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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)

**(i) CONDITIONAL VOLUNTARY OFFER
BY**

OPTIMA CAPITAL LIMITED

ON BEHALF OF

ITC PROPERTIES GROUP LIMITED

TO REPURCHASE UP TO 260,000,000 SHARES

AT A PRICE OF HK\$2.60 PER SHARE

(AS TO HK\$0.60 IN CASH AND

HK\$2.00 BY WAY OF A LOAN NOTE);

**(ii) APPLICATION FOR WHITEWASH WAIVER BY
SELECTIVE CHOICE INVESTMENTS LIMITED;**

AND

(iii) RESUMPTION OF TRADING

FINANCIAL ADVISER TO ITC PROPERTIES GROUP LIMITED



* For identification purpose only

THE OFFER

The Board proposes to make a conditional voluntary offer to repurchase up to 260,000,000 Shares, representing approximately 46.02% of the entire issued share capital of the Company as at the date of this announcement, from the Qualifying Shareholders by way of a general offer. The Offer will be made by Optima Capital on behalf of the Company at a price of HK\$2.60 per Share, of which HK\$0.60 will be satisfied by cash payment and the balance of HK\$2.00 will be satisfied by the Company issuing the Loan Notes.

The Offer Price represents a premium of approximately 51.16% over the closing price of HK\$1.720 per Share as quoted on the Stock Exchange on 18th November, 2011, being the last trading day of the Shares on the Stock Exchange prior to the suspension of their trading on 21st November, 2011 pending the release of this announcement.

The maximum amount payable in cash by the Company under the Offer is HK\$156 million, which will be financed by internal resources of the Group. The Loan Notes will mature on the day falling 36 months after the date of their issue and bear a fixed interest at 6% per annum. In order to provide liquidity for the holders of the Loan Notes, the Company will consider seeking a listing of the Loan Notes on the Stock Exchange or other recognised stock exchange(s) at a later date following the close of the Offer.

Selective Choice and parties acting in concert with it (other than PYI) have severally undertaken to the Company that they will not accept the Offer, acquire any Shares, dispose of any of the 148,849,874 Shares and/or the 2013 CBs with an aggregate principal amount of HK\$378,400,000 in aggregate held by them respectively, nor exercise the conversion rights under the aforesaid 2013 CBs and/or the 6,230,000 Options in aggregate (as the case may be) held by them respectively before the close or lapse of the Offer. As at the date of this announcement, the board of directors of PYI has not decided or indicated to the Company whether PYI would accept the Offer or not.

Mr. Cheung Hon Kit, the chairman of the Company and an executive Director, has undertaken to the Company not to accept the Offer nor to dispose of any of his holdings of 14,202,000 Shares before the close or lapse of the Offer.

Mr. Cheung Hon Kit, Mr. Cheung Chi Kit, Mr. Ma Chi Kong, Karl, Mr. Wong Chi Keung, Alvin and Mr. Kwok Ka Lap, Alva, who are the Directors and the holders of an aggregate of 7,110,000 Options, have severally undertaken to the Company not to exercise the Options held by them respectively before the close or lapse of the Offer.

Certain directors of the subsidiaries of the Company, who are the holders of an aggregate of 1,950,000 Options, have severally undertaken to the Company not to exercise the Options held by them respectively before the close or lapse of the Offer.

In view of the aforesaid undertakings and assuming no 2013 CBs and vested Options outstanding as at the date of this announcement are converted or exercised (as the case may be) during the Offer Period, the Qualifying Shareholders will be assured of being able to sell to the Company under the Offer approximately 64.70% of the Shares they hold as at the close of the Offer (to be rounded down to the nearest whole number of Share), i.e. 1,940 Shares for every board lot of 3,000 Shares held by each Qualifying Shareholder.

In the event that all the 2013 CBs and vested Options outstanding as at the date of this announcement are fully converted or exercised (as the case may be) by the holders other than Selective Choice and parties acting in concert with it, the Directors and certain directors of the subsidiaries of the Company during the Offer Period, there will be an adjustment to the Assured Entitlements and the number of Shares that the Qualifying Shareholders will be assured of being able to sell to the Company under the Offer will be reduced to approximately 50.66% of the Shares they hold as at the close of the Offer (to be rounded down to the nearest whole number of Share), i.e. 1,519 Shares for every board lot of 3,000 Shares held by each Qualifying Shareholder. The Company will make a further announcement as soon as practicable if there is any change in the Assured Entitlements.

WHITEWASH WAIVER

As at the date of this announcement, Selective Choice and parties acting in concert with it are beneficially interested in an aggregate of 155,026,874 Shares, representing approximately 27.44% of the issued share capital of the Company. Other than PYI which holds 6,177,000 Shares, representing approximately 1.09% of the issued share capital of the Company as at the date of this announcement, Selective Choice and parties acting in concert with it have severally undertaken to the Company that they will not accept the Offer. Depending upon the level of acceptance of the Offer, the beneficial interest in the Company's issued share capital held by Selective Choice and parties acting in concert with it may increase from its current level of approximately 27.44% to a maximum of approximately 50.84%, thereby triggering an obligation on the part of Selective Choice to make a mandatory general offer under Rule 26 of the Takeovers Code and comparable offers under Rule 13 of the Takeovers Code for all the issued securities of the Company not already owned or agreed to be acquired by Selective Choice and parties acting in concert with it. Selective Choice will apply to the Executive for the Whitewash Waiver.

The Offer and the Whitewash Waiver will be subject to the approval of the Independent Shareholders at the SGM by way of poll. The granting of the Whitewash Waiver by the Executive and the approval of the Whitewash Waiver by the Independent Shareholders are the conditions for the Offer. If the Whitewash Waiver is not approved by the Independent Shareholders or if it is not granted by the Executive, the Offer will lapse.

GENERAL

The Offer will be conditional upon, among other things, the approval of the Offer and the Whitewash Waiver by the Independent Shareholders at the SGM by way of poll. Mr. Cheung Hon Kit, who is the chairman of the Company and an executive Director and holds 14,202,000 Shares and 3,900,000 Options as at the date of this announcement, will abstain from voting in respect of the proposed resolutions approving the Offer and the Whitewash Waiver at the SGM. The Independent Board Committee comprising the non-executive Director, Mr. Ma Chi Kong, Karl, and all the independent non-executive Directors (other than Hon. Shek Lai Him, Abraham, *SBS, JP*, by virtue of his also being the independent non-executive director of ITC), namely Mr. Wong Chi Keung, Alvin and Mr. Kwok Ka Lap, Alva, has been established by the Board to advise the Independent Shareholders on the terms of the Offer and the Whitewash Waiver. An Independent Financial Adviser will be appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in this regard. Further announcement will be made by the Company as soon as practicable following the appointment of the Independent Financial Adviser.

The Circular containing, among other things, the detailed terms of the Offer, a letter of recommendation from the Independent Board Committee, a letter of advice from the Independent Financial Adviser, a valuation report on the Loan Notes, a valuation report on the properties held by the Group, a notice convening the SGM and other information as required under the Codes and the Listing Rules will be despatched to the Shareholders on or before 3rd January, 2012. The Form of Acceptance will also be sent to the Qualifying Shareholders together with the Circular but no Form of Acceptance will be sent to the Excluded Shareholders.

ADJUSTMENTS RELATING TO THE 2013 CBs

Pursuant to the terms of the instruments constituting the 2013 CBs, adjustments to the conversion price may have to be made upon completion of the Offer. The Company will instruct a financial adviser to certify in writing the adjustments (if any) that ought to be made and will announce further details of such adjustments in accordance with the Listing Rules.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended at the request of the Company with effect from 9:00 a.m. on 21st November, 2011 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 29th November, 2011.

WARNING

The Offer is conditional upon, among other things, the passing of the ordinary resolutions by the Independent Shareholders to approve the Offer and the Whitewash Waiver at the SGM by way of poll. If the Offer or the Whitewash Waiver is not approved by the Independent Shareholders at the SGM, the Offer will lapse.

Dealings in the Shares will continue notwithstanding the Offer has not become unconditional. During such period, persons dealing in the Shares will bear the risk that the Offer may lapse.

Shareholders are advised to consider the detailed terms of the Offer and read, among other things, the letter from the Independent Board Committee and the letter of advice from the Independent Financial Adviser to be contained in the Circular before deciding whether to vote for or against the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the SGM. Shareholders should also note that their voting decision on the relevant resolutions to be proposed at the SGM relating to the Offer and the Whitewash Waiver shall not affect their investment decision as to whether to accept the Offer or not. If the Shareholders are in any doubt as to any aspect of the Offer or as to the action to take, they should seek independent professional advice.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Board proposes to make a conditional voluntary offer to repurchase up to 260,000,000 Shares from the Qualifying Shareholders by way of a general offer. Details of the Offer are set forth below.

THE OFFER

Principal terms of the Offer

A conditional voluntary offer will be made by Optima Capital on behalf of the Company to repurchase up to 260,000,000 Shares, representing approximately 46.02% of the entire issued share capital of the Company as at the date of this announcement, from the Qualifying Shareholders at a price of HK\$2.60 per Share, of which HK\$0.60 will be satisfied by cash payment and the balance of HK\$2.00 will be satisfied by the Company issuing the Loan Notes.

The Shares to be repurchased under the Offer shall be free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the date of this announcement (including the right to all dividends and distributions (if any) declared, made or paid on or after the date of this announcement).

The Offer will be made in full compliance with the Repurchases Code and the maximum amount payable by the Company in cash under the Offer is HK\$156 million, which will be financed by internal resources of the Group. Optima Capital confirms that sufficient financial resources are available to the Company to enable it to satisfy acceptances of the Offer in full. The principal terms of the Loan Notes to be issued are set out in the paragraph headed “Terms of the Loan Notes” below.

All Shares repurchased under the Offer will be cancelled.

Undertakings

Selective Choice, an indirect wholly-owned subsidiary of ITC, and parties acting in concert with it (including Dr. Charles Chan, Ms. Ng, Ms. Chau, Mr. FY Chan, Mr. Alan Chan, Mr. Alex Lai and PYI) hold in aggregate 155,026,874 Shares, the 2013 CBs with an aggregate outstanding principal amount of HK\$378,400,000 and 6,230,000 Options as at the date of this announcement. Selective Choice and parties acting in concert with it (other than PYI) have severally undertaken to the Company that they will not accept the Offer, acquire any Shares, dispose of any of the 148,849,874 Shares and/or the 2013 CBs with an aggregate principal amount of HK\$378,400,000 in aggregate held by them respectively, nor exercise the conversion rights under the aforesaid 2013 CBs and/or the 6,230,000 Options in aggregate (as the case may be) held by them respectively before the close or lapse of the Offer. As at the date of this announcement, the board of directors of PYI has not decided or indicated to the Company whether PYI would accept the Offer or not.

As at the date of this announcement, no person has irrevocably committed to accept the Offer.

Mr. Cheung Hon Kit, the chairman of the Company and an executive Director, has undertaken to the Company not to accept the Offer nor to dispose of any of his holdings of 14,202,000 Shares before the close or lapse of the Offer.

Mr. Cheung Hon Kit, Mr. Cheung Chi Kit, Mr. Ma Chi Kong, Karl, Mr. Wong Chi Keung, Alvin and Mr. Kwok Ka Lap, Alva, who are the Directors and the holders of an aggregate of 7,110,000 Options, have severally undertaken to the Company not to exercise the Options held by them respectively before the close or lapse of the Offer.

Certain directors of the subsidiaries of the Company, who are the holders of an aggregate of 1,950,000 Options, have severally undertaken to the Company not to exercise the Options held by them respectively before the close or lapse of the Offer.

Assured Entitlements and scaling down arrangement on excess acceptances

In view of the aforesaid undertakings and assuming no 2013 CBs and vested Options outstanding as at the date of this announcement are converted or exercised (as the case may be) during the Offer Period, the Qualifying Shareholders will be assured of being able to sell to the Company under the Offer approximately 64.70% of the Shares they hold as at the close of the Offer (to be rounded down to the nearest whole number of Share), i.e. 1,940 Shares for every board lot of 3,000 Shares held by each Qualifying Shareholder.

In the event that all the 2013 CBs and vested Options outstanding as at the date of this announcement are fully converted or exercised (as the case may be) by the holders other than Selective Choice and parties acting in concert with it, the Directors and certain directors of the subsidiaries of the Company during the Offer Period, the number of Shares that the Qualifying Shareholders will be assured of being able to sell to the Company under the Offer will be reduced to approximately 50.66% of the Shares they hold as at the close of the Offer (to be rounded down to the nearest whole number of Share), i.e. 1,519 Shares for every board lot of 3,000 Shares held by each Qualifying Shareholder. The Company will make a further announcement as soon as practicable if there is any change in the Assured Entitlements.

Qualifying Shareholders may accept the Offer in respect of some or all of their holdings of Shares, subject to the scaling down mechanism described below.

The number of Shares which may be repurchased from a particular Qualifying Shareholder who accepts the Offer may exceed his or her Assured Entitlements if any other Qualifying Shareholder either tenders no acceptance in respect of the Offer or accepts the Offer in respect of fewer Shares than is represented by his or her Assured Entitlements.

In the event that the total number of Shares acceded to the Offer exceeds 260,000,000 Shares, the Company will repurchase Shares in excess of the Assured Entitlements of the accepting Qualifying Shareholders on a pro rata basis in accordance with the following formula (save that the Company may in its absolute discretion round such figure up or down with the intention of avoiding (as far as practicable) Shares being held by the Shareholders in odd lots or fractional entitlements):

$$\frac{(260,000,000 - A) \times C}{B}$$

where

A = Total number of Shares which the Qualifying Shareholders have validly acceded to the Offer in respect of the Assured Entitlements

B = Total number of Shares which the Qualifying Shareholders have validly acceded to the Offer in excess of the Assured Entitlements

C = Total number of Shares which the relevant Qualifying Shareholder has validly acceded to the Offer in excess of his or her Assured Entitlements

The decision of the Company as to any scaling down of acceptances of the Offer in excess of the Assured Entitlements and as to the treatment of odd lots or fractional entitlements will be conclusive and binding on all the Shareholders.

In the event that the total number of Shares acceded to the Offer is less than or equal to 260,000,000 Shares, acceptances of the Offer in excess of the Assured Entitlements will be taken up in full.

Odd lots

The existing board lot size of 3,000 Shares per board lot will remain unchanged after the Offer. Qualifying Shareholders should note that acceptance of the Offer may result in their holding of odd lots of Shares. A designated broker will be appointed by the Company to arrange for matching of sale and purchase of odd lots of Shares in the market for a period of six (6) weeks from the closing of the Offer if such odd lots arise as a result of the acceptance of the Offer. Details of such arrangement will be included in the Circular.

Stamp duty

Seller's ad valorem stamp duty at the rate of HK\$1 for every HK\$1,000 or part thereof of the consideration due on the repurchase of Shares will be deducted from the amount payable to the relevant Qualifying Shareholders who accept the Offer. The Company will arrange for payment of the stamp duty on behalf of the accepting Qualifying Shareholders to the Stamp Duty Office in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Overseas Shareholders

Subject to the prior consent of the Executive, any Overseas Shareholder whose address as shown on the Register as at the latest practicable date for the purpose of the Circular is located in a jurisdiction the laws of which prohibit the making of the Offer to such Overseas Shareholder or otherwise require the Company to comply with additional requirements which the Directors consider unduly onerous or burdensome, having regard to the number of the Overseas Shareholders involved in that jurisdiction and their shareholdings in the Company, will be excluded from the Offer.

As the Offer to the persons not resident in Hong Kong may be affected by the laws of the relevant jurisdictions, the Overseas Shareholders should inform themselves about and observe all applicable legal or regulatory requirements and, where considered necessary, seek legal advice.

It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself or herself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consents which may be required or the compliance with other necessary formalities or legal requirements.

Each of the Excluded Shareholders will be entitled to attend and vote at the SGM (whether in person or by proxy). A copy of the Circular will be sent to the Excluded Shareholders as at the latest practicable date for the purpose of the Circular solely for the purpose of attending and voting at the SGM but no Form of Acceptance will be sent to such Excluded Shareholders.

Conditions of the Offer

The Offer will be subject to the following conditions being fulfilled:

- (a) the passing of the ordinary resolutions by the Independent Shareholders approving the Offer and the transactions contemplated thereunder, and the Whitewash Waiver at the SGM by way of poll;
- (b) the granting of consent by the holders of the 2013 CBs holding not less than 75% of the outstanding principal amount of the 2013 CBs in respect of, among other things, the Offer and the reduction in the issued share capital of the Company as a result thereof;
- (c) the granting of the Whitewash Waiver by the Executive and all conditions (if any) attaching thereto being fulfilled; and
- (d) the compliance by the Company with all legal and other requirements under the Listing Rules, the Codes and the laws of Bermuda applicable to the Offer and the transactions contemplated thereunder.

None of the above conditions can be waived. If any of the above conditions cannot be fulfilled by 31st March, 2012, the Offer will lapse.

Acceptances by the Qualifying Shareholders under the Offer will be irrevocable and cannot be withdrawn after the Offer is declared unconditional except otherwise decided by the Executive pursuant to the Codes.

The Offer will not be conditional on any minimum number of Shares tendered for acceptance.

The Offer Price

The Offer Price, being HK\$2.60 per Share, values the entire issued share capital of the Company as at the date of this announcement at approximately HK\$1,468.8 million. The Offer Price represents:

- (a) a premium of approximately 51.16% over the closing price of HK\$1.720 per Share as quoted on the Stock Exchange on 18th November, 2011 (being the last trading day of the Shares on the Stock Exchange prior to the suspension of their trading on 21st November, 2011 pending the release of this announcement);
- (b) a premium of approximately 53.66% over the average of the closing prices for the Shares as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including 18th November, 2011 of approximately HK\$1.692 per Share;
- (c) a premium of approximately 50.55% over the average of the closing prices for the Shares as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including 18th November, 2011 of approximately HK\$1.727 per Share;

- (d) a discount of approximately 38.18% to the audited consolidated net asset value per Share of approximately HK\$4.206 as at 31st March, 2011 (based on the audited consolidated equity attributable to owners of the Company of approximately HK\$2,376.3 million as at 31st March, 2011 and the 564,919,597 Shares in issue as at 31st March, 2011 and the date of this announcement); and
- (e) a discount of approximately 39.14% to the unaudited consolidated net asset value per Share of approximately HK\$4.272 as at 30th September, 2011 (based on the unaudited consolidated equity attributable to owners of the Company of approximately HK\$2,413.3 million as at 30th September, 2011 and the 564,919,597 Shares in issue as at 30th September, 2011 and the date of this announcement).

TERMS OF THE LOAN NOTES

The principal terms of the Loan Notes are as follows:

Issuer:	The Company
Denomination:	In denomination of HK\$2.00 each
Aggregate principal amount:	Up to 260,000,000 Loan Notes with an aggregate principal amount of HK\$520,000,000
Maturity:	The Loan Notes are due to mature and will automatically be redeemed on the day falling 36 months after the date of their issue at their principal amount plus accrued interest.
Interest:	The Loan Notes will bear interest at a fixed rate of 6% per annum, and such interest will be paid annually in arrears on 31st December with the last payment being made on the maturity date.
Listing:	In order to provide liquidity for the holders of the Loan Notes, the Company will consider seeking a listing of the Loan Notes on the Stock Exchange or other recognised stock exchange(s) at a later date following the close of the Offer. As the number of acceptance of the Offer cannot be ascertained before the close of the Offer, the Company cannot ascertain whether or not the Loan Notes can fulfill the listing requirements of the Stock Exchange or other recognised stock exchange(s). The Company will explore the possibility of a listing of the Loan Notes after completion of the Offer, and reserves the right to seek a listing of the Loan Notes. Accordingly, the Shareholders should be aware that the Loan Notes may remain unlisted until their maturity. If a listing for the Loan Notes is being sought, a further announcement in this respect will be made by the Company at the relevant time.

OUTSTANDING SECURITIES OF THE COMPANY

As at the date of this announcement, apart from the 564,919,597 Shares in issue, the Company has the following securities in issue:

- (a) the 2013 CBs with an aggregate outstanding principal amount of HK\$619,050,000, of which HK\$589,050,000 were issued on 25th May, 2011 and will mature on 25th November, 2013, and HK\$30,000,000 were issued on 10th June, 2011 and will mature on 10th December, 2013 respectively. The 2013 CBs are convertible into new Shares at the prevailing conversion price of HK\$2.20 per Share (subject to adjustments), carry interest at 3.25% per annum, will be redeemed at 105% of the outstanding principal amount on maturity and are currently held by the following persons:

Name	HK\$
Selective Choice	70,400,000
Ms. Ng	297,000,000
Ms. Chau	11,000,000
Eight other holders of the 2013 CBs who are independent of and not acting in concert with Selective Choice	<u>240,650,000</u>
Total	<u>619,050,000</u>

- (b) Options entitling the holders thereof to subscribe for a total of 19,300,000 Shares at the exercise price of HK\$2.22 per Share. According to the terms and conditions of the Share Option Scheme, 50% of the Options are vested and shall be exercisable during the period from 29th March, 2011 to 28th March, 2014 and the balance of the Options not vested or exercised shall become exercisable during the period from 29th March, 2012 to 28th March, 2014. The Options are currently held by the following persons:

Name	<i>Notes</i>	Number of Options
Mr. Cheung Hon Kit	<i>1</i>	3,900,000
Mr. FY Chan	<i>2</i>	2,900,000
Mr. Alan Chan	<i>3</i>	1,500,000
Mr. Cheung Chi Kit	<i>4</i>	2,100,000
Mr. Ma Chi Kong, Karl	<i>5</i>	370,000
Mr. Wong Chi Keung, Alvin	<i>6</i>	370,000
Mr. Kwok Ka Lap, Alva	<i>6</i>	370,000
Certain directors of the subsidiaries of the Company		1,950,000
Ms. Chau	<i>7</i>	1,500,000
Mr. Alex Lai	<i>8</i>	330,000
Other holders of the Options who are independent of and not acting in concert with Selective Choice		<u>4,010,000</u>
Total		<u>19,300,000</u>

Notes:

1. Mr. Cheung Hon Kit is the chairman of the Company, an executive Director and a former executive director of ITC who retired on 19th August, 2011.
2. Mr. FY Chan is the managing director of the Company, an executive Director and an executive director of ITC.
3. Mr. Alan Chan is an executive Director, an executive director of ITC and PVI, an alternate director to Dr. Charles Chan, a non-executive director of PVI, and the son of Dr. Charles Chan and Ms. Ng.
4. He is an executive Director.
5. He is a non-executive Director.
6. They are the independent non-executive Directors.
7. Ms. Chau is the deputy chairman, the managing director and an executive director of ITC.
8. Mr. Alex Lai is a director of Selective Choice.

Save as disclosed above, as at the date of this announcement, the Company does not have any outstanding derivatives in respect of the securities in the Company nor has it borrowed or lent any relevant securities of the Company.

Save as disclosed above, as at the date of this announcement, Selective Choice and parties acting in concert with it do not hold or have control or direction over any other relevant securities (as defined under the Takeovers Code) of the Company, including any outstanding derivatives in respect of the securities in the Company. None of Selective Choice and parties acting in concert with it has borrowed or lent any relevant securities of the Company.

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below shows the shareholding structure of the Company as at the date of this announcement and the possible changes upon completion of the Offer, on the basis of public information available to the Company as at the date of this announcement and with the assumptions as described below:

	As at the date of this announcement		As at completion of the Offer (assuming (i) full acceptance of the Offer by the public Shareholders only; and (ii) no conversion of the 2013 CBs nor exercise of the vested Options before the close of the Offer)		As at completion of the Offer (assuming (i) full acceptance by all Qualifying Shareholders (including PVI); and (ii) full conversion of the 2013 CBs and exercise of the vested Options before the close of the Offer)	
	(Shares)	(Approx. %)	(Shares)	(Approx. %)	(Shares)	(Approx. %)
Selective Choice	139,583,474	24.71	139,583,474	45.78	139,583,474	33.53
PVI (Note 1)	6,177,000	1.09	6,177,000	2.02	3,047,937	0.73
Dr. Charles Chan	6,066,400	1.07	6,066,400	1.99	6,066,400	1.46
Ms. Chau	3,200,000	0.57	3,200,000	1.05	3,200,000	0.77
Selective Choice and parties acting in concert with it (Note 2)						
	155,026,874	27.44	155,026,874	50.84	151,897,811	36.49
Mr. Cheung Hon Kit (Note 3)	14,202,000	2.51	14,202,000	4.66	14,202,000	3.41
Public Shareholders	395,690,723	70.05	135,690,723	44.50	250,211,147	60.10
Total	564,919,597	100.00	304,919,597	100.00	416,310,958	100.00

Notes:

1. *PYI is an associated company of ITC.*
2. *Selective Choice and parties acting in concert with it (including Dr. Charles Chan, Ms. Ng, Ms. Chau, Mr. FY Chan, Mr. Alan Chan and Mr. Alex Lai but excluding PYI) have severally undertaken to the Company not to accept the Offer, acquire any Shares, dispose of any of their respective holdings of the Shares and the 2013 CBs (as the case may be), nor to exercise the conversion rights under the 2013 CBs and/or the Options (as the case may be) held by them respectively before the close or lapse of the Offer.*
3. *Mr. Cheung Hon Kit, the chairman of the Company and an executive Director, has undertaken to the Company not to accept the Offer nor to dispose of any of his holdings of the Shares before the close or lapse of the Offer.*
4. *Mr. Cheung Hon Kit, Mr. Cheung Chi Kit, Mr. Ma Chi Kong, Karl, Mr. Wong Chi Keung, Alvin and Mr. Kwok Ka Lap, Alva, who are the Directors and the holders of the Options, have severally undertaken to the Company not to exercise the Options held by them respectively before the close or lapse of the Offer.*
5. *Certain directors of the subsidiaries of the Company have severally undertaken to the Company not to exercise the Options held by them respectively before the close or lapse of the Offer.*

Save as disclosed above, none of the Directors owns, controls or directs any Shares. The Directors confirm that, as at the date of this announcement, (i) there is no arrangement as referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of Selective Choice and any parties acting in concert with it, and which might be material to the Offer; and (ii) there is no agreement or arrangement to which the Company, Selective Choice or any parties acting in concert with Selective Choice is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer.

WHITEWASH WAIVER

As at the date of this announcement, Selective Choice and parties acting in concert with it are beneficially interested in an aggregate of 155,026,874 Shares, representing approximately 27.44% of the issued share capital of the Company. Other than PYI which holds 6,177,000 Shares, representing approximately 1.09% of the issued share capital of the Company as at the date of this announcement, Selective Choice and parties acting in concert with it have severally undertaken to the Company that they will not accept the Offer. As shown in the table above, the interest in the Company's issued share capital held by Selective Choice and parties acting in concert with it may increase from its current level of approximately 27.44% to a maximum of approximately 50.84%, depending upon the level of acceptance of the Offer.

Rule 32 of the Takeovers Code and Rule 6 of the Repurchases Code provide that where, as a result of share repurchase, a shareholder's proportionate interest in the voting rights of the repurchasing company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. As the interests of Selective Choice and parties acting in concert with it in the Company's issued share capital may increase to 30% or above after completion of the Offer, an obligation under Rule 26 of the Takeovers Code to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by Selective Choice and parties acting in concert with it may arise. Selective Choice would also be required under Rule 13 of the Takeovers Code to make comparable offers for all the 2013 CBs and the Options not already owned or agreed to be acquired by it and parties acting in concert with it. In this regard, Selective Choice will apply to the Executive for the Whitewash Waiver.

The Offer and the Whitewash Waiver will be subject to the approval of the Independent Shareholders at the SGM by way of poll. The granting of the Whitewash Waiver by the Executive and the approval of the Whitewash Waiver by the Independent Shareholders are the conditions for the Offer. If the Whitewash Waiver is not approved by the Independent Shareholders or if it is not granted by the Executive, the Offer will lapse.

INFORMATION ON THE GROUP

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 the provision of loan financing services.

The following table sets out a summary of the consolidated results of the Group for each of the two years ended 31st March, 2010 and 2011 and for the six months ended 30th September, 2011:

	For the year ended 31st March,		For the six months ended 30th September,
	2010 HK\$'000 (audited)	2011 HK\$'000 (audited)	2011 HK\$'000 (unaudited)
Turnover	314,358	260,987	96,747
Profit/(loss) before taxation	102,960	100,126	(90,399)
Profit/(loss) attributable to Shareholders	102,852	80,455	(89,165)

The unaudited consolidated equity attributable to owners of the Company was approximately HK\$2,413.3 million as at 30th September, 2011, representing an unaudited consolidated equity attributable to owners of the Company of approximately HK\$4.272 per Share.

REASONS FOR THE OFFER

Over the recent years, the Shares have been trading at a substantial discount to the net asset value per Share. Based on the consolidated financial statements of the Group, the audited consolidated equity attributable to owners of the Company per Share was approximately HK\$4.206 as at 31st March, 2011 and the unaudited consolidated equity attributable to owners of the Company per Share was approximately HK\$4.272 as at 30th September, 2011. However, the Shares have been trading at the prices ranging from HK\$2.24 to HK\$1.60 over the past twelve months, representing discounts ranging from approximately 47.57% to 62.55% to the unaudited consolidated net asset value per Share as at 30th September, 2011.

As at 30th September, 2011, the Group had bank balances and cash of over HK\$600 million. In this respect, the Directors (excluding the non-executive Director and the independent non-executive Directors (other than Hon. Shek Lai Him, Abraham, SBS, JP, by virtue of his also being the independent non-executive director of ITC) whose opinion will be set forth in the

Circular after having been advised by the Independent Financial Adviser) consider that the terms of the Offer (including the Offer Price) are fair and reasonable and it would be in the interests of both the Company and the Shareholders to return part of the surplus fund to the Qualifying Shareholders by way of the Offer since it will:

- (a) enhance the consolidated net asset value per Share and earnings per Share;
- (b) provide opportunities for those Qualifying Shareholders who wish but are not able to dispose of any of their Shares due to the low liquidity in the trading of the Shares to realise part of their investments in the Company at a premium over the market price of the Shares;
- (c) provide opportunities for those Qualifying Shareholders who wish to retain their holdings and participate in the future prospects of the Group to increase their proportionate interests in the Company with enhanced net asset value per Share and future earnings attributable to each Share held by them after the Offer; and
- (d) enable the Group to retain adequate fund in the Group for future expansion by satisfying part of the Offer Price by way of the Loan Notes.

INTENTION OF THE COMPANY

It is the intention of the Company to maintain the listing of the Shares on the Stock Exchange. Following the close or lapse of the Offer, as the case may be, the Company intends to continue with the existing businesses of the Group. The Company does not intend to introduce any major changes by reason only of the Offer to the existing operations and management structure of the Group including the continued employment of the employees of the Group and the redeployment of the fixed assets of the Group.

DEALINGS IN SHARES

The Company has not repurchased or dealt in any Shares (i) for the past six months before 18th November, 2011, being the date on which the Board approved the proposal relating to the Offer; and (ii) since 18th May, 2011 (being the date falling six months before the date on which the Board approved the proposal relating to the Offer) and up to the date of this announcement, and will not conduct any on-market Share repurchase from the date of this announcement up to and including the date on which the Offer closes, lapses or is withdrawn, as the case may be.

Save for (i) the subscription of the 2013 CBs with the outstanding principal amount of HK\$70,400,000 and HK\$11,000,000 respectively by Selective Choice and Ms. Chau in May 2011; (ii) the acquisition of the 2013 CBs with the outstanding principal amount of HK\$297,000,000 by Dr. Charles Chan in September 2011; and (iii) the subsequent disposal of the 2013 CBs with the outstanding principal amount of HK\$297,000,000 by Dr. Charles Chan to Ms. Ng in November 2011, Selective Choice and parties acting in concert with it have confirmed to the Company that they have not dealt in the securities of the Company since 18th May, 2011 (being the date falling six months before the date on which the Board approved the proposal relating to the Offer) and up to the date of this announcement.

In accordance with Rule 3.8 of the Takeovers Code, the associates (as defined under the Takeovers Code and including a person who owns or controls 5% or more of any class of relevant securities) of the Company (within the meaning of the Takeovers Code) are hereby reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in the Shares on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates (as defined in the Takeovers Code) and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers (as defined in the Takeovers Code) who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any Shares undertaken for a client during any 7-day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in the Shares should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

GENERAL

The Offer will be conditional upon, among other things, the approval of the Offer and the Whitewash Waiver by the Independent Shareholders at the SGM by way of poll. Mr. Cheung Hon Kit, who is the chairman of the Company and an executive Director and holds 14,202,000 Shares and 3,900,000 Options as at the date of this announcement, will abstain from voting in respect of the proposed resolutions approving the Offer and the Whitewash Waiver at the SGM. The Independent Board Committee comprising the non-executive Director, Mr. Ma Chi Kong, Karl, and all the independent non-executive Directors (other than Hon. Shek Lai Him, Abraham, SBS, JP, by virtue of his also being the independent non-executive director of ITC), namely Mr. Wong Chi Keung, Alvin and Mr. Kwok Ka Lap, Alva, has been established by the Board to advise the Independent Shareholders on the terms of the Offer and the Whitewash Waiver. An Independent Financial Adviser will be appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in this regard. Further announcement will be made by the Company as soon as practicable following the appointment of the Independent Financial Adviser.

The Circular containing, among other things, the detailed terms of the Offer, a letter of recommendation from the Independent Board Committee, a letter of advice from the Independent Financial Adviser, a valuation report on the Loan Notes, a valuation report on the properties held by the Group, a notice convening the SGM and other information as required under the Codes and the Listing Rules will be despatched to the Shareholders on or before 3rd January, 2012. The Form of Acceptance will also be sent to the Qualifying Shareholders together with the Circular but no Form of Acceptance will be sent to the Excluded Shareholders.

ADJUSTMENTS RELATING TO THE 2013 CBs

Pursuant to the terms of the instruments constituting the 2013 CBs, adjustments to the conversion price may have to be made upon completion of the Offer. The Company will instruct a financial adviser to certify in writing the adjustments (if any) that ought to be made and will announce further details of such adjustments in accordance with the Listing Rules.

WARNING

The Offer is conditional upon, among other things, the passing of the ordinary resolutions by the Independent Shareholders to approve the Offer and the Whitewash Waiver at the SGM by way of poll. If the Offer or the Whitewash Waiver is not approved by the Independent Shareholders at the SGM, the Offer will lapse.

Dealings in the Shares will continue notwithstanding the Offer has not become unconditional. During such period, persons dealing in the Shares will bear the risk that the Offer may lapse.

Shareholders are advised to consider the detailed terms of the Offer and read, among other things, the letter from the Independent Board Committee and the letter of advice from the Independent Financial Adviser to be contained in the Circular before deciding whether to vote for or against the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the SGM. Shareholders should also note that their voting decision on the relevant resolutions to be proposed at the SGM relating to the Offer and the Whitewash Waiver shall not affect their investment decision as to whether to accept the Offer or not. If the Shareholders are in any doubt as to any aspect of the Offer or as to the action to take, they should seek independent professional advice.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended at the request of the Company with effect from 9:00 a.m. on 21st November, 2011 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 29th November, 2011.

DEFINITIONS

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

“2013 CBs”	the 3.25% convertible notes due 2013 issued by the Company in 2011 with an aggregate outstanding principal amount of HK\$619,050,000 as at the date of this announcement
“acting in concert”	has the meaning ascribed thereto under the Codes
“Assured Entitlement(s)”	the minimum number of Shares held by each Qualifying Shareholder which will be repurchased by the Company under the Offer
“Board”	the board of Directors
“Circular”	the circular (including the Offer document and the notice of the SGM) to be issued by the Company to the Shareholders in connection with the Offer
“Codes”	the Takeovers Code and the Repurchases Code
“Company”	ITC Properties Group Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code : 199)
“Director(s)”	the director(s) of the Company
“Dr. Charles Chan”	Dr. Chan Kwok Keung, Charles, the chairman and an executive director of ITC and the controlling shareholder of ITC, and a non-executive director of PYI
“Excluded Shareholders”	subject to the prior consent of the Executive, any Overseas Shareholders whose addresses, as shown on the Register as at the latest practicable date for the purpose of the Circular, are located in a jurisdiction the laws of which prohibit the making of the Offer to such Overseas Shareholders or otherwise require the Company to comply with additional requirements which the Directors consider unduly onerous or burdensome, having regard to the number of the Overseas Shareholders involved in that jurisdiction and their shareholdings in the Company

“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any of his delegates
“Form(s) of Acceptance”	the form(s) of acceptance for use by the Qualifying Shareholder(s) for accepting the Offer
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising Mr. Ma Chi Kong, Karl, the non-executive Director, and two independent non-executive Directors, namely Mr. Wong Chi Keung, Alvin and Mr. Kwok Ka Lap, Alva, established to give recommendation to the Independent Shareholders regarding the terms of the Offer and the Whitewash Waiver
“Independent Financial Adviser”	an independent financial adviser to be appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders regarding the terms of the Offer and the Whitewash Waiver
“Independent Shareholders”	Shareholders other than (i) Selective Choice and parties acting in concert with it and their respective associates; and (ii) those Shareholders who have a material interest or are involved in the Offer and the Whitewash Waiver and are required to abstain from voting on the proposed resolutions approving the Offer and the Whitewash Waiver at the SGM pursuant to the Codes and the Listing Rules
“ITC”	ITC Corporation Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code : 372)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Loan Notes”	up to 260,000,000 loan notes to be issued by the Company in denomination of HK\$2.00 each with an aggregate principal value of HK\$520,000,000, the principal terms of which are set out in the paragraph headed “Terms of the Loan Notes” in this announcement
“Mr. Alan Chan”	Mr. Chan Yiu Lun, Alan, an executive Director, an executive director of ITC and PYI, an alternate director to Dr. Charles Chan, a non-executive director of PYI, and the son of Dr. Charles Chan and Ms. Ng
“Mr. Alex Lai”	Mr. Lai Kwok Hung, Alex, a director of Selective Choice
“Mr. FY Chan”	Mr. Chan Fut Yan, the managing director of the Company, an executive Director and an executive director of ITC
“Ms. Chau”	Ms. Chau Mei Wah, Rosanna, the deputy chairman, the managing director and an executive director of ITC
“Ms. Ng”	Ms. Ng Yuen Lan, Macy, the spouse of Dr. Charles Chan
“Offer”	the conditional voluntary offer to be made by Optima Capital on behalf of the Company to repurchase up to 260,000,000 Shares from the Qualifying Shareholders at the Offer Price, subject to the terms and conditions to be set out in the Circular and the Form of Acceptance
“Offer Period”	has the meaning ascribed thereto under the Codes applicable to the Offer
“Offer Price”	HK\$2.60 per Share
“Optima Capital”	Optima Capital Limited, a licensed corporation under the SFO to conduct Type 1 (dealings in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the financial adviser to the Company in respect of the Offer
“Option(s)”	share option(s) granted by the Company under the Share Option Scheme

“Overseas Shareholder(s)”	Shareholder(s) whose address(es) as shown in the Register is(are) outside Hong Kong
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“PVI”	PVI Corporation Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code : 498)
“Qualifying Shareholder(s)”	Shareholder(s), other than Selective Choice and parties acting in concert with it (other than PVI) and the Excluded Shareholders, whose name(s) appear(s) on the Register as at the latest practicable date for the purpose of the Circular
“Register”	the register of members of the Company
“Repurchases Code”	the Hong Kong Code on Share Repurchases
“Selective Choice”	Selective Choice Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of ITC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened to consider and approve, among other things, the Offer and the Whitewash Waiver
“Share Option Scheme”	the share option scheme of the Company adopted on 26th August, 2002
“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
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

“Whitewash Waiver”	a waiver by the Executive in respect of the obligation of Selective Choice to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by it and parties acting in concert with it in accordance with Rule 26 of the Takeovers Code and comparable offers for the 2013 CBs and the Options not already owned or agreed to be acquired by it and parties acting in concert with it in accordance with Rule 13 of the Takeovers Code, which obligation may otherwise arise as a result of the completion of the Offer
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 28th November, 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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement contained in this announcement misleading.