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德祥地產集團有限公司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 199)

**DISCLOSEABLE TRANSACTION
RELATING TO THE PAYMENT OF EARNEST MONEY
FOR THE POSSIBLE ACQUISITION OF 25% EFFECTIVE
INTEREST IN A HOTEL PROJECT IN CANADA**

THE MOU

The Board is pleased to announce that, after trading hours of the Stock Exchange on 28th April, 2016, ITCP Overseas (an indirect wholly-owned subsidiary of the Company) and the JV Co entered into the MOU in respect of the Possible Investment. Pursuant to the MOU, among other things, (i) the JV Co granted to ITCP Overseas an exclusivity period from the date of the MOU to whichever is later of (a) the date of completion of the Formal Agreements, if any; or (b) the date of termination or expiration of the MOU; and (ii) ITCP Overseas paid the Earnest Money of approximately HK\$256.6 million to the JV Co. The Earnest Money shall be applied as ITCP Overseas's deposit for the consideration for the Possible Investment in the event that the Formal Agreements materialise, but shall be refunded to ITCP Overseas within fourteen (14) days if the MOU is terminated in accordance with the terms thereof or if the Formal Agreements are not entered into by the expiry date of the MOU. The MOU is not legally binding on the parties in respect of the entering into of the Formal Agreements or the Possible Investment or any other transaction, but is legally binding on the parties in respect of the Earnest Money, expiry date, expenses, exclusivity, confidentiality and governing law. As at the date of this announcement, the JV Co indirectly and beneficially owns the entire interest in the Hotel Project.

LISTING RULES IMPLICATIONS

The payment of the Earnest Money under the MOU constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

In case binding transaction document(s) has been entered into by the Company or its subsidiary in respect of the Possible Investment, further announcement(s) will be made by the Company in respect thereof in accordance with the requirements of the Listing Rules.

As no binding agreement has been entered into in respect of the Possible Investment, which may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

* For identification purpose only

ITCP Overseas intends to invest in the JV Co as a joint venture partner with Caufield and possibly one other investor to be mutually agreed between the parties (the “**Co-investor**”) by acquiring a 25% effective interest in the Hotel Project (the “**Possible Investment**”). To facilitate continuing negotiations between ITCP Overseas and the JV Co on the Possible Investment, ITCP Overseas and the JV Co entered into the MOU.

THE MOU

Date:

28th April, 2016 (after trading hours of the Stock Exchange)

Parties:

- (i) ITCP Overseas (an indirect wholly-owned subsidiary of the Company); and
- (ii) the JV Co.

The JV Co and its subsidiaries are principally engaged in hotel investment in Vancouver, Canada as owner of the Hotel Project. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the JV Co and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Exclusivity:

The JV Co undertakes that during the period commencing from the date of the MOU to the later of:

- (a) the date of completion of the Formal Agreements, if any; or
- (b) the date of termination or expiration of the MOU,

save for the Co-investor, the JV Co shall not and shall procure that its subsidiaries shall not, either directly or indirectly (i) solicit or initiate the submission of any proposal from, or enter into negotiations with, any other party, whether a legal entity or an individual; or (ii) actively respond to any proposal or invitation to enter into negotiations from any third party, whether a legal entity or an individual; or (iii) enter into any agreement or arrangement with any third party, whether or not such agreement or arrangement would take place during or after the date of the MOU, relating to the Hotel Project or any part thereof (and whether directly or indirectly through any transaction concerning the company(ies) holding the Hotel Project).

Earnest Money:

ITCP Overseas shall pay to or to the order of the JV Co a refundable earnest money of approximately HK\$256.6 million (the “**Earnest Money**”) upon signing of the MOU. The Earnest Money has been so paid by ITCP Overseas.

The Earnest Money shall be applied as ITCP Overseas's deposit for the consideration for the Possible Investment upon signing of the Formal Agreements.

In the event that (i) no Formal Agreements are entered into on or before 31st May, 2016 or such later date as the parties may agree in writing; or (ii) the MOU is being terminated by ITCP Overseas, the JV Co shall forthwith, and in any event within fourteen (14) days from the date of the relevant event, refund the Earnest Money to ITCP Overseas.

Expiry Date:

The MOU shall expire on 31st May, 2016 or upon the execution of the Formal Agreements, whichever is the earlier unless extended by the parties in writing.

Termination:

ITCP Overseas may, at its sole and absolute discretion, at any time prior to the expiry date of the MOU, without incurring any liability of whatsoever nature to the JV Co, terminate the MOU and/or the negotiations relating to the subject matter of the MOU.

The MOU is not legally binding on the parties in respect of the entering into of the Formal Agreements or the Possible Investment or any other transaction, but is legally binding on the parties in respect of the Earnest Money, expiry date, expenses, exclusivity, confidentiality and governing law.

INFORMATION ON THE JV CO

As at the date of this announcement, the JV Co, a wholly-owned subsidiary of Caufield, beneficially owned the Hotel Project through its wholly-owned subsidiaries. If the Formal Agreements materialise, among other things, the Possible Investment is intended to be through subscription of new shares representing 25% of the total issued share capital of the JV Co with Caufield holding not less than 50% and ITCP Overseas holding not less than 25% of the JV Co.

REASONS FOR ENTERING INTO THE MOU

The Company is an investment holding company and its subsidiaries are principally engaged in property development and investment in Macau, the PRC, Hong Kong and Canada. The Group is also engaged in the development, investment and operation of hotels and leisure business in the PRC and Hong Kong, securities investments and the provision of loan financing services.

The MOU provides the Group an opportunity of investment in a reputable hotel located in a major city in Canada which may enlarge the Group's hotel property portfolio and broaden its recurring income stream.

Based on the above, the Directors are of the view that the terms of the MOU (including the payment of the Earnest Money) are fair and reasonable and the entering into of the MOU is in the interests of the Company and the Shareholders as a whole.

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In case binding transaction document(s) has been entered into by the Company or its subsidiary in respect of the Possible Investment, further announcement(s) will be made by the Company in respect thereof in accordance with the requirements of the Listing Rules.

As no binding agreement has been entered into in respect of the Possible Investment, which may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of the Directors
“BVI”	the British Virgin Islands
“Caufield”	Caufield Investments Limited, a limited liability company incorporated under the laws of the BVI
“Company”	ITC Properties Group Limited (Stock Code : 199), a company incorporated in Bermuda with limited liability and the issued Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Formal Agreements”	the subscription agreement and shareholders’ agreement to be entered into between, inter alia, ITC Overseas and the JV Co in relation to the Possible Investment
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hotel”	a reputable hotel located in British Columbia, Canada
“Hotel Project”	the Hotel and certain associated land

“ITCP Overseas”	ITC Properties (Overseas) Limited, a company incorporated in the BVI and an indirect wholly-owned subsidiary of the Company
“JV Co”	Bayshore Ventures JV Ltd., a company incorporated in the BVI which is a direct wholly-owned subsidiary of Caufield as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“MOU”	the memorandum of understanding dated 28th April, 2016 entered into between ITCP Overseas and the JV Co with respect to the Possible Investment
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
ITC Properties Group Limited
Cheung Hon Kit
Chairman

Hong Kong, 28th April, 2016

As at the date of this announcement, the Directors are as follows:

Executive Directors:

Mr. Cheung Hon Kit (*Chairman*)

Mr. Chan Fut Yan (*Managing Director*)

Mr. Cheung Chi Kit

Mr. Chan Yiu Lun, Alan

Mr. Wong Lai Shun, Benny

Independent Non-executive Directors:

Hon. Shek Lai Him, Abraham, *GBS, JP* (*Vice Chairman*)

Mr. Kwok Ka Lap, Alva

Mr. Chan Pak Cheong Afonso