



德祥地產集團有限公司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 199)

USE OF PROCEEDS OF THE RIGHTS ISSUE

Reference is made to the Prospectus issued by the Company dated 11th July, 2008 relating to the Rights Issue on the basis of three Rights Shares (with Warrants in the proportion of four Warrants for every fifteen Rights Shares subscribed) for every Share held. The Directors wish to inform the Shareholders that due to the unfavorable responses of the Noteholders on the Repurchase Proposal, the entire net proceeds of the Rights Issue will be used as general working capital of the Group as stated in the Prospectus.

Reference is made to the Prospectus issued by the Company dated 11th July, 2008 relating to the Rights Issue on the basis of three Rights Shares (with Warrants in the proportion of four Warrants for every fifteen Rights Shares subscribed) for every Share held. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Prospectus.

It was stated in the Prospectus that out of the net proceeds from the Rights Issue (with Warrants) of about HK\$626.6 million, an amount of not more than HK\$544.1 million was intended to be used for the repurchase of the 2010 Convertible Notes and the 2011 Convertible Notes (other than those held by the respective subsidiaries of Hanny and ITC) (the “**Repurchase**”) subject to the Company agreeing with the holders of the 2010 Convertible Notes and the 2011 Convertible Notes (the “**Noteholders**”) the terms of the Repurchase and compliance with relevant requirements of the Codes. The remaining amount of approximately HK\$82.5 million from the net proceeds would be used as general working capital of the Group. If the Repurchase does not proceed, the entire net proceeds of the Rights Issue would be used as general working capital of the Group.

After completion of the Rights Issue, the Company has made contacts with the Noteholders and put forward preliminary proposed terms of the Repurchase (the “**Repurchase Proposal**”). Nevertheless, the responses from most of the Noteholders on the Repurchase Proposal so far were not favorable. In light of this, the Company considers that it is not cost efficient to pursue the Repurchase and has therefore decided to withdraw the Repurchase Proposal. Accordingly, the Board would like to inform the Shareholders that in the absence of the Repurchase, the entire net proceeds of the Rights Issue (with Warrants) in the amount of approximately HK\$626.6 million will be used as general working capital of the Group as stated in the Prospectus.

On behalf of the Board
ITC Properties Group Limited
Cheung Hon Kit
Chairman

Hong Kong, 21st August, 2008

* *For identification purpose only*

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. Wong Kam Cheong, Stanley (*Deputy 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