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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)**

**ISSUE OF U.S.\$200,000,000 4.75 PER CENT.  
SENIOR GUARANTEED NOTES DUE 2021  
GUARANTEED BY THE COMPANY**

Reference is made to the announcement of the Company dated 3rd October, 2016 in respect of the proposed Notes Issue by Treasure Generator, a direct wholly-owned subsidiary of the Company.

The Board is pleased to announce that on 6th October, 2016, the Company and Treasure Generator entered into the Subscription Agreement with Credit Suisse and Sun Hung Kai as joint lead managers in connection with the Notes Issue. Credit Suisse is also the sole global coordinator and sole bookrunner for the Notes Issue.

\* For identification purpose only

The estimated net proceeds from the Notes Issue, after deduction of the commission payable to the Joint Lead Managers and the estimated offering expenses, will amount to approximately U.S.\$194,700,000. The entire amount of the net proceeds will be on-lent by Treasure Generator to the Company and/or other members of the Group for general working capital purposes.

An application will be made to the Stock Exchange for permission to deal in the Notes by way of debt issues to professional investors only.

**Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent contained therein. In addition, the Subscription Agreement may be terminated under certain circumstances. Please refer to the section headed “The Subscription Agreement” below for further information. As the Subscription Agreement may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **THE SUBSCRIPTION AGREEMENT**

### **Date**

6th October, 2016

### **Parties to the Subscription Agreement**

- (a) Treasure Generator as the issuer;
- (b) the Company as guarantor for Treasure Generator; and
- (c) Credit Suisse, who is also the sole global coordinator and sole bookrunner, and Sun Hung Kai as joint lead managers.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Joint Lead Managers is an independent third party and is not a connected person of the Company.

### **Subscription**

Subject to and in accordance with the provisions of the Subscription Agreement, each of the Joint Lead Managers undertakes to procure subscribers or subscribe for the principal amount of the Notes allocated to it on the Closing Date at the Issue Price.

Treasure Generator has agreed to pay a commission to the Joint Lead Managers in connection with the Notes Issue. In addition, Treasure Generator has agreed to pay certain private banks a rebate based on the principal amount of the Notes purchased by private bank clients.

**The Notes and the related Guarantee have not been, and will not be, registered under the U.S. Securities Act and may not be offered, sold and delivered within the United States. The Notes will be offered and sold only outside the United States in offshore transactions in reliance on Regulation S of the U.S. Securities Act. No Notes will be offered to the public in Hong Kong other than to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong.**

### **Conditions Precedent of the Subscription Agreement**

The obligations of the Joint Lead Managers to subscribe and pay for the Notes are conditional upon, among other things:

- (a) the execution and delivery of the Trust Deed and the Agency Agreement;
- (b) legal opinions from the legal advisers to Treasure Generator as to the laws of the British Virgin Islands, legal advisers to the Company as to the laws of Bermuda, and legal advisers to the Joint Lead Managers as to the laws of England dated the Closing Date and addressed to the Joint Lead Managers in each case in the form acceptable to them;
- (c) comfort letter dated the Closing Date and addressed to the Joint Lead Managers from the independent auditors of the Company in the agreed form;
- (d) there has, since the date of the Subscription Agreement up to and including the Closing Date, in the opinion of the Joint Lead Managers, been no adverse change, or any development reasonably likely to involve an adverse change, in the financial position or the earnings, business affairs or business prospects of Treasure Generator, the Company or any of their respective subsidiaries that is material in the context of the Notes Issue or the giving of the Guarantee;
- (e) the representations and warranties given by Treasure Generator and the Company in the Subscription Agreement are true and correct on the date of the Subscription Agreement and on each date on which they are deemed to be repeated and would be true and correct if they were repeated on the Closing Date with reference to the facts and circumstances then subsisting; and
- (f) the receipt by the Joint Lead Managers of the approval in-principle of the Stock Exchange in relation to the listing of the Notes on the Stock Exchange.

The Joint Lead Managers may, at their discretion, waive satisfaction of any of the conditions.

## **Termination of the Subscription Agreement**

The Joint Lead Managers may give a termination notice to Treasure Generator and the Company at any time prior to the payment of the net proceeds of the Notes Issue to Treasure Generator on the Closing Date if:

- (i) any representation and warranty by Treasure Generator or the Company in the Subscription Agreement is or proves to be untrue or incorrect on the date of the Subscription Agreement or on any date on which it is deemed to be repeated;
- (ii) Treasure Generator or the Company fails to perform any of its obligations under the Subscription Agreement;
- (iii) any of the conditions precedent is not satisfied or waived by the Joint Lead Managers on the Closing Date;
- (iv) since the date of the Subscription Agreement there has been, in the opinion of the Joint Lead Managers, such a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in their view be likely to prejudice materially the success of the offering and distribution of the Notes or dealings in the Notes in the secondary market;
- (v) there shall have occurred a general moratorium on, or disruption in, commercial banking activities, securities settlement or clearance services in the United Kingdom, the United States, the PRC, Hong Kong, Bermuda or the British Virgin Islands or by any United Kingdom, the United States, the PRC, Hong Kong, Bermuda or the British Virgin Islands authorities which would be likely to prejudice materially the success of the offering and distribution of the Notes or dealings in the Notes in the secondary market;
- (vi) since the date of the Subscription Agreement there shall have occurred a suspension or material limitation of: (i) trading in securities generally on the New York Stock Exchange, the London Stock Exchange, the Stock Exchange, the SGX-ST, the Shanghai Stock Exchange or the Shenzhen Stock Exchange or on any other exchange or over the counter market or (ii) a material disruption has occurred in the commercial banking or securities settlement or clearance services in the United States, Europe, Hong Kong or the PRC or (iii) save for any suspension of dealings for a period of not more than one business day following the publication of any announcement in respect of the offering of the Notes, trading in securities of the Company on the Stock Exchange;
- (vii) Treasure Generator and the Company withdraw the Final Offering Circular or do not proceed with the Notes Issue; or
- (viii) there shall have occurred any event or series of events (including, but not limited to, the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would likely prejudice materially the success of the offering or distribution of the Notes as described in the offering circulars relating to the Notes.

## **PRINCIPAL TERMS OF THE NOTES**

### **Notes to be Issued**

The Notes will be in the aggregate principal amount of U.S.\$200,000,000 senior guaranteed notes, due 14th October, 2021 unless the Notes are redeemed earlier pursuant to the terms thereof. At maturity, the Notes are payable at their principal amount.

The Notes will be in registered form in the denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

### **Issue Price**

The issue price of the Notes will be 98.906 per cent. of the aggregate principal amount.

### **Interest**

The Notes will bear interest at the rate of 4.75 per cent. per annum, payable semi-annually in arrears on 14th April and 14th October in each year in equal instalments.

### **Ranking of the Notes and the Guarantee**

The Notes will constitute direct, general, unconditional, unsubordinated and (subject to certain negative pledge covenant) unsecured obligations of Treasure Generator which will at all times rank *pari passu* without any preference or priority among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of Treasure Generator, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

The Company will in the Trust Deed unconditionally and irrevocably guarantee the due and punctual payment of all sums from time to time payable by Treasure Generator in respect of the Notes. The Guarantee will constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Company which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Company, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

### **Early Redemption**

At any time following the occurrence of a Change of Control, the Holder of any Note will have the right, at such Holder's option, to require Treasure Generator to redeem all but not some only of that Holder's Notes on the Change of Control Put Date at 101 per cent. of their principal amount, together with accrued interest to, but excluding the Change of Control Put Date.

The Notes may also be redeemed at the option of Treasure Generator, in whole but not in part, at their principal amount together with interest accrued but unpaid to the date fixed for redemption, in the event of certain changes relating to taxation of the British Virgin Islands, Bermuda or Hong Kong. Treasure Generator shall not be entitled to redeem the Notes otherwise than as provided above. Treasure Generator, the Company or any of their respective subsidiaries may at any time purchase the Notes in the open market or otherwise and at any price. Redeemed or

Notes purchased by Treasure Generator, the Company or any of their respective subsidiaries may be cancelled and may not be reissued or resold.

### **Events of Default**

The Notes may become immediately due and payable at their principal amount, together with accrued interest, on the occurrence of certain events of default such as non-payment by Treasure Generator, default by Treasure Generator or the Company of any obligations under or in respect of the Notes or the Trust Deed, cross-default of the Company or its subsidiaries beyond the agreed threshold, insolvency, winding-up of and unsatisfied judgment against Treasure Generator, the Company or any material subsidiary of the Company, unlawfulness, and Treasure Generator ceasing to be a subsidiary of the Company.

### **THE COMPANY AND REASONS FOR THE NOTES ISSUE**

The Company is an investment holding company and its subsidiaries are principally engaged in property development and investment in Macau, the PRC, Hong Kong and Canada. The Group is also engaged in development, investment and operation of hotels and leisure business in PRC, Hong Kong and Canada, securities investments and the provision of loan financing services. The Board considers that the Notes Issue represents a timely opportunity for the Group to supplement the funding for its future property investment and development plans. The Board believes that the Notes Issue will raise the profile of the Group and enhance its ability to access the international debt capital markets to support the growth of the Group in future.

The completion of the Notes Issue is subject to satisfaction of certain conditions. Upon completion of the Notes, the entire amount of the net proceeds will be on-lent by Treasure Generator to the Company and/or other members of the Group for general working capital purposes.

### **GENERAL**

**As completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent contained therein, and the Subscription Agreement may be terminated under certain circumstances, the Subscription Agreement may or may not complete. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

### **DEFINITIONS**

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Agency Agreement” the agency agreement to be executed among the Company, Treasure Generator, the Registrar, the Principal Paying Agent and other agents named therein, and the Trustee on or about the Closing Date

“Board” the board of Directors

“Change of Control”	occurs when either: <ul style="list-style-type: none"> <li>(i) the Controlling Shareholder: <ul style="list-style-type: none"> <li>(A) ceases to hold, directly or indirectly, at least 35 per cent. of the voting rights of the issued share capital of the Company; or</li> <li>(B) ceases to be the largest single shareholder of the Company; or</li> </ul> </li> <li>(ii) the Company consolidates with or merges into or sells or transfers all or substantially all of its assets to any other Person other than the Controlling Shareholder, unless the consolidation, merger, sale or transfer will result in the Controlling Shareholder: <ul style="list-style-type: none"> <li>(A) holding, directly or indirectly, at least 35 per cent. of the voting rights of the issued share capital of the Company (in the case of a consolidation or merger) or the successor entity (in the case of a sale or transfer); and</li> <li>(B) being the largest single shareholder of the Company (in the case of a consolidation or merger) or the successor entity (in the case of a sale or transfer)</li> </ul> </li> </ul>
“Change of Control Put Date”	the 14th day after the expiry of 30 days following a Change of Control, or, if later, 30 days following the date upon which notice thereof is given to Noteholders by Treasure Generator, the Registrar and the Principal Paying Agent
“Closing Date”	14th October, 2016
“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”	has the meaning ascribed thereto under the Listing Rules

“Controlling Shareholder”	the aggregate shareholdings of Dr. Chan and:  (i) any heir, estate, lineal descendent (or spouse thereof), spouse or parent of Dr. Chan and/or any of their associated companies (as defined in the Listing Rules); and  (ii) any trust, corporation, partnership or other entity, of which the direct or indirect beneficiaries, equity holders, partners, owners or Persons are, or are controlled by, Dr. Chan and/or such other Persons referred to in paragraph (i) above
“Credit Suisse”	Credit Suisse Securities (Europe) Limited
“Directors”	the directors of the Company
“Dr. Chan”	Dr. Chan Kwok Keung, Charles
“Final Offering Circular”	the final offering circular to be prepared in connection with the Notes Issue
“Group”	the Company and its subsidiaries
“Guarantee”	the unconditional and irrevocable guarantee to be given by the Company in respect of the due and punctual payment of all sums from time to time payable by Treasure Generator in respect of the Notes
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Holder(s)” or “Noteholder(s)”	the person whose name a Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof)
“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
“Note(s)”	U.S.\$200,000,000 4.75 per cent. senior guaranteed notes due 2021 unconditionally and irrevocably guaranteed by the Company
“Notes Issue”	the issue of the Notes by Treasure Generator
“Person”	with respect to a Change of Control and a Controlling Shareholder, includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity)



“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Principal Paying Agent”	The Hongkong and Shanghai Banking Corporation Limited
“Register”	a register in respect of the Notes outside the United Kingdom
“Registrar”	The Hongkong and Shanghai Banking Corporation Limited
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 6th October, 2016 entered into among (i) Treasure Generator; (ii) the Company and (iii) Credit Suisse and Sun Hung Kai in connection with the Notes Issue
“Sun Hung Kai”	Sun Hung Kai Investment Services Limited
“Treasure Generator”	Treasure Generator Limited, a company incorporated with limited liability in the British Virgin Islands and a direct wholly-owned subsidiary of the Company
“Trust Deed”	the trust deed to be executed among the Company, Treasure Generator and the Trustee on or about the Closing Date
“Trustee”	The Hongkong and Shanghai Banking Corporation Limited
“United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“U.S.\$”	United States dollar, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended

By order of the Board  
**ITC Properties Group Limited**  
**Cheung Hon Kit**  
*Chairman*

Hong Kong, 6th October, 2016

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

Mr. Wong Lai Shun, Benny

*Independent Non-executive Directors:*

Hon. Shek Lai Him, Abraham, *GBS, JP (Vice Chairman)*

Mr. Kwok Ka Lap, Alva

Mr. Chan Pak Cheong Afonso