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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 PROVISION OF FINANCIAL ASSISTANCE TO A JOINT VENTURE

The Board announces that on 28th May, 2012, the Shareholders' Agreement has been entered into between Oriental Mind, a wholly-owned subsidiary of the Company, and Angel Moon pursuant to which each of the JV Parties has agreed, among other things, to extend loan facilities to Sea Orient in proportion to their respective shareholding interests in Sea Orient, in aggregate of not exceeding HK\$400 million (inclusive of approximately HK\$191.3 million in aggregate advanced by the JV Parties as at the date of the Shareholders' Agreement). Sea Orient is beneficially owned as to 40% and 60% by Oriental Mind and Angel Moon respectively.

The provision by Oriental Mind of its portion of the Loans constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

On 28th May, 2012, Oriental Mind, a wholly-owned subsidiary of the Company, and Angel Moon entered into the Shareholders' Agreement for the formation of a joint venture company, Sea Orient, to be held as to 40% by Oriental Mind and 60% by Angel Moon for the purpose of acquiring the Assets through the holding of Nation Field. As Oriental Mind owns 40% shareholding interests in the issued share capital of Sea Orient, Sea Orient is equity accounted for by the Group. Sea Orient owns the entire issued capital of Nation Field, which has entered into the Framework Agreement in relation to the acquisition of the Assets. As at the date of the Shareholders' Agreement, Oriental Mind and Angel Moon has contributed approximately HK\$76.5 million and HK\$114.8 million respectively to the JV (inclusive of the paid up capital and shareholders' loans) to finance the installment payments for the acquisition of the Assets by Nation Field.

* For identification purpose only

THE SHAREHOLDERS' AGREEMENT

Angel Moon and Oriental Mind entered into the Shareholders' Agreement on 28th May, 2012 for the formation of Sea Orient and to regulate their respective rights and obligations in Sea Orient including, among other things, the obligations to provide loans to Sea Orient to facilitate further payment obligations of Nation Field in relation to the acquisition of the Assets. The principal terms of the Shareholders' Agreement are set out below:

(1) Date:

28th May, 2012

(2) Parties:

(i) Angel Moon; and

(ii) Oriental Mind, a wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief having made reasonable enquiries, Angel Moon is a company incorporated in the British Virgin Islands and engaged in investment holdings. Both Angel Moon and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

(3) Finance:

Oriental Mind and Angel Moon undertake to provide loans to Sea Orient in proportion to their respective shareholding interests in Sea Orient in aggregate of not exceeding HK\$400 million (inclusive of the shareholders' loans of approximately HK\$76.5 million and HK\$114.8 million advanced by Oriental Mind and Angel Moon respectively to Sea Orient as at the date of the Shareholders' Agreement), in turn to finance Nation Field to pay the remaining balance of the Consideration for the acquisition of the Assets and other expenses incidental to or associated with the acquisition and holding of the Assets. In this respect, the total commitment of the Group in Sea Orient will be approximately HK\$160 million of which approximately HK\$83.5 million remains available for future drawdown by Sea Orient.

The Loans shall be unsecured, interest free, have no fixed repayment date and no JV Parties shall demand repayment thereof unless repayment is to be made to the JV Parties simultaneously and pro-rata according to the amount of the outstanding shareholders' loan due to each JV Party.

Oriental Mind's portion of the Loans will be financed by the Group's internal resources. The provision of such Loans is not expected to have any adverse effects on the Group's results, assets and liabilities.

(4) Management of the JV:

Each of the board of Sea Orient and Nation Field shall consist of two (2) directors with each of the JV Parties having the right to nominate and appoint one (1) director.

INFORMATION ON SEA ORIENT AND THE ASSETS

Sea Orient owns the entire issued capital of Nation Field, which in turn is a special purpose vehicle incorporated for the acquisition and holding of the Assets pending subsequent realization or disposal thereof. Nation Field has entered into the Framework Agreement in relation to the acquisition of the Assets.

The Assets comprise of various Renminbi-denominated creditors' claims and securities against GITIC which has been put into bankruptcy since 1999 and the bankruptcy proceeding is still in progress. Up to the date of this announcement, there is not a date or scheme fixed for the final settlement of the creditors' claims.

REASONS FOR THE LOANS

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 Assets include certain securities provided by GITIC which are mainly properties located in Guangzhou, the PRC. Acquisition of the participation interest in the Assets through the JV may enable the Group to explore possible business opportunities in relation to such properties. In addition, since the Assets are acquired by Nation Field at a substantial discount to its notional amount, the JV expects that the Assets can ultimately be realized at a value in excess of the Consideration so as to generate a satisfactory return to the JV and hence the Group. The Board considers the terms of the Shareholders' Agreement including the provision of the Loans are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

GENERAL

The provision by Oriental Mind of its portion of the Loans constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Angel Moon”	Angel Moon Limited, a company incorporated in the British Virgin Islands
“Assets”	various Renminbi-denominated creditors' claims and securities held by various vendors against GITIC to be acquired by Nation Field under the Framework Agreement
“Board”	the board of the Directors

“Company”	ITC Properties Group Limited (Stock Code : 199), a company incorporated in Bermuda with limited liability, the issued Shares 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 consideration for the acquisition of the Assets under the Framework Agreement
“Directors”	the directors of the Company
“Framework Agreement”	the agreement dated 14th May, 2012 and entered into among Nation Field and various vendors of the Assets, which ultimate beneficial owner and themselves are third parties independent of the Company and its connected persons
“GITIC”	Guangdong International Trust and Investment Corporation, a stated-owned enterprise of the PRC
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV” or “Sea Orient”	Sea Orient Limited, a company incorporated in the British Virgin Islands with limited liability
“JV Parties”	collectively, Angel Moon and Oriental Mind and individually, a “JV Party”
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loans”	the loans to be advanced by the JV Parties in proportion to their respective shareholding interests in Sea Orient up to HK\$400 million in aggregate
“Macau”	the Macau Special Administrative Region of the PRC
“Nation Field”	Nation Field Limited, a company incorporated in the British Virgin Islands with limited liability
“Oriental Mind”	Oriental Mind Limited, a company incorporated in the British Virgin Islands and a 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
“Share(s)”	share(s) of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Shareholders’ Agreement”	the binding memorandum of agreement for formation of the JV entered into between Oriental Mind and Angel Moon dated 28th May, 2012
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	percentage

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

Hong Kong, 28th May, 2012

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