Loan.

Upon Completion, the Disposal Company and its subsidiaries will cease to be subsidiaries of the Group and the financial results of the subsidiaries of the Disposal Company will no longer be consolidated into the financial statements of the Group.

Listing Rules

The Disposal constitutes a very substantial disposal and a connected transaction of the Company as discussed further below, under the heading "Implications under the Listing Rules".

III. THE OPTION

Upon Completion, the Vendor, Fine Intellect (being one of the Purchasers), and the Company propose to enter into the Option Deed pursuant to which the Vendor, as grantor, will grant to Fine Intellect, as grantee, an option to purchase shares representing up to 30% of the issued share capital of the Disposal Company as at the Completion Date and the related percentage of shareholder's loans outstanding as at Completion for a consideration consistent with the pricing under the Sale and Purchase Agreements.

The principal terms of the Option Deed (as agreed under the Sale and Purchase Agreement No. 1) are as follows:

- Parties:
- (i) Falloncroft – as grantor
 - (ii) Fine Intellect – as grantee
 - (iii) The Company – as guarantor of the grantor's obligations
- Subject matter: Shares in the Disposal Company representing up to 30% of the issued share capital of the Disposal Company at Completion, together with the corresponding percentage of shareholder's loans outstanding as at Completion (the "**Option Interest**").
- Duration of the Option: Two (2) years from the date of the Option Deed (i.e. two years from the Completion Date).
- Exerciseable in tranches: Throughout the option period, Fine Intellect, as grantee, may exercise the Option at any time and from time to time, by splitting it into not more than three (3) tranches, provided that, on each exercise, it purchases shares representing five (5)%, or a multiple of five (5)% and the related percentage of shareholder's loans.

- Consideration:** The consideration payable for the shares and related shareholder's loans is determined by reference to the same pricing as provided for in the Sale and Purchase Agreements. Accordingly, were the Option to be exercised for the full 30% interest, Falloncroft would receive consideration of HK\$450 million (assuming no adjustment to the Consideration is applicable to the Disposal). On top of this, Fine Intellect would be required to pay face value for the relevant percentage of the additional shareholder's loan, as advanced by Falloncroft on Completion, as referred to above in the section headed "The Sale and Purchase Agreements" under the sub-section headed "Completion".
- Effect of exercise:** Were the Option to be exercised in full by Fine Intellect and assuming no other changes in the issued share capital of the Disposal Company after Completion, the Company would retain an interest of 20% of the Disposal Company (and the related shareholder's loans).
- Conditionality:** Notwithstanding approval to the Option Deed sought by the Company from Independent Shareholders at the SGM, any exercise of the Option will continue to remain conditional upon:
- (i) ITCP, as the holding company of Fine Intellect, complying with the requirements under the Listing Rules in respect of the exercise of the Option; and
 - (ii) the written consent of the Lender in respect the relevant transfer of interests in the Disposal Company.

Listing Rules

The grant of the Option, the exercise of which is not at the Company's discretion, constitutes, of itself, and when, aggregated with the Disposal, a very substantial disposal of the Company; it would also be a connected transaction of the Company, each as discussed further below, under the heading "Implications under the Listing Rules".

IV. SHAREHOLDERS' AGREEMENT

Pursuant to the Sale and Purchase Agreements, the Purchasers, the Vendor and Uni-Dragon (i.e. the Disposal Company) will enter into the Shareholders' Agreement upon Completion. Under the terms of the Shareholders' Agreement, the shareholders of Uni-Dragon will agree on certain ongoing rights and obligations governing their relationship as shareholders of Uni-Dragon and the management and operation of Uni-Dragon.

The principal terms of the Shareholders' Agreement (as agreed under the Sale and Purchase Agreements) are as follows:

- Parties:
- (i) Falloncroft;
 - (ii) Fine Intellect;
 - (iii) Ease Link;
 - (iv) All Fame; and
 - (v) Uni-Dragon

Business activities of the Disposal Group: The business of Uni-Dragon shall be the holding of the Property and its leasing and, or operation as a hotel and/or with such other businesses or activities on or relating to the Property (whether or not involving a change in use of the Property) as are approved by the majority directors or shareholders of the Disposal Company.

Board and management: The board of the Disposal Company shall consist of up to eight (8) directors.

- (a) Falloncroft shall have the right to nominate and appoint up to three (3) directors provided that if (i) its shareholding percentage falls to 40% or below but remains above 30%, it shall have the right to nominate and appoint up to two (2) directors only; and (ii) if its shareholding percentage in Uni-Dragon shall fall to 30% or below, it shall have the right to nominate and appoint one (1) director only;
- (b) Fine Intellect shall have the right to nominate and appoint up to two (2) directors provided that if (i) its shareholding percentage increases to 30% or above but below 40%, it shall have the right to nominate and appoint up to three (3) directors only; and (ii) if its shareholding percentage increases to 40% or above, it shall have the right to nominate and appoint four (4) directors;
- (c) All Fame shall have the right to nominate and appoint up to two (2) directors; and
- (d) Ease Link shall have the right to nominate and appoint one (1) director.

Questions arising at any meeting of the board of Uni-Dragon shall be decided by a simple majority of votes of the directors present and voting at a duly convened board meeting.

Funding and Financial Assistance for the benefit of the Disposal Group :

Shareholders' Loans

Inclusive of the shareholders' loans advanced on Completion, the aggregate shareholders' loans owing by Uni-Dragon immediately after Completion are expected to be as follows:

Shareholder	Amount owing by Uni-Dragon (HK\$ million)	Percentage of shareholders' loans
Falloncroft	3,539	50%
Fine Intellect	1,415	20%
Ease Link	708	10%
All Fame	1,415	20%
Total	7,077	100%

Guarantee and indemnity arrangements relating to Bank Loan

At present, the Bank Loan is guaranteed solely by the Company. The Company is not given to expect that the existing guarantee will be released by the Lender. However, each of ITCP (on the part of Fine Intellect) and All Fame (but not Ease Link) is expected to provide additional several guarantees in proportion to their (indirect) respective interests in Uni-Dragon on Completion in respect of the Bank Facilities. Moreover, overriding these proposed guarantee arrangements would be the Company's 100% liability for the interest payments, fees expenses, penalties, late payments, and similar charges under the Bank Facilities under the Loan Service Advance (as discussed below under the sub-heading "Company's obligation to service the Bank Loan").

Absent release of the existing guarantee, the Company will remain contingently liable for 100% of the Bank Loan. Were a call to be made on the Company's guarantee, it has been accepted by the Company that neither it nor Falloncroft will have any rights of recourse against, nor claims under indemnities from, the other shareholders. By contrast, were a call to be made on the guarantee put up by ITCP under the Bank Facilities, it would be for Falloncroft (or the Company) to refund to Fine Intellect, a percentage of the called amount equal to the combined equity interests of Falloncroft, Ease Link and All Fame. Should Falloncroft fail in this obligation, Fine Intellect has the right, subject to Lender consent, to require Falloncroft to settle the same by way of a transfer of Uni-Dragon shares (and related shareholder loans), at a price where the numerator is the amount so owing from Falloncroft and the denominator is 80% of the lesser of the fair value of the Uni-Dragon shares and the total amount of shareholders' loan owing by Uni-Dragon. If All Fame is called to pay under its guarantee, there will be no reimbursement from any shareholder rather, the amount will be treated as owing from Uni-Dragon to All Fame.

Any payment to the Lender by any of the guarantors under their respective guarantees will be deemed to represent an advance by the relevant guarantor(s) to Uni-Dragon (each a "**Default Advance**"). All other shareholders' loans (including any Loan Service Advance) will be subordinated to the Default Advance.

Company's obligation to service the Bank Loan.

Whilst it is hoped that the financial resources of the Disposal Group will be sufficient, going forward from Completion, to service all interest payments, fees expenses, penalties, late payments, and similar charges under the Bank Facilities and all other operation costs and expenses of the Disposal Group (excluding capital expenditure unless and to the extent the same is required to re-instate the Property to tenantable condition in circumstances where the tenant has failed to do so), in each case, necessary to avoid default under the Bank Facilities, the Shareholders' Agreement envisages a contingency arrangement should this not be the case. The contingency arrangement requires Falloncroft alone to fund these costs (the "**Loan Service Advance**") on behalf of Uni-Dragon (and all of the other shareholders of Uni-Dragon). These arrangements apply only for the first three (3) years after Completion and a cap on the maximum amount which Falloncroft, in effect, would need to fund has been set at HK\$300 million. Falloncroft's obligation to fund the Loan Service Advance would apply even in circumstances where the Option is exercised, partially or in full.

Any Loan Service Advance required to be funded to Uni-Dragon shall carry interest at the one month deposit rate offered by the Lender for deposit of a similar amount. All other shareholders' loans owing by Uni-Dragon (except for any Default Advance) will be subordinated to the Loan Service Advance.

Save as referred to above, no shareholder shall be obliged to provide any further finance to the Disposal Group or to participate in any guarantee, indemnity or other security with any bank or financial institution for the benefit of the Disposal Group.

Security for Loan
Service Advance and
Default Advance:

In support of Falloncroft's obligation to fund the Loan Service Advance and/or any Default Advance and/or to contribute to any Default Advance made by ITCP/Fine Intellect or All Fame, Falloncroft has agreed to provide security in the form of a pledge of its shares in Uni-Dragon to Fine Intellect for the benefit of it and the other shareholders. In practice this represents a secondary security interest, as the shares are already the subject of a share charge in favour of the Lender in respect of the Bank Facilities.

Consequences of
Falloncroft's failure
to fund the Loan
Service Advance:

The Shareholders' Agreement provides for the prospect, so as to avoid default under the Bank Facilities, of all or any of the other shareholders advancing (but without any obligation on them to do so) some or all of the Loan Service Advance in place of Falloncroft, on the basis that:

- (i) Falloncroft must pay interest to the relevant shareholder(s) on the amount so advanced at the rate of 5% above the prime rate from the date of advance to the date of actual repayment or capitalisation;
- (ii) pending remedy, Falloncroft would not be entitled to attend or vote at general meetings of Uni-Dragon or participate in respect of any matters requiring the consent of shareholders (as identified below under the sub-heading "Voting/Matters requiring approval of shareholders"); and

- (iii) Falloncroft can be compelled, subject to Lender consent, to transfer a percentage of its shares in Uni-Dragon to the other shareholders, or to a new investor nominated by the other shareholders; or Uni-Dragon (on the joint written request of the other shareholders) can be compelled to issue new shares to the other shareholders to capitalise sums advanced by them, thereby diluting Falloncroft's interest in Uni-Dragon. In any such case, the percentage that Falloncroft must sell or by which it would be diluted is calculated as a factor of the relevant Loan Service Advance which Falloncroft has duly failed to advance (the numerator) compared with the total amount of all shareholders' loans advanced to Uni-Dragon x 80% (the denominator). These arrangements are designed as an incentive to ensure that Falloncroft duly advances the Loan Service Advance in the first place.

Voting/Matters
requiring approval
of shareholders :

Certain more material matters including those listed below, require the prior written consent of either (i) three (3) shareholders together holding 60% or more of the issued shares; or (ii) five (5) directors nominated by three (3) different shareholders (one of whom shall, if the shareholding percentage of Fine Intellect is increased to 40% or more, shall be a director nominated by Fine Intellect). The material matters, as referred to above, as might apply to any member of the Disposal Group include, amongst others:

- issuing or agreeing to issue new shares of any class or any loan capital having attached thereto a right of conversion into share capital or granting any options to acquire shares of any class;
- increasing nominal share capital or registered capital, reducing share capital, registered capital or share premium account or capital redemption reserve fund, or sub-dividing or consolidating any of the shares;

- varying, modifying or abrogating any rights attaching to shares;
- issuing any debentures or other securities convertible into shares or debentures;
- amending the constitutional documents of any company in a manner inconsistent with the Shareholders' Agreement;
- other than pursuant to the Bank Facility, creating any encumbrance over the whole or any part of the undertaking, property or assets of the company;
- winding up or liquidating any company (save one that is dormant or inactive) or making any composition or arrangement with its creditors;
- any redevelopment of the Property.

Transfer of shares and shareholders' loans :

No shareholder of Uni-Dragon shall, subject as otherwise provided in the Shareholders' Agreement, transfer, sell, mortgage, charge, assign or otherwise dispose of or encumber the whole or any part of its shareholding in Uni-Dragon or any shareholder's loan(s) due to it, or assign or otherwise purport to deal with the legal or beneficial interest therein or voting rights in respect of the shares without the prior written consent of the other shareholders. No shares may be transferred without the holder thereof also assigning its rights, interest and benefit in the shareholder's loans owing to it (in the case of Falloncroft, excluding any Loan Service Advance).

Right of first refusal :

The non-selling shareholders of Uni-Dragon shall have rights to purchase all but not part only of the relevant shares and the relevant loans from the selling shareholder (in the case of Falloncroft, excluding any Loan Service Advance).

Dividend distribution policy :	The shareholders of Uni-Dragon shall procure that none of the profits of the Disposal Group available for distribution shall be distributed by Uni-Dragon to its shareholders or any of the subsidiary to its immediate shareholder(s) by way of dividend unless adequate provision has been made by Uni-Dragon or the subsidiary in such amount(s) as the board of Uni-Dragon may from time to time deem fit to meet all relevant expenses payable by Uni-Dragon or the subsidiary for any purpose relating to the business or the operation of the Disposal Group.
Event of default :	Event of default (“ Event of Default ”) occurs when a shareholder of Uni-Dragon (the “ Defaulting Shareholder ”) commits among others, material breach of the Shareholders’ Agreement; cessation of business or winding up of the Uni-Dragon shareholder; failure to make required contribution under the Shareholders’ Agreement, and events otherwise stipulated to be an Event of Default in the Shareholders’ Agreement. Upon occurrence of an Event of Default the rights of the Defaulting Shareholder under the Shareholders’ Agreement shall without prejudice to any other rights and remedies the non-defaulting shareholder may have, be forthwith suspended until (if applicable) the Event of Default is remedied or the situation giving rise to such Event of Default ceased to subsist, but the Defaulting Shareholder shall still be bound by the obligations and restrictions hereunder.

Listing Rules

Historically, the Company has built and developed the Hotel on a unilateral basis. By selling interests to the Purchasers and, henceforth, owning the Hotel jointly, the project would, from completion, constitute a joint venture, categorised as a transaction for the purposes of Chapters 14 and 14A of the Listing Rules.

Accordingly, all on-going financial assistance constitutes a transaction for the purposes of Chapter 14 (financial assistance other than to a subsidiary, under Listing Rule 14.04(1)(e)) and a connected transaction for the purposes of Chapter 14A). The latter because Uni-Dragon will be regarded as a “commonly held entity” meaning that its shareholders would include:

- (i) a member of the Group (i.e. Falloncroft); and

- (ii) a connected person, at the issuer level, who could control the exercise of 10% or more of the voting power at a general meeting of Uni-Dragon (i.e. ITCP).

Financial assistance provided by the Company (or any other member of the Remaining Group) to a commonly held entity (i.e. Uni-Dragon or any other member of the Disposal Group) will constitute a connected transaction for the purposes of the Listing Rules, but would be fully exempt if it is conducted:

- (1) on normal commercial terms or better; and
- (2) is proportionate to the equity interest directly held by the listed issuer in the commonly-held entity; and on the basis that any guarantees given by the listed issuer's group are several (and not joint and several).

So far as Uni-Dragon is concerned, shareholders' loans of HK\$500 million will be provided by the shareholders of Uni-Dragon on Completion on a pro-rata basis (the Company's contribution being HK\$250 million), to be applied in reducing the Bank Loan. However, the Shareholders' Agreement substantiates non-pro-rata financial assistance (referred to in this announcement as the "**Non-Exempt Financial Assistance**") in the following circumstances:

- (i) the continuing existence of the 100% guarantee in respect of the Existing Bank Facilities given by the Company, in contrast to the proposed several pro-rata guarantees to be put up by ITCP and All Fame (and the fact that the Bank Loan will be entirely without recourse to Ease Link), and (in the event a call is made on the guarantee put up by ITCP under the Bank Facilities) Falloncroft's obligation to contribute to Fine Intellect a percentage of the called amount equal to the combined equity interests of Falloncroft, Ease Link and All Fame; and
- (ii) Falloncroft's commitment to fund 100% of the Loan Service Advance during the first three (3) years after Completion, as described above in the sub-section headed "Funding and Financial Assistance for the benefit of the Disposal Group – Company's obligation to service the Bank Loan". This non-pro-rata commitment has been capped at an amount of HK\$300 million.

The Directors (excluding for these purposes the independent non-executive Directors) observe that the disproportionate obligation on the part of the Falloncroft to fund more than its pro-rata share of any Loan Service Advance and the Company's disproportionate contingent risk as regards guaranteeing the Bank Loan (and absence of indemnification from the other shareholders) were integral to securing the Purchasers' overall participation in the Disposal. Commercially, it was accepted that the Company, being the sole operator of the Hotel, has better knowledge than the Purchasers of the prospective funding demands of the Disposal Group under the Loan Service Advance and risk of any calls on the Bank Loan by the Lender. On and with effect from Completion, the Company's obligation to fund its pro-rata share of the new shareholder's loan (the Company's share amounting to HK\$250 million), together with its contingent obligation to fund 100% of the Loan Service Advance (in the amount of HK\$300 million) and its guarantee commitment in respect of the Bank Loan of HK\$2,942 million at Completion (or in the event a Refinanced Bank Facility is obtained to refinance the Bank Loan in full or if less, the Company's guarantee commitment in respect of such Refinanced Bank Facility), in aggregate amounting to a financial commitment of HK\$3,492 million, results in one or more of the applicable percentage ratios calculated pursuant to Chapter 14 of the Listing Rules exceeding 25%. As a result, the Company's commitments pursuant the Shareholders' Agreement represent financial assistance constituting a major transaction of the Company. These matters are discussed further below, under the heading "Implications under the Listing Rules".

The Directors (excluding the independent non-executive Directors who will give their views after taking into account the advice of the Independent Financial Adviser) are satisfied that, in all of the circumstances (including the facts (i) that the Company's guarantee in respect of the Bank Loan was in existence long before the Disposal; (ii) that the Company, as the sole operator of the Hotel, has the most knowledge of the business and trading prospects of the Hotel and therefore, of the rental flows to the Disposal Group and capacity to service the Bank Loan; and (iii) that the Company's agreement to fund the Loan Service Advance, if any, was integral to securing the sale of the Sale Shares) the Non-exempt Financial Assistance is fair and reasonable and in the interests of the Company and its shareholders as a whole.

V. LEASE

It is a condition precedent to Completion that the Lease be entered into before Completion. The principal terms of the Lease (as agreed under the Sale and Purchase Agreements) are as follows:

- Parties:
- (i) New Concordia Hotel Limited (Hotel Nova Concordia, Limitada) (as the lessor/landlord);
 - (ii) The Management Company, a member of the Remaining Group (as the lessee/tenant); and
 - (iii) The Company (as the guarantor to the lessee/tenant)

Effective Date: On or immediately prior to the Completion Date

Term: Five (5) years from the effective date of the Lease

Subject matter: The Property

Monthly base rent: The monthly base rent (“**Monthly Base Rent**”) payable in advance, by the tenant to the landlord shall be as follows:

- HK\$3 million per calendar month for the first year;
- HK\$4 million per calendar month for the second year; and
- HK\$5 million per calendar month for the third, fourth and fifth year

Performance rent:

In addition to the Monthly Base Rent, the tenant may be liable to pay to the landlord an annual performance rent (“**Performance Rent**”) calculated as 50% of the difference between the Gross Operating Profit (as summarised below) for the year and the Monthly Base Rent paid for such year (where the annual Gross Operating Profit is a positive figure and exceeds the Monthly Base Rent for such year).

An amount on account of the annual performance rent will (if applicable) be paid after every six months of the term based upon the Gross Operating Profit for that preceding six month period (and extrapolated for the full year). After the full year, the parties will conduct a ‘true-up’ exercise based upon auditor certification of the Gross Operating Profit and the performance rent payable for the full year (with any excess paid being refunded by the landlord and any shortfall being paid by the tenant).

Gross Operating Profit:

All revenue and income from the operations of the Hotel including from lodging, food and beverage outlets, retail and other space in the Hotel and rentals and license fees received from licensees, lessees or concessionaires and proceeds of any business interruption insurance, less all direct operating cost in relation to the Hotel operations and indirect overheads including administrative and general expenses, sales and marketing expenses, property operation and maintenance expenses and utilities expenses, in accordance with GAAP in Hong Kong and the Uniform Systems of Accounts for The Lodging Industry.

Gross Operating Profit does not include proceeds of any financing, interest earned on funds held in any bank account of the tenant, and all non-operating expenses including but not limited to insurance, interest expenses and taxes.

Deposit: The tenant shall, during the term of the Lease maintain with the landlord a security deposit in cash, equivalent to three months of Monthly Base Rent on or before the execution of the Lease as the initial deposit. Additional deposit must be provided on or before the commencement of each consecutive year after the first year of the term of the Lease, being an additional sum of HK\$3 million on top of the initial deposit and the additional sum(s) paid in prior year(s).

Early termination: In the event the Property or any part thereof at any time during the term of the Lease is damaged or destroyed, or a demolition or closure order is made, which is not attributable to the actions or neglect of the tenant, so as to be rendered inaccessible or unfit for occupation or use, then the relevant rent reserved or a fair proportion thereof shall be suspended and cease to be payable as from the date of occurrence until the Property shall again be rendered accessible or fit for occupation, or the order is rescinded or revoked, provided that (a) the date of expiration of the term of the Lease shall not be postponed; (b) the landlord may, but is not obliged to repair or reinstate the Property; and (c) if the Property is not reinstated after 2 months from the occurrence of the damage, destruction or order, either Landlord or the Tenant may give to the other notice in writing to terminate the Lease.

The landlord may give the tenant not less than 6 months' notice in writing to terminate the Lease for redevelopment purposes upon change of use of the Property as requested by the landlord is gazetted.

The Lease shall not be terminated for conditions such as (i) resumption of any part of the Property by the Macau Government or any competent authority in that resumption does not affect the material operation of the Hotel, (ii) any orders, notices, directions, advisory letter or other similar matters from the Macau Government or any competent authority requiring the demolition or reinstatement of works to any part of the Property, and (iii) the existence of any structure, fixtures, alteration and/or building works in any part of the Property which is in breach of any relevant laws, legislation or subsidiary legislation and/or the Land Lease Contract.

Guarantee: The Company, as the primary obligor, guarantees unconditionally and irrevocably the observance and performance by the tenant of all agreements, commitments and undertakings contained in the Lease and agrees to indemnify the landlord in respect of all losses, costs, expenses and damages sustained by reason of or in consequence of any failure of the tenant.

Reasons for entering into and benefits of the Lease

Whilst ownership of the Property will be transferred out of the Group, it is still the intention of the parties that the Company, through the Management Company, should continue to operate the Hotel with the existing team of some 228 hotel management and staff for the benefit of the Company and its shareholders, with or without gaming on site. The entering into of a formal agreement with any concessionaire or sub-concessionaire as operator in respect of any gaming operations in the Hotel continues to remain subject to, amongst other things, the operator making an application and obtaining approval from the Macau Government to conduct gaming operations in the Hotel.

The terms of the Lease were arrived at after arm's length negotiation. The proposed rent, comprising both the Monthly Base Rent and the Performance Rent, were reviewed by the Property Valuer and were considered fair and reasonable under the current market condition.

The Directors (excluding the independent non-executive Directors who will give their views after taking into account the advice of the Independent Financial Adviser) consider that the terms of the Lease (including the Annual Caps) are fair and reasonable and reflect normal commercial terms, in the ordinary and usual course of business for the Company and in the interests of the Company and its shareholders as a whole.

Listing Rules

In accordance with HKFRS 16 “Leases”, as adopted by the Company, the Company will recognise the value of the right-of-use assets on its balance sheet in connection with the lease of the Property. Accordingly, the Lease will be regarded as the acquisition of an asset by the Company under the definition of ‘transaction’ set out in Listing Rule 14.04(1)(a). As the Lease is integral to the Disposal and concerns Fine Intellect (a subsidiary of ITCP) as one of the counterparties, for the purposes of Chapter 14A of the Listing Rules, the Lease will also be treated as a connected transaction of the Company, and be subject to the approval of the Independent Shareholders at the SGM.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the aggregate value of the right-of-use of the Property (calculated by reference to the Monthly Base Rent payable) exceed 100%, the Lease constitutes a very substantial acquisition for the purposes of Chapter 14 of the Listing Rules. The Performance Rent that may be payable is linked to sales and represents expense incurred by the Company in its ordinary and usual course of business. It is accordingly revenue in nature and not subject to Chapter 14.

As the variable Performance Rent will be recorded as an expense by the Company, the Performance Rent will be treated as a continuing connected transaction under Listing Rule 14A.31. The Independent Financial Adviser will be appointed to give its opinion on the Lease in accordance with the Listing Rules and explain why the Lease required a longer period and that it is normal business practice for agreements of this type to be of such duration pursuant to Listing Rule 14A.52.

Annual Caps

In accordance with Chapter 14A of the Listing Rules, the Company is required to set annual caps on the total amount of the Performance Rent, which is a variable sum. The table below sets out the proposed annual caps (the “**Annual Caps**”) for the Performance Rent for each of the 12-month period during the term of the Lease Agreement (assuming that the Completion Date is 1 April 2020, being the latest financial year prior to Long Stop Date of 14 April 2020):

For the period from 1 April 2020 to 31 March 2021	For the period from 1 April 2021 to 31 March 2022	For the period from 1 April 2022 to 31 March 2023	For the period from 1 April 2023 to 31 March 2024	For the period from 1 April 2024 to 31 March 2025
\$85 million	\$113 million	\$139 million	\$164 million	\$176 million

The Annual Caps were determined with reference to the estimated revenue and expenses of the operation of the Hotel for each of the five financial years ended 31 March 2021, 2022, 2023, 2024 and 2025. Further information on the Annual Caps will be provided in the Circular.

VI. INFORMATION ON THE DISPOSAL GROUP, THE PROPERTY AND THE LAND

The Disposal Company, an indirect wholly-owned subsidiary of the Company, is a company incorporated in the BVI with limited liability and is principally engaged in investment holding.

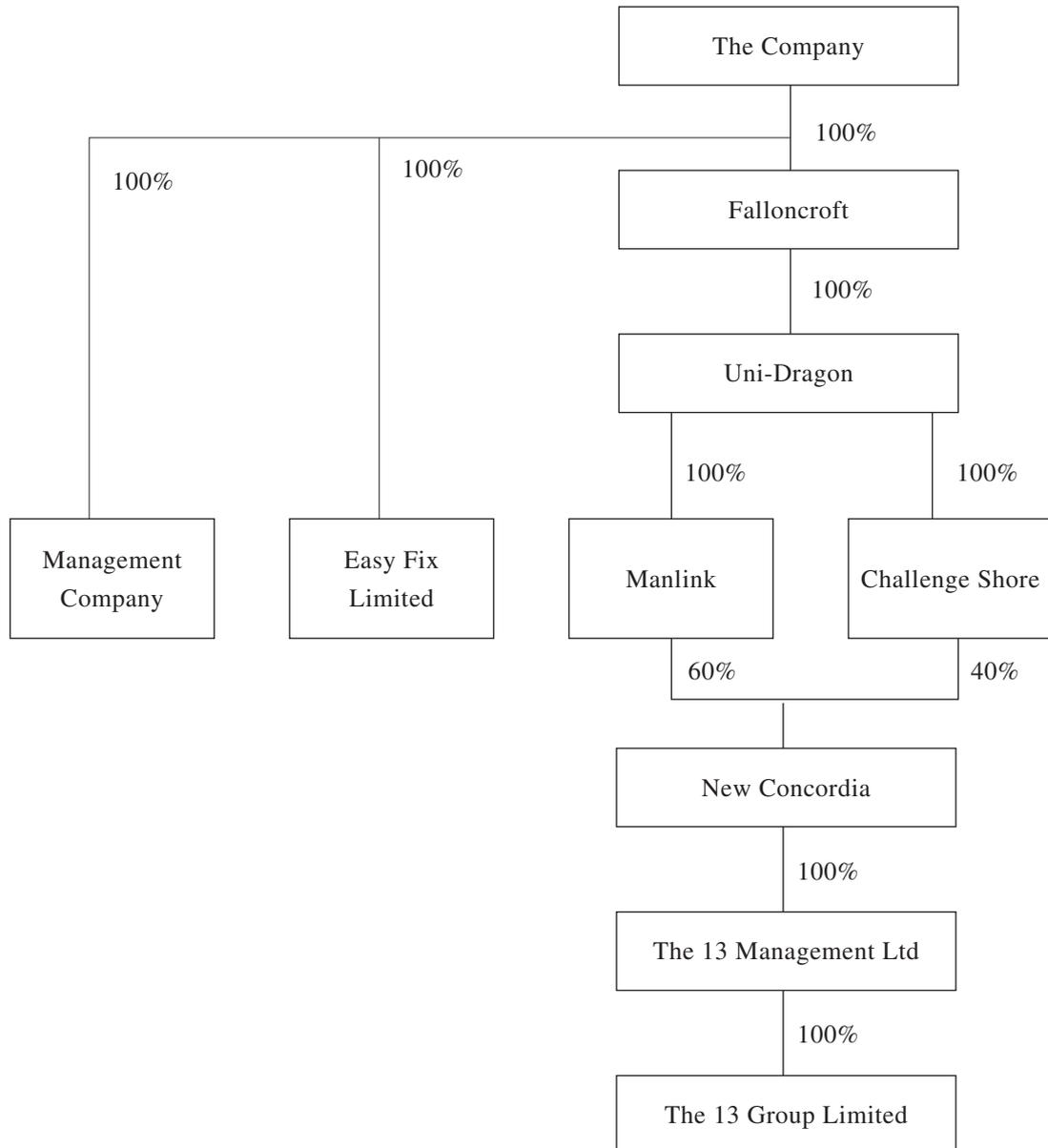
New Concordia, an indirect wholly-owned subsidiary of the Disposal Company, is the beneficial owner of the Property, which comprises of the Land located at Aterro da Concordia and Estrada de Seac Pai Van, s/n, Macau in conjunction with the buildings and developments thereon, including the Property. The Land was acquired through a promissory sales and purchase agreement and power of attorney between Empresa de Fomento Industrial e Comercial Concórdia, S.A. and New Concordia on 5 February 2013. Both the promissory sales and purchase agreement and power of attorney are valid and subsisting, and New Concordia has performed all the terms and agreements thereunder and fully and duly paid all stamp duties payable.

The Land comprises of approximately 6,059 sq. m. on the Cotai Strip of Macau, and the Hotel has a gross floor area of approximately 88,000 sq. m., featuring approximately 200 duplex suites and villas, with designs and furnishings that are representative of the Hotel's niche market position as an ultra-luxury destination.

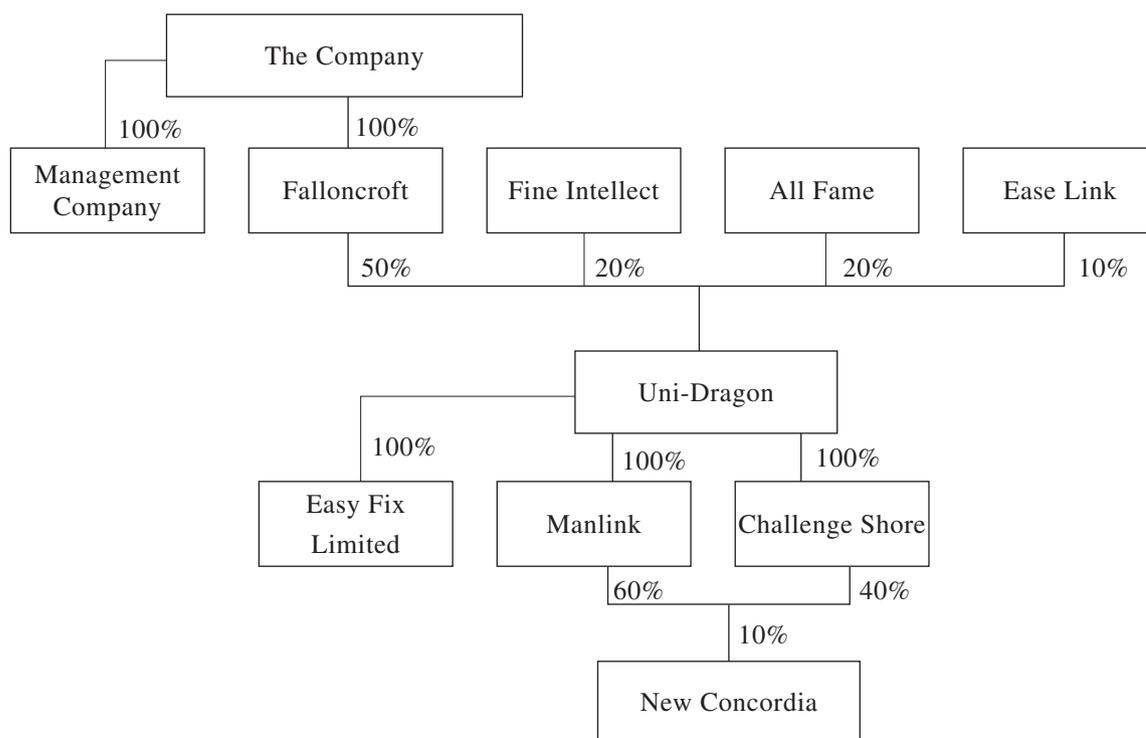
As at the date of this announcement, New Concordia owns the entire equity interests in The 13 Management Ltd, which is the project director for the development of the Property. Easy Fix Limited, an indirect wholly-owned subsidiary of the Company, owns certain FF&E used in the operation of the Hotel. To rationalise the structure of the Disposal Group in anticipation of the Disposal, as a condition precedent under the Sale and Purchase Agreements, Falloncroft shall procure the Reorganisation to be completed prior to Completion such that (i) New Concordia will dispose of its equity interests in and shareholder's loan owing by The 13 Management Ltd; and (ii) the Disposal Company will acquire the entire equity interests in and shareholder's loan owing by Easy Fix Limited. Pursuant to the foregoing, the equity interests in and shareholder's loan owing by The 13 Management Ltd will be disposed to another wholly-owned subsidiary of the Company.

The shareholding structures of the Disposal Group as at the date of this announcement and immediately after Completion are set out below.

(i) As at the date of this announcement



(ii) Immediately after Completion



VII. INFORMATION ON THE PURCHASERS

Fine Intellect is a special purpose vehicle wholly-owned by ITCP, a listed company whose shares are listed on the main board of the Stock Exchange (stock code: 199). ITCP 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 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.

Ease Link is a special purpose vehicle wholly-owned by CST, a listed company whose shares are listed on the main board of the Stock Exchange (stock code: 985). CST is principally engaged in investment holding. The principal activities of its subsidiaries are exploration, development and mining of mineral resources materials, investment of financial instruments, property investment, money lending and e-logistics platform.

All Fame, a company incorporated in the BVI, is principally engaged in investment holding. The ultimate beneficial owner of All Fame is Mr. Ma, a businessman with experience in banking and finance. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, All Fame does not have any relationship with Fine Intellect and/or ITCP.

VIII. FINANCIAL INFORMATION OF THE DISPOSAL GROUP

Set out below is the financial information of the Disposal Group as extracted from its unaudited financial statements for the two years ended 31 March 2018 and 2019 and the five months ended 31 August 2019:

The Disposal Group

	For the year ended		For the five
	31 March		months ended
	2018	2019	31 August
	HK\$ million	HK\$ million	2019
	(Unaudited)	(Unaudited)	HK\$ million
			(Unaudited)
Revenue	0	0	0
Gross Profit	0	0	0
Profit before taxation	(1,299)	(4,368)	(231)
Profit after taxation	(1,299)	(4,368)	(231)

	As at 31 March		As at
	2018		31 August
	2018	2019	2019
	HK\$ million	HK\$ million	HK\$ million
	(Unaudited)	(Unaudited)	(Unaudited)
Total assets	7,194	4,299	4,149
Total liabilities	(8,493)	9,966	(10,048)
Net assets	(1,299)	(5,667)	(5,899)

IX. INFORMATION ON THE GROUP AND THE REMAINING GROUP

The Group

The Company is an investment holding company. The Group is principally engaged in hotel operation, management contracting, property development management and property investment.

The Remaining Group

The Company owns 51.76% of Paul Y. Engineering Group Limited, the holding company of the Paul Y. Group. The Paul Y. Group is one of the leading management contractors in Hong Kong and Macau and is principally engaged in civil engineering, building construction and foundation works, project management, manufacturing and trading of construction materials. As originally announced by the Company on 28 June 2017, the Company has agreed to sell all of its interest in the Paul Y. Group to a subsidiary of ITCP (a substantial shareholder of the Company) and a company owned by Mr Chan Fut Yan, an executive director of ITCP, pursuant to respective sale and purchase agreements dated 28 June 2017 (the

“**Paul Y. Sale Agreements**”). The Paul Y. Sale Agreements, and transactions contemplated thereunder, were approved by the Company’s independent shareholders at a special general meeting of the Company held on 8 May 2018. Completion of the disposal of the Paul Y. Group pursuant to the Paul Y. Sale Agreements is conditional on various conditions precedent, including the consent of the Lender, which remains outstanding. The longstop date for satisfaction of these conditions (or waiver, as applicable) has been extended on a number of occasions, most recently to 31 March 2020 (as announced by the Company on 31 July 2019).

Were the conditions to the Paul Y. Sale Agreements to be satisfied (or waived) prior to satisfaction (or waiver) of the conditions precedent in the Sale and Purchase Agreements, the Directors would not complete the sale of the Paul Y. Group in circumstances where the prospect of the Disposal remained on track. The Directors are aware that completing the disposal of the Paul Y. Group and completing the Disposal would likely result in the Company having an insufficient level of operations and, or assets of insufficient value to sustain the Company’s listing. **A failure to demonstrate a sufficient level of operations and assets of sufficient value to support the Company’s operations as required pursuant to Listing Rule 13.24 would result in a trading suspension of the Company’s shares and the commencement of delisting procedures under Listing Rule 6.10.**

To this end, should the Disposal proceed, the Directors would elect not to proceed with the disposal of the Paul Y. Group unless it were able to implement other appropriate measures satisfactory to the Stock Exchange to preserve the Company’s listing status. It is, of course, quite possible that the Paul Y. Sale Agreements will not go unconditional prior to the 31 March 2020 long stop date. They require, amongst other things, Lender consent and certification from another creditor as to its satisfaction of a loan repaid and security released. These conditions are not capable of being waived (and have remained unsatisfied since June 2017). The Directors are not confident that the conditions will be fulfilled by the deadline. Were the Paul Y. Sale Agreements to lapse, the Company would be required to refund aggregate deposits of HK\$179 million to the purchasers and pay aggregate liquidated damages of HK\$32 million.

However, were the Disposal to complete and were the Paul Y. Sale Agreements to go unconditional in all respects and were the Directors not able to demonstrate alternative appropriate measures to preserve the listing status, the Directors would seek to negotiate a settlement agreement with ITCP and the other purchaser to terminate, or subject to compliance with the Listing Rules, amend the Paul Y. Sale Agreements on a mutually agreeable basis, so as to preserve the Company's listing (itself being in the interests of ITCP as one of the Company's substantial shareholders). It is possible, however unlikely in practice, were the Paul Y. Sale Agreements to go unconditional in all respects and were the Company not able to negotiate mutually agreeable termination arrangements, that ITCP and the other purchaser could seek to pursue the equitable remedy of specific performance, being a remedy that rests at the discretion of the courts. The Company would vigorously oppose pursuit of such a remedy. The Directors were advised that the legal principle is that specific performance will not be decreed if there is an adequate remedy in law, and the Company would assert that damages are themselves an adequate remedy and the appropriate remedy envisaged under the Paul Y. Sale Agreements. In any event, the Directors express confidence in their ability to negotiate a satisfactory settlement with ITCP and the other counter party to the Paul Y. Sale Agreements in circumstances where the Company's continuing listing status might be jeopardized by the prospective sale of the Paul Y. Group. In the meantime, the Directors would wish to keep open the possibility of pursuing either transaction lest the other should fail, and see it as entirely appropriate and in the best interests of shareholders that they should do so.

As regards the financial information relevant to the Remaining Group for the purposes of this announcement and the Circular, it has been assumed that the Paul Y. Group will be retained by the Company and will continue to be subsidiary of the Remaining Group.

In addition, the Company will, after Completion, continue to hold an indirect 50% interest in the Disposal Company. Moreover, as detailed in the subsection headed "Lease", the Management Company, an indirect and wholly-owned subsidiary of the Company, will, on or before Completion, enter into the Lease with New Concordia. The Lease affords the Management Company the continued ability to operate the Hotel and derive revenues from those operations as discussed above under the sub-section headed "Reasons for entering into and benefits of the Lease".

Information on the Management Company

The Management Company is a Macau-incorporated wholly-owned subsidiary of the Company and is the holder of the Hotel operating licences from the Macau Government.

X. FINANCIAL EFFECTS AND USE OF PROCEEDS OF THE DISPOSAL AND THE OPTION

Upon Completion, the Company will hold an indirect 50% interest in the Disposal Company. The Disposal Company will cease to be a subsidiary and will become an associate of the Company and the results of the Disposal Company will no longer be consolidated into the consolidated financial statements of the Company.

As a result of the Disposal, it is estimated that the Remaining Group will record a gain on the Disposal of approximately HK\$72 million, representing the difference in consideration of the Disposal of HK\$750 million and 50% of the Unaudited Adjusted Combined Net Assets (as mentioned under the section “Basis of Consideration”) of the Disposal Group of approximately HK\$678 million as at 31 March 2019.

The Group intends to apply the estimated net proceeds of approximately HK\$740 million from the Disposal in funding its pro-rata share of New Concordia’s obligation to repay sums due in respect of the Loan (such share expected to be not more than HK\$250 million); repaying earnest monies advanced by Orient Town Limited to the Company under the MOU (HK\$70 million); and retiring a part of the Pre-Completion Indebtedness owed by the Disposal Group as mentioned in the section “Basis of Consideration”.

In the event that the option reflected in the Option Deed were to be exercised in full, the Company’s interest in the Disposal Company would fall to 20%. The proceeds realised from the disposal of an additional 30% interest in the Disposal Company, in the anticipated amount of HK\$450 million. The Group would plan to apply the estimated net proceeds of approximately HK\$440 million in repaying outstanding debts.

XI. REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE OPTION

The Company has been developing THE 13 Hotel since 2013 and obtained the Existing Bank Facilities for that purpose. As at 31 August 2019, the outstanding principal amount of the Bank Loan was approximately HK\$2,942 million.

With a pressing need to fund certain amounts due under the Bank Loan and repay other debts owed by the Group, the Directors have taken the decision that this is only achievable by selling a material interest in the Hotel. The consideration from the Disposal is being applied towards these various elements as described in the section headed “Financial effects and use of the proceeds of the Disposal”, and will improve the financial position of the Company. The further consideration deriving from any exercise of the Option will further improve the financial position of the Company.

The Group's strategy after the Disposal

After the Disposal, the Remaining Group will continue to conduct business in Hong Kong and Macau in the construction, hospitality and entertainment business. The Group's strategy after the Disposal is to:

- (a) continue to engage in engineering, construction and foundation works, project management and manufacturing and trading of construction materials through its indirect subsidiary, Paul Y. Engineering Group Limited; and
- (b) continue to manage and maintain a minor ownership of the Hotel.

It is expected that the Disposal will streamline the Group's existing business segments and operations, improve the financial positions and liquidity of the Group and provide investors with greater clarity on the Group's business model, risk and return profile and growth prospects, and sharpen management's strategic focus on the Group's construction and hospitality business.

XII. IMPLICATIONS UNDER THE LISTING RULES

The Disposal and the Option

As the highest applicable percentage ratio calculated pursuant to Chapter 14 of the Listing Rules in respect of the Disposal exceeds 75%, the Disposal, if materialised, will constitute a very substantial disposal of the Company.

Under Listing Rule 14.74, the granting of the Option shall be treated as if the Option had been exercised. As the highest applicable percentage ratio calculated pursuant to Chapter 14 of the Listing Rules in respect of the Option exceeds 75%, the grant of the Option (the exercise of which is not at the discretion of the Company), of itself, and when aggregated with the Disposal, constitute a very substantial disposal of the Company. The Disposal and the Option, individually and collectively are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

At the date of this announcement, Advance Tech, an indirect wholly-owned subsidiary of ITCP, owns 106,110,260 Shares, representing approximately 10.48% of the issued share capital of the Company. ITCP is therefore a substantial shareholder and a connected person of the Company. ITCP is also the sole shareholder of Fine Intellect, being one of the Purchasers and grantee of the Option. As an associate of ITCP, Fine Intellect is also a connected person of the Company.

As the completion of Sale and Purchase Agreement No. 1 and Sale and Purchase Agreement No. 2 are inter-conditional and given that one of the Purchasers is a connected person of the Company, the Disposal under the Sale and Purchase Agreements will be treated as a connected transaction of the Company under Chapter 14A of the Listing Rules. The granting of the Option will also constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Accordingly, the Sale and Purchase Agreement No. 1, Sale and Purchase Agreement No. 2, and the Option Deed, and the transactions contemplated thereunder are conditional upon the approval of the Independent Shareholders at the SGM.

Financial assistance to the Disposal Company

The Disposal Company will cease to be a subsidiary of the Company and, by virtue of the Shareholders' Agreement, will be operated as a joint venture with effect from Completion.

As regards on-going financial assistance to the Disposal Company or any other member of the Disposal Group, this constitutes a transaction for the purposes of Chapter 14 and a connected transaction for the Company, representing financial assistance to a commonly-held entity for the purposes of Listing Rule 14A.26.

The existing and proposed financial assistance given by the Company to or for the benefit of the Disposal Group is discussed above under the heading "Shareholders' Agreement" (and sub-headings "Funding and Financial Assistance for the benefit of the Disposal Group" and "Listing Rules"). In summary, the Company's obligation to fund its pro-rata share of the new shareholder's loan, together with its obligation to fund 100% of the Loan Service Advance, in aggregate amounting to a financial commitment of HK\$550 million and its ongoing guarantee commitment with respect to the Bank Loan, results in one or more of the applicable percentage ratios calculated pursuant to Chapter 14 of the Listing Rules exceeding 25%. Accordingly, these funding arrangements constitute a major transaction of the Company, subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. In addition, because of the non-pro-rata nature of some of the financial assistance, namely the Non-exempt Financial Assistance, this element constitutes Chapter 14A financial assistance that is subject to the approval of the Independent Shareholders at the SGM.

Advances to an entity

The shareholders' loans advanced by the Company (through the Vendor) to the Disposal Company (HK\$3,539 million after Completion), the prospective commitment of the Company as regards the Loan Service Advance (HK\$300 million), and the Company's guarantee commitment in respect of the Bank Loan (HK\$2,942 million as at Completion), all as identified in the section headed "Shareholders' Agreement – Funding and Financial Assistance for the benefit of the Disposal Group", in total representing an aggregate commitment on the Company's part of

approximately HK\$6,781 million, will, on Completion, constitute aggregate “advances to an entity” for the purposes of Listing Rule 13.13; and “financial assistance to an affiliated company” for the purposes of Listing Rule 13.16. Updated disclosure of the aggregate financial assistance to all affiliated companies of the Company will be made in the interim or annual report that follows Completion, in accordance with Listing Rule 13.22.

Lease

The Lease will be regarded as the acquisition of an asset by the Company for the purposes of Chapter 14 of the Listing Rules, and a connected transaction of the Company for the purposes of Chapter 14A of the Listing Rules. The reasons for and consequences of these matters is discussed above under the heading “Lease” (and sub-heading “Listing Rules”).

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the aggregate value of the right-of-use of the Properties (calculated by reference to the Monthly Base Rent payable) exceed 100%, the Lease constitutes a very substantial acquisition for the purposes of Chapter 14 of the Listing Rules, which is subject to the reporting, announcement, and shareholders’ approval requirements under Chapter 14 of the Listing Rules. The Performance Rent that may be payable is linked to sales and represents expense incurred by the Company in its ordinary and usual course of business. It is accordingly revenue in nature and not subject to Chapter 14.

As the Lease is integral to the Disposal and concerns Fine Intellect (a subsidiary of ITCP) as one of the counterparties, for the purposes of Chapter 14A of the Listing Rules, the Lease will be treated as a connected transaction of the Company, and be subject to the approval of the Independent Shareholders at the SGM. The variable Performance Rent will be recorded as expenses by the Company and will be treated as a continuing connected transaction under Listing Rule 14A.31. The Independent Financial Adviser will be appointed to give its opinion on the Lease in accordance with the Listing Rules and explain why the Lease required a longer period and that it is normal business practice for agreements of this type to be of such duration pursuant to Listing Rule 14A.52.

SGM

The SGM will be convened and held to consider and, if though fit, approve the Disposal and the transactions contemplated thereunder, including (a) the Sale and Purchase Agreements, (b) the Shareholders’ Agreement, (c) the Lease (including the Annual Caps), (d) the Non-exempt Financial Assistance, (e) the grant of the Option and (f) the disposal of the Option Interest upon exercise of the Option, as well as (g) the disposal of Falloncroft’s interest in and, where applicable, amounts owing to Falloncroft by, Uni-Dragon upon the exercise by the other shareholder(s) of Falloncroft of its/their respective rights under the Shareholders’ Agreement.

Advance Tech will be required to abstain from voting in respect of the resolution(s) relating to the disposal of the Sale Shares and the Sale Loans, the Option, the Non-exempt Financial Assistance, and the Lease at the SGM. The votes cast on all resolution(s) put to at the SGM will be taken by poll. An Independent Board Committee will be formed to consider the Sale and Purchase Agreements, the Option Deed, the Non-exempt Financial Assistance contemplated under the Shareholders' Agreement and the Lease as to (i) whether the terms thereof are normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned, and whether they are in the interests of the Company and the Shareholders as a whole; and (ii) whether to vote in favour of resolution(s) relating to the Sale and Purchase Agreements, the Option Deed, the Non-exempt Financial Assistance contemplated under the Shareholders' Agreement and the Lease (including the Annual Caps), after taking into account the recommendation of the Independent Financial Adviser to be appointed. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to these matters. None of the Directors have any material interest in the Sale and Purchase Agreements, the Non-exempt Financial Assistance contemplated under the Shareholders' Agreement, the Lease and the Option Deed, and no Directors were required to abstain from voting on the board resolutions approving the respective agreements and the transactions contemplated thereunder.

General

A circular containing, among other things, (i) further information relating to the Disposal, the Option, the Shareholders' Agreement and the Lease; (ii) a notice convening the SGM; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Sale and Purchase Agreements, the Option Deed, the Non-exempt Financial Assistance contemplated under the Shareholders' Agreement and the Lease (including the Annual Caps); (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (v) other information as required to be disclosed under the Listing Rules, will be despatched to the Shareholders on or before 24 January 2020, as the Company expects that it will require more time to collate the financial information to be included in the circular.

XIII. RESUMPTION

At the request of the Company, trading in the Shares has been suspended from 9:00 am on 15 October 2019, pending publication of this announcement. An application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 am on 4 November 2019.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition by the Disposal Company of all the issued shares of and in and shareholder’s loans owing by Easy Fix Limited, a company incorporated in the BVI and an indirect and wholly-owned subsidiary of the Company, which owns the FF&E, prior to Completion
“Advance Tech”	Advance Tech Limited, an indirect wholly-owned subsidiary of ITCP
“All Fame”	All Fame Developments Limited, a company incorporated in the BVI with limited liability
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Bank Facilities”	the Existing Bank Facilities (as may be amended from time to time) or the Refinanced Bank Facilities
“Bank Loan”	the term loan in the outstanding principal amount of approximately HK\$2,942 million (as at 31 August 2019) granted by the Lender to New Concordia in relation to the Existing Bank Facilities
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Challenge Shore”	Challenge Shore Limited, an indirect and wholly-owned subsidiary of the Company
“Circular”	the circular to be despatched to the Shareholders giving details of, among other things, the Disposal, the Option, the Shareholders’ Agreement and the Lease, and containing the notice of the SGM
“Company”	South Shore Holdings Limited (Stock Code: 0577), a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal

“Completion Accounts”	the unaudited management accounts of Uni-Dragon (on a consolidated basis) and each Disposal Group Company, each comprising an income statement for the period from 1 April 2019 to the Completion Date and a statement (or consolidated statement as the case may be) of financial position as at the Completion Date
“Completion Date”	the date on which Completion occurs
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration of HK\$750 million payable by the Purchasers in the Purchaser Agreed Proportions
“Consolidated Liabilities”	the consolidated liabilities of the Disposal Group as at the Completion Date (and immediately prior to Completion) save for those agreed to be settled by the Vendor out of the Consideration proceeds;
“CST”	CST Group Limited (Stock Code: 0985), a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares and the Sale Loans by the Vendor to the Purchasers pursuant to the Sale and Purchase Agreements
“Disposal Company” or “Uni-Dragon”	Uni-Dragon Limited, a company incorporated in the BVI with limited liability and an indirect wholly subsidiary of the Company
“Disposal Group”	the Disposal Company and its subsidiaries, being Manlink, Challenge Shore, New Concordia and Easy Fix Limited (as if the Acquisition has been completed as at date of the Sale and Purchase Agreements)
“Divestment”	the divestment by the Disposal Group to the Remaining Group of all quotas of and in and shareholder’s loans owing by The 13 Management Ltd. prior to Completion
“Ease Link”	Ease Link Investments Limited, a company incorporated in the BVI with limited liability, wholly-owned by CST

“Existing Bank Facilities”	the term loan facility in a principal amount of HK\$3,045 million granted by the Lender to New Concordia with the Company as the present guarantor
“FF&E”	furniture, fixtures and equipment (i.e. movable furniture, fixtures and equipment, such as beds, chairs, tables and cabinets that have no permanent connection to the structure of a building or utilities)
“Fine Intellect”	Fine Intellect Limited, a company incorporated in the BVI with limited liability, and a wholly-owned subsidiary of ITCP
“Fulfilment Date”	the date on which the last outstanding conditions precedent (save and except the conditions (l) and (n) which shall remain fulfilled up to Completion) is fulfilled
“GAAP”	generally accepted accounting principles in Hong Kong
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hotel”	the hotel now erected on the Land and known as ‘THE 13 Hotel’ including all plant and equipment and all fixtures, fittings and furnishings associated with the hotel
“Independent Board Committee”	the independent committee of the Board, comprising five independent non-executive Directors, namely Ir James Chiu, Professor Lee Chack Fan, Mr Iain Ferguson Bruce, Mr Francis Goutenmacher and Mr Chan Kok Chung, Johnny, to be established to give a recommendation to the Independent Shareholders in respect of the Disposal
“Independent Financial Adviser”	an independent financial adviser to be appointed by the Company with the approval of the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders on the terms of the Disposal
“Independent Shareholders”	Shareholders other than ITCP and its associates (as defined in the Listing Rules)

“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons and their respective associates
“ITCP”	ITC Properties Group Limited (Stock Code: 0199), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange, and a substantial shareholder of the Company
“Land”	the parcel of land known as “Lote 1”, located at Aterro da Concordia and Estrada de Seac Pai Van, s/n Macau with the area of 6,059 sq. m., registered in Macau Real Estate Registry under no. 23268 and registered in the name of Concord Industrial and Commercial Development Enterprise, Limited inscription no. 32548F
“Lease”	a lease of the Property to be entered into on or before Completion between New Concordia as landlord, the Management Company as tenant and the Company as guarantor for the tenant for a term of 5 years commencing from the Completion Date;
“Lender”	the lending bank in relation to the Bank Loan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date falling on the expiry of (i) in respect of condition precedent (a), one (1) month from date of the first signed Sale and Purchase Agreement, being 14 November 2019, or such other date as the Vendor and the Purchasers may agree in writing; and (ii) in respect of other conditions precedent, six (6) months from the date of the first signed Sale and Agreement, being 14 April 2020, or such other date as the Vendor and the Purchasers may agree in writing
“Macau Government”	the government of Macau
“Macau”	the Macau Special Administrative Region of the PRC
“Management Company”	The 13 Hotel Management Ltd., a company incorporated in Macau with limited liability and an indirect wholly-owned subsidiary of the Company, or such other member of the Remaining Group as is holding the relevant licences to operate the Hotel on Completion

“Manlink”	Manlink Limited, an indirect and wholly-owned subsidiary of the Company
“MOU”	the memorandum of understanding dated 4 January, 2019, as amended and supplemented from time to time entered into between the Company and Orient Town Limited in respect of a potential investment in New Concordia
“Mr. Ma”	Mr. Ma Ting Hung, the ultimate beneficial owner of All Fame, and an Independent Third Party
“New Concordia”	Hotel Nova Concordia, Limitada (New Concordia Hotel Limited), a company incorporated in Macau with limited liability which is beneficially owned 60% as to Manlink and 40% as to Challenge Shore. It is in turn the sole beneficial owner of the Property
“Non-exempt Financial Assistance”	the incidences of financial assistance proposed to be provided by the Company to or for the benefit of the Disposal Group as described in this announcement under the heading “Shareholder’s Agreement” (and sub-heading “Listing Rules”) and which would not qualify as fully exempt for the purposes of Listing Rules 14A.89
“Option”	the option, exercisable by Fine Intellect, to purchase shares representing up to 30% of the issued share capital of the Disposal Company as at Completion, and the related percentage of shareholder’s loans owed by the Disposal Company, on the terms of the Option Deed
“Option Deed”	the deed proposed to be entered into on Completion between, the Vendor, as grantor, Fine Intellect, as grantee, and the Company, as grantor guarantor, of the Option
“Paul Y. Group”	Paul Y. Engineering Group Limited and its subsidiaries, currently part of the Remaining Group
“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, Macau and Taiwan
“Property”	the Land and the constructions erected on it, including the Hotel

“Property Valuation Report”	the property valuation report dated 26 July 2019 in relation to the valuation of the Property as at 31 March 2019 (being the last financial year end of the Company) issued by the Property Valuer
“Property Valuer”	Greater China Appraisal Limited, the independent property valuer appointed by the Company to value the Property and assess the terms of the Lease
“Purchaser Agreed Proportions”	the proportions in which the Purchasers have agreed to acquire the Sale Shares and assume the Sale Loans, being as to: <ul style="list-style-type: none"> (i) 40% on the part of Fine Intellect; (ii) 20% on the part of Ease Link; and (iii) 40% on the part of All Fame
“Purchasers”	Fine Intellect, Ease Link and All Fame
“Release”	the release duly executed by the Lender to release the security interests created on the Sale Shares under a share charge dated 11 April 2014 executed by the Vendor in favour of the Lender in relation to the Existing Bank Facilities;
“Remaining Group”	the Group, excluding the Disposal Group
“Reorganisation”	the Acquisition and the Divestment
“Refinanced Bank Facility”	the new facility to refinance the Existing Bank Facilities referred to in condition precedent (f) of the section headed “Conditions Precedent” above
“Sale and Purchase Agreement No. 1”	the conditional Sale and Purchase Agreement dated 14 October, 2019 entered into between the Vendor, the Company, All Fame, and Fine Intellect relating to the Sale Shares FI, the Sale Shares AF, the Sale Loan FI and the Sale Loan AF
“Sale and Purchase Agreement No. 2”	the conditional Sale and Purchase Agreement dated 15 October, 2019 entered into between the Vendor, the Company and Ease Link relating to the Sale Shares EL and Sale Loan EL

“Sale and Purchase Agreement(s)”	Sale and Purchase Agreement No. 1 and Sale and Purchase Agreement No. 2
“Sale Loan AF”	20% of all outstanding amounts owing by the Disposal Company to the Vendor as at Completion, to be assigned to All Fame pursuant to Sale and Purchase Agreement No. 1
“Sale Loan EL”	10% of all outstanding amounts owing by the Disposal Company to the Vendor as at Completion, to be assigned to Ease Link pursuant to Sale and Purchase Agreement No. 2
“Sale Loan FI”	20% of all outstanding amounts owing by the Disposal Company to the Vendor as at Completion, to be assigned to Fine Intellect pursuant to Sale and Purchase Agreement No. 1
“Sale Loan(s)”	the Sale Loan AF, the Sale Loan EL and the Sale Loan FI
“Sale Shares AF”	200 shares in the Disposal Company, representing 20% of the issued share capital of the Disposal Company, to be acquired by All Fame pursuant to Sale and Purchase Agreement No. 1
“Sale Shares EL”	100 shares in the Disposal Company, representing 10% of the issued share capital of the Disposal Company, to be acquired by Ease Link pursuant to Sale and Purchase Agreement No. 2
“Sale Shares FI”	200 shares in the Disposal Company, representing 20% of the issued share capital of the Disposal Company, to be acquired by Fine Intellect pursuant to Sale and Purchase Agreement No. 1
“Sale Share(s)”	the Sale Shares AF, the Sale Shares EL and the Sale Shares FI
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held at which resolution(s) will be proposed to consider, and, if thought fit, to approve, among other things, the Disposal, the Option Deed, the Shareholders’ Agreement, the Lease, and the transactions contemplated thereunder

“Share(s)”	ordinary share(s) of HK\$0.20 each in the aggregate nominal amount of the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholders’ Agreement”	the shareholders’ agreement in respect of the Disposal Company to be entered into between the Disposal Company, the Vendor and the Purchasers on Completion in accordance with the Sale and Purchase Agreements
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning ascribed to it under the Listing Rules
“Vendor” or “Falloncroft”	Falloncroft Investments Limited, an indirect and wholly-owned subsidiary of the Company
“Vendor Loan”	all amounts owing by the Disposal Company to the Vendor as at Completion, including any interest accrued but unpaid
“%”	per cent

By order of the Board South
Shore Holdings Limited
Mui Ching Hung, Joanna
Company Secretary

Hong Kong, 1 November, 2019

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

Mr Peter Lee Coker Jr.	:	Chairman (Executive Director)
Mr Lau Tom Ko Yuen	:	Deputy Chairman (Executive Director)
Mr Walter Craig Power	:	Non-Executive Director
Ir James Chiu, OBE, <i>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