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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)

(Warrant Code : 490)

**VERY SUBSTANTIAL ACQUISITION
INVOLVING ACQUISITION OF SALE SHARES AND SALE LOANS
AND
RESUMPTION OF TRADING**

THE ACQUISITION

The Board announces that after trading hours of the Stock Exchange on 30th December, 2008, the Purchaser entered into the Agreements with the Vendor, an independent third party, whereby the Purchaser agreed to purchase and the Vendor agreed to sell the Sale Shares and the Sale Loans for an aggregate consideration of approximately HK\$255.4 million based on the unaudited management accounts of the target companies provided by the Vendor. The Sale Shares represent the entire issued share capital of Charm Noble, Favor Gain and Adventura. Each of Charm Noble and Favor Gain owns 50% of the issued share capital of Fortress Jet which in turn owns the Yue King Property. Adventura owns the entire issued share capital of Sino Able which in turn owns the Nam Fung Property.

Under Rule 14.22 of the Listing Rules, the Acquisition, when aggregated with the acquisition of the Moreton Property and the Yuet Wah Property, constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is therefore subject to the approval of the Shareholders at the SGM. As the Vendor is a third party independent of the Company and its connected persons (as defined in the Listing Rules) and no Shareholder has a material interest in the Acquisition which is different from other Shareholders, no Shareholder is required to abstain from voting in respect of the proposed ordinary resolution to approve the Agreements at the SGM.

A circular containing, among other things, details of the Agreements, the valuation reports of the Properties and other properties of the Group, the financial information of the Group, Charm Noble, Favor Gain, Fortress Jet and the Adventura Group, the notice to convene the SGM and other information as required under the Listing Rules will be despatched to the Shareholders in due course.

* For identification purpose only

RESUMPTION OF TRADING

Trading in the Shares and warrants of the Company on the Stock Exchange was suspended at the request of the Company from 9:30 a.m. on 31st December, 2008 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares and warrants of the Company on the Stock Exchange with effect from 2:30 p.m. on 7th January, 2009.

THE AGREEMENTS

(1) Date:

30th December, 2008 (signed after trading hours of the Stock Exchange)

(2) Parties:

Purchaser:

Macau Prime Property (Hong Kong) Limited, an indirect wholly-owned subsidiary of the Company; and

Vendor:

Vincent Asset, the legal and beneficial owner of the entire issued share capital of Charm Noble, Favor Gain and Adventura.

Save for being a party to the Agreements, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is a third party independent of the Company and its connected persons (as defined in the Listing Rules) and is not a connected person of the Company. There was no prior transaction between the Company and the Vendor or its associates in the last 12 months prior to the date of the Agreements which may require aggregation under Rule 14.22 of the Listing Rules.

(3) Assets to be acquired:

The assets to be acquired comprise the Sale Shares and the Sale Loans.

The Sale Shares represent the respective entire issued share capital of:

- (i) Charm Noble and Favor Gain which are both investment holding companies incorporated in the BVI. Each of Charm Noble and Favor Gain owns 50% of the issued share capital of Fortress Jet as at the date of the relevant Agreement. Fortress Jet is a company incorporated in Hong Kong with limited liability and a special purpose vehicle established for the purpose of acquiring and holding the Yue King Property; and

- (ii) Adventura which is an investment holding company incorporated in the BVI and owns the entire issued share capital of Sino Able as at the date of the relevant Agreement. Sino Able is a company incorporated in Hong Kong with limited liability and a special purpose vehicle established for the purpose of acquiring and holding the Nam Fung Property.

The Sale Loans are the aggregate of the First Sale Loans and the Second Sale Loan which represents respectively:

- (i) the entire amount of the shareholder's loans owing by Charm Noble and Favor Gain to Vincent Asset as at the Completion Date, the aggregate amount of which as at 31st December, 2008 was approximately HK\$169.1 million. The First Sale Loans are unsecured, non interest-bearing and have no fixed term of repayment. The First Sale Loans were incurred from time to time by amounts advanced to Fortress Jet through Charm Noble and Favor Gain respectively by Vincent Asset for the purposes of acquiring the Yue King Property and financing the operation of Fortress Jet; and
- (ii) the entire amount of the shareholder's loan owing by Adventura to Vincent Asset as at the Completion Date, the aggregate amount of which as at 31st December, 2008 was approximately HK\$76.3 million. The Second Sale Loan is unsecured, non interest-bearing and has no fixed term of repayment. The Second Sale Loan was incurred from time to time by amounts advanced to Sino Able through Adventura by Vincent Asset for the purposes of acquiring the Nam Fung Property and financing the operation of Sino Able.

The Sale Loans amounted to approximately HK\$245.4 million in aggregate as at 31st December, 2008.

(4) Consideration and payment terms:

The Consideration for the Sale Shares and the Sale Loans is as follows:

- the consideration for the Sale Shares shall be HK\$10 million, of which HK\$2.5 million is for the acquisition of Adventura and HK\$7.5 million for Charm Noble and Favor Gain; and
- the consideration for the Sale Loans shall equal to the face value of the Sale Loans at the Completion Date on a dollar for dollar basis.

The Consideration has been/shall be paid in the following manner:

- (i) a deposit of HK\$45 million has been paid by the Purchaser in cash to the Vendor on signing of the Agreements, of which HK\$43 million was for the acquisition of Adventura and HK\$2 million for the acquisition of Charm Noble and Favor Gain;

- (ii) a sum of approximately HK\$35.8 million, being the balance of the Consideration for the Second Sale Loan, to be paid in cash upon Completion; and
- (iii) the remaining balance of the Consideration for the acquisition of Charm Noble and Favor Gain and the First Sale Loans to be paid by way of the Purchaser issuing the Note upon Completion.

If the Agreement(s) is/are terminated due to the default of the Vendor, the deposit paid shall be refunded, without interest, by the Vendor to the Purchaser forthwith without prejudice to any other claims and remedies the Purchaser may have under the Agreements whatsoever.

The deposit has been settled by internal resources of the Group. It is intended that the payment of further amount of approximately HK\$35.8 million of the Consideration on Completion will also be financed by internal resources of the Group.

The Consideration was determined after arm's length negotiations between the parties with reference to, among other things, the business potential and future prospects of the Properties, the combined unaudited net assets of Charm Noble, Favor Gain, Fortress Jet and the Adventura Group of approximately HK\$0.3 million and the valuation of the Properties as at 30th November, 2008 by an independent professional valuer, RHL Appraisal Limited. The Board considers that the Consideration is fair and reasonable.

(5) Principal terms of the Note:

- Issuer: the Purchaser
- Principal amount: Based on the consideration for the Sale Shares of HK\$10 million and the outstanding balance of the Sale Loans as at 31st December, 2008 of approximately HK\$245.4 million, the principal value of the Note is estimated to be approximately HK\$174.6 million.
- Interest: To be calculated at 1% over the prime rate for Hong Kong dollars from time to time quoted by The Hongkong and Shanghai Banking Corporation Limited on the basis of the actual number of days elapsed in a year of 365 days payable semi-annually and shall accrue from day to day (inclusive of the date of issue of the Note).
- Maturity: Eighteen months after the date of issue of the Note, i.e. the date of Completion.
- Securities: The Note will be secured by share mortgages over the issued share capital of Charm Noble, Favor Gain and Fortress Jet. The Company, the Purchaser, Charm Noble, Favor Gain and Fortress Jet will also on Completion execute a deed of negative pledge in favour of the Vendor and undertake not to dispose of or create any encumbrances over the Yue King Property without the Vendor's consent. The Company will also execute the Note as guarantor to guarantee the obligations of the Purchaser under the Note.

(6) Other terms:

As at the date of the Agreements, Fortress Jet has unsecured loan of HK\$54.3 million owing to Bistrot Corp. As one of the conditions precedent to the Completion, the Purchaser and Bistrot Corp shall enter into a deed of subordination in favour of the Vendor in form and substance reasonably acceptable to all of them whereby Bistrot Corp and the Purchaser agree that the amount owing by Fortress Jet to Bistrot Corp will not be repaid until and unless all amounts owing to the Vendor under the Note have been fully repaid.

Based on the information provided by the Vendor, the loan from Bistrot Corp was incurred by Fortress Jet for the acquisition of the Yue King Property. The loan is non-interest bearing and has no fixed repayment term. Save for the loan, there is no other relationship between Bistrot Corp, Fortress Jet, the Vendor and its associates.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Bistrot Corp is a third party independent of the Company and its connected persons (as defined in the Listing Rules) and is not a connected person of the Company.

(7) Conditions precedent:

Completion is conditional upon the following conditions being fulfilled or waived by the Purchaser:

- (i) the Purchaser being satisfied with the results of a due diligence review on the assets, liabilities, contracts, commitments, business, financial, legal and taxation aspects of Charm Noble, Favor Gain, Fortress Jet and the Adventura Group;
- (ii) the representations, warranties and undertakings given by the Vendor remaining true and accurate and not misleading in all material respects as at Completion;
- (iii) the Vendor having delivered a legal opinion issued by a firm of lawyers practising BVI laws and dated not earlier than 7 days before the Completion Date, confirming that the Vendor, Adventura, Charm Noble and Favor Gain are all validly existing under the BVI laws and in good standing, that the Vendor has the full power and authority to enter into the Agreements and to execute the instruments of transfer, the deed of assignment in relation to the Sale Loans and the deed of tax indemnity, and that the Agreements, the instruments of transfer, the deed of assignment and the deed of tax indemnity when executed constitutes legal and binding obligations on the Vendor;
- (iv) the Vendor having shown and given a good title of Fortress Jet and Sino Able to the Yue King Property and the Nam Fung Property respectively;
- (v) approval by the Shareholders (other than those who are required to abstain from voting under the Listing Rules or the applicable laws, rules and regulations) of the Agreements and all other transactions contemplated under the Agreements at the SGM in compliance with the requirements of the Listing Rules;

- (vi) all other relevant requirements under the Listing Rules and/or all necessary approvals and processes of the relevant authorities for the entry into and implementation of the Agreements and the transactions contemplated thereunder have been fulfilled, obtained and/or complied with by the Purchaser and/or its holding companies; and
- (vii) Bistrot Corp and the Purchaser shall enter into a deed of subordination in favour of the Vendor, details of which are set out in the paragraph headed “Other terms” above.

The Purchaser may at its absolute discretion waive conditions (i) to (iv) and (vii). If the conditions are not fulfilled or waived on or before 30th April, 2009 (or any other date as the parties to the Agreements may agree in writing), the rights and obligations of the parties under the Agreements shall lapse and be of no further effect except for antecedent breach, and the deposit shall be refunded to the Purchaser without interest, claim or compensation.

(8) Completion:

Completion shall take place on the third Business Day after fulfillment (or waiver, if applicable) of the last of the conditions precedent to the Agreements (except condition (ii) which shall remain fulfilled on Completion), or such other date as the parties to the Agreements may agree in writing.

The Agreements and Completion thereof are inter-conditional on each other. Accordingly, any failure to complete under one of the Agreements will be deemed a failure to complete under the other of the Agreements.

INFORMATION ON CHARM NOBLE, FAVOR GAIN, FORTRESS JET AND THE ADVENTURA GROUP

Charm Noble together with Favor Gain and Adventura are investment holding companies, the principal assets of which are the entire equity interest in Fortress Jet and Sino Able respectively.

Fortress Jet is a special purpose vehicle incorporated on 22nd November, 2007. Its principal asset is the Yue King Property which comprises all except four units within the building known as “Yue King Mansion” erected on a site located at Nos. 35, 37 and 39 Tung Lo Wan Road, Causeway Bay, Hong Kong, with site area of approximately 4,500 square feet. Portions of the Yue King Property are subject to 5 tenancies with independent third parties with total rental income of HK\$73,600 per month. All the other portions of the Yue King Property are vacant. The leases will expire between January 2009 and March 2010. The ground floor of the Yue King Property is for commercial use and the other units of the Yue King Property are for residential use.

Sino Able is a special purpose vehicle incorporated on 19th December, 2007. Its principal asset is the Nam Fung Property which comprises all the units within the building known as “Nam Fung Building” erected on a site located at No. 33 Tung Lo Wan Road, Causeway Bay, Hong Kong, with site area of approximately 1,147 square feet. A portion of the Nam Fung Property is subject to a tenancy with an independent third party with rental income of HK\$13,000 per month. All the other portions of the Nam Fung Property are vacant. The lease will expire on 31st August, 2009. The ground floor of the Nam Fung Property is for commercial use and the other units of the Nam Fung Property are for residential use.

The Properties are valued by RHL Appraisal Limited, an independent professional valuer, at HK\$321 million as at 30th November, 2008 on an amalgamated site basis. The market value of the Nam Fung Property and the Yue King Property as at 30th November, 2008 was HK\$29.5 million and HK\$236.0 million respectively.

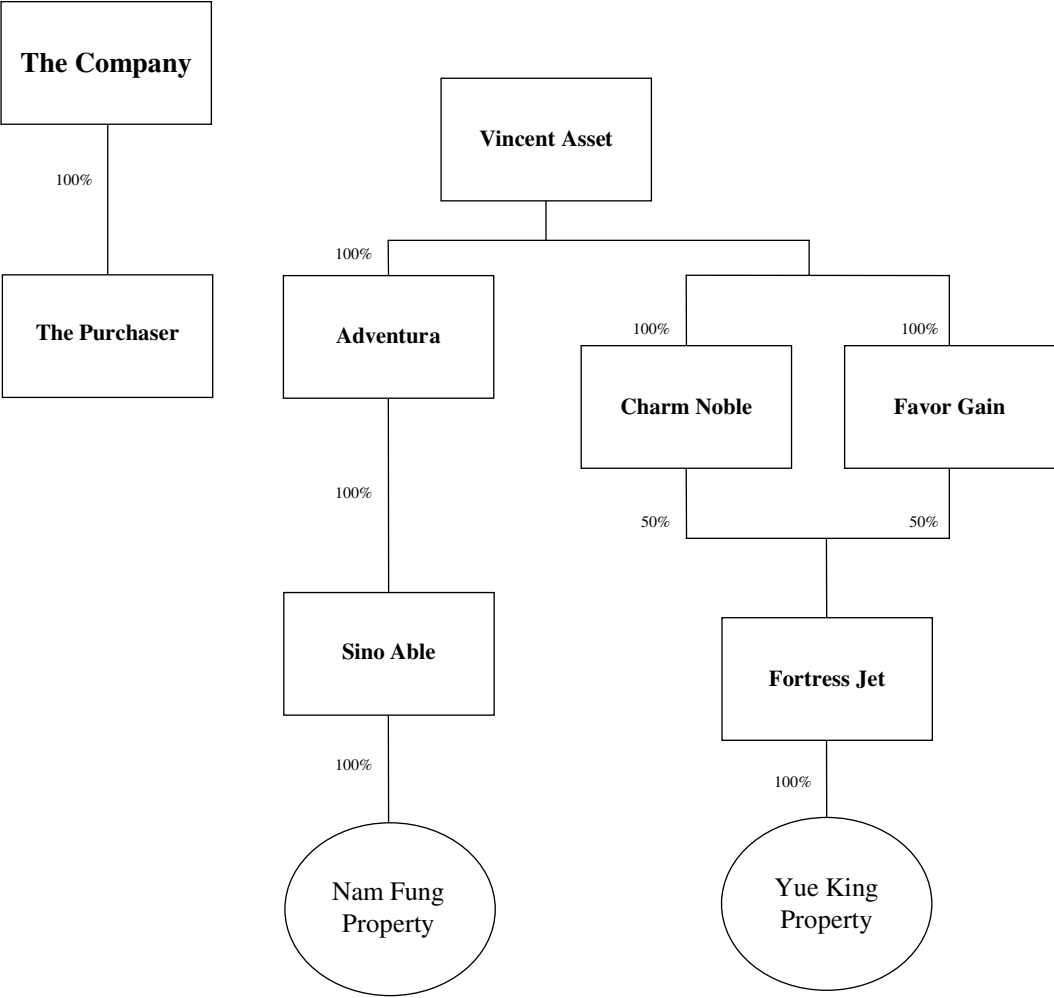
For the period from 29th October, 2007 (date of incorporation of Favor Gain) to 30th November, 2008, Charm Noble, Favor Gain and Fortress Jet recorded unaudited combined profit before taxation and profit after taxation of approximately HK\$0.3 million and HK\$0.2 million respectively. The unaudited combined net assets of Charm Noble, Favor Gain and Fortress Jet as at 30th November, 2008 were approximately HK\$0.2 million.

For the period from 6th February, 2008 (date of incorporation of Adventura) to 30th November, 2008, the Adventura Group recorded unaudited consolidated profit (both before and after taxation) of approximately HK\$0.1 million. The unaudited consolidated net assets of the Adventura Group as at 30th November, 2008 were approximately HK\$0.1 million.

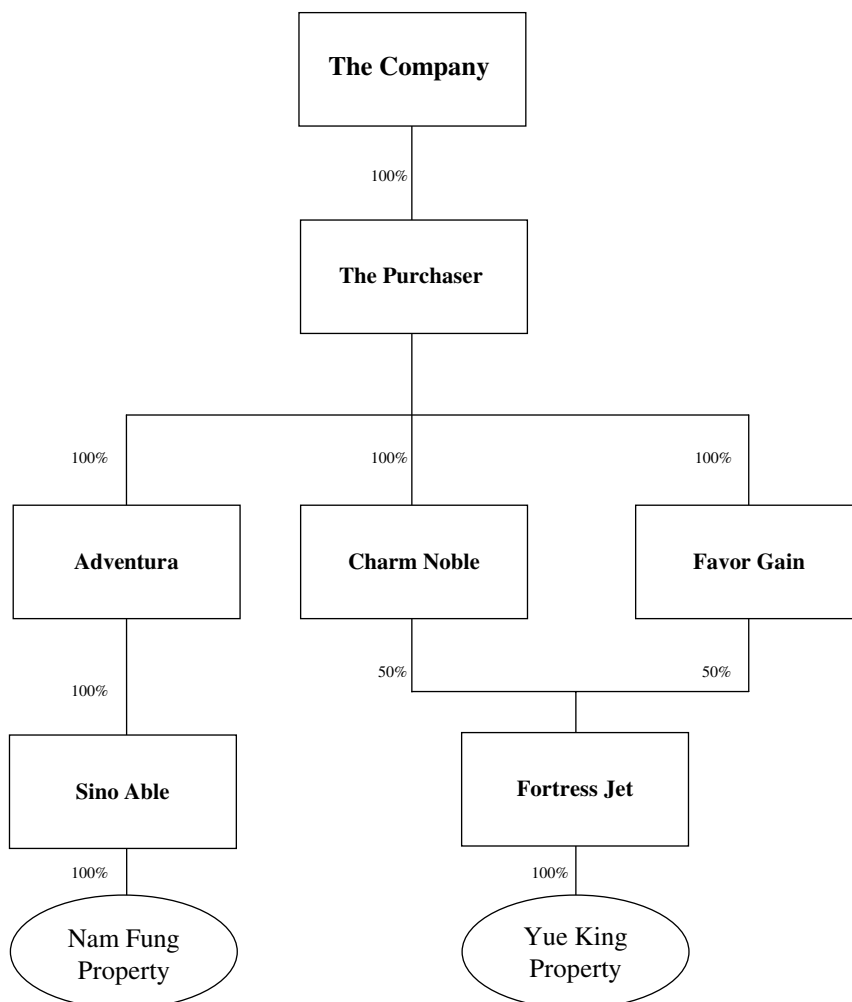
Upon Completion, Charm Noble, Favor Gain, Fortress Jet, Adventura and Sino Able will become indirect wholly-owned subsidiaries of the Company.

Set out below is the shareholding structure of Charm Noble, Favor Gain, Fortress Jet and the Adventura Group before and after Completion:

Before Completion



After Completion



REASONS FOR THE ACQUISITION

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.

The property market in Hong Kong has quiet down since 2008 and the Board believes it is an opportune time to invest in properties with resale and redevelopment potential at reasonable prices and to further capture future capital gain when the property market recovers. As previously announced, the Group has recently acquired the property interests in the Moreton Property and the Yuet Wah Property, both of which are in the neighbourhood of the Properties. The Board considers that the Acquisition provides a good opportunity for the Company to increase its property portfolio and attain land amalgamation with value enhancement in Causeway Bay, one of the well off districts in Hong Kong. The Board also considers that the terms and conditions of the Agreements are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

The Group currently intends to explore the feasibility proposal relating to the redevelopment of the Properties (after acquiring the remaining 6½ equal undivided shares comprising 3 residential units and one shop unit in Yue King Mansion) together with the Moreton Property and the Yuet Wah Property, as service apartments and up-market food and beverage outlets or hotel, targeting to attain land amalgamation to enhance the property value.

The redevelopment plan, if to be carried out, will only commence when the existing tenancies expired and/or are terminated and the entire interest of Yue King Mansion and No. 7 Moreton Terrace have been obtained. The expected completion date of such redevelopment is uncertain as there is no concrete plan on that.

LISTING RULES IMPLICATIONS

Under Rule 14.22 of the Listing Rules, the Acquisition, when aggregated with the acquisition of the Moreton Property and the Yuet Wah Property, constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is therefore subject to the approval of the Shareholders at the SGM. The SGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Agreements and the transactions contemplated thereunder. As the Vendor is a third party independent of the Company and its connected persons (as defined under the Listing Rules) and no Shareholder has a material interest in the Acquisition which is different from the other Shareholders, no Shareholder is required to abstain from voting in respect of the proposed ordinary resolution to approve the Agreements at the SGM.

GENERAL

A circular containing, among other things, details of the Agreements, the valuation report of the Properties and other properties of the Group, the financial information of the Group, Charm Noble, Favor Gain, Fortress Jet and the Adventura Group, the notice to convene the SGM and other information as required under the Listing Rules will be despatched to the Shareholders in due course.

RESUMPTION OF TRADING

Trading in the Shares and warrants of the Company on the Stock Exchange was suspended with effect from 9:30 a.m. on 31st December, 2008 at the request of the Company pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares and warrants of the Company with effect from 2:30 p.m. on 7th January, 2009.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares and the Sale Loans by the Purchaser from the Vendor pursuant to the terms and conditions of the Agreements
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“Adventura”	Adventura International Limited, a company incorporated in the BVI with limited liability
“Adventura Group”	Adventura and its subsidiary, i.e. Sino Able
“Agreements”	(i) the agreement dated 30th December, 2008 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the entire issued share capital of and shareholder’s loan due by Adventura; and (ii) another agreement also dated 30th December, 2008 and also entered into between the Vendor and the Purchaser in relation to the sale and purchase of the entire issued share capital of and shareholder’s loans due by Charm Noble and Favor Gain; and “Agreement” means either of them
“Board”	the board of Directors
“Business Day(s)”	a day (other than Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“BVI”	British Virgin Islands
“Charm Noble”	Charm Noble Group Limited, a company incorporated in the BVI with limited liability
“Company”	ITC Properties Group Limited, a company incorporated in Bermuda with limited liability, the issued Shares (Stock Code : 199) and warrants (Warrant Code : 490) of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition
“Completion Date”	the date of Completion
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Consideration”	the aggregate consideration for the Sale Shares and the Sale Loans under the Agreements

“Directors”	the directors of the Company
“Favor Gain”	Favor Gain Group Limited, a company incorporated in the BVI with limited liability
“First Sale Loans”	the aggregate of the entire amount of the shareholder’s loans owing by Charm Noble and Favor Gain to the Vendor on Completion
“Fortress Jet”	Fortress Jet International Limited, a company incorporated in Hong Kong with limited liability and is owned as to 50% by Charm Noble and Favor Gain respectively as at the date of the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Moreton Property”	the property located at No. 7, Moreton Terrace, Hong Kong acquired by the Group in September 2008, details of which are set out in the circulars of the Company dated 18th August, 2008 and 16th September, 2008 respectively
“Nam Fung Property”	(i) all those 3 equal undivided 7th parts or shares of and in Subsection One of Section C of Subsection One of Section A of Inland Lot No. 1580 (the “Lot”) and of and in the messuages and building erected thereon known at the date hereof as “Nam Fung Building”, No. 33 Tung Lo Wan Road, Causeway Bay, Hong Kong together with the exclusive right and privilege to the use occupation and enjoyment of 1st Floor and Flat Roof, 3rd Floor and 5th Floor of Nam Fung Building; and (ii) all those 4 equal undivided 7th parts or shares of and in the Lot together with the exclusive right and privilege to the use occupation and enjoyment of Ground Floor and Cockloft, 2nd Floor and 4th Floor of Nam Fung Building
“Note”	the promissory note to be issued by the Purchaser to partly settle the Consideration

“Properties”	collectively the Yue King Property and the Nam Fung Property
“PRC”	The People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Purchaser”	Macau Prime Property (Hong Kong) Limited, a company incorporated in the BVI and an indirect wholly-owned subsidiary of the Company
“Sale Loans”	collectively the First Sale Loans and the Second Sale Loan
“Sale Shares”	(i) the entire issued share capital of Charm Noble and Favor Gain, which is owned by Vincent Asset as at the date of the Agreement; and (ii) the entire issued share capital of Adventura, which is owned by Vincent Asset as at the date of the Agreement
“Second Sale Loan”	the entire amount of the shareholder’s loan owing by Adventura to the Vendor on Completion
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Agreements and the transactions contemplated thereunder
“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)
“Sino Able”	Sino Able Investment Limited, a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of Adventura
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor” or “Vincent Asset”	Vincent Asset Holdings Limited, a company incorporated in the BVI with limited liability

“Yue King Property”

all those 103½ equal undivided 110th parts or shares of and in the Remaining Portion of Section C of Subsection 1 of Section A of Inland Lot No. 1580, the Remaining Portion of Section B of Subsection 2 of Section A of Inland Lot No. 1580 and Subsection 1 of Section B of Subsection 2 of Section A of Inland Lot No. 1580 and of and in the messuages and building erected thereon known at the date hereof as “Yue King Mansion” at Nos. 35, 37 and 39 Tung Lo Wan Road, Causeway Bay, Hong Kong together with the exclusive right and privilege to the use occupation and enjoyment of shops nos. 1-A, 1-B, 1-C, 1-D and 2 on the Ground Floor, flats nos. 1, 2, 3 and 5 on the First Floor, flats nos. 1, 2, 3, 4 and 5 on the Second Floor, flats nos. 1, 2, 3 and 4 on the Third Floor, flats nos. 1, 2, 3, 4 and 5 on the Fourth Floor, flats nos. 1, 2, 3, 4 and 5 on the Fifth Floor, flats nos. 1, 2, 3 and 5 on the Sixth Floor, flats nos. 1, 2, 3, 4 and 5 on the Seventh Floor, flats nos. 1, 2, 3, 4 and 5 on the Eighth Floor and flats nos. 1, 2, 3, 4 and 5 on the Ninth Floor of Yue King Mansion

“Yuet Wah Property”

the property situated at Nos. 19-21 Shelter Street, Causeway Bay, Hong Kong acquired by the Group in December 2008, details of which are set out in a circular of the Company dated 25th November, 2008

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong

“%”

percentage

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

Hong Kong, 7th January, 2009

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. Ma Chi Kong, Karl

Independent non-executive Directors:

Mr. Qiao Xiaodong (*Vice Chairman*)

Mr. Wong Chi Keung, Alvin

Mr. Kwok Ka Lap, Alva