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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
IN RELATION TO THE DISPOSAL OF THE ENTIRE EQUITY
INTEREST IN AND SHAREHOLDER'S LOAN TO
LINKTOP LIMITED**

THE DISPOSAL AGREEMENT

The Board announces that after trading hours of the Stock Exchange on 13th December, 2011, the Vendor entered into the Disposal Agreement with the Purchaser whereby the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Share and the Sale Loan at an aggregate consideration of RMB230.0 million (equivalent to approximately HK\$279.6 million). The Sale Share represents the entire issued share capital of Linktop which indirectly holds 45% effective interest in the Guizhou JV.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal are above 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

The Board announces that after trading hours of the Stock Exchange on 13th December, 2011 the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser in relation to the disposal by the Vendor of the Sale Share and the Sale Loan. The principal terms of the Disposal Agreement are set out below.

* *For identification purpose only*

THE DISPOSAL AGREEMENT

Date: 13th December, 2011 (signed after trading hours of the Stock Exchange)

Parties:

- (i) Vendor: ITC Properties Investment (China) Limited, being the vendor of the Sale Share and the Sale Loan. The principal activity of the Vendor is investment holding; and
- (ii) Purchaser: Giant Soar Limited, being the purchaser of the Sale Share and the Sale Loan, is beneficially wholly-owned by Mr. Sun. The principal activity of the Purchaser is investment holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Mr. Sun being one of the beneficial owners of Hong Neng which owns 55% equity interest in the Guizhou JV, the Purchaser and its ultimate beneficial owner, i.e. Mr. Sun, are third parties independent of the Company and its connected persons and are not connected persons of the Company.

Assets to be disposed of:

The assets to be disposed of comprise (i) the Sale Share, being one (1) share of US\$1 in the issued share capital of Linktop, representing the entire issued share capital of Linktop as at the date of this announcement and on Completion; and (ii) the Sale Loan. The principal amount of the Sale Loan was approximately HK\$205.01 million as at the date of the Disposal Agreement.

Consideration:

The aggregate consideration for the Sale Share and the Sale Loan is RMB230.0 million (equivalent to approximately HK\$279.6 million) which shall be apportioned as follows:

- (i) the portion of the Consideration attributable to the Sale Loan shall be equal to the face value of the Sale Loan; and
- (ii) the balance of the Consideration shall be attributable to the Sale Share.

The Consideration has been/shall be paid by the Purchaser in cash in the following manner:

- (i) an aggregate of RMB85.0 million (equivalent to approximately HK\$101.5 million) (the "**Deposit**") has been paid prior to the signing of the Disposal Agreement, which has been converted as deposit upon signing of the Disposal Agreement; and
- (ii) the balance of the Consideration, i.e. RMB145.0 million (equivalent to approximately HK\$178.1 million at the exchange rate of 1.2283 as at the date of this announcement) shall be paid on Completion in Hong Kong dollars at the median of the exchange rate for Hong Kong dollars as quoted by the China Foreign Exchange Trade System for seven (7) Business Days prior to the date of Completion.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to, among other things, the net asset value before the Sale Loan of the Linktop Group as at 31st October, 2011 of approximately HK\$198.3 million. The Directors consider that the Consideration is fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

Completion:

Completion shall take place on the date falling three (3) months from the date of the Disposal Agreement or such other date as the Vendor and the Purchaser may mutually agree in writing.

If Completion does not take place due to the default of the Purchaser, the Vendor shall be entitled to forfeit HK\$30.0 million of the Deposit without prejudice to its right to claim against the Purchaser for any further loss and damages and the balance of the Deposit shall be retained by the Vendor on account of such loss and damages. If the defaulting party is the Vendor, the Vendor shall within three (3) Business Days after receiving written refund notice from the Purchaser refund to the Purchaser the Deposit without interest but without prejudice to any further claim the Purchaser may have arising from the Vendor's breach. If the Vendor delays in refunding the Deposit, the Purchaser is entitled to charge interest on the overdue sum from the due date to the date of actual payment at the prime lending rate as quoted by The Hongkong and Shanghai Banking Corporation Limited. The aforesaid refund and/or payment shall be made in Hong Kong dollars at the agreed exchange rate of RMB1 = HK\$1.1817.

INFORMATION ON THE LINKTOP GROUP

Linktop is an investment holding company incorporated in the BVI with limited liability. Its sole asset is its entire interest in Hong De Properties. Hong De Properties is a company incorporated in Hong Kong with limited liability and a special purpose vehicle established for the purpose of holding 45% interest in the Guizhou JV, a sino-foreign joint venture company established in the PRC with limited liability. As at the date of the Disposal Agreement and this announcement, the Guizhou JV is owned as to 45% by Hong De Properties and 55% by Hong Neng.

The Guizhou JV is principally engaged in the development and management of a hot spring and resort project in Guiyang City, Guizhou Province, the PRC. The Guizhou JV owns several parcels of land through public listing and bidding process in Wudang District, Guiyang City, Guizhou Province, the PRC with a total site area of approximately 697,746 m² (the "Land") which preliminary maximum plot ratio for development is in the range of 1.0 to 1.5. The Land is intended to be developed for residential, commercial, cultural, recreational and resort uses which construction work is being carried out by phases as at the date of this announcement.

Set out below is the unaudited consolidated financial information of the Linktop Group for the two years ended 31st March, 2010 and 2011 respectively, which have been prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended	
	31st March,	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	–	–
Loss before taxation	7,609	1,643
Loss after taxation	7,609	1,643

The unaudited consolidated net liabilities of the Linktop Group as at 31st March, 2011 amounted to approximately HK\$8.4 million.

REASONS FOR THE DISPOSAL

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

The net proceeds from the Disposal, being the Consideration net of relevant expenses, are estimated to be approximately HK\$279.6 million. The Company intends to apply such net proceeds for the Group's general working capital.

Based on the unaudited consolidated accounts of the Linktop Group as at 31st October, 2011, an unaudited capital gain of approximately HK\$81.3 million is expected to arise from the Disposal, which is calculated with reference to the net proceeds from the Consideration of approximately HK\$279.6 million less the carrying value attributable to the Sale Share and the Sale Loan as at 31st October, 2011 included in the Group's accounts in the net amount of approximately HK\$198.3 million. Shareholders and investors should note that the exact amount of capital gain on the Disposal is to be determined with reference to the fair value attributable to the Sale Share and the Sale Loan as at the date of Completion.

The Directors consider that the Disposal provides the Group with a good opportunity to realize a satisfactory return, representing approximately 39.6% on the Group's relevant cost of investment in Linktop and which will generate cash inflow to the Group. After the Disposal, Linktop will cease to be a subsidiary of the Company and the Group will cease to have any interest in the Linktop Group.

Based on the above, the Board considers that the entering into of the Disposal Agreement is in the interests of the Company and the Shareholders as a whole and the terms of the Disposal Agreement are on normal commercial terms and are fair and reasonable.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal are above 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Board”	the board of the Directors
“Business Day(s)”	a day (other than Saturday, Sunday and other general holidays in Hong Kong and/or the PRC and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m.) on which the licensed banks in Hong Kong and the PRC are generally open for business
“BVI”	the British Virgin Islands
“Company”	ITC Properties Group Limited, a company incorporated in Bermuda with limited liability, the issued Shares (Stock Code : 199) of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Share and the Sale Loan under the Disposal Agreement
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Consideration”	the aggregate consideration for the Sale Share and the Sale Loan pursuant to the terms and conditions of the Disposal Agreement
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Share and the Sale Loan by the Vendor to the Purchaser pursuant to the terms and conditions of the Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement dated 13th December, 2011 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Sale Share and the Sale Loan
“Group”	the Company and its subsidiaries

“Guizhou JV”	貴州宏德置業有限公司 (Guizhou Hong De Real Estate Co., Ltd.), a sino-foreign joint venture company incorporated in the PRC with limited liability
“Hong De Properties”	Hong De Properties (Hong Kong) Company Limited (formerly known as ITC (China) Properties Group Limited), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of Linktop
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Neng”	貴州宏能溫泉旅游開發有限公司 (Guizhou Hong Neng Hot Spring Resort Tourism Development Company Limited), a company incorporated in the PRC with limited liability
“Linktop”	Linktop Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Vendor prior to Completion
“Linktop Group”	Linktop and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Mr. Sun”	Mr. Sun Yong Lin (孫永林先生), the sole beneficial owner of the Purchaser
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purpose of this announcement
“Purchaser”	Giant Soar Limited, a company incorporated in the BVI with limited liability
“Sale Loan”	all the shareholder’s loans due from Linktop to the Vendor as at Completion
“Sale Share”	the one (1) share of US\$1 in the capital of Linktop, representing the entire issued share capital of Linktop as at the date of this announcement and as at Completion
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor”	ITC Properties Investment (China) Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	percentage
“m ² ”	square metre(s)

For ease of reference, the names of companies and entities established in the PRC have been included in this announcement in both Chinese and English languages and the English names of these companies and entities are either English translation of their respective official Chinese names or English tradenames used by them. In the event of any inconsistency between the English names and their respective official Chinese names, the Chinese names shall prevail.

By order of the Board
ITC Properties Group Limited
Yan Ha Hung, Loucia
Company Secretary

Hong Kong, 13th December, 2011

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

Non-executive Director:

Mr. Ma Chi Kong, Karl

Independent non-executive Directors:

Hon. Shek Lai Him, Abraham, SBS, JP (*Vice Chairman*)
Mr. Wong Chi Keung, Alvin
Mr. Kwok Ka Lap, Alva