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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)**

## **MAJOR TRANSACTION IN RELATION TO THE SUBSCRIPTION OF LOAN NOTES**

### **SUBSCRIPTION OF LOAN NOTES**

The Board is pleased to announce that, after trading hours of the Stock Exchange on 24th November, 2016, Advance Tech (an indirect wholly-owned subsidiary of the Company) accepted the Subscription Letter from the Placing Agent, pursuant to which Advance Tech conditionally agreed to subscribe for the Loan Notes to be issued by Master Glory in the principal amount of HK\$500 million.

Pursuant to the Subscription Letter, completion of the Subscription shall take place on or before 5th December, 2016.

### **LISTING RULES IMPLICATIONS**

The Subscription constitutes a major transaction for the Company under the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder or its/his associate(s) has a material interest in the Subscription and accordingly, no Shareholder is required to abstain from voting if the Company were to convene a Shareholders' meeting for approving the Subscription.

As at the date of this announcement, Selective Choice Investments Limited, an indirect wholly-owned subsidiary of ITC Corporation Limited, and Fortune Crystal Holdings Limited, which is wholly-owned by Ms. Ng Yuen Lan, Macy, hold 306,180,916 Shares and 209,757,748 Shares respectively. Dr. Chan Kwok Keung, Charles is the controlling shareholder of ITC Corporation Limited and Ms. Ng Yuen Lan, Macy is the spouse of Dr. Chan Kwok Keung, Charles. The Company intends to obtain written Shareholders' approval from Selective Choice Investments Limited and Fortune Crystal Holdings Limited, which in aggregate hold 515,938,664 Shares representing approximately 58.31% of the entire issued share capital of the Company, in respect of the Subscription. Pursuant

\* For identification purpose only

to Rule 14.44(2) of the Listing Rules, the written Shareholders' approval from Selective Choice Investments Limited and Fortune Crystal Holdings Limited will be accepted in lieu of holding a general meeting of the Shareholders. Accordingly, no physical Shareholders' meeting will be held by the Company to approve the Subscription if such written Shareholders' approval is obtained.

## **GENERAL**

A circular containing, among other things, information relating to the Subscription, the financial and other information of the Group and other information as required under the Listing Rules will be despatched to the Shareholders as soon as possible, which is expected to be on or before 15th December, 2016.

## **INTRODUCTION**

The Board is pleased to announce that, after trading hours of the Stock Exchange on 24th November, 2016, Advance Tech (an indirect wholly-owned subsidiary of the Company) accepted the Subscription Letter from the Placing Agent, pursuant to which Advance Tech conditionally agreed to subscribe for the Loan Notes in the principal amount of HK\$500 million. The Placing Agent was appointed by Master Glory pursuant to the Placing and Underwriting Agreement entered into between the Placing Agent and Master Glory on 24th November, 2016 for the placing of the Loan Notes in the aggregate principal amount of up to HK\$1,300 million. Details of the Placing and Underwriting Agreement are set out in the announcement of Master Glory dated 24th November, 2016.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Placing Agent is a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities; and (ii) save for Mr. Kwok Ka Lap, Alva being an independent non-executive director of both the Company and Master Glory, the Placing Agent, Master Glory and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

## **CONDITIONS PRECEDENT**

Completion of the Subscription is conditional upon the fulfilment of the following conditions:

- (i) the Placing and Underwriting Agreement becomes unconditional, if applicable, and has not been terminated; and
- (ii) the approval by the Shareholders (other than those who are required to abstain from voting under the Listing Rules or applicable laws, rules and regulations, if required) of the Subscription in compliance with the requirements of the Listing Rules.

Neither of the conditions set out above is capable of being waived. If the condition (ii) is not fulfilled within seven (7) Business Days after the date of the Subscription Letter, the rights and obligations of the parties under the Subscription Letter shall lapse and no party shall have any claims, rights or liabilities in this respect.

The issue of the Loan Notes under the Instrument to the subscribers including Advance Tech is not inter-conditional with each other.

Pursuant to the Subscription Letter, completion of the Subscription shall take place on or before 5th December, 2016.

## **PRINCIPAL TERMS OF THE LOAN NOTES**

Set out below are the principal terms of the Loan Notes to be subscribed by Advance Tech:

Issuer:	Master Glory.
Principal amount:	HK\$500 million.
Subscription price:	HK\$500 million, payable in cash upon completion of the Subscription.
Interest rate:	The Loan Notes bear interest at 9.5% per annum, payable in arrears on every three (3) months from the date of the issue of the Loan Notes.
Default interest:	Where Master Glory fails to pay any amount in respect of the Loan Notes on the relevant due date for payment, Master Glory shall pay a default interest on such sum to the relevant Noteholder from the original due date to the date of actual payment in full (both before and after judgment) calculated at the rate of 18% per annum.
Maturity date:	The Loan Notes shall mature on the date falling on the third anniversary of the date of issue of the Loan Notes.
Denomination:	The Loan Notes will be in registered form in denomination of HK\$500,000 and integral multiples of HK\$100,000 in excess thereof.
Transferability:	The Loan Notes are transferable, except during the period of fifteen (15) days ending on the due date of any payment of the principal or interest in respect of the Loan Notes.

Ranking of the Loan Notes:	The Loan Notes constitute direct, general, unconditional, unsubordinated and unsecured obligations of Master Glory 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 Master Glory, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Events of default:	The Loan 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 Master Glory, default by Master Glory of any obligations under or in respect of the Loan Notes, cross-default of Master Glory or its subsidiaries beyond the agreed threshold, insolvency, winding-up of and unsatisfied judgment against Master Glory or any of its material subsidiaries, cessation of Dr. Yap (together with his close associates) as the single largest shareholder of Master Glory or his voting rights in the issued share capital of Master Glory fall below 29%, and suspension of trading of the shares of Master Glory for more than fifteen (15) consecutive trading days on the Stock Exchange.
Covenant:	So long as any Loan Note remains outstanding, the Master Glory Group shall not incur any indebtedness if its resulting consolidated total debts will exceed 75% of its consolidated total assets.
Redemption:	Unless previously purchased and cancelled, Master Glory shall redeem the Loan Notes on the Maturity Date at 100% of the principal amount then outstanding plus interest accrued thereon.  In the event of the occurrence of events of default specified in the Instrument, the Noteholders may also require Master Glory to redeem the principal amount of the Loan Notes then outstanding plus interest accrued thereon.
Voting rights:	Noteholders will not be entitled to attend or vote at any shareholders' meeting of Master Glory by reason only of it being a Noteholder.
Listing:	No application will be made for the listing of the Loan Notes on the Stock Exchange or any other stock exchange.

## **INFORMATION ON THE MASTER GLORY GROUP**

The Master Glory Group is principally engaged in trading of securities, industrial water supply business, property development and trading, and other strategic investments.

Set out below are the audited financial information of the Master Glory Group as extracted from the annual reports of Master Glory for each of the two years ended 31st March, 2015 and 2016:

	For the year ended 31st March,	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue	25,852	120,052
Loss before taxation	145,010	85,886
Loss after taxation	146,680	87,582

Based on the annual report of Master Glory for the year ended 31st March, 2016, the audited consolidated equity attributable to owners of Master Glory and total equity amounted to approximately HK\$2,923.4 million and HK\$3,736.1 million as at 31st March, 2016 respectively.

#### **REASONS FOR THE SUBSCRIPTION**

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 the development, investment and operation of hotels and leisure business in the PRC and Hong Kong, securities investment and the provision of loan financing services.

The Subscription forms part of the Group's on-going treasury management arrangement which will generate recurring interest income to the Group with return more favorable than those from bank deposits. The Group intends to fund the Subscription by its internal resources and the principal amount of the Loan Notes to be subscribed is determined after taking into account of the available cash resources and the future capital requirements of the Group for its principal businesses. The terms of the Subscription Letter were arrived at after arm's length negotiations between the Placing Agent and the Group, and the major terms of the Loan Notes to be subscribed by Advance Tech are governed by the Instrument which are the same with those of the Loan Notes to be placed by the Placing Agent and subscribed by other subscribers.

Based on the above, the Directors consider that the terms of the Subscription are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

#### **LISTING RULES IMPLICATIONS**

The Subscription constitutes a major transaction for the Company under the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder or its/his associate(s) has a material interest in the Subscription and accordingly, no Shareholder is required to abstain from voting if the Company were to convene a Shareholders' meeting for approving the Subscription.

As at the date of this announcement, Selective Choice Investments Limited, an indirect wholly-owned subsidiary of ITC Corporation Limited, and Fortune Crystal Holdings Limited, which is wholly-owned by Ms. Ng Yuen Lan, Macy, hold 306,180,916 Shares and 209,757,748 Shares respectively. Dr. Chan Kwok Keung, Charles is the controlling shareholder of ITC Corporation Limited and Ms. Ng Yuen Lan, Macy is the spouse of Dr. Chan Kwok Keung, Charles. The Company intends to obtain written Shareholders' approval from Selective Choice Investments Limited and Fortune Crystal Holdings Limited, which in aggregate hold 515,938,664 Shares representing approximately 58.31% of the entire issued share capital of the Company, in respect of the Subscription. Pursuant to Rule 14.44(2) of the Listing Rules, the written Shareholders' approval from Selective Choice Investments Limited and Fortune Crystal Holdings Limited will be accepted in lieu of holding a general meeting of the Shareholders. Accordingly, no physical Shareholders' meeting will be held by the Company to approve the Subscription if such written Shareholders' approval is obtained.

## **GENERAL**

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## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the same meanings when used herein:

“Advance Tech”	Advance Tech Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day(s) (excluding Saturday, Sunday or public holiday or any day on which a typhoon signal no. 8 or above or a black rainstorm signal is issued in Hong Kong between 9:00 a.m. and 5:00 p.m.) on which licensed commercial banks in Hong Kong are open for general banking business for the public in Hong Kong
“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 (Stock Code : 199)

“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“Dr. Yap”	Dr. Yap Allan, the chairman and executive director of Master Glory, and the single largest shareholder of Master Glory as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Instrument”	the instrument to be executed as a deed by Master Glory constituting the Loan Notes
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Notes”	the 3-year, 9.5% loan notes to be issued by Master Glory pursuant to the Instrument with the aggregate principal amount of up to HK\$1,300 million
“Master Glory”	Master Glory 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 (Stock Code : 275)
“Master Glory Group”	Master Glory and its subsidiaries
“Maturity Date”	the date falling on the third anniversary of the date of issue of the Loan Notes
“Noteholder(s)”	holder(s) of the Loan Notes
“Placing Agent”	Emperor Securities Limited
“Placing and Underwriting Agreement”	the placing and underwriting agreement entered into between the Placing Agent and Master Glory on 24th November, 2016, pursuant to which Master Glory has appointed the Placing Agent for the placing and underwriting of the Loan Notes in the aggregate principal amount of up to HK\$1,300 million
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“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
“Subscription”	the subscription of the Loan Notes by Advance Tech in the principal amount of HK\$500 million pursuant to the Subscription Letter
“Subscription Letter”	the subscription letter issued by the Placing Agent and accepted by Advance Tech on 24th November, 2016
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 24th November, 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