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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)**

## **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 Vendor received the Letter from the Purchaser informing the Vendor that it did not have adequate financial resources to pay the remaining balance of the Consideration (i.e. approximately HK\$490.7 million as at the date of this announcement after taking into account the Further Deposit paid under the Letter) and the interest accrued thereon pursuant to the terms of the Disposal Agreement (as varied and amended by the Supplemental Agreement). In this respect, the Purchaser requested the Vendor to grant the Grace Period during which the Purchaser shall negotiate with the Vendor on the Amendments including, *inter alia*, a possible reduction in the percentage interest in Paragon Winner and the Vendor's Loans to be acquired by the Purchaser.

In consideration of the Vendor agreeing to grant the Grace Period, the Purchaser has paid the Further Deposit to the Vendor. If no Amendments can be agreed on or before the end of the Grace Period, the Vendor shall be entitled to forfeit all deposits received from the Purchaser of approximately HK\$257.4 million up to the date of the Letter as well as the Further Deposit and to terminate the Disposal Agreement (as varied and amended by the Supplemental Agreement).

Further announcement(s) will be made by the Company in relation to the results of the negotiation of the Amendments on or before the end of the Grace Period.

References are made to the announcements of the Company dated 22nd July, 2010 and 16th May, 2011 (the "**Announcements**") and the circular of the Company dated 10th August, 2010 (the "**Circular**") in relation to the major transaction involving the disposal by the Vendor (an indirect wholly-owned subsidiary of the Company) of a 65% interest in Paragon Winner and 65% of all amounts which may be 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 Circular unless otherwise specified.

\* *For identification purpose only*

Pursuant to the terms of the Disposal Agreement (as varied and amended by the Supplemental Agreement), the Purchaser shall pay a further amount of not less than HK\$100 million to the Vendor on or before 27th May, 2011 and pay the remaining balance of the Consideration together with the interest on all overdue amount and unpaid balance of the Consideration on 30th June, 2011. As at the date of the Letter (as defined hereinafter), the Purchaser only paid a further sum of HK\$65 million and failed to pay the remaining overdue balance of the Consideration despite repeated reminders from and extensions of grace period granted by the Vendor. On 31st October, 2011, the Vendor received from the Purchaser a letter (the “**Letter**”) informing the Vendor that it did not have adequate financial resources to pay the remaining balance of the Consideration (i.e. approximately HK\$490.7 million as at the date of this announcement after taking into account the Further Deposit paid under the Letter) and the interest accrued thereon pursuant to the terms of the Disposal Agreement (as varied and amended by the Supplemental Agreement). In this respect, the Purchaser requested the Vendor to grant a grace period (the “**Grace Period**”) up to and including 11th November, 2011, during which the Purchaser shall negotiate with the Vendor on revising or amending the terms of the Disposal Agreement (as varied and amended by the Supplemental Agreement) including, *inter alia*, a possible reduction in the percentage interest in Paragon Winner and the Vendor’s Loans to be acquired by the Purchaser (the “**Amendments**”). In consideration of the Vendor agreeing to grant the Grace Period, the Purchaser has paid a further deposit of the Consideration in the amount of HK\$5 million (the “**Further Deposit**”) to the Purchaser on 1st November, 2011. If no Amendments can be agreed on or before the end of the Grace Period, the Vendor shall be entitled to forfeit all deposits received from the Purchaser of approximately HK\$257.4 million up to the date of the Letter as well as the Further Deposit and to terminate the Disposal Agreement (as varied and amended by the Supplemental Agreement).

Further announcement(s) will be made by the Company in relation to the results of the negotiation of the Amendments on or before the end of the Grace Period.

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

Hong Kong, 1st November, 2011

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