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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)

**VERY SUBSTANTIAL DISPOSAL
IN RELATION TO THE DISPOSAL OF
PROPERTY IN HONG KONG
AND
RESUMPTION OF TRADING**

THE DISPOSAL

After trading hours of the Stock Exchange on 28th December, 2012, the Vendor and the Purchaser entered into the Provisional Agreement pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to dispose of the Property at a purchase price of HK\$830.0 million.

LISTING RULES IMPLICATIONS

The Disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is therefore subject to the approval of the Shareholders by way of poll. The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Provisional Agreement and (if applicable) the Formal Agreement and the transactions contemplated thereunder. CSI holds 544,600 Shares (representing approximately 0.14% of the issued share capital of the Company) and HK\$26.4 million of the convertible notes due 2013 of the Company as at the date of this announcement. CSI and its associates shall abstain from voting at the SGM.

A circular containing, among other things, details of the Provisional Agreement and (if applicable) the Formal Agreement, the valuation report on the Property, the financial information of the Group, the notice convening the SGM together with the proxy form and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 8th February, 2013 as additional time is required for the preparation and finalisation of the financial information of the Group for inclusion in the circular.

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 31st December, 2012 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 3rd January, 2013.

* For identification purpose only

INTRODUCTION

The Board is pleased to announce that after trading hours of the Stock Exchange on 28th December, 2012, the Vendor and the Purchaser entered into the Provisional Agreement pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to dispose of the Property at a purchase price of HK\$830.0 million.

THE PROVISIONAL AGREEMENT

Set out below are the principal terms of the Provisional Agreement:

Date: 28th December, 2012

Parties:

(i) Purchaser: Smart Tide Limited; and

(ii) Vendor: Castle Win International Limited, an indirect wholly-owned subsidiary of the Company which is engaged in property development and investment.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Purchaser is a wholly-owned subsidiary of CSI which holds 544,600 Shares (representing approximately 0.14% of the issued share capital of the Company) and HK\$26.4 million of the convertible notes due 2013 of the Company which are convertible into new Shares at the prevailing conversion price of HK\$2.102 per Share as at the date of this announcement; (ii) the principal business activity of the Purchaser is investment holding; (iii) CSI is an investment holding company and is principally engaged in property repositioning and investment via its subsidiaries; and (iv) save for being a holder of the aforesaid Shares and convertible notes of the Company, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Subject matter:

Pursuant to the Provisional Agreement, the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to dispose of the Property. The Property is located at Nos. 703 and 705, Nathan Road, Mongkok, Kowloon, Hong Kong with a site area of approximately 2,432 sq. ft. which is currently owned by the Vendor. The site is being developed into a 20-storey retail complex with a gross floor area of approximately 30,000 sq. ft. The construction work of the superstructure is in progress and is expected to be completed around April 2013. As at the date of this announcement, no tenancy agreement in respect of the Property has been committed. There was no rental income generated from the Property but increases in fair value of the investment property under development of approximately HK\$57.4 million and HK\$109.8 million in respect of the Property were recorded for each of the two years ended 31st March, 2012 and 2011 respectively. The carrying value of the Property recorded in the management accounts of the Vendor as at 30th September, 2012 was HK\$498.0 million.

The ICBC Facility, which was obtained for the purposes of financing the development costs of the Property and the general working capital of the Vendor, is secured by a first legal charge over the Property. In addition, the Company has given corporate guarantee in respect of the ICBC Facility. The outstanding principal amount under the ICBC Facility is approximately HK\$142.0 million as at the date of this announcement and the Vendor expects that a further principal amount of HK\$56.0 million will be drawdown under the ICBC Facility before Completion to pay for the construction costs of the Building. The ICBC Facility shall be fully repaid upon Completion.

Consideration and payment terms:

The Consideration for the Property is HK\$830.0 million which shall be paid by the Purchaser to the Vendor in cash in the following manner:

- (i) a deposit of HK\$50.0 million has been paid upon signing of the Provisional Agreement;
- (ii) a further deposit of HK\$74.5 million shall be paid on or before 11th January, 2013; and
- (iii) the balance of the Consideration of HK\$705.5 million shall be paid upon Completion.

The aforesaid deposits have been/shall be paid to the solicitors of the Vendor as stakeholder which shall be released to the Vendor provided that the balance of the Consideration is sufficient to obtain a release/discharge of the existing mortgage in respect of the Property. Pursuant to the terms and conditions of the ICBC Facility, all proceeds received or receivable from the sale of the Property shall be placed in a bank deposit account charged to ICBC by way of first fixed charge as an additional security of the ICBC Facility.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to, among other things, the valuation of the Property at completion stage of approximately HK\$701.0 million as at 30th September, 2012 conducted by an independent professional valuer using the residual method of valuation and the present property market condition.

Condition precedent:

Completion is conditional upon the approval by the Shareholders of the Provisional Agreement and (if applicable) the Formal Agreement and the transactions contemplated thereunder at the SGM in compliance with the requirements under the Listing Rules.

For the fulfillment of the above condition, the Vendor has procured and Selective Choice, as the beneficial holder of 151,628,928 Shares (representing approximately 39.33% of the entire issued share capital of the Company) as at the date of this announcement, has executed an undertaking to vote in favour of the resolutions sanctioning and approving the Disposal at the SGM. If the above condition is not fulfilled before the Completion Date, the Provisional Agreement and (if applicable) the Formal Agreement and the transactions contemplated thereunder shall be terminated, and the Vendor shall refund to the Purchaser all deposits paid but without any interest cost or compensation and neither party shall have any claim against the other thereon.

Completion:

Completion shall take place after the issue of the Occupation Permit provided that (i) the Completion Date shall not be earlier than 30th June, 2013 or later than 31st December, 2013; (ii) the Vendor shall give not less than one month's notice in writing to the Purchaser of the Completion Date; and (iii) if the Vendor cannot complete the sale on or before 31st December, 2013, the Vendor is entitled to postpone the Completion Date to a date not later than 31st March, 2014 (without prejudice to the Vendor's obligation to give the one month notice to the Purchaser as aforesaid), and if the Vendor cannot complete the sale by 31st March, 2014, the Purchaser is entitled to rescind the sale and purchase by notice in writing to the Vendor whereupon the Vendor shall forthwith return to the Purchaser all deposits and other moneys paid by the Purchaser under the Provisional Agreement and (if applicable) the Formal Agreement, and neither party shall have any further claim against the other thereunder.

Others:

The Provisional Agreement is a binding agreement. Pursuant to the terms thereof, the parties shall enter into a formal agreement for sale and purchase on or before 11th January, 2013. In the event that no Formal Agreement has been entered into, the Provisional Agreement shall become the Formal Agreement and shall govern the position of the parties in respect of the sale and purchase of the Property.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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 investments and the provision of loan financing services.

In addition to the aggregate gain due to increase in fair value of the Property of HK\$175.6 million already recognised by the Group prior to 30th September, 2012, based on the unaudited accounts of the Vendor as at 30th September, 2012, there will be further capital gain arising from the Disposal of approximately HK\$265.0 million, which is calculated with reference to the Consideration of HK\$830.0 million less estimated expenses of HK\$11.0 million attributable to the Disposal, the carrying value of the Property as at 30th September, 2012 of HK\$498.0 million and the estimated cost to complete the construction work of the Building of approximately HK\$56.0 million to be borne by the Vendor. The exact amount of the gain on the Disposal is to be determined with reference to the carrying value of the Property as at the Completion Date and the actual cost for completing the construction work of the Building.

The net proceeds from the Disposal, after deducting related expenses, are estimated to be approximately HK\$819.0 million. The Company intends to apply such net proceeds to repay all the indebtedness under the ICBC Facility upon Completion and retain the remaining amount as the Group's general working capital.

The Directors are of the view that the Disposal provides the Group with an opportunity to realise a considerable capital gain and generate cash inflow to the Group to reduce its indebtedness and increase its working capital subsequently. Based on the above, the Board considers that the terms of the Provisional Agreement (including the Consideration) are fair and reasonable and the entering into of the Provisional Agreement is in the interests of the Company and the Shareholders as a whole.

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DEFINITIONS

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

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“Building”	the building now under construction on the site of the Property
“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

“Completion”	completion of the sale and purchase of the Property under the Provisional Agreement and (if applicable) the Formal Agreement
“Completion Date”	the date on which Completion takes place
“Consideration”	the purchase price for the sale of Property in the sum of HK\$830.0 million payable by the Purchaser pursuant to the terms of the Provisional Agreement
“CSI”	CSI Properties Limited, a company incorporated in Bermuda with limited liability whose issued shares (Stock Code : 497) are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser pursuant to the terms and conditions of the Provisional Agreement and (if applicable) the Formal Agreement
“Formal Agreement”	the formal agreement for sale and purchase to be executed by the Vendor and the Purchaser in relation to the sale and purchase of the Property pursuant to the Provisional Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“ICBC”	Industrial and Commercial Bank of China (Asia) Limited
“ICBC Facility”	the HK\$200.4 million loan facilities provided by ICBC to the Vendor pursuant to the loan agreement dated 28th July, 2009 entered into between the Vendor as the borrower, ICBC as the lender and the Company as the guarantor (as amended and supplemented by a supplemental agreement dated 30th March, 2012)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Occupation Permit”	the written permission to be issued by the Building Authority under the provisions of the Buildings Ordinance for the Building to be occupied
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan

“Property”	the parcels of land registered in the Land Registry as section B of Kowloon Inland Lot No. 1263 and the Remaining Portion of Kowloon Inland Lot No. 1263 together with all the buildings erected or to be erected thereon, located at Nos. 703 and 705, Nathan Road, Mongkok, Kowloon, Hong Kong
“Provisional Agreement”	the provisional agreement for sale and purchase dated 28th December, 2012 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Property
“Purchaser”	Smart Tide Limited, a company incorporated in Hong Kong with limited liability
“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 Corporation Limited (the issued shares (Stock Code : 372) of which are listed on the Main Board of the Stock Exchange)
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Provisional Agreement and (if applicable) the Formal Agreement 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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Castle Win International Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“sq. ft.”	square feet
“%”	per cent.

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

Hong Kong, 2nd January, 2013

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