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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)

CONTINUING CONNECTED TRANSACTION PRE-EXISTING TENANCY AGREEMENTS

On 28th April, 2008, the Tenants, both indirect wholly-owned subsidiaries of the Company, entered into the Tenancy Agreements with the Landlord, an indirect wholly-owned subsidiary of ITC, in respect of the Tenancy.

ITC has become a substantial shareholder of the Company on 13th October, 2010 following its wholly-owned subsidiary's interest in the Company reached approximately 11.15% of the issued share capital of the Company. Accordingly, the Landlord has become a connected person of the Company. In this connection, the Tenancy, which is carried out on a continuing basis and in the ordinary and usual course of business of the Company, constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules with effect from 13th October, 2010.

As the aggregate amount of the Rent and Other Charges payable by the Tenants under the Tenancy Agreements on an annual basis exceeds HK\$1,000,000 and each of the applicable percentage ratios (other than the profits ratio) as defined under Rule 14A.10 of the Listing Rules in relation to the annual Rent and Other Charges is less than 5%, the Tenancy Agreements are only subject to the reporting, announcement and annual review requirements set out in Chapter 14A of the Listing Rules and are exempt from the independent shareholders' approval requirement.

The principal terms of the Tenancy Agreements are summarized as follows:

TENANCY AGREEMENTS DATED 28TH APRIL, 2008

- Landlord: Great Intelligence Limited, an investment holding company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of ITC.
- Tenants: ITC Properties Management Limited and Macau Prime Finance Limited (now renamed as ITC Properties Finance Limited), both being companies incorporated in Hong Kong with limited liability and indirect wholly-owned subsidiaries of the Company.

* For identification purpose only

ITC Properties Management Limited is principally engaged in securities investment and investment holding and Macau Prime Finance Limited is principally engaged in money lending business.

There was no other prior transaction between the Company and the Landlord or its associates (as defined under the Listing Rules) in the 12-month period preceding the date of the Tenancy Agreements which might require aggregation under Rule 14A.25 of the Listing Rules.

Premises: Portion of the premises at 30th Floor (including Unit 3008), Bank of America Tower, 12 Harcourt Road, Central, Hong Kong with a total rental area of approximately 4,200 square feet

Term: From 28th April, 2008 to 27th April, 2011

The Landlord or each of the Tenants shall have the right to terminate the respective Tenancy Agreements by giving one month prior written notice after the expiration of first two years of the term of the Tenancy Agreements.

Rent and Other Charges: The Tenants shall pay in aggregate (i) rental in a fixed amount of HK\$243,600 per month; and (ii) management fee and air-conditioning charges of HK\$19,255 (subject to adjustment) per month. The Tenants shall also reimburse the Landlord for the rates and Government Rent in respect of the Premises which are estimated to be approximately HK\$7,200 per month.

Deposit: HK\$525,710, representing 2 months' rental plus management fee and air-conditioning charges

ANNUAL CAPS

Based on the terms of the Tenancy Agreements, the annual caps for the aggregate total Rent and Other Charges payable by the Tenants to the Landlord are expected not to exceed HK\$1,700,000 and HK\$300,000 for the financial year ending 31st March, 2011 and the period from 1st April, 2011 to 27th April, 2011 respectively.

REASONS FOR THE TRANSACTION

The Premises has been used as the principal office of the Group in Hong Kong since April 2008. The terms of the Tenancy Agreements were reached on an arm's length basis with reference to the then comparable rental transactions available in the market. The Directors (including the independent non-executive Directors) consider that the terms of the Tenancy Agreements are on normal commercial terms and are fair and reasonable and the entering into of the Tenancy Agreements is in the ordinary and usual course of business of the Company and in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

ITC has become a substantial shareholder of the Company on 13th October, 2010 following its wholly-owned subsidiary's interest in the Company reached approximately 11.15% of the issued share capital of the Company. Accordingly, the Landlord has become a connected person of the Company.

Although the Tenancy did not constitute a connected transaction for the Company at the time when it was entered into in April 2008, it constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules with effect from 13th October, 2010 by virtue of the substantial shareholding of the ITC Group in the Company.

As the aggregate amount of Rent and Other Charges payable by the Tenants under the Tenancy Agreements on an annual basis exceeds HK\$1,000,000 and each of the applicable percentage ratios (other than the profits ratio) as defined under Rule 14A.10 of the Listing Rules in relation to the annual Rent and Other Charges is less than 5%, the Tenancy Agreements are only subject to the reporting, announcement and annual review requirements set out in Chapter 14A of the Listing Rules and are exempt from the independent shareholders' approval requirement.

In the event that the Tenancy is varied or renewed in the future, the Company will comply all the then applicable reporting, annual review, disclosure and independent shareholders' approval requirements under the Listing Rules.

GENERAL INFORMATION

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.

ITC is an investment holding company, which directly and indirectly holds strategic investments in a number of listed companies, and its subsidiaries are principally engaged in investment holding, provision of finance, property investment and treasury investment.

DEFINITIONS

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

“Board”	the board of Directors
“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

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“ITC”	ITC Corporation Limited, a company incorporated in Bermuda with limited liability, the issued shares (Stock Code : 372) of which are listed on the Main Board of the Stock Exchange
“ITC Group”	ITC and its subsidiaries
“Landlord”	Great Intelligence Limited, an investment holding company with limited liability and an indirect wholly-owned subsidiary of ITC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Premises”	portion of the premises at 30th Floor (including Unit 3008), Bank of America Tower, 12 Harcourt Road, Central, Hong Kong, as set out in the Tenancy Agreements
“Rent and Other Charges”	all charges payable by the Group in relation to the Premises including rent, management fee and air-conditioning charges, rates and Government Rent
“Share(s)”	share(s) of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy”	the tenancy in respect of the Premises under the terms of the Tenancy Agreements

“Tenancy Agreements”	two tenancy agreements both dated 28th April, 2008 entered into between the Landlord and each of the Tenants in respect of the Premises
“Tenants”	ITC Properties Management Limited and Macau Prime Finance Limited (now renamed as ITC Properties Finance Limited), both being companies incorporated in Hong Kong with limited liability and indirect wholly-owned subsidiaries of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 14th October, 2010

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. 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