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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 IN RELATION TO THE TENANCY AGREEMENT**

The Board announces that on 28th April, 2008, ITC Properties Management Limited, an indirect wholly-owned subsidiary of the Company, as the Tenant, entered into the Tenancy Agreement with Island Town Limited, an indirect wholly-owned subsidiary of Hanny Holdings, as the Landlord, in respect of the Tenancy.

As at the date of this announcement, Hanny Holdings is indirectly interested in approximately 16.72% of the issued share capital of the Company and is a substantial Shareholder. Accordingly, the Landlord is a connected person of the Company. The Tenancy, which will be carried out on a continuing basis and in the ordinary and usual course of business of the Company, constitutes a continuing connected transaction of the Company under Rule 14A.14 of the Listing Rules.

As the Rent and other charges payable by the Tenant under the Tenancy on an annual basis exceed 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 2.5%, the Tenancy Agreement is subject to the announcement, reporting and annual review requirements set out in Rules 14A.37 to 14A.40 and Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the independent Shareholders' approval requirement.

### **TENANCY AGREEMENT DATED 28TH APRIL, 2008**

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

**Landlord:** Island Town Limited, an investment property holding company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Hanny Holdings which is in turn a substantial Shareholder

Island Town Limited is a connected person of the Company as defined under the Listing Rules.

**Tenant:** ITC Properties Management Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company

The Tenant is principally engaged in securities investment and investment holding.

\* For identification purpose only

<b>Premises:</b>	Unit 3102, 31/F., Bank of America Tower, 12 Harcourt Road, Central, Hong Kong
<b>Total Rental Area:</b>	5,189 square feet
<b>Term:</b>	From 28th April, 2008 to 27th April, 2011
	The Landlord or the Tenant shall have the right to terminate the Tenancy Agreement by giving one month prior written notice after the expiration of first two years of the term of the Tenancy Agreement.
<b>Rent and other charges:</b>	The Tenant shall pay (i) rental charge in a fixed amount of HK\$311,340 per month; and (ii) management fee and air-conditioning charges of HK\$23,927 (subject to adjustment) per month. The Tenant shall also reimburse the Landlord for the rates and Government Rent for the Premises which are estimated to be approximately HK\$10,000 per month.
<b>Deposit:</b>	HK\$670,534, representing 2 months' rental charge plus management fee and air-conditioning charges

## **ANNUAL CAPS**

Based on the terms of the Tenancy Agreement, the annual caps for total Rent and other charges payable by the Tenant to the Landlord will not exceed HK\$3,900,000 for the financial year ending 31st March, 2009 and HK\$4,200,000 for each of the financial years ending 31st March, 2010 and 31st March, 2011 respectively.

## **REASONS FOR THE TRANSACTION**

The Premises will be used as the principal office of the Group. The Tenancy enables the Group to relocate its principal office to the central business and financial district in Hong Kong. The terms of the Tenancy Agreement were reached on an arm's length basis with reference to comparable rental transactions as available in the market. The Directors, including the independent non-executive Directors, consider that the entering into of the Tenancy Agreement is in the ordinary and usual course of business of the Company, on normal commercial terms which are fair and reasonable and in the interests of the Company and Shareholders as a whole.

## **LISTING RULES IMPLICATION**

The Landlord is an indirect wholly-owned subsidiary of Hanny Holdings, which is a substantial Shareholder who is holding an approximately 16.72% indirect interest in the issued share capital of the Company as at the date of this announcement and is therefore a connected person of the Company.

The Tenancy constitutes a continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules.

As the total Rent and other charges payable by the Tenant under the Tenancy on an annual basis exceed 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 2.5%, the Tenancy Agreement is subject to the announcement, reporting and annual review requirements set out in Rules 14A.37 to 14A.40 and Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the independent Shareholders' approval requirement.

## 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.

Hanny Holdings is an investment holding company which is principally engaged in trading of securities, property investment and trading, holding of vessels for sand mining and other strategic investments.

## TERMS USED IN THIS ANNOUNCEMENT

“Board”	the board of Directors
“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
“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
“Hanny Holdings”	Hanny Holdings 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 : 275)
“Landlord”	Island Town Limited, an indirect wholly-owned subsidiary of Hanny Holdings
“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, excluding Hong Kong, Macau and Taiwan for the purpose of this announcement
“Premises”	Unit 3102, 31/F., Bank of America Tower, 12 Harcourt Road, Central, Hong Kong
“Rent and other charges”	all charges payable by the Group in relation to the Premises including management fee and air-conditioning charges, rates and Government Rent
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Tenancy”	the tenancy in respect of the Premises under the terms of the Tenancy Agreement
“Tenancy Agreement”	the tenancy agreement dated 28th April, 2008 entered into between the Landlord and the Tenant in respect of the Premises
“Tenant”	ITC Properties Management Limited, an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollar, 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, 28th April, 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. 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