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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)

COMPLETION OF MAJOR TRANSACTION

References are made to the announcements of ITC Properties Group Limited (the “**Company**”) dated 8th June, 2016, 29th July, 2016, 31st October, 2016 and 30th November, 2016 respectively in relation to the entering into of the Subscription Agreement between Rank Ace, an indirect wholly-owned subsidiary of the Company, and the JV Co for the acquisition of 50% effective interest in a hotel project in Canada (the “**Subscription**”) and the entering into of supplemental agreements to the Subscription Agreement to extend the long stop date from 31st July, 2016 to 31st December, 2016. Reference is also made to the circular of the Company dated 23rd November, 2016 in relation to the Subscription (the “**Circular**”). Capitalised terms used herein have the same meanings as defined in the Circular unless the context requires otherwise.

COMPLETION

The Board is pleased to announce that all conditions precedent as stipulated under the Subscription Agreement have been fulfilled or waived and Completion has taken place on 29th December, 2016.

The Subscription Price of CAD86.1 million (equivalent to approximately HK\$521.8 million) has been settled by the Group by way of the application of the Deposit, the Further Deposit and in cash upon Completion. On the same date, Rank Ace has further advanced to Caufield in cash Tranche B of the Facility of CAD8.7 million (equivalent to approximately HK\$52.7 million).

Upon Completion, the JV Co (which indirectly holds the Hotel, namely “The Westin Bayshore Vancouver”) has become a joint venture of the Group.

* *For identification purpose only*

PROVISION OF A GUARANTEE

As disclosed in the Circular, upon Completion, the Company would execute a guarantee of up to CAD60.0 million (equivalent to approximately HK\$363.6 million) in favour of the Lenders in respect of the Bank Loan such that the respective guarantees given by the Company and One West are on a several basis and proportionate to their respective interests in the JV Co.

After negotiation with the parties to the agreement of the Bank Loan, the Company has executed a guarantee of up to CAD60.0 million (equivalent to approximately HK\$363.6 million) in favour of the Lenders in respect of the Bank Loan. It has also executed a debt service agreement and an environmental indemnity agreement with HSBC Bank Canada (the “**Agent**”) acting for and on behalf of the Lenders. The aggregate liability of the Company under these two agreements is limited to (i) the interest, finance charges, fees and other debt servicing costs paid or payable by the borrower in connection with the Bank Loan; and (ii) the amount of damages, expenses, fines and penalties in connection with any environmental matters occurred in, on or around the Hotel.

In connection with the execution of the aforesaid guarantee and agreements, which are on a several basis but not proportionate to the respective interest of the Company and One West in the JV Co as stated in the Circular, the Company and One West have executed a mutual contribution agreement. Pursuant to the mutual contribution agreement, if either the Company or One West (the “**Paying Party**”) has paid any amount in respect of any liability under the guarantee, the Bank Loan, the debt service agreement and the environmental indemnity agreement, in excess of its indirect equity interest in the JV Co (the “**Proportionate Share**”), the other party shall pay such amount to the Paying Party immediately upon receipt of a written demand from the Paying Party so that the amount paid by each of the Company and One West in relation to any liability under the guarantee, the Bank Loan, the debt service agreement and the environmental indemnity agreement shall represent its Proportionate Share.

The execution of the aforesaid guarantee, debt service agreement and environmental indemnity agreement were requested by the Lenders to facilitate the Completion. The mutual contribution agreement serves to ensure that the liabilities of the Company and One West under the guarantee, the Bank Loan and the said agreements are in proportion to their respective interests in the JV Co. On this basis, the Directors consider that the terms and conditions of the aforesaid agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors estimate that the aggregate contingent liability of the Company under the debt service agreement and the environmental indemnity agreement is immaterial and the applicable percentage ratios under Rule 14.07 of the Listing Rules are less than 5%. Accordingly, it does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

In this announcement, save as otherwise provided, amounts in CAD are translated into HK\$ on the basis of CAD1 = HK\$6.06 which is the same basis as applied in the Circular. The conversion is for illustration purpose only and should not be taken as a representation that CAD could actually be converted into HK\$ at that rate or at other rates or at all.

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

Hong Kong, 29th December, 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