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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)**

**DISCLOSEABLE TRANSACTION  
IN RELATION TO  
THE PROVISION OF LOAN FACILITY**

**BACKGROUND**

The Board announces that the Group is in close negotiation with Caufield and the JV Co in relation to the JV Formation. To demonstrate the Group's good faith to the JV Formation, Caufield requested the Group to extend to it the Facility. In this respect, after trading hours of the Stock Exchange on 25th May, 2016, Rank Ace and Caufield entered into the Loan Agreement.

**LISTING RULES IMPLICATIONS**

The provision of the Tranche A of the Facility by Rank Ace under the Loan Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

Upon Completion, the Tranche B of the Facility will be available for drawing by Caufield. Pursuant to Rule 14.22 of the Listing Rules, the provision of the Tranche B of the Facility will be aggregated with the provision of the Tranche A of the Facility. Further announcement will be made by the Company as and when appropriate in accordance with the Listing Rules.

\* *For identification purpose only*

## **BACKGROUND**

Reference is made to the announcement of the Company dated 28th April, 2016 in relation to the entering into of the memorandum of understanding between ITC Properties (Overseas) Limited and Bayshore Ventures JV Ltd. regarding the possible acquisition of 25% effective interest in a hotel project in Canada (the “**Announcement**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

The Group is in close negotiation with Caufield and the JV Co in relation to the formation of a joint venture such that the Group will own not less than 25% interest in the JV Co (the “**JV Formation**”). To demonstrate the Group’s good faith to the JV Formation, Caufield requested the Group to extend to it a loan facility of up to CAD28.7 million (equivalent to approximately HK\$173.1 million) (the “**Facility**”). In this respect, on 25th May, 2016 (after trading hours of the Stock Exchange), Rank Ace as lender and Caufield as borrower entered into a loan agreement (the “**Loan Agreement**”), the principal terms of which are set out below:

## **LOAN AGREEMENT**

### **Date:**

25th May, 2016 (after trading hours of the Stock Exchange)

### **Parties:**

- (a) Rank Ace (an indirect wholly-owned subsidiary of the Company) as lender; and
- (b) Caufield as borrower.

**Facility amount:** Up to CAD28.7 million (equivalent to approximately HK\$173.1 million) divided into two (2) tranches of CAD20.0 million (equivalent to approximately HK\$120.6 million) (the “**Tranche A**”) and CAD8.7 million (equivalent to approximately HK\$52.5 million) (the “**Tranche B**”) respectively.

**Drawdown date:** The Tranche A will be available for drawing within seven (7) Business Days after the date of the Loan Agreement (the “**Drawdown Date**”) and the Tranche B is available for drawing within seven (7) Business Days after completion of the JV Formation (“**Completion**”).

**Maturity date:** The Loan together with all interest accrued thereon is repayable on the date falling six (6) months after the Drawdown Date. If Completion takes place, the term will automatically be extended to sixty (60) months after the date of Completion which may further be extended for another sixty (60) months subject to and upon the terms contained in the Loan Agreement.

Notwithstanding the aforesaid, Caufield shall repay the Loan together with all interest accrued thereon and other sums due and payable in full on any of the following dates, whichever is earlier:

- (a) the expiry date of the MOU (as may be extended and agreed by the parties thereto) if the ITCP Subscription Agreement is not entered into by the relevant parties;
- (b) the date on which the ITCP Subscription Agreement is terminated as may be agreed between the parties thereto prior to Completion; and
- (c) the longstop date as agreed under the ITCP Subscription Agreement if Completion does not take place.

**Interest:** CAD prime rate plus 1.25% per annum (the “**Interest Rate**”)

**Default interest:** The Interest Rate plus 3% per annum

**Voluntary prepayment:** Caufield may, by giving Rank Ace not less than one (1) Business Day’s prior written notice, prepay the whole or any part of the Loan together with all interest accrued on the amount of the Loan to be prepaid at any time prior to the date of maturity. The amount of any partial prepayment shall be at least CAD100,000 and in an integral multiple of CAD100,000. Any amount prepaid cannot be reborrowed.

**Security:**

- (a) First share mortgage in respect of 28.7 million shares of the JV Co owned by Caufield, representing approximately 33.3% of the entire issued share capital of the JV Co as at the date of the Loan Agreement; and
- (b) First assignment and subordination of approximately 33.3% of all existing and future shareholder’s loans (plus interest) advanced to the JV Co by Caufield which amount is CAD4,075,725 (equivalent to approximately HK\$24.6 million) as at the date of the Loan Agreement,

(collectively, the “**Security**”).

## **PURPOSE AND FUNDING OF THE FACILITY**

The entire proceeds of the Facility shall be used exclusively in or towards the acquisition, holding and development of the Hotel owned by the JV Co and its subsidiaries (the “**Bayshore Group**”) and the general working capital of the Bayshore Group.

The Company intends to fund the Facility from its internal resources.

## **INFORMATION ON CAUFIELD AND THE JV CO**

Caufield is an investment holding company incorporated in the BVI with limited liability and its subsidiaries are principally engaged in the real estate holding and development.

The JV Co, a company incorporated in the BVI with limited liability, is a wholly-owned subsidiary of Caufield and beneficially owned the Hotel Project as at the date of the Loan Agreement.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Caufield, the JV Co and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **REASONS FOR AND BENEFITS OF THE LOAN AGREEMENT**

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 investments and the provision of loan financing services.

The terms of the Loan Agreement were determined after arms’ length negotiation between the Group and Caufield with reference to, among other things, (i) the interest rate of the existing external financing provided by the banks in respect of the Hotel Project which is the same as the Interest Rate chargeable under the Loan Agreement; (ii) the value of the Security through Caufield’s indirect interest in the Hotel Project; and (iii) the business relationship between the Group and Caufield which may facilitate the negotiation of the Formal Agreements.

The Directors consider that the terms of the Loan Agreement are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

The provision of the Tranche A of the Facility by Rank Ace under the Loan Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

Upon Completion, the Tranche B of the Facility will be available for drawing by Caufield. Pursuant to Rule 14.22 of the Listing Rules, the provision of the Tranche B of the Facility will be aggregated with the provision of the Tranche A of the Facility. Further announcement will be made by the Company as and when appropriate in accordance with the Listing Rules.

## **DEFINITIONS**

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

“Business Day(s)”	a day (excluding Saturday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted in Hong Kong between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect in Hong Kong between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CAD”	Canadian dollars, the lawful currency of Canada
“ITCP Subscription Agreement”	the subscription agreement to be entered into between the JV Co as issuer and Rank Ace as subscriber in relation to the subscription of certain new shares of the JV Co pursuant to the MOU
“Loan”	the principal amount drawn under the Facility and for the time being outstanding
“Rank Ace”	Rank Ace Investments Limited, a limited liability company incorporated under the laws of the BVI and an indirect wholly-owned subsidiary of the Company

*In this announcement, save as otherwise provided, amounts in CAD are translated into HK\$ on the basis of CAD1 = HK\$6.03. 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 at all.*

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

Hong Kong, 25th May, 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