

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



德祥地產集團有限公司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 199)

FURTHER UPDATE ON THE MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF INTEREST IN PARAGON WINNER COMPANY LIMITED

The Board wishes to announce that the Lender and the Purchaser executed the Settlement Deed on 19th September, 2012 (after the trading hours of the Stock Exchange) whereby the Purchaser confirmed the transfer and assignment of its ownership in the Pledged Shares and Pledged Loans to the Vendor at the direction of the Lender in satisfaction of all amounts owing under the Loan Agreement. After the Settlement, 55% and 45% of the issued share capital of Paragon Winner is currently held by the Vendor and Purchaser respectively, and Paragon Winner becomes an indirect non-wholly owned subsidiary of the Company.

References are made to the announcements of the Company dated 22nd July, 2010, 26th August, 2010, 16th May, 2011, 1st November, 2011, 11th November, 2011, 5th December, 2011, 3rd January, 2012, 18th January, 2012, 20th February, 2012, 20th March, 2012, 2nd April, 2012, 2nd May, 2012, 14th May, 2012 and 31st July, 2012 (collectively the “**Announcements**”) and the circulars of the Company dated 10th August, 2010 and 26th April, 2012 (the “**Second Circular**”) in relation to the major transaction involving the disposal by the Vendor (an indirect wholly-owned subsidiary of the Company) of a 65% shareholding in Paragon Winner and 65% of all amounts which were owing by the Paragon Winner Group to the Vendor as at Completion. Capitalised terms used herein have the same meanings as those defined in the Announcements and the Second Circular unless otherwise specified.

As stated in the announcement of the Company dated 31st July, 2012, upon the Purchaser’s request, the Lender has agreed to extend the repayment date of the Loan to 14th August, 2012. The Board wishes to announce that the Purchaser failed to make any repayment of the Loan of HK\$205.7 million and the interest accrued thereon of HK\$4.2 million on 14th August, 2012. As a protection to the Group’s interest in Paragon Winner, according to the terms of the Loan Agreement and as disclosed in the Second Circular, the Purchaser has provided security to the Group for the Loan by way of the Pledged Shares and the Pledged Loans which, if the Purchaser shall default in repayment of the Loan, can be transferred and assigned to the Vendor such that the Vendor shall as a result in aggregate own not less than 51% of the entire issued share capital of and the corresponding percentage of all shareholders’ loans due by Paragon Winner. In accordance with the provisions of the Loan Agreement, the Lender and the Purchaser executed a deed of settlement (the “**Settlement Deed**”) on 19th September, 2012 (after the trading hours of the Stock Exchange) whereby:

* For identification purpose only

1. the Purchaser confirmed the transfer of the Pledged Shares (20 shares in Paragon Winner, representing 20% of the entire issued share capital of Paragon Winner) and assignment of the Pledged Loans (approximately HK\$33.7 million representing 20% of all the shareholders' loans due by Paragon Winner as at the date of the Settlement Deed) to the Vendor, at the direction of the Lender in accordance with the terms of the Loan Agreement;
2. the Lender confirmed that the transfer and assignment referred to in paragraph 1 above represents full and final settlement of all amounts due by the Purchaser under the Loan Agreement (the “**Settlement**”); and
3. the Lender and the Purchaser confirmed that provisions of the Shareholders' Agreement applicable in the case of non-repayment of the Loan will come into effect immediately.

Upon completion of the disposal of a 65% shareholding in Paragon Winner and 65% of all amounts owing by the Paragon Winner Group to the Vendor which took place on 31st May, 2012, the Group owned 35% of the issued share capital of Paragon Winner and recognised a gain on disposal of approximately HK\$520.0 million (the “**Disposal Gain**”). As a result of the Settlement, the Group will assess the fair value of the Pledged Shares and the Pledged Loans and it is anticipated that an impairment loss with an amount not exceeding HK\$205.7 million (i.e. the principal amount of the Loan) will be made thereon as a reduction to the Disposal Gain.

After the Settlement, 55% and 45% of the issued share capital of Paragon Winner is currently held by the Vendor and the Purchaser respectively, and Paragon Winner becomes an indirect non-wholly owned subsidiary of the Company. The Group intends that the Paragon Winner Group will continue to operate the Golf Resort.

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

Hong Kong, 19th September, 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