

IMPORTANT

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If you have sold or transferred all your securities in **ITC Properties Group Limited**, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



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**

* *For identification purpose only*

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DEFINITIONS

In this circular, unless the contents otherwise requires, the following expressions have the meanings as set out below:

“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
“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 Latest Practicable Date
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Instrument”	the instrument executed as a deed by Master Glory constituting the Loan Notes
“Investment Committee”	the investment committee of the Company established by the Board with specific written terms of reference, comprising any two (2) executive Directors
“Latest Practicable Date”	15th December, 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Notes”	the 3-year, 9.5% loan notes issued or to be issued by Master Glory pursuant to the Instrument with 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)

DEFINITIONS

“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 circular, excluding Hong Kong, Macau and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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
“CAD”	Canadian dollar(s), the lawful currency of Canada
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

LETTER FROM THE BOARD



德祥地產集團有限公司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 199)

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

Registered office:

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

Independent non-executive Directors:

Hon. Shek Lai Him, Abraham, *GBS, JP (Vice Chairman)*
Mr. Kwok Ka Lap, Alva
Mr. Chan Pak Cheong Afonso

Principal place of business in

Hong Kong:
Unit 3102, 31st Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

19th December, 2016

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

Reference is made to the announcement of the Company dated 24th November, 2016 in relation to the Subscription.

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 issued by Master Glory 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 and underwriting 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.

* *For identification purpose only*

LETTER FROM THE BOARD

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 SFO 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.

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

The purpose of this circular is to provide you with, among other things, (i) details of the Subscription; (ii) the financial information of the Group; and (iii) other information as required under the Listing Rules.

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. As at the Latest Practicable Date, both conditions set out above had been fulfilled and completion of the Subscription had taken place on 28th November, 2016.

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

PRINCIPAL TERMS OF THE LOAN NOTES

Set out below are the principal terms of the Loan Notes 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.

LETTER FROM THE BOARD

- 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 on the Stock Exchange for more than fifteen (15) consecutive trading days.

LETTER FROM THE BOARD

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	2015
	<i>HK\$'000</i>	<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.

LETTER FROM THE BOARD

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 finance department of the Group is responsible for monitoring the financial resources from time to time and assessing the investment opportunities or proposals available in the market. When suitable or lucrative opportunities arise having considered the latest available financial resources of the Group, the finance department will report to the chief financial officer, who will assess and put forward the proposals to the Investment Committee if he considers appropriate. The Investment Committee will conduct necessary research and gather necessary information before making any investment decisions, and will review financial performance of the investment portfolio of the Group. The Subscription forms part of the Group's on-going treasury management arrangement, which involves investing surplus fund in securities or provision of loan financing services, to generate recurring interest income to the Group with return more favorable than those from HK\$ bank deposits, which bear interest at the prevailing rate of less than 2% per annum. Despite subscribing for HK\$500 million of the Loan Notes, the Directors consider that the issue of US\$200 million notes by the Group in October 2016 and the future cash flow generated from the operations will provide adequate cash for the Group to settle the bank and other borrowings which are repayable within one year and meet its future funding needs. As the interest rate of 9.5% per annum of the Loan Notes is significantly higher than the Group's financing cost which ranges from 1.37% to 4.75% per annum, the Group decided to subscribe for the Loan Notes instead of prepaying its debts with the available cash resources.

The Group funded the Subscription by its internal resources. After completion of the Subscription and as at 30th November, 2016, the Group had cash balance of more than HK\$1.6 billion. The principal amount of the Loan Notes subscribed is determined after taking into account of the available cash resources which shall be adequate to cover the capital commitments 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 subscribed by Advance Tech are governed by the Instrument which are the same with those of the Loan Notes placed by the Placing Agent and subscribed by other subscribers. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, other subscribers of the Loan Notes are not connected persons of the Company.

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.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE SUBSCRIPTION ON THE COMPANY

Earnings

The Subscription will generate an annual interest income of HK\$47.5 million to the Company.

Assets and liabilities

The Subscription increased the Group's debt investment classified under non-current assets by HK\$500 million and decreased the Group's bank balance and cash by the same amount. The Subscription has no impact on the liabilities of the Group.

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

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of
ITC Properties Group Limited
Cheung Hon Kit
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial information of the Company for each of the three years ended 31st March, 2014, 2015 and 2016 respectively are disclosed in the following documents and have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.itcproperties.com>) respectively:

- annual report of the Company for the year ended 31st March, 2014 published on 15th July, 2014 (pages 57 to 208) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0715/LTN20140715347.pdf>);
- annual report of the Company for the year ended 31st March, 2015 published on 15th July, 2015 (pages 60 to 188) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0715/LTN20150715378.pdf>); and
- annual report of the Company for the year ended 31st March, 2016 published on 13th July, 2016 (pages 62 to 193) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0713/LTN20160713295.pdf>).

2. INDEBTEDNESS STATEMENT

(a) Borrowings

At the close of business on 31st October, 2016, being the latest practicable date for the purpose of preparing this indebtedness statement, the Group had secured and guaranteed bank and other borrowings of approximately HK\$1,152.0 million, unsecured and unguaranteed bank borrowings of approximately HK\$139.8 million, unsecured and unguaranteed amount due to an associate of approximately HK\$1,110.6 million and unsecured and guaranteed senior notes of approximately HK\$1,510.5 million. In addition, the Group had outstanding secured and unguaranteed obligations under finance leases of approximately HK\$0.3 million as at that date.

The Group's secured bank and other borrowings and obligations under finance leases were secured by legal charges over the following assets of the Group:

- (i) property, plant and equipment with carrying value of approximately HK\$576.1 million;
- (ii) investment properties with carrying value of approximately HK\$934.0 million;
- (iii) interest in a joint venture of approximately HK\$46.3 million; and
- (iv) stock of properties with carrying value of approximately HK\$570.7 million.

(b) Contingent liabilities and guarantees

As at 31st October, 2016, the Company had provided a corporate guarantee to the extent of HK\$21.0 million in respect of the banking facilities granted to a joint venture, in which the Group owned 50% equity interest. In addition, the Company had provided

corporate guarantee on a several basis to the extent of HK\$140.3 million in respect of the banking facilities granted to another joint venture in which the Group owned 28% equity interest, and to the extent of HK\$525.8 million in respect of the banking facilities granted to an associate in which the Group owned 40% equity interest.

Save as disclosed above and otherwise in this circular, and apart from intra-group liabilities, as at 31st October, 2016, the Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, debt instruments, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities at the close of business on 31st October, 2016.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account of its presently available financial resources, including funds internally generated from operations, available banking facilities, and the cash flow impact of the Subscription, the Group will have sufficient working capital for its business for the next twelve (12) months from the date of this circular in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial and trading position of the Group since 31st March, 2016, being the date to which the latest published audited accounts of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS

At the Latest Practicable Date, the Group is engaged in (i) property development and investment; (ii) development, investment and operations of hotels and leisure business; (iii) securities investments; and (iv) the provision of loan financing services.

Set out below is the latest financial and trading condition of the Group:

Property development and investment

Macau

The Group continued to recognise a significant profit from its 35.5% effective interest in an associate, Empresa De Fomento Industrial E Comercial Concórdia, S.A. (“**Concordia**”), the developer of a residential and commercial project named “One Oasis” in Cotai South, Macau. As most of the presold units of One Oasis had been handed over to the end buyers as at 31st March, 2016 and the number of remaining units handed over during the six months ended 30th September, 2016 was much lesser than that of the corresponding period last year, profits recognised by Concordia for the six months ended 30th September, 2016 dropped. As a result, there was a significant decrease in the share of profits from Concordia by the Group as compared with the same period last year.

The handover of the remaining units and ancillary car parks of blocks 10 to 12 was ongoing during the six months ended 30th September, 2016. As at 30th September, 2016, there are special units with saleable area in aggregate of 160,000 sq. ft. and 600 car parking spaces retained in stock. The marketing of these stocks will be launched at opportune time which sale will instantly make profit contribution to the Group.

On top of the remarkable sales performance having achieved and the acclaimed quality of our delivered products, we strive to put more effort to our pursuit of excellence in design and standard for the remaining phases to enhance the sale value. “Sky Oasis”, an extension of One Oasis, is the first ever international yoo-branded residence in Macau. Approximately 360 small units of the Sky Oasis have been launched for pre-sale in early October 2016, of which over 75% units were sold within a short period of time. The pre-sale of the remaining saleable area under development of 1,800,000 sq. ft. will be launched by phases in the coming two years.

With the good market reputation of One Oasis, we are confident that we can achieve good sale response on the residential units of Sky Oasis which will significantly surpass the average selling price of One Oasis.

Hong Kong

The redevelopment plan of No. 23 Po Shan Road in Mid-levels, in which the Group has 40% interest, has been approved by the Buildings Department with an increase in gross floor area to 80,000 sq. ft.. The foundation works have been commenced for the construction of a super luxury residential mid-rise building over the site.

The renovation works of Cheuk Nang Plaza which is a 31-storey commercial building with 25 car parks situated at the heart of Wanchai district along Hennessy Road are ongoing. The building will be renamed as “ITC Building”. Part of the premises is planned for self-use and the remaining floor area will continue for leasing.

The demand-led redevelopment project of Urban Renewal Authority for the development of Nos. 205-211A Hai Tan Street in Sham Shui Po has been progressing as scheduled. Upon completion, this project will provide a total gross floor area of 38,000 sq. ft. mainly for residential use plus a few shops.

The Group has been working on the compulsory acquisition under the Land (Compulsory Sale for Redevelopment) Ordinance for the remaining 1 shop unit on the ground floor at No. 41 Pau Chung Street, To Kwa Wan. Upon completion of the compulsory acquisition, the Group will own the entire property interest on the site from Nos. 41 to 45 of Pau Chung Street for redevelopment into a residential tower with lower-level shops.

PRC

The preliminary works and planning have progressed well for the Cisco (Guangzhou) Smart City Project (the “**Smart City Project**”). It situates next to the university zone in Panyu, Guangzhou. The listing-for-sale for the first land parcel under government-prescribed procedure is expected to take place in early 2017. The Group is in active negotiation with a prominent Mainland Chinese developer for setting up a joint venture to co-develop the massive project.

Overseas

In April 2016, the Group through 28%-owned joint ventures acquired a parcel of land together with buildings erected thereon along Alberni Street in the West End area of Vancouver, Canada within walking distance to the Central Business District, main retail arterials in Downtown Vancouver as well as the main retail arterials of the West End. The existing buildings on the site will be demolished and the joint ventures plan to redevelop the site into mixed residential and commercial towers of about 648,000 sq. ft. for sale.

In September 2016, the Group through a 90%-owned subsidiary acquired Townsend House situated at Greycoat Place, London, United Kingdom, which is a freehold 4-storey office building prominently located on a corner plot and is within a five-minute walk from both Victoria and St James’s Park mainline and underground stations. The existing net floor area of 26,500 sq. ft. is leased for rental income. The Group plans to redevelop this property for office and residential use.

Hotel and leisure

Revenue from this segment during the six months ended 30th September, 2016 was HK\$52.8 million (30.9.2015: HK\$53.2 million), mainly representing the revenue from hotel operations of Rosedale Hotel Kowloon. The segmental loss amounted to HK\$7.5 million (30.9.2015: HK\$22.4 million) as the operating profit was not adequate to cover the finance costs.

The Le Petit Rosedale Hotel of 94 rooms at No. 7 Moreton Terrace, Causeway Bay has commenced its business in early October 2016 which is expected to contribute good income to the Group.

In June 2016, the Group entered into an agreement to subscribe for a 50% interest in a joint venture which is the indirect beneficial owner of The Westin Bayshore Vancouver located at a landmark waterfront site in Downtown Vancouver. It is a first class (four diamond) full-service hotel comprising 511 guest rooms. In addition, there are a six-slip marina, plenty car parking spaces, ample meeting amenity and retail spaces. The subscription price was CAD86.1 million (equivalent to approximately HK\$521.8 million) and the Company intends to fund it from its internal resources. In the long run, the Group together with the joint venture partner will explore the redevelopment potential of this hotel. As stated in the announcement of the Company dated 30th November, 2016, all conditions of the subscription have been satisfied except for the conditions in relation to

obtaining the approval from the lenders for a loan of the hotel and the opinions dated the completion date of the legal advisers on the joint venture. The completion of the subscription is expected to take place shortly after these two conditions are satisfied.

Securities investments

During the six months ended 30th September, 2016, revenue and segmental profit from securities investment were HK\$0.4 million (30.9.2015: Nil) and HK\$21.6 million (30.9.2015: segmental loss of HK\$43.1 million) respectively. In addition, there was a HK\$51.4 million net gain on fair value changes of equity investments charged as other comprehensive income during the six months ended 30th September, 2016 (30.9.2015: net loss of HK\$70.1 million) due to the share price fluctuation of The 13 Holdings Limited, in which the Group owns 10.2% interest.

Finance

During the six months ended 30th September, 2016, the Group had interest income from other loan receivables of HK\$18.3 million (30.9.2015: HK\$11.2 million). After completion of the Subscription on 28th November, 2016, the interest income will continue to increase.

Prospects

The external conditions remain uncertain with macro-economic policies that vary in scale and intensity across countries including but not limited to speculation on the US interest rate hike and the volatility in Renminbi. There is some turnaround in the economy of Macau with improvements in gross gaming revenue and property market. The governments of both the PRC and Hong Kong recently implemented further measures to curb on the increase in residential property prices. As a result, the market there may again revert to a wait-and-see sentiment. The huge success in One Oasis and Sky Oasis has already provided and will continue to contribute to the Group substantial financial return and valuable experience for carrying out its mission and dealing with challenges ahead. In addition to stepping its businesses further to Canada and United Kingdom, the Company will keep improving earnings and enhancing the Shareholders' value by working hard on the projects on hand. Save for the Smart City Project as mentioned above, the Company has not identified any other potential project and will be selective and cautious on replenishing its portfolio when suitable opportunity arises.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of the Directors or chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company and/or their respective close associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Interests in the Shares

Name of Director	Long position/ Short position	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company (%)
Mr. Cheung Hon Kit (“Mr. HK Cheung”)	Long position	Beneficial owner	46,000,000	5.20
Mr. Chan Fut Yan (“Mr. FY Chan”)	Long position	Beneficial owner	3,285,267	0.37
Mr. Cheung Chi Kit	Long position	Beneficial owner	2,850,000	0.32
Mr. Chan Yiu Lun, Alan (“Mr. Alan Chan”)	Long position	Beneficial owner	3,600,390	0.41
Mr. Wong Lai Shun, Benny (“Mr. Benny Wong”)	Long position	Beneficial owner	230,000	0.03

Name of Director	Long position/ Short position	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company (%)
Hon. Shek Lai Him, Abraham, GBS, JP ("Mr. Abraham Shek")	Long position	Beneficial owner	229,346	0.03
Mr. Kwok Ka Lap, Alva ("Mr. Alva Kwok")	Long position	Beneficial owner	623,453	0.07

(ii) *Interests in the share options of the Company*

Name of Director	Date of grant	Option period	Exercise price per Share HK\$	Number of share options held	Approximate percentage of the issued share capital of the Company (%)
Mr. HK Cheung	17th October, 2013	17th October, 2013 – 16th October, 2017	3.00	1,400,000	0.16
Mr. FY Chan	17th October, 2013	17th October, 2013 – 16th October, 2017	3.00	1,050,000	0.12
Mr. Abraham Shek	17th October, 2013	17th October, 2013 – 16th October, 2017	3.00	185,000	0.02
				2,635,000	

(iii) Interests in the debt securities of a subsidiary of the Company

Name of Director	Name of company	Nature of interest	Type of debt securities	Principal amount held
Mr. HK Cheung	Treasure Generator Limited, a direct wholly-owned subsidiary of the Company (“ Treasure Generator ”)	Personal	US\$200.0 million (equivalent to approximately HK\$1,551.0 million based on the exchange rate of US\$1 = HK\$7.755) 4.75% guaranteed notes due 2021 (the “ Notes ”)	US\$1.0 million (long position)

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company and/or their respective close associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Interests of Shareholders discloseable pursuant to the SFO

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have, interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or had any option in respect of such capital:

(i) Interests in the Shares

Name of Shareholder	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company (%)
Selective Choice Investments Limited ("Selective Choice")	Beneficial owner	306,180,916 (Note 3)	34.60
ITC Investment Holdings Limited ("ITC Investment")	Interest of controlled corporation	306,180,916 (Note 3)	34.60
ITC Corporation (Notes 6 and 7)	Interest of controlled corporation	306,180,916 (Note 3)	34.60
Dr. Chan Kwok Keung, Charles ("Dr. Charles Chan") (Note 7)	Beneficial owner	15,885,570 (Note 5)	1.80
	Interest of controlled corporation	306,180,916 (Note 5)	34.60
	Interest of spouse	209,757,748 (Note 5)	23.70
		531,824,234	60.10

Name of Shareholder	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company (%)
Fortune Crystal Holdings Limited ("Fortune Crystal")	Beneficial owner	209,757,748 (Note 4)	23.70
Record High Enterprises Limited ("Record High")	Interest of controlled corporation	209,757,748 (Note 4)	23.70
Ms. Ng Yuen Lan, Macy ("Ms. Macy Ng") (Note 7)	Interest of controlled corporation	209,757,748 (Note 4)	23.70
	Interest of spouse	322,066,486 (Note 5)	36.39
		<u>531,824,234</u>	<u>60.10</u>

Notes:

- All the interests in the Shares as disclosed above were long positions.
- No underlying Shares were held by the Shareholders stated above.
- Selective Choice owned 306,180,916 Shares and was a wholly-owned subsidiary of ITC Investment which in turn was a wholly-owned subsidiary of ITC Corporation. As such, ITC Investment and ITC Corporation were deemed to be interested in the 306,180,916 Shares held by Selective Choice.
- Fortune Crystal owned 209,757,748 Shares and was a wholly-owned subsidiary of Record High which in turn was wholly owned by Ms. Macy Ng. As such, Record High and Ms. Macy Ng were deemed to be interested in the 209,757,748 Shares held by Fortune Crystal.
- Dr. Charles Chan, the chairman of ITC Corporation, was also its controlling shareholder. Ms. Macy Ng is the spouse of Dr. Charles Chan. Dr. Charles Chan beneficially owned 15,885,570 Shares and was deemed to be interested in the 306,180,916 Shares held by Selective Choice and the 209,757,748 Shares held by Fortune Crystal. Ms. Macy Ng was also deemed to be interested in the 15,885,570 Shares beneficially held by Dr. Charles Chan and the 306,180,916 Shares held by Selective Choice.
- Mr. FY Chan, the Managing Director of the Company and an executive Director, is an executive director of ITC Corporation.
- Mr. Alan Chan, an executive Director, is an executive director of ITC Corporation and the son of Dr. Charles Chan and Ms. Macy Ng; and Mr. Abraham Shek, the Vice Chairman of the Company and an independent non-executive Director, is also an independent non-executive director of ITC Corporation.

(ii) Other members of the Group

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the other members of the Group:

Name of subsidiary	Name of shareholder	Approximate percentage of the existing issued share capital (%)
Fame State Investment Limited	Le Truong Hien Hoa	20
	Chan Siu Chi	10
Forever Fame Corporation Limited	Le Truong Hien Hoa	20
	Chan Siu Chi	10

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, no other persons (not being a Director or chief executive of the Company) had, or were deemed or taken to have, any interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, nor were there any persons, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or held any option in respect of such capital.

3. COMPETING INTERESTS

As at the Latest Practicable Date, interests of the Directors and their respective close associates in competing businesses of the Group were as follows:

Name of Director	Name of company	Nature of competing business	Nature of interest
Mr. HK Cheung	China Development Limited	Property investment in Hong Kong	As a director and shareholder
	Artnos Limited	Property investment in Hong Kong	As a director and shareholder
	Co-Forward Development Limited	Property investment in Hong Kong	As a director and shareholder
	Orient Centre Limited	Property investment in Hong Kong	As a director and shareholder
	Asia City Holdings Limited	Property investment in Hong Kong	As a shareholder
	Supreme Best Ltd.	Property investment in Hong Kong	As a director and shareholder
	Orient Holdings Limited	Property investment in Hong Kong	As a director and shareholder
	Cosmo Luck Limited	Property investment in Hong Kong	As a beneficial shareholder
	Ocean Region Limited	Property investment in Hong Kong	As a beneficial shareholder
	Treasure Avenue Limited	Property investment in Hong Kong	As a beneficial shareholder
	Kun Hang Construction Limited	Property investment in Macau	As a director and shareholder
	City Corporation Ltd.	Property investment in Hong Kong	As a beneficial shareholder
	Ready Access Limited	Property investment in Hong Kong	As a beneficial shareholder
	Big Gold Limited	Property investment in Hong Kong	As a director and beneficial shareholder
	Clever Eagle Limited	Property investment in Hong Kong	As a director and beneficial shareholder

Name of Director	Name of company	Nature of competing business	Nature of interest
Mr. HK Cheung <i>(continued)</i>	Big Idea Holdings Limited	Property investment in Macau	As a non-voting shareholder
	Strong Prosper Limited	Property investment in Hong Kong	As a director and shareholder
	Richfield Pacific Limited	Property investment in Hong Kong	As a director and shareholder
	Success Seeker Limited	Property investment in Hong Kong	As a beneficial shareholder
	Super Domain Holdings Limited	Property investment in Hong Kong	As a beneficial shareholder
	Big Country Limited	Property investment in Hong Kong	As a beneficial shareholder
	Hi Park Limited	Property investment in Hong Kong	As a beneficial shareholder
	Red Seal Investments Ltd	Property investment in Hong Kong	As a beneficial shareholder
	Fortune Invest Group Limited	Property investment in Hong Kong	As a director and shareholder
	Winner Year Limited	Property investment in Hong Kong	As a beneficial shareholder
	Cyber Trooper Limited	Property investment in Hong Kong	As a director and shareholder
	Cyber Unity International Limited	Property investment in Hong Kong	As a beneficial shareholder
	Vinny Investments Limited	Property investment in Hong Kong	As a beneficial shareholder
	Mint Spirit Limited	Property investment in Hong Kong	As a beneficial shareholder
	Wise Merchant Limited	Property investment in Hong Kong	As a beneficial shareholder

Name of Director	Name of company	Nature of competing business	Nature of interest
Mr. HK Cheung <i>(continued)</i>	Export Success Investment Ltd	Property investment in Hong Kong	As a beneficial shareholder
	Ever Rise Properties Limited	Property investment in Hong Kong	As a beneficial shareholder
	Sino Energy Investments Limited	Property investment in Hong Kong	As a beneficial shareholder
	Rosedale Hotel Guangzhou Co., Ltd.	Hotel ownership and operation in the PRC	As a director
	Rosedale Hotel Management Limited	Hotel management	As a director and managing director
	Rosedale Hotel Properties Management (Guangzhou) Limited	Hotel and properties management in the PRC	As a director
	Rosedale Park Limited	Hotel operation in Hong Kong	As a director
	Rosedale Hotel Shenyang Company Limited	Hotel ownership and operation in the PRC	As a director
Mr. Benny Wong	Rosedale Hotel Guangzhou Co., Ltd.	Hotel ownership and operation in the PRC	As a director
	Rosedale Hotel Management Limited	Hotel management	As a director and deputy managing director
	Rosedale Hotel Properties Management (Guangzhou) Limited	Hotel and properties management in the PRC	As a director
	Rosedale Park Limited	Hotel operation in Hong Kong	As a director
	Rosedale Hotel Shenyang Company Limited	Hotel ownership and operation in the PRC	As a director

Mr. HK Cheung, the Chairman of the Company and an executive Director, is principally responsible for the Group's overall strategic planning and management of the operations of the Board. His role is clearly separated from that of the Managing Director, Mr. FY Chan, who is principally responsible for the Group's overall operations and business development.

Mr. Benny Wong, an executive Director, is also the managing director of the Group's Rosedale hotel division and is responsible for the overall hotel development, operation and management functions of the Group.

In addition, any significant business decision of the Group is to be determined by the Board and a Director who has interest in any subject matter being resolved will abstain from voting. In view of the above, the Board considers that the interests of each of Mr. HK Cheung and Mr. Benny Wong in other companies will not prejudice his capacity as a Director or compromise the interests of the Group and the Shareholders.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

4. INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have, since 31st March, 2016 (being the date to which the latest published audited accounts of the Company were made up), been (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

Save for Mr. Kwok Ka Lap, Alva being an independent non-executive director of both the Company and Master Glory and is therefore interested in the Subscription, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. MATERIAL CONTRACTS

The following are contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) entered into by the members of the Group within the two (2) years immediately preceding the Latest Practicable Date and which are or may be material:

- (a) (A) the settlement deed dated 19th June, 2015 entered into among ITC Properties (China) Limited (“**ITCP (China)**”) (the former name of ITC Properties (Overseas) Limited) (an indirect wholly-owned subsidiary of the Company) (“**ITCP Overseas**”), Bright Sino Profits Limited (“**Bright Sino**”), the Company and Mr. Tang Chi Ming in relation to (i) the release of ITCP (China) from the payment obligation of the retention moneys of approximately HK\$324.4 million under the agreement dated 15th December, 2009 entered into between the parties relating to the sale and purchase of 92% of the issued share capital of Newskill Investments Limited (“**Newskill**”); and (ii) the “purchase-back” of the entire issued share capital in Newskill from ITCP (China) by Bright Sino; and (B) the agreement dated 19th June, 2015 (the “**Disposal Agreement**”) (as supplemented by the supplemental agreement dated 30th October, 2015 and the letter dated 1st April, 2016) entered into between ITCP (China) and Bright Sino in relation to the disposal by ITCP (China) of the entire issued share capital in Newskill and all the amounts owing by Newskill to ITCP (China) at completion, at an aggregate consideration of HK\$595.0 million;
- (b) the sale and purchase agreement dated 27th July, 2015 entered into between ITC Properties (Hong Kong) Limited (an indirect wholly-owned subsidiary of the Company) as purchaser and Cheuk Nang (Holdings) Limited (“**Cheuk Nang**”) as vendor in relation to the sale and purchase of the entire issued share capital of Westfountain Co. Ltd. (“**Westfountain**”) and all the amounts due from Success Well Investment Limited (a direct wholly-owned subsidiary of Westfountain) to Cheuk Nang for a consideration of not more than HK\$800.0 million;
- (c) the supplemental agreement dated 30th October, 2015 entered into between ITCP Overseas and Bright Sino in relation to the extension of the payment date of the remaining balance of the consideration in the sum of HK\$345.0 million under the Disposal Agreement to 31st March, 2016;
- (d) the letter dated 1st April, 2016 entered into between ITCP Overseas and Bright Sino in relation to the further extension of the payment date of the remaining balance of the consideration in the sum of HK\$295.0 million under the Disposal Agreement to 29th April, 2016;
- (e) the memorandum of understanding dated 28th April, 2016 (the “**MOU**”) entered into between ITCP Overseas and Bayshore Ventures JV Ltd. (the “**JV Co**”) with respect to the possible investment by ITCP Overseas in the JV Co;
- (f) the supplemental memorandum of understanding dated 31st May, 2016 entered into between ITCP Overseas and the JV Co in relation to the extension of the expiry date of the MOU from 31st May, 2016 to 10th June, 2016;

- (g) the loan agreement dated 25th May, 2016 entered into between Rank Ace Investments Limited (an indirect wholly-owned subsidiary of the Company and a direct wholly-owned subsidiary of ITCP Overseas) (“**Rank Ace**”) as lender and Caufield Investments Limited (“**Caufield**”) as borrower (the “**Loan Agreement**”) in relation to a loan facility of up to CAD28.7 million (equivalent to approximately HK\$173.9 million);
- (h) the share mortgage dated 25th May, 2016 entered into among Rank Ace as lender, Caufield as chargor and the JV Co in relation to the first share mortgage in respect of the 28.7 million shares of the JV Co (the “**JV Shares**”) 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 the 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 amounted to CAD4,075,725 (equivalent to approximately HK\$24.6 million) as at the date of the Loan Agreement;
- (i) the loan agreement dated 30th May, 2016 entered into between ITC Properties Finance Limited (an indirect wholly-owned subsidiary of the Company) (“**ITCP Finance**”) as lender and SMI Holdings Group Limited (“**SMI**”) as borrower in relation to the provision of an unsecured loan of HK\$250.0 million by ITCP Finance to SMI pursuant to the terms and conditions contained therein;
- (j) the subscription agreement dated 8th June, 2016 entered into between Rank Ace as subscriber and the JV Co as issuer (the “**Subscription Agreement**”), pursuant to which Rank Ace has agreed to subscribe for 86,100,000 new JV Shares at the subscription price of CAD86.1 million (equivalent to approximately HK\$521.8 million);
- (k) the loan agreement dated 13th June, 2016 entered into between ITCP Finance as lender and Dr. Yap as borrower in relation to the provision of an unsecured loan of HK\$250.0 million by ITCP Finance to Dr. Yap pursuant to the terms and conditions contained therein;
- (l) the supplemental agreement dated 29th July, 2016 entered into between Rank Ace and the JV Co in relation to the extension of the long stop date of the Subscription Agreement from 31st July, 2016 to 31st October, 2016 or such other date as Rank Ace and the JV Co may agree in writing (the “**First Supplemental Agreement**”);
- (m) the subscription agreement dated 6th October, 2016 entered into among Treasure Generator as issuer, the Company as guarantor, and Credit Suisse Securities (Europe) Limited and Sun Hung Kai Investment Services Limited as joint lead managers in relation to the issue of the Notes;
- (n) the trust deed dated 14th October, 2016 entered into among Treasure Generator as issuer, the Company as guarantor and The Hongkong and Shanghai Banking Corporation Limited (“**HSBC**”) as trustee in relation to the provision of unconditional and irrevocable guarantee by the Company to HSBC for the due and punctual payment in respect of the Notes by Treasure Generator;

- (o) the agency agreement dated 14th October, 2016 entered into among Treasure Generator as issuer, the Company as guarantor, and HSBC as registrar, principal paying agent, other agents named therein and trustee in relation to the issue of the Notes;
- (p) the second supplemental agreement dated 31st October, 2016 entered into between Rank Ace and the JV Co in relation to the further extension of the long stop date of the Subscription Agreement (as amended by the First Supplemental Agreement) from 31st October, 2016 to 30th November, 2016 or such other date as Rank Ace and the JV Co may agree in writing (the “**Second Supplemental Agreement**”);
- (q) the Subscription Letter; and
- (r) the third supplemental agreement dated 30th November, 2016 entered into between Rank Ace and the JV Co in relation to the further extension of the long stop date of the Subscription Agreement (as amended by the First Supplemental Agreement and the Second Supplemental Agreement) from 30th November, 2016 to 31st December, 2016 or such other date as Rank Ace and the JV Co may agree in writing.

7. LITIGATION

As at the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at 31st Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong during normal business hours from 9:30 a.m. to 12:30 p.m. and 2:00 p.m. to 5:00 p.m. on any weekdays other than public holidays, for a period of fourteen (14) days from the date of this circular:

- the memorandum of association and the bye-laws of the Company;
- the annual reports of the Company for each of the two financial years ended 31st March, 2015 and 2016;
- the material contracts referred to in the paragraph headed “Material contracts” in this appendix;
- the circular of the major transaction in relation to the acquisition of 50% effective interest in a hotel project in Canada and the provision of loan facility dated 23rd November, 2016; and
- this circular.

9. GENERAL

- The company secretary of the Company is Ms. Tam Lai Kwan Terry. She graduated from The University of Hong Kong with a bachelor of arts degree and is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators of the United Kingdom.
- The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda.
- The Company's principal place of business in Hong Kong is situated at Unit 3102, 31st Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.
- The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- The English text of this circular prevails over the Chinese text.