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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 DISPOSAL OF VCREDIT NOTES
IN THE PRINCIPAL AMOUNT OF US\$10.0 MILLION**

THE DISPOSAL

On 21 December 2020 (after trading hours), the Seller, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with VCREDIT in relation to the sale of VCREDIT Notes in the principal amount of US\$10.0 million by the Seller to VCREDIT at an aggregate consideration of US\$9.4 million (equivalent to approximately HK\$73.3 million). The Disposal has been completed upon the signing of the Agreement and the Consideration has been received in full by the Seller on completion.

LISTING RULES IMPLICATIONS

Since the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% and all applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE DISPOSAL

On 21 December 2020 (after trading hours of the Stock Exchange), the Seller entered into the Agreement with VCREDIT in relation to the Disposal.

Set out below are the principal terms of the Agreement:

Date : 21 December 2020 (after trading hours)

Parties : (1) the Seller, an indirect wholly-owned subsidiary of the Company; and
(2) VCREDIT.

* For identification purpose only

VCREDIT is a company registered by way of continuation in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2003). VCREDIT and its subsidiaries are principally engaged in the provision of online consumer finance services in the PRC.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, VCREDIT and its substantial shareholders (as defined under the Listing Rules) are third parties independent of the Company and its connected persons.

Assets to be disposed of: The Disposal Notes, being VCREDIT Notes in the outstanding principal amount of US\$10.0 million (equivalent to approximately HK\$78.0 million) in aggregate

Consideration: US\$9.4 million (equivalent to approximately HK\$73.3 million)

Completion of the Disposal took place on 21 December 2020 forthwith after the signing of the Agreement and the Consideration has been paid in cash by VCREDIT to the Seller on completion.

The Consideration was determined after arm's length negotiations between VCREDIT and the Seller with reference to (i) the outstanding principal amount of the Disposal Notes of US\$10.0 million (equivalent to approximately HK\$78.0 million), (ii) all interest accrued on the Disposal Notes having been settled on 21 December 2020 in accordance with the terms of the Disposal Notes, and (iii) the maturity date and next interest payment date of the Disposal Notes being 20 June 2021. Although the Consideration represents a 6% discount to the outstanding principal amount of the Disposal Notes, taking into account the above factors and in view of the current market sentiment on similar financial products, the Directors consider that the Consideration is fair and reasonable.

The proceeds from the Disposal will be applied as to HK\$70.0 million for repayment of bank loan (the "**Bank Loan**") utilised to finance the investment of the Disposal Notes and the remaining balance is intended for general working capital of the Group.

INFORMATION ON THE VCREDIT NOTES AND THE DISPOSAL NOTES

The VCREDIT Notes are listed on the Stock Exchange with a coupon rate of 11.0% per annum and the maturity date of 20 June 2021.

The Disposal Notes are of a principal amount of US\$10.0 million (equivalent to approximately HK\$78.0 million). As at 30 September 2020, the carrying value of the Disposal Notes was approximately HK\$58.1 million. The decreases in fair value on the Disposal Notes since the subscription by the Seller on 20 June 2019 for the financial year ended 31 March 2020 and for the six months ended 30 September 2020 were approximately HK\$10.4 million and HK\$7.8 million respectively. Net interest income attributable to the Disposal Notes recognised for the financial year ended 31 March 2020 and for the six months ended 30 September 2020 were approximately HK\$4.7 million and HK\$3.4 million, which are calculated with reference to the gross interest income of HK\$6.7 million and HK\$4.3 million of the Disposal Notes net of the corresponding interest expenses of the Bank Loan respectively.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company and the Group is principally engaged in property development and investment in Macau, Hong Kong, the PRC, Canada and the United Kingdom; development of, investment in and operation and management of hotels and leisure business in the PRC, Hong Kong and Canada; securities investment and provision of loan financing services.

It is estimated that the Group will record a gain before tax of approximately HK\$15.2 million (based on the carrying value of the Disposal Notes of approximately HK\$58.1 million as at 30 September 2020) from the Disposal. Such gain represents the difference between the Consideration and the carrying value of the Disposal Notes.

The Disposal forms part of the investing activities of the Group and was conducted in the ordinary and usual course of business of the Group. The Disposal provided the Group with an opportunity to realise its investment in the Disposal Notes above its carrying value before their maturity date. Having considered the terms of the Disposal (including but not limited to the Consideration and payment term), the Directors believe that such terms are fair and reasonable and the Disposal is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Since the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% and all applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Agreement”	the agreement dated 21 December 2020 entered into between the Seller and VCREDIT in relation to the sale and purchase of the Disposal Notes
“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

“Consideration”	US\$9.4 million (equivalent to approximately HK\$73.3 million, being the consideration payable by VCREDIT for the Disposal Notes under the terms of the Agreement)
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Disposal Notes by the Seller in accordance with the Agreement
“Disposal Notes”	VCREDIT Notes in the principal amount of US\$10.0 million beneficially owned by the Seller prior to the signing of the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	Macau Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Seller”	Advance Tech Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States
“VCREDIT”	VCREDIT Holdings Limited, a company registered by way of continuation in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2003)
“VCREDIT Notes”	the 11.0% senior notes due 2021 issued by VCREDIT which are listed on the Stock Exchange (Stock Code: 5064)

In this announcement, amounts denominated in US\$ are converted into HK\$ at the rate of US\$1.0 = HK\$7.8. Such conversion rate is for illustration purpose only and should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate or at all.

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

Hong Kong, 21 December 2020

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 (*Chief Financial Officer*)
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

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