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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)**

**TERMINATION OF THE DISCLOSEABLE TRANSACTION  
OF THE ACQUISITION OF A 45.76% INTEREST IN  
PAUL Y. ENGINEERING GROUP LIMITED**

The Board announces that on 28 June 2021, the Purchaser's legal representatives on behalf of the Purchaser issued written notices to South Shore's legal representatives and the Vendor respectively to rescind the Acquisition Agreement and to claim against them for the refund of the Initial Deposit and the Further Deposit in the aggregate sum of HK\$159.0 million together with a sum of HK\$32.0 million as and for agreed liquidated damages.

References are made to the announcements of the Company dated (i) 28 June 2017 in relation to the acquisition of a 45.76% interest in Paul Y. Engineering Group Limited by the Group; (ii) 19 December 2017, 14 March 2018, 28 September 2018, 28 March 2019, 1 August 2019, 31 March 2020, 30 September 2020 and 31 March 2021 in relation to the extension of the Long Stop Date; and (iii) 24 May 2021 in relation to the update on the Acquisition (collectively, the "**Announcements**"). Capitalised terms used herein shall have the same meanings as defined in the Announcements unless otherwise specified.

After the announcement of the Company made on 24 May 2021, though the Group has been in discussions with the representatives of South Shore (being the Vendor Guarantor) in relation to the Acquisition Agreement, the progress is not constructive and to the satisfaction of the Group. In addition, the Company noted that South Shore made the following announcements:

- (a) the announcement dated 3 June 2021 disclosing that (i) South Shore received a statutory demand dated 31 May 2021 from the legal adviser acting on behalf of the creditor pursuant to Section 327(4)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), demanding South Shore to pay the amount of approximately HK\$3,279.3 million; and (ii) South Shore was informed that Wise Park already enforced the Share Charge and sold the Vendor to a third party and in the circumstances, it was highly probable that PYE would no longer be a subsidiary of South Shore;

\* For identification purpose only

- (b) the announcement dated 23 June 2021 disclosing that on 21 June 2021, Hotel Nova Concórdia, Limitada (English name: New Concordia Hotel Limited, Chinese name: 新聯生酒店有限公司), an indirect wholly-owned subsidiary of South Shore, had applied to the court of Macau for voluntary liquidation; and
- (c) the announcement dated 25 June 2021 disclosing that South Shore received a winding up petition dated 24 June 2021 filed with the Supreme Court of Bermuda against South Shore for the debt and interest accrued thereunder in the aggregate amount of approximately HK\$7.0 million in respect of a term loan facility agreement.

Despite exchange of correspondence between the Purchaser's legal representatives and South Shore's legal representatives, it is not shown to the satisfaction of the Purchaser that South Shore and the Vendor are able to fulfil, or procure the fulfilment of, the Conditions and complete the transactions contemplated under the Acquisition Agreement in accordance with its terms.

In view of the aforesaid, on 28 June 2021, the Purchaser's legal representatives on behalf of the Purchaser issued written notices to South Shore's legal representatives and the Vendor respectively to rescind the Acquisition Agreement and to claim against them for the refund of the Initial Deposit and the Further Deposit in the aggregate sum of HK\$159.0 million together with a sum of HK\$32.0 million as and for agreed liquidated damages, without prejudice to all other rights and remedies which the Purchaser may have under the Acquisition Agreement.

The Company will keep the Shareholders and investors informed of developments in this matter by way of further announcements as and when appropriate in accordance with the Listing Rules.

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

Hong Kong, 28 June 2021

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

*Executive Directors:*

Mr. Cheung Hon Kit (*Chairman*), Mr. Cheung Chi Kit (*Managing Director*), Mr. Chan Yiu Lun, Alan, Mr. Wong Lai Shun, Benny, Ms. Lam Sau Fung (*Chief Financial Officer*)

*Non-executive Director:*

Mr. Chan Fut Yan

*Independent Non-executive Directors:*

Hon. Shek Lai Him, Abraham, *GBS, JP (Vice Chairman)*, Mr. Chan Pak Cheong Afonso, Mr. Ip Hon Wah

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