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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 DISPOSAL OF PROPERTY

THE DISPOSAL

The Board wishes to announce that after trading hours of the Stock Exchange on 30 April 2024, the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Agreement, whereby the Vendor agreed to sell, and the Purchaser agreed to purchase, the Property at the consideration of HK\$260.0 million.

Pursuant to the terms of the Agreement, the Purchaser agrees to let, upon Completion, the Property to the Designated Tenant (being a wholly-owned subsidiary of the Company) at the rent of HK\$650,000 per calendar month (exclusive of management fees, rates and government rent all of which shall be borne by the Designated Tenant) for an initial term of one year commencing from the Completion Date with an option on the Designated Tenant to renew for a further term of one year at the same rent.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 25% and all applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

As none of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Leaseback Arrangement exceeds 5%, the Leaseback Arrangement does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

* For identification purpose only

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

As at the date of this announcement, Dr. Chan directly owns 191,588,814 Shares and through Galaxyway Investments Limited, whose entire issued share is indirectly owned by Dr. Chan, owns 76,186,279 Shares. Ms. Ng, through Fortune Crystal Holdings Limited, whose entire issued share is indirectly owned by Ms. Ng, owns 251,172,919 Shares. Ms. Ng is the spouse of Dr. Chan. The Company intends to obtain written Shareholders' approval in respect of the Agreement and the transactions contemplated thereunder from Dr. Chan, Galaxyway Investments Limited and Fortune Crystal Holdings Limited, which in aggregate own 518,948,012 Shares, representing approximately 57.2% of the existing issued share capital of the Company, prior to the despatch of the circular by the Company. Pursuant to Rule 14.44(2) of the Listing Rules, the written Shareholders' approval from Dr. Chan, Galaxyway 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 Agreement and the transactions contemplated thereunder if such written Shareholders' approval is obtained.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, information relating to the Disposal, the financial information and other information of the Group and other information as required under the Listing Rules shall be despatched to the Shareholders within fifteen (15) Business Days after the publication of this announcement. As additional time is required for the Company to prepare the relevant information including the financial information and other information of the Group for inclusion in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and for an extension of the deadline for the despatch of the circular to 30 June 2024.

THE DISPOSAL

The Board wishes to announce that the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Agreement after trading hours of the Stock Exchange on 30 April 2024 in relation to the Disposal.

The principal terms of the Agreement are as follows:

THE AGREEMENT

(1) Date:

30 April 2024 (signed after trading hours of the Stock Exchange)

(2) Parties:

Vendor:

Great Intelligence Limited, an indirect wholly-owned subsidiary of the Company whose principal activity is holding of the Property; and

Purchaser:

Mexfair Limited, a wholly-owned subsidiary of a property developer listed on the Main Board of the Stock Exchange, an Independent Third Party. The principal activity of the Purchaser is investment holding.

(3) Property to be disposed of:

The Property to be disposed of by the Vendor comprises (i) the Premises, being the whole of 30th Floor at Bank of America Tower, No.12 Harcourt Road, Central, Hong Kong, with a gross floor area of approximately 13,880 sq. ft. and (ii) the Car Parking Spaces, being the four (4) car parking spaces numbered 4043, 4087, 4088 and 4089 respectively located on the 4th Floor of Bank of America Tower, No.12 Harcourt Road, Central, Hong Kong. The Premises are being used as the headquarters of the Group in Hong Kong.

(4) Consideration and payment terms:

The Consideration for the Property is HK\$260.0 million, which has been/shall be paid by the Purchaser to the Vendor in the following manner:

- (i) the Deposit has been paid by the Purchaser to the Vendor's solicitors as stakeholders upon the signing of the Agreement; and
- (ii) the balance of the Consideration shall be paid on Completion.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to, among other things, the prevailing market conditions and the preliminary assessment of the valuation of the Property conducted by an independent valuer.

(5) Completion:

Completion shall take place on the Completion Date, being 31 July 2024, provided that the Vendor may, at any time on or after 24 May 2024, by giving to the Purchaser not less than seven (7) days' written notice, bring forward the Completion Date in which case the Completion Date shall be that as stated in such written notice (provided that the Completion Date shall be at least 6 weeks after the date of the Agreement).

If Completion does not take place due to the default of the Purchaser, the Vendor shall be entitled to forfeit the Deposit without prejudice to the Vendor's right to claim against the Purchaser for damages and loss suffered by the Vendor as a result of the Purchaser's default. On the other hand, if the Vendor shall fail to complete the sale and purchase, the Vendor shall refund the Deposit to the Purchaser who shall also be entitled to recover from the Vendor damages (if any) which the Purchaser may sustain by reason of such failure on the part of the Vendor. The Purchaser may also take action for specific performance of the Agreement.

(6) Leaseback Arrangement:

The Purchaser agrees to let, upon Completion, the Property to the Designated Tenant at the rent of HK\$650,000 per calendar month (exclusive of management fees, rates and government rent all of which shall be borne by the Designated Tenant) for an initial term of one year commencing from the Completion Date with an option on the Designated Tenant to renew for a further term of one year at the same rent. On Completion, the Purchaser and the Designated Tenant shall enter into a tenancy agreement in respect of the Property reflecting the above commercial terms and incorporating such other terms and conditions customary to tenancies of similar nature as the Purchaser and the Designated Tenant may agree.

FINANCIAL EFFECT OF THE DISPOSAL

The Property is for self-use of the Group and was classified as property, plant and equipment in the accounts of the Group as at 31 March 2024 with an unaudited carrying value of approximately HK\$260.0 million, the Group having to recognise (based on the preliminary valuation of the Property as at 31 March 2024 assessed by an independent valuer) a depreciation and an impairment loss of the Property of approximately HK\$33.5 million in the financial year ended 31 March 2024.

Based on the Consideration under the Agreement, the unaudited carrying value of the Property of approximately HK\$260.0 million as at 31 March 2024 and the related expenses for the Disposal of approximately HK\$4.0 million, the Group currently expects to record a loss on disposal of approximately HK\$4.0 million upon Completion. The actual loss of the Disposal for the Group as at the Completion Date is subject to audit and therefore may be different from the amount mentioned above.

The net proceeds, being the Consideration net of relevant expenses, arising from the Disposal are estimated to be approximately HK\$256.0 million and are expected to be applied for repayment of bank loan by the Group.

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of a property developer listed on the Main Board of the Stock Exchange. The principal activity of the Purchaser is investment holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser, its holding company and their respective connected persons are Independent Third Parties.

INFORMATION ON THE VENDOR AND REASONS FOR ENTERING INTO THE AGREEMENT

The Vendor is an indirect wholly-owned subsidiary of the Company and its principal activity is holding of the Property. The Company is an investment holding company and the Group is principally engaged in development, selling of and investment in properties in Macau, Hong Kong, the PRC, Canada and the United Kingdom; investment in hotels and leisure business in the PRC and Canada; securities investments and provision of loan financing services.

Taking into consideration the prevailing property market conditions, the increasing competition and gloomy future outlook in the premium office market in Hong Kong and the current financial, indebtedness and liquidity position of the Group, the Board believes that the Disposal will allow the Group to realise its investment in the Property and apply the net proceeds to repay bank loan of the Group, thereby reducing the indebtedness and finance costs of the Group and mitigating its liquidity pressure. The Leaseback Arrangement whereby the Purchaser shall let the Property to the Group upon Completion will enable the Group to continue to keep its principal office and headquarters in Hong Kong in its current location in the central business and financial district in Hong Kong.

Based on the above, the Board considers that the terms of the Agreement (including the Consideration) are on normal commercial terms and are fair and reasonable, and the entering into of the Agreement by the Vendor is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 25% and all applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

As none of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Leaseback Arrangement exceeds 5%, the Leaseback Arrangement does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

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

As at the date of this announcement, Dr. Chan directly owns 191,588,814 Shares and through Galaxyway Investments Limited, whose entire issued share is indirectly owned by Dr. Chan, owns 76,186,279 Shares. Ms. Ng, through Fortune Crystal Holdings Limited, whose entire issued share is indirectly owned by Ms. Ng, owns 251,172,919 Shares. Ms. Ng is the spouse of Dr. Chan. The Company intends to obtain written Shareholders' approval in respect of the Agreement and the transactions contemplated thereunder from Dr. Chan, Galaxyway Investments Limited and Fortune Crystal Holdings Limited, which in aggregate own 518,948,012 Shares, representing approximately 57.2% of the existing issued share capital of the Company, prior to the despatch of the circular by the Company. Pursuant to Rule 14.44(2) of the Listing Rules, the written Shareholders' approval from Dr. Chan, Galaxyway 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 Agreement and the transactions contemplated thereunder if such written Shareholders' approval is obtained.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, information relating to the Disposal, the financial information and other information of the Group and other information as required under the Listing Rules shall be despatched to the Shareholders within fifteen (15) Business Days after the publication of this announcement. As additional time is required for the Company to prepare the relevant information including the financial information and other information of the Group for inclusion in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and for an extension of the deadline for the despatch of the circular to 30 June 2024.

DEFINITIONS

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

“Agreement”	the agreement dated 30 April 2024 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Property
“applicable percentage ratio(s)”	has the same meaning ascribed thereto in the Listing Rules
“associates”	has the same meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day from Monday to Friday, save and except a general holiday as defined under the General Holidays Ordinance (Cap.149) of the Laws of Hong Kong or a day on which typhoon signal No.8 or above or rain storm black warning is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.

“Car Parking Spaces”	the four (4) car parking spaces numbered 4043, 4087, 4088 and 4089 respectively located on the 4th Floor of Bank of America Tower, No.12 Harcourt Road, Central, Hong Kong
“Company”	ITC Properties Group Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 199)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Agreement
“Completion Date”	the date on which Completion shall take place, being 31 July 2024 provided that the Vendor may, at any time on or after 24 May 2024, by giving to the Purchaser not less than seven (7) days’ written notice, bring forward the Completion Date in which case the Completion Date shall be that as stated in such written notice (provided that the Completion Date shall be at least 6 weeks after the date of the Agreement)
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Consideration”	HK\$260.0 million, being the consideration for the Property payable by the Purchaser to the Vendor pursuant to the Agreement
“Deposit”	the sum of HK\$26.0 million paid by the Purchaser on the signing of the Agreement
“Designated Tenant”	a wholly-owned subsidiary of the Company to be nominated by the Company as the tenant under the Leaseback Arrangement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser pursuant to the terms of the Agreement
“Dr. Chan”	Dr. CHAN Kwok Keung, Charles, a substantial shareholder (as defined in the Listing Rules) of the Company
“Group”	collectively, the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected person(s)
“Leaseback Arrangement”	the tenancy in respect of the Property to be entered into by the Purchaser as landlord and the Designated Tenant as tenant for an initial term of one year commencing from the Completion Date with an option on the Designated Tenant to renew for a further term of one year at the same rent
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Ms. Ng”	Ms. NG Yuen Lan, Macy, a substantial shareholder (as defined in the Listing Rules) of the Company and the spouse of Dr. Chan
“PRC”	The People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Premises”	the whole of 30th Floor at Bank of America Tower, No.12 Harcourt Road, Central, Hong Kong
“Property”	collectively, the Premises and the Car Parking Spaces
“Purchaser”	Mexfair Limited, a company incorporated in Hong Kong with limited liability and an Independent Third Party
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor” Great Intelligence Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

“%” per cent.

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

Hong Kong, 30 April 2024

As at the date of this announcement, the Directors are as follows:

Executive Directors:

Mr. Cheung Hon Kit (*Chairman*), Dr. Chan Kwok Keung, Charles (*Joint Vice Chairman*), Mr. Chan Yiu Lun, Alan, Mr. Law Hon Wa, William (*Chief Financial Officer*)

Non-executive Director:

Ms. Chau Mei Wah

Independent Non-executive Directors:

Hon. Shek Lai Him, Abraham, *GBS, JP* (*Joint Vice Chairman*), Mr. Ip Hon Wah, Mr. Pang, Anthony Ming-tung

In case of any inconsistency, the English version of this announcement shall prevail over the Chinese version.