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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 ACQUISITION OF
FURTHER INTEREST IN A JOINT VENTURE**

The Board announces that on 2nd September, 2008, Maxter, an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with United Sun whereby Maxter agreed to acquire from United Sun the Sale Share (representing 50% of the issued share capital of Keen Step) for a cash consideration of HK\$1.

Prior to the Acquisition Agreement, Maxter held a 50% interest in Keen Step. After completion of the Acquisition Agreement which took place immediately after signing, Keen Step becomes an indirect wholly-owned subsidiary of the Company.

The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

A circular containing details of the Acquisition Agreement and other information of the Company will be despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

INTRODUCTION

References are made to the announcement dated 4th August, 2008 and the circular dated 18th August, 2008 of the Company in respect of the discloseable transaction relating to the provision of financial assistance to Keen Step, a 50% joint venture held by the Group.

As disclosed in the aforesaid announcement and circular, Keen Step is a joint venture formed between Maxter, an indirect wholly-owned subsidiary of the Company, and United Sun for the purpose of pursuing investment opportunities in the property market. Each of Maxter and United Sun has a 50% equity interest in Keen Step and Keen Step is equity accounted for in the accounts of the Group.

* For identification purpose only

After the formation of Keen Step, Keen Step entered into the Provisional Agreements between 28th May, 2008 and 10th June, 2008 to acquire the Property and the SP Property for an aggregate consideration of approximately HK\$134 million. On 31st July, 2008, United Sun, Maxter and Keen Step entered into the Shareholders' Agreement, pursuant to which each of United Sun and Maxter has agreed, among other things, to provide or procure their respective fellow subsidiary company(ies) to provide loans not exceeding HK\$75 million to Keen Step, which loans shall be contributed in accordance with their respective shareholding interests in Keen Step. The loans are intended to finance the consideration for the acquisition of the Property and the SP Property and other expenses incidental to or associated with the acquisition and holding of the Property and the SP Property.

On 2nd September, 2008, Maxter entered into the Acquisition Agreement with United Sun whereby Maxter agreed to acquire from United Sun the Sale Share (representing 50% of the issued share capital of Keen Step) for a cash consideration of HK\$1. Details of the Acquisition Agreement are set out below.

THE ACQUISITION AGREEMENT

(1) Date:

2nd September, 2008

(2) Parties:

- (i) Maxter, an indirect wholly-owned subsidiary of the Company, being the purchaser of the Sale Share; and
- (ii) United Sun, being the vendor of the Sale Share.

United Sun is a company incorporated in the British Virgin Islands and is engaged in investment holding. Save for being the shareholder with a 50% interest in Keen Step, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, United Sun and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

In August 2008, Maxter advanced a short-term loan of approximately HK\$29.0 million to United Sun (the "Short-term Advance") in relation to the funding of Keen Step. The Short-term Advance is unsecured, interest-bearing at the prime rate for Hong Kong dollars from time to time quoted by The Hongkong and Shanghai Banking Corporation Limited and has no fixed repayment date. Taking into account the relatively immaterial amount of the Short-term Advance and the interest charged at the prime rate, the Directors consider the terms of the Short-term Advance are fair and reasonable.

Apart from the formation of Keen Step on 23rd May, 2008, the Short-term Advance and the Shareholders' Agreement dated 31st July, 2008, there was no prior transaction between the Company and United Sun and its ultimate beneficial owner.

(3) Assets to be acquired:

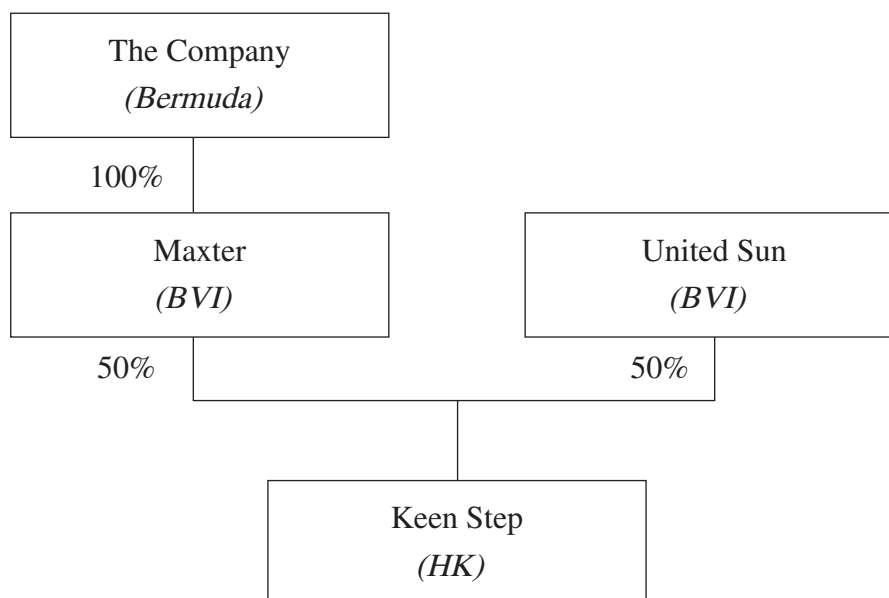
The Sale Share, representing 50% equity interest in Keen Step held by United Sun.

Keen Step is a special purpose vehicle incorporated in May 2008. Its principal assets are the Property and its interest under the relevant agreements for the acquisition of the SP Property. The Property and the SP Property is situated at No. 7 Moreton Terrace, Hong Kong. The Property are sold to Keen Step subject to tenancies with independent third parties. The Ground Floor with Cockloft of the Property is for commercial use and the other units of the Property and the SP Property (other than the whole of Front Terrace) are for residential use.

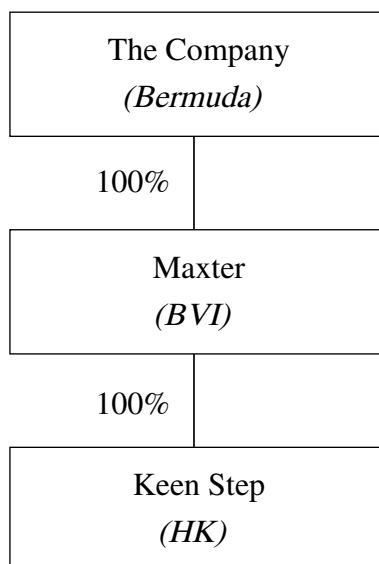
As at the date of this announcement, the acquisition of the Property has been completed and acquisition cost paid to date amounts to approximately HK\$97.5 million. Deposit in the amount of approximately HK\$20.5 million has been paid for the SP Property. Completion of the acquisition of the SP Property is expected to take place on or before 31st December, 2008 and is expected to incur an additional cost (including stamp duties) of approximately HK\$22.0 million. Following completion of the acquisition of the SP Property, Keen Step intends to hold the Property and the SP Property for resale or redevelopment purposes. The Property and the SP Property are valued by an independent professional valuer on a redevelopment basis at HK\$140.5 million as at 31st August, 2008.

The following illustrates the structure of Keen Step:

Before the Acquisition



After the Acquisition



For the period from 7th May, 2008 (date of incorporation) to 31st August, 2008, Keen Step recorded unaudited loss before and after taxation of approximately HK\$0.4 million. The unaudited net shareholders' deficits of Keen Step as at 31st August, 2008 were approximately HK\$0.4 million.

(4) Consideration:

The Consideration for the Sale Share is HK\$1, which has been paid in cash out of the internal resources of the Group upon completion of the Acquisition.

The Consideration was determined after arm's length negotiations between the parties taking into account the net deficits of Keen Step, the nominal value of the Sale Share and the latest valuation of the Property and the SP Property which is equivalent approximately to their total acquisition cost. The Board considers the Consideration is fair and reasonable.

As at the date of this announcement, United Sun has advanced loans in an aggregate principal amount of approximately HK\$58.5 million to Keen Step under the Shareholders' Agreement (with interest accrued thereon in the amount of approximately HK\$0.2 million), of which approximately HK\$29.0 million was funded by the Short-term Advance. The Company intends to finance the repayment of the loans (together with accrued interest) advanced by United Sun to Keen Step and the further costs of completing the acquisition of the SP Property by internal resources.

(5) Condition and completion:

The Acquisition Agreement is unconditional. Completion of the Acquisition has taken place immediately after signing of the Acquisition Agreement.

REASONS FOR THE ACQUISITION

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 investment and loan financing services.

As described above, Keen Step is a special purpose vehicle incorporated in May 2008 between Maxter and United Sun for the acquisition and holding of the Property and the SP Property. Due to its own commercial consideration, after the formation of Keen Step and the entering into of the Shareholders' Agreement, United Sun decided to discontinue its investment in Keen Step and requested Maxter to take up its shareholding in Keen Step. The Directors consider that the property market in Hong Kong has been quiet down since beginning of the year and believe it is an opportune time to invest in properties with redevelopment potential at reasonable prices to capture future capital gain when the property market recovers. After completion of the Acquisition, Keen Step will become a wholly-owned subsidiary of the Company. The consolidation of control in Keen Step enables the Group to better implement its strategy and planning in respect of the resale or redevelopment of the Property and the SP Property in the future. The Board considers that the terms of the Acquisition Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

GENERAL

The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

A circular containing details of the Acquisition Agreement and other information of the Company will be despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

DEFINITIONS

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

“Acquisition”	the purchase of the Sale Share contemplated under the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement between Maxter and United Sun in relation to the Sale Share
“Board”	the board of Directors
“Company”	ITC Properties Group Limited (Stock Code : 199), a company incorporated in Bermuda with limited liability, the issued shares and warrants of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules

“Consideration”	the cash consideration for the Sale Share paid pursuant to the Acquisition Agreement in the amount of HK\$1
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Keen Step”	Keen Step Corporation Limited, a company incorporated in Hong Kong with limited liability and in which each of United Sun and Maxter had a 50% shareholding before the Acquisition
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Maxter”	Maxter Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Property”	(i) Ground Floor together with Cockloft and the Whole of Front Terrace, (ii) Flat A on the Second Floor, (iii) Flat B on the Third Floor, and (iv) Flats A and B on the Fourth Floor, No. 7 Moreton Terrace, Hong Kong
“Provisional Agreements”	the conditional provisional sale and purchase agreements entered into between Keen Step and various vendors of the Property and the SP Property between 28th May, 2008 and 10th June, 2008
“Sale Share”	1 issued ordinary share of Keen Step
“Shareholder(s)”	shareholder(s) of the Company
“Shareholders’ Agreement”	the shareholders’ agreement entered into among Maxter, United Sun and Keen Step on 31st July, 2008 in relation to Keen Step
“SP Property”	(i) Flats A and B on the First Floor and Flat Roof, (ii) Flat B on the Second Floor, (iii) Flat A on the Third Floor, and (iv) Flat A on the Fifth Floor and Portion A of the Main Roof, No. 7 Moreton Terrace, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United Sun”	United Sun Investments Limited, a company incorporated in the British Virgin Islands

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” or “per cent.” percentage

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

Hong Kong, 3rd September, 2008

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. Lai Tsan Tung, David

Mr. Ma Chi Kong, Karl

Independent non-executive Directors:

Mr. Qiao Xiaodong (*Vice Chairman*)

Mr. Wong Chi Keung, Alvin

Mr. Kwok Ka Lap, Alva