

IMPORTANT

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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 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 DISPOSAL OF

KEEN STEP CORPORATION LIMITED AND

LE PETIT ROSEDALE HOTEL LIMITED

The Agreement and the transactions contemplated thereunder have been approved by way of written Shareholders' approval pursuant to Rule 14.44(2) of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only and no Shareholders' meeting will be held.

* *For identification purpose only*

MEANS OF RECEIPT AND LANGUAGE OF CORPORATE COMMUNICATIONS

This circular, in both English and Chinese versions, is now available in printed form, and in accessible format on the website of the Company at www.itcproperties.com.

For shareholders and non-registered shareholders of the Company who:

- (i) have elected to receive or are deemed to have consented to receive this circular by electronic means on the Company's website, or
- (ii) have difficulty in receiving or gaining access to this circular on the Company's website,

they may obtain printed copies free of charge by sending a written request to the Company or the branch share registrar of the Company in Hong Kong (the "**Branch Share Registrar**"), Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

If shareholders and non-registered shareholders of the Company wish to change their elected means of receipt or language of all future corporate communications of the Company, they may at any time notify the Company by prior notice of at least seven days in writing to the Branch Share Registrar at the address stated above or by e-mail to itcproperties-ecom@hk.tricorglobal.com or by completing and returning the accompanying Change Request Form.

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DEFINITIONS

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

“Agreement”	the conditional sale and purchase agreement dated 25 August 2020 entered into amongst the Vendor, the Purchaser and the Company as the Vendor’s guarantor in relation to the sale and purchase of the Sale Shares and the Sale Loans
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Bank Facility”	a term loan facility in the principal amount of HK\$339.0 million made available by The Hongkong and Shanghai Banking Corporation Limited to Keen Step
“Bank Loan”	all amounts, including the principal and interest, and together with all charges and fees owing by Keen Step under the Bank Facility
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open for business (excluding Saturday, Sunday and public holidays) during their normal business hours
“BVI”	the British Virgin Islands
“close associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Company”	ITC Properties Group Limited, a company incorporated in Bermuda with limited liability and whose issued Shares are listed on the Main Board of the Stock Exchange (Stock Code: 199)
“Completion”	completion of the sale and purchase of the Sale Shares and the Sale Loans under the Agreement
“Completion Date”	the date on which Completion takes place
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	HK\$460.0 million, being the aggregate consideration for the Sale Shares and the Sale Loans paid or payable by the Purchaser pursuant to the terms of the Agreement
“Deposit”	HK\$46.0 million, being the deposit paid by the Purchaser upon signing of the Agreement
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Disposal”	the disposal of the Sale Shares and the Sale Loans pursuant to the terms and conditions of the Agreement
“Disposal Group”	collectively Keen Step and LPRH
“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 the Company and its connected persons
“Keen Step”	Keen Step Corporation Limited, a direct wholly-owned subsidiary of the Vendor and a company incorporated in Hong Kong with limited liability
“Latest Practicable Date”	19 October 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Lease”	the lease dated 11 November 2016 entered into between Keen Step as landlord and LPRH as tenant in relation to the lease of the Property
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LPRH”	Le Petit Rosedale Hotel Limited, a direct wholly-owned subsidiary of the Vendor and a company incorporated in Hong Kong with limited liability
“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 circular, excluding Hong Kong, Macau and Taiwan
“Property”	Le Petit Rosedale Hotel Hong Kong situated at No. 7 Moreton Terrace, Causeway Bay, Hong Kong

DEFINITIONS

“Purchaser”	Bo Ren Investment Limited, a company incorporated in the BVI with limited liability
“Sale Loans”	collectively Sale Loan A and Sale Loan B
“Sale Loan A”	all the shareholder’s loan owing by Keen Step to the Vendor on the Completion Date
“Sale Loan B”	all the shareholder’s loan owing by LPRH to the Vendor on the Completion Date
“Sale Shares”	collectively Sale Share A and Sale Share B
“Sale Share A”	two (2) ordinary shares, representing the entire issued share capital, of Keen Step as at the date of the Agreement and on Completion
“Sale Share B”	one (1) ordinary share, representing the entire issued share capital, of LPRH as at the date of the Agreement and on Completion
“SFO”	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
“US\$”	United States dollars, the lawful currency of the United States
“Valuer”	Asset Appraisal Limited, a property valuer which is an Independent Third Party
“Vendor”	Maxter Limited, an indirect wholly-owned subsidiary of the Company and a company incorporated in the BVI with limited liability
“%”	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 (*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

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Principal place of business
in Hong Kong:*

30/F., Bank of America Tower
12 Harcourt Road
Central
Hong Kong

22 October 2020

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO THE DISPOSAL OF
KEEN STEP CORPORATION LIMITED AND
LE PETIT ROSEDALE HOTEL LIMITED**

INTRODUCTION

References are made to the announcements of the Company dated 25 August 2020 and 27 August 2020 in relation to the Agreement and the transactions contemplated thereunder.

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

* *For identification purpose only*

LETTER FROM THE BOARD

THE AGREEMENT

Date: 25 August 2020 (after trading hours of the Stock Exchange)

Parties: (1) the Vendor, an indirect wholly-owned subsidiary of the Company;
(2) the Purchaser; and
(3) the Company as the Vendor's guarantor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an investment holding company and together with its ultimate beneficial owner, Mr. Wang Dingben, are Independent Third Parties. Mr. Wang is a businessman and currently a non-executive director of China New Economy Fund Limited, a company incorporated in the Cayman Islands and whose issued shares are listed on the Main Board of the Stock Exchange (Stock Code: 80). The Purchaser was introduced to the Company by an estate agent which is an Independent Third Party. Mr. Wang confirmed to the Company that he (through the Purchaser) is acquiring the Sale Shares and Sale Loans on his own behalf and is using his own financial resources to finance the acquisition.

Assets to be disposed of:

The assets to be disposed of comprised (i) Sale Share A, being all the issued shares of and in Keen Step; (ii) Sale Share B, being the sole issued share of and in LPRH; (iii) Sale Loan A; and (iv) Sale Loan B. The principal amounts of Sale Loan A and Sale Loan B as at 31 July 2020 were approximately HK\$126.4 million and HK\$17.3 million respectively.

Consideration and payment terms:

The Consideration is HK\$460.0 million of which:

1. the portion of the Consideration attributable to the Sale Loans shall be equal to the face value of the Sale Loans on a dollar-for-dollar basis as at the Completion Date; and
2. the remaining balance of the Consideration shall be attributable to the Sale Shares.

The Consideration shall be paid by the Purchaser to the Vendor in cash in the following manner:

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

LETTER FROM THE BOARD

There are no specific provisions under the Agreement for adjustment of the Consideration based on the net current asset value of the Disposal Group. The provisions of the Agreement do however expect that upon Completion:

- (i) the only assets owned by Keen Step will be the Property and some minor items of current assets such as prepayments, and the major liabilities owed by Keen Step will be Sale Loan A; and
- (ii) the only assets owned by LPRH will be some minor items of current assets such as utility and sundry deposits paid to utility companies and trade and other receivables, and the major liabilities owed by LPRH will be Sale Loan B.

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser with reference to, among other things, (i) the audited financial statements for the year ended 31 March 2020 and the unaudited financial information as at 31 July 2020 of the Disposal Group, (ii) the preliminary indicative valuation of the Property of approximately HK\$460.0 million, using the direct comparison method, provided by the Valuer, (iii) the book value of the Property as recorded in the Company's consolidated financial statements for the year ended 31 March 2020 of approximately HK\$342.7 million, (iv) the total amount of the Sale Loans as at 31 July 2020 of approximately HK\$143.7 million and (v) the recent local market sentiment for hotel properties.

A reconciliation of the book value of the Property as at 31 March 2020 with the valuation of the Property (the abovementioned indicative valuation being the same as that under the valuation report set out in Appendix II of this circular) is as follows:

	<i>HK\$' million</i>
Book value as at 31 March 2020	342.7
Accumulated depreciation	40.3
Valuation surplus	77.0
	<hr/>
Valuation amount	460.0
	<hr/> <hr/>

Conditions precedent:

Completion is conditional upon fulfillment or waiver (as the case may be) of the following conditions:

- (a) Keen Step showing and giving a good title to the Property in accordance with Section 13 and Section 13A of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong) at least seven (7) Business Days before the Completion Date;

LETTER FROM THE BOARD

- (b) the Vendor delivering to the Purchaser at least seven (7) days before the Completion Date a draft certificate of incumbency in respect of the Vendor to be issued by its registered agent in customary form, which shall not contain information inconsistent with the Vendor's warranties under the Agreement;
- (c) the Vendor delivering to the Purchaser a draft legal opinion issued by a qualified BVI lawyer as to the laws of the BVI in respect of the Vendor and the execution of the Agreement and the completion documents to be executed by the Vendor on Completion at least seven (7) Business Days before the Completion Date in customary form, the content of which shall not contain opinion inconsistent with the Vendor's warranties under the Agreement;
- (d) save for and except the Lease, the Vendor delivering to the Purchaser evidence to show the termination of all of the subsisting contracts entered into by LPRH on or before Completion;
- (e) the Purchaser having completed its due diligence review on the business, financial, legal and all other aspects of the Disposal Group and satisfied with the results thereof;
- (f) the representations, undertakings and warranties by the Vendor remaining true, accurate and correct in all material respects and not misleading on the date of the Agreement and at all times up to and including the Completion Date;
- (g) no material adverse change in the assets, conditions (financial or otherwise) of the Disposal Group occurring on or before the Completion Date (save for and except the depreciation of the Property, any fluctuation in the market price of the Property and diminution or cessation of the business of LPRH);
- (h) LPRH having completed the change of its company name to such name as designated by the Purchaser and agreed by the Vendor (such agreement shall not be unreasonably withheld) before the Completion Date, and LPRH having completed the change of licensee's name of its hotel licence to the new name (if necessary under the terms and conditions of the hotel licence and any other relevant laws and regulations in Hong Kong); and
- (i) the performance and observance by the Vendor of its undertakings and obligations under the Agreement in all material respects.

The Purchaser may at its absolute discretion at any time waive any of the above conditions by notice in writing to the Vendor without prejudice to its other right and remedies under the Agreement.

LETTER FROM THE BOARD

If any of the above conditions, unless waived by the Purchaser, is not fulfilled or satisfied before the Completion Date, the Purchaser may terminate the Agreement by notice in writing to the Vendor whereupon the Agreement shall be determined and except for antecedent breach, none of the parties to the Agreement shall have any claim against the others and the Deposit paid shall be refunded to the Purchaser forthwith.

As at the Latest Practicable Date, none of the above conditions has been fulfilled.

Completion:

Subject to the fulfillment or waiver (as the case may be) of the conditions above, Completion shall take place on 31 December 2020.

Upon Completion, the Group will cease to have any interest in the Disposal Group.

Other terms:

The Vendor shall procure to enable LPRH to continue using the existing hotel brand name “Le Petit Rosedale Hotel Hong Kong” for operation of business in the Property after Completion until the expiration of the current hotel licence in September 2024.

Default:

Should the Purchaser fail to pay the Deposit or the balance of the Consideration or complete the purchase in accordance with the provisions of the Agreement (other than due to the failure to fulfil any of the conditions precedent), the Vendor shall be entitled to forfeit the Deposit as liquidated damages and the Agreement shall be terminated and the Vendor shall not have any claim against the Purchaser whether for damages, losses and costs suffered or incurred or otherwise whatsoever.

Should the Vendor after receiving the Deposit fail to complete the sale in accordance with the provisions of the Agreement (other than due to the failure to fulfil any of the conditions precedent), the Vendor shall immediately refund to the Purchaser the Deposit together with payment of liquidated damages in an amount equal to the Deposit and the Purchaser shall not have any claim against the Vendor or the Company as the Vendor’s guarantor whether for damages, losses and costs suffered or incurred or otherwise whatsoever.

INFORMATION ON THE VENDOR

The Vendor is a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company. Its principal activity is investment holding of the Disposal Group.

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INFORMATION ON THE DISPOSAL GROUP

The Vendor directly owns the entire issued share capital of the Disposal Group. Keen Step is a company incorporated in Hong Kong on 7 May 2008 with its principal assets being the Property, namely Le Petit Rosedale Hotel Hong Kong situated at No. 7 Moreton Terrace, Causeway Bay, Hong Kong which is currently leased to LPRH. LPRH is a company incorporated in Hong Kong on 26 November 2015 and its principal business is the operation of the hotel at the Property. The Property is a 31-storey hotel with total gross floor area of approximately 32,287.91 square feet comprising 94 guest rooms which opened for business in 2016.

Set out below is the audited financial information of the Disposal Group prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended		For the year ended	
	31 March 2020		31 March 2019	
	<u>Keen Step</u>	<u>LPRH</u>	<u>Keen Step</u>	<u>LPRH</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	12,187	14,732	12,209	27,239
(Loss)/Profit before taxation	(39,392)	(9,847)	11,277	(904)
(Loss)/Profit after taxation	(39,392)	(9,847)	11,277	(904)

The revenue of Keen Step for both the years ended 31 March 2019 and 2020 represented the rental income from LPRH pursuant to the Lease and hence had been eliminated in the consolidated financial statements of the Company. In addition, included in the loss/profit before taxation for the years ended 31 March 2019 and 2020 of Keen Step were increase in fair value of the Property of HK\$10.0 million and decrease in fair value of the Property of HK\$40.0 million respectively. Such fair value changes of the Property had been derecognised in the consolidated financial statements of the Company where the Property was accounted for and stated at a cost less depreciation basis, instead of at a fair value basis in the financial statements of Keen Step.

As at 31 March 2020, Keen Step recorded audited net asset value of approximately HK\$63.1 million which included an amount due to the Vendor of approximately HK\$118.0 million, and LPRH recorded audited net liabilities of approximately HK\$15.8 million which included an amount due to the Vendor of approximately HK\$13.9 million.

As disclosed in the section headed “Financial Effects of the Disposal” below, the assets and liabilities of the Disposal Group will be derecognised from the consolidated financial

LETTER FROM THE BOARD

statements of the Company on Completion and the unaudited net asset value of the Disposal Group amounted to approximately HK\$44.3 million. A reconciliation of the unaudited net asset value as at 31 July 2020 of the Disposal Group to be derecognised on Completion to the financial information disclosed above in this section is as follows:

<i>HK\$' million</i>	Keen Step 31/3/2020 <u>(Audited)</u>	LPRH 31/3/2020 <u>(Audited)</u>	changes during 1 April to 31 July 2020 <i>(Note 4)</i>	Disposal Group 31/7/2020 <u>(Unaudited)</u>	adjustments on Group level	to be derecognised on Group level 31/7/2020 <u>(Unaudited)</u>	<i>Notes</i>
The Property	500.0	—	(40.0)	460.0	(121.2)	338.8	1
Bank Loan	(309.7)	—	7.5	(302.2)	—	(302.2)	
Other assets and liabilities	(9.2)	(1.9)	18.8	7.7	—	7.7	2
Sale Loans	<u>(118.0)</u>	<u>(13.9)</u>	(11.8)	<u>(143.7)</u>	143.7	<u>—</u>	3
Net assets/liabilities	<u>63.1</u>	<u>(15.8)</u>		<u>21.8</u>		44.3	
Adjustments taking into account the valuation of the Property of HK\$460.0 million <i>(Note 1)</i>						<u>121.2</u>	
Adjusted net asset value to be derecognised						<u>165.5</u>	

Notes:

1. Since the Property is stated at cost less accumulated depreciation in the Company's consolidated financial statements, adjustments are made to reverse any valuation surplus since completion of construction of the Property (approximately HK\$77.0 million) and to record depreciation charges since commencement of use of the Property (approximately HK\$44.2 million). These are reversed if valuation of the Property of HK\$460.0 million is adjusted.
2. Other assets as at 31 July 2020 mainly represent cash and bank balances, prepayments and utilities deposits, and miscellaneous inventories.
3. Sale Loans are eliminated on Group level.
4. The changes represent the decrease in valuation of the Property and the movements in the normal course of business during the period from 1 April 2020 to 31 July 2020.

USE OF PROCEEDS

Sale Share A and the assets of Keen Step (including the Property) are currently charged in favour of The Hongkong and Shanghai Banking Corporation Limited as part of the securities for the Bank Facility, which is repayable by instalments with final maturity in December 2023. Part of the Consideration will be applied to pay and clear off the Bank Loan on Completion. The net proceeds from the Disposal, being the Consideration net of relevant expenses, are estimated to be approximately HK\$454.5 million. After the repayment of the Bank Loan which amounted to approximately HK\$300.2 million as at the date of the Agreement, the remaining proceeds of approximately HK\$154.3 million shall be applied for the Group's general working capital (including loan repayments) and it is expected that the said remaining proceeds will be fully utilised within the next twelve (12) months.

LETTER FROM THE BOARD

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 of hotels and leisure business in the PRC, Hong Kong and Canada; securities investment and provision of loan financing services.

The Property has commenced operation as Le Petit Rosedale Hotel Hong Kong since the completion of the development in 2016. Its performance enjoyed the prosperous tourists industry in Hong Kong till the occurrence of the social unrests in 2019, but has been seriously hit since the outbreak of the COVID-19 early this year. As mentioned above, the Disposal will generate a net cash return of approximately HK\$154.3 million to the Group after the repayment of the Bank Loan. The cash return will strengthen the financial resources of the Group for repayment of its borrowings when they fall due and to capture investment opportunities. In addition, an unaudited capital gain from the Disposal of approximately HK\$110.0 million is estimated to be recorded in the consolidated financial statements of the Company for the year ending 31 March 2021.

The Valuer was engaged by the Group to conduct the valuation of the Property. The Valuer is certified with the relevant professional qualifications required to perform the valuation. Mr. Tse Wai Leung, who is in charge of the valuation process and a director of the Valuer, is a member of the Royal Institution of Chartered Surveyors, a member of Hong Kong Institute of Surveyors and a Registered Professional Surveyor in General Practice. He is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of The Hong Kong Institute of Surveyors and a Registered Business Valuer under the Hong Kong Business Valuation Forum and has over 10 years' experience in valuation of properties in Hong Kong. In view of the above, the Company considers that the Valuer is qualified and possesses sufficient relevant experience in performing the valuation of the Property. The valuation by the Valuer was performed under direct comparison method. The methodology of, and the basis and assumptions adopted for, the valuation of the Property (including the comparables considered by the Valuer) are summarised in the valuation report set out in Appendix II to this circular. The Directors have reviewed and considered the valuation report and the methodology, basis and assumptions of the valuation (including the comparables considered by the Valuer). The Company has discussed with the Valuer on the methodology of and the basis and assumptions adopted for the valuation, and has considered that the direct comparison method is commonly used for valuation of hotel properties in Hong Kong, and has also considered the comparables considered by the Valuer are appropriate. The Directors are therefore of the view that they are fair and reasonable.

As set out in the section headed "Information on the Disposal Group" above, taking into account the valuation of the Property of HK\$460.0 million, the unaudited adjusted net asset value as at 31 July 2020 of the Disposal Group to be derecognised on Group level on Completion would be approximately HK\$165.5 million. As the Bank Loan will be repaid upon Completion and other assets and liabilities are expected to be recovered/discharged on or before Completion (except for utilities deposits estimated to be approximately HK\$0.5 million), the Consideration will approximate to the valuation of the Property.

LETTER FROM THE BOARD

Taking into account the above (including the unaudited adjusted net asset value of HK\$165.5 million to be derecognised on Group level as at 31 July 2020, and the unaudited adjusted net assets of the Disposal Group would approximate to the valuation of the Property of HK\$460.0 million as aforesaid), the Board considers that the terms of the Agreement, including the Consideration, are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, the Group will cease to have any interest in the Disposal Group. As such, the assets and liabilities of the Disposal Group will be deconsolidated from the financial statements of the Company.

An unaudited capital gain from the Disposal of approximately HK\$110.0 million is estimated to be recorded in the consolidated financial statements of the Company for the year ending 31 March 2021. Such capital gain is calculated with reference to the net proceeds of approximately HK\$454.5 million, net of the unaudited net asset value of the Disposal Group as at 31 July 2020 which amounted to approximately HK\$44.3 million, to be derecognised in the consolidated financial statements of the Company on Completion, and the Bank Loan to be discharged by the Vendor which amounted to approximately HK\$300.2 million as at 25 August 2020. Shareholders should note that the exact amount of gain/loss of the Disposal to the Group would be calculated based on the net asset value of the Disposal Group as at the Completion Date and is subject to audit and therefore may be different from the amount mentioned above.

The Group will cease to recognise the revenue and profit or loss of the Disposal Group onwards from the Completion Date.

Having taken into account the net proceeds from the Disposal and based on the unaudited net asset value to be derecognised of the Disposal Group on Group level, it is estimated that upon Completion, the total assets of the Group will be decreased by approximately HK\$189.5 million and the total liabilities of the Group will be decreased by approximately HK\$299.5 million. It is estimated that the net assets of the Group will have an increase of approximately HK\$110.0 million.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio under the Listing Rules in respect of the Disposal exceeds 25% but all applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction for the Company pursuant to Rule 14.06(3) of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirement under 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 Latest Practicable Date, Dr. Chan directly owns 191,588,814 Shares and through Galaxyway Investments Limited, whose entire issued shares are indirectly owned by Dr. Chan, owns 76,186,279 Shares. Ms. Ng, through Fortune Crystal Holdings Limited, whose entire issued shares are indirectly owned by Ms. Ng, owns 248,031,919 Shares. Ms. Ng is the spouse of Dr. Chan. The Company has obtained 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 515,807,012 Shares, representing approximately 53.7% of the issued share capital of the Company as at the Latest Practicable Date. 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 has been 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.

ADDITIONAL INFORMATION

Your attention is drawn to the financial information of the Group, the valuation report of the Property and general information as 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 Group for each of the three years ended 31 March 2018, 2019 and 2020 are disclosed in the following documents and have been published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.itcproperties.com:

- annual report of the Company for the year ended 31 March 2018 published on 30 July 2018 (pages 84 to 207) on the Stock Exchange's website (<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0730/ltn20180730327.pdf>);
- annual report of the Company for the year ended 31 March 2019 published on 29 July 2019 (pages 90 to 235) on the Stock Exchange's website (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0729/ltn20190729145.pdf>); and
- annual report of the Company for the year ended 31 March 2020 published on 28 July 2020 (pages 71 to 175) on the Stock Exchange's website (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0728/2020072800263.pdf>).

2. INDEBTEDNESS STATEMENT

(a) Borrowings

At the close of business on 31 August 2020, being the latest practicable date for the purpose of preparing this indebtedness statement, the Group had secured and guaranteed bank borrowings of approximately HK\$1,749.5 million, unsecured and unguaranteed other borrowings of approximately HK\$0.2 million, unsecured and guaranteed loan notes of approximately HK\$1,492.2 million, unsecured and unguaranteed amount due to an associate of approximately HK\$210.6 million and unsecured and unguaranteed amounts due to non-controlling interests of approximately HK\$101.5 million. In addition, the Group had outstanding secured and unguaranteed lease liabilities of approximately HK\$6.8 million as at that date.

The Group's secured bank borrowings were secured by legal charges over the following assets of the Group: (i) property, plant and equipment with a carrying value of approximately HK\$867.9 million; (ii) investment properties with a carrying value of approximately HK\$752.2 million; (iii) stock of properties with a carrying value of approximately HK\$902.5 million; (iv) debt investments with a carrying value of approximately HK\$72.5 million; and (v) interest in an associate with a carrying value of approximately HK\$1,087.5 million and the Group's lease liabilities were secured by rental deposits of the relevant leases with a carrying value of approximately HK\$1.1 million.

(b) Contingent liabilities and guarantees

As at 31 August 2020, the Company had provided corporate guarantees on a several basis with maximum liabilities of approximately HK\$511.8 million, HK\$58.0 million, HK\$294.4 million and HK\$214.5 million in respect of the banking facilities granted to four joint ventures (which are owned as to 50%, 50%, 40% and 28% by the Group respectively). In addition, the Company had provided corporate guarantee on a several basis with maximum liabilities of approximately HK\$565.7 million in respect of the banking facilities granted to an associate (which is owned as to 40% by the Group).

Save as disclosed above and otherwise stated in this circular, and apart from the intra-group liabilities, 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, lease commitments, guarantees or other material contingent liabilities at the close of business on 31 August 2020.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the presently available financial resources of the Group, including funds internally generated from operations, available banking facilities and the net proceeds of the Disposal, the Group will have sufficient working capital for its businesses for the next twelve (12) months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

Save as aforesaid, the Directors are not aware of any material adverse change in the financial and trading position of the Group since 31 March 2020, being the date to which the latest published audited accounts of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS

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 of hotels and leisure business in the PRC, Hong Kong and Canada; securities investment; and the provision of loan financing services.

As disclosed in the annual report for the year ended 31 March 2020 of the Company, the global economy has been deteriorating due to the outbreak of COVID-19 and the China-US tensions, and recovery is difficult to predict. These also pose unprecedented challenges to Hong Kong's economy, which has acutely been affected by the social unrest since 2019, in particular the local hospitality industry. Knowing that year 2020 and the foreseeable future will be full of challenges and uncertainties, the Group will vigilantly endeavour to sustain its businesses and carry out its mission. We will focus on the presale of the remaining blocks in Sky Oasis and Grand Oasis, the sale of units of Hyde Park and the other local redevelopment projects to secure the revenue for the coming few years. In addition to stepping our businesses further to the PRC, Macau, Canada and the United Kingdom, the Group will keep on improving earnings and enhancing the Shareholders' value by working hard on the projects on hand and at the same time, be selective and cautious on replenishing the Group's portfolio when suitable opportunities arise.

As described in the section headed "Reasons for and Benefits of the Disposal" in the Letter from the Board, the Disposal will generate net cash return to the Group, and the cash return will strengthen the financial resources of the Group for repayment of its borrowings when they fall due and to capture investment opportunities.

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular and received from Asset Appraisal Limited, an independent valuer, in connection with its valuation of the Property as at 31 August 2020.



Asset Appraisal Limited
中誠達資產評估顧問有限公司

Rm 901, 9/F., On Hong Commercial Building
145 Hennessy Road, Wanchai, Hong Kong
香港灣仔軒尼詩道145號
安康商業大廈9字樓901室
Tel : (852) 2529 9448 Fax : (852) 3544 5854

22 October 2020

The Board of Directors
ITC Properties Group Limited
30/F., Bank of America Tower
12 Harcourt Road
Central
Hong Kong

Dear Sirs,

Le Petit Rosedale Hotel Hong Kong
No. 7 Moreton Terrace, Causeway Bay
Hong Kong

In accordance with the instructions from **ITC Properties Group Limited** (the “**Company**”) to value the captioned property interests (the “**Property**”) held by the Company or its subsidiaries (altogether referred to as the “**Group**”), we confirm that we have carried out inspection of the Property, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at **31 August 2020** (the “**Valuation Date**”).

BASIS OF VALUATION

Our valuation of the Property represents its market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion”.

TITLESHP

We have caused searches to be made at the appropriate Land Registry for the Property. However, we have not verified the ownerships of the Property or to verify the existence of any amendments which do not appear on the copies handed to us. All documents have been used for reference only.

VALUATION METHODOLOGY

In view of the nature the Property for which there is an established used market, we have arrived at our opinion of value primarily by the direct comparison method.

By the direct comparison method, comparison based on price information on comparable properties is made where comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.

ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the Property on the market in its existing states without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the Property.

As the Property is held by the owner by means of long term Government leases, we have assumed that the owner or its successor in title has free and uninterrupted rights to use the Property for the whole of the unexpired term of the Government leases.

Other special assumptions for our valuation (if any) would be stated out in the footnotes of the valuation certificate attached herewith.

SITE INSPECTION

The Property was inspected on 9 September 2020 by Tse Wai Leung, who is a member of the Royal Institution of Chartered Surveyors, a member of Hong Kong Institute of Surveyors and a Registered Professional Surveyor in General Practice. He has inspected the exterior and, where possible, the interior of the buildings and structures of the Property. However, no structural survey has been made for them. We are not, however, able to report whether the buildings and structures inspected by him are free of rot, infestation or any structural defect. No test was carried out on any of the building services and equipment. During the site inspection, he has ascertained the following matters of the Property as at the date of site inspection:

- the general environment and development conditions of the area in which the Property is situated;
- the existing use of the Property;
- the occupancy of the Property;
- the facilities provided by the Property;
- the existence of any non-conformity use within the Property;
- the repair and maintenance conditions of the Property; and
- the existence of any closure order and resumption order affixed to the Property.

LIMITING CONDITIONS

No allowance has been made in our report for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in holding them. It is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the site and floor areas in respect of the Property but have assumed that the site areas and the floor areas shown on the documents and official plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

The market value estimate contained within this report specifically excludes the impact of environmental contamination resulting from ground movement or other causes. It is recommended that the reader of this report shall consult a qualified environmental auditor for the evaluation of possible environmental defects, the existence of which could have a material impact on market value.

No soil analysis or geological studies were ordered or made in conjunction with this report, nor were any water, oil, gas, or other subsurface minerals use rights or conditions investigated.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

In valuing the Property, we have complied with all the requirements contained in Chapter 5 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the HKIS Valuation Standards (2017 Edition) published by The Hong Kong Institute of Surveyors.

The market value of the Property is denominated in Hong Kong Dollar (HK\$).

Our valuation certificate is attached herewith.

Yours faithfully,
for and on behalf of
Asset Appraisal Limited

Tse Wai Leung
MFin BSc MRICS MHKIS RPS (GP)
Director

Tse Wai Leung is a member of the Royal Institution of Chartered Surveyors, a member of Hong Kong Institute of Surveyors and a Registered Professional Surveyor in General Practice. He is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of The Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Valuation Forum and has over 10 years' experience in valuation of properties in Hong Kong.

VALUATION CERTIFICATE

Property held by the Group for hotel operations

Property	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 31 August 2020																
No. 7 Moreton Terrace, Causeway Bay, Hong Kong Section C of Inland Lot No. 1580 and Section B of Inland Lot No. 2321.	The Property comprises a site with an area of approximately 2,077 square feet on which a 31-storey (include one basement level and refuge roof) hotel building was completed in 2016. The district in which the Property is situated is one of the heavily built-up areas of Hong Kong and is featured with numerous choices of retail and entertainment facilities of various scales. Being one of the major tourist attractions of the territory, many hotel developments of wide range of grades are provided at the vicinity of the Property.	As at the Valuation Date, the Property was being operated as a hotel under the brand name of “LE PETIT ROSEDALE HOTEL HONG KONG”.	HK\$460,000,000																
	<p>The subject hotel building is accommodating 94 guestrooms with a total gross floor area of approximately 32,287.91 square feet plus podium garden area of approximately 1,200 square feet and refuge roof area of approximately 615 square feet. Functional uses of each of the floor levels are set out as follows:</p> <p>Floor Level Functional Uses</p> <table border="1"> <tbody> <tr> <td data-bbox="445 1200 544 1221">Basement</td> <td data-bbox="580 1200 839 1278">Plant rooms and ancillary accommodation for non-domestic use</td> </tr> <tr> <td data-bbox="445 1289 485 1310">G/F</td> <td data-bbox="580 1289 871 1368">Hotel entrance lobby and ancillary accommodation for non-domestic use</td> </tr> <tr> <td data-bbox="445 1378 485 1400">1/F</td> <td data-bbox="580 1378 887 1457">Lounge facilities and ancillary accommodation for non-domestic use</td> </tr> <tr> <td data-bbox="445 1468 485 1489">2/F</td> <td data-bbox="580 1468 871 1547">Back of house facilities and ancillary accommodation for non-domestic use</td> </tr> <tr> <td data-bbox="445 1557 485 1578">3/F</td> <td data-bbox="580 1557 839 1636">Plant rooms and ancillary accommodation for non-domestic use</td> </tr> <tr> <td data-bbox="445 1647 485 1668">4/F</td> <td data-bbox="580 1647 855 1696">Podium Garden (see note 6 below)</td> </tr> <tr> <td data-bbox="445 1706 560 1727">5/F to 28/F</td> <td data-bbox="580 1706 879 1727">Guest rooms for domestic use</td> </tr> <tr> <td data-bbox="445 1738 552 1759">Roof floor</td> <td data-bbox="580 1738 879 1781">Refuge roof for non-domestic use</td> </tr> </tbody> </table>	Basement	Plant rooms and ancillary accommodation for non-domestic use	G/F	Hotel entrance lobby and ancillary accommodation for non-domestic use	1/F	Lounge facilities and ancillary accommodation for non-domestic use	2/F	Back of house facilities and ancillary accommodation for non-domestic use	3/F	Plant rooms and ancillary accommodation for non-domestic use	4/F	Podium Garden (see note 6 below)	5/F to 28/F	Guest rooms for domestic use	Roof floor	Refuge roof for non-domestic use		
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4/F	Podium Garden (see note 6 below)																		
5/F to 28/F	Guest rooms for domestic use																		
Roof floor	Refuge roof for non-domestic use																		
	<p>The Property is held under government leases for a term of 75 years and renewable for another 75 years commencing from 29 January 1900 at a current government rent of HK\$237,602 per annum.</p>																		

Notes:

1. The registered owner of the Property is Keen Step Corporation Limited (a wholly-owned subsidiary of the Company) registered via the following 11 sets of assignments:
 - Assignment registered via memorial no. 08081101160160 dated 31 July 2008 (regarding 1/16 share of the subject lot);
 - Assignment registered via memorial no. 08081501160107 dated 31 July 2008 (regarding 1/16 share of the subject lot);
 - Assignment registered via memorial no. 08090201050053 dated 5 August 2008 (regarding 1/16 share of the subject lot);
 - Assignment registered via memorial no. 08090201050077 dated 5 August 2008 (regarding 1/16 share of the subject lot);
 - Assignment registered via memorial no. 08091200960091 dated 18 August 2008 (regarding 6/16 share of the subject lot);
 - Assignment registered via memorial no. 08123000800049 dated 11 December 2008 (regarding 1/16 share of the subject lot);
 - Assignment registered via memorial no. 08123000800050 dated 11 December 2008 (regarding 1/16 share of the subject lot);
 - Assignment registered via memorial no. 09012000790067 dated 31 December 2008 (regarding 1/16 share of the subject lot);
 - Assignment registered via memorial no. 09012000790073 dated 31 December 2008 (regarding 1/16 share of the subject lot);
 - Assignment registered via memorial no. 09012000790087 dated 31 December 2008 (regarding 1/16 share of the subject lot); and
 - Assignment registered via memorial no. 10101903020474 dated 30 September 2008 (regarding 1/16 share of the subject lot).
2. The Property is subject to a Mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited registered via memorial no. 17011102710590 dated 23 December 2016.
3. According to the Government Leases by virtue of which the subject lot sections have been granted, it is virtually unrestricted except such trades or businesses as brazier, slaughterman, soap-maker, sugar-baker, fellmonger, melter of tallow, oilman, butcher, distiller, victualler, tavern-keeper, blacksmith, nightman, scavenger, any other noisy, noisome or offensive trade or business unless prior license is obtained from the Government.
4. Pursuant to the Offensive Trade License granted by the District Lands Officer, Hong Kong East to Keen Step Corporation Limited on 28 June 2013 (as registered in the Land Registry via memorial no. 13071201470030), the owners of the Property was approved to carry out the trade or business of sugar baker, oilman (excluding petrol filling station), butcher, victualler and tavern keeper (the “**Trade and Business**”) subject to the following conditions:
 - to obtain all such licenses, permits, permissions and approvals as are necessary or required, legal, statutory, contractual or otherwise and serve all necessary notices on any person for and in connection with and prior to the commencement of all or any of the Trade and Business in or in the Property;
 - to comply with all ordinances, bye-laws, rules and regulations which are or may at any time be in force in Hong Kong affecting all or any of the Trade and Business to be carried out in the Property;
 - to indemnify and keep indemnified the Government, its officers and servants, from and against all actions, proceedings, liabilities, costs, claims and demands of whatsoever nature arising directly or indirectly out of or in connection with this license and the use of the Property for the purpose of the Trade and Business; and
 - if the Property is developed, redeveloped or used at any time solely for the purpose of a hotel or hotels, the owner shall not throughout the term of the Government leases, assign, mortgage, charge, underlet, grant license to use or occupy, part with the possession of or otherwise dispose of the Property or enter into any agreement so to do except as a whole.
5. The Occupation Permit (Permit No. HK20/2016(OP)) was issued by the Building Authority of Hong Kong to Keen Step Corporation Limited on 17 March 2016 under Section 21 of the Buildings Ordinance (Chapter 123) by virtue of which the occupation of the Property was permitted.
6. As revealed from the Undertaking Letter issued by Keen Step Corporation Limited to the Building Authority, Buildings Department on 23 July 2012 (as registered in the Land Registry via memorial no. 16031500770029), the owner of the Property undertakes that the Communal Podium Garden of the Property (situated on 4th Floor of the building with an area of approximately 1,200 square feet) is designated as common areas in the sales and purchase agreement, assignment or tenancy agreement or other documents of similar nature as the case may be with details of use and location clearly indicated along with binding and enforceable conditions for the control, operation, financial support and maintenance of Communal Podium Garden.
7. The Property falls within an area currently zoned for “Other Specified Uses (MIXED USE)” purpose under Causeway Bay Outline Zoning Plan No. S/H6/17 approved for public inspection on 18 January 2019.

8. For this valuation, we have considered transactions executed in 2019 or 2020 in relation to 3 to 4 star hotels situated in urban areas of Hong Kong or Kowloon:

Date	Name & Location of Hotel	Consideration (HK\$ million)	Gross Floor Area (square feet) No. of Guest Room	Price per floor area (HK\$) Price per room (HK\$)
July 2020	Queen's Hotel No. 199 Queen's Road West Sai Ying Pun	310.00	26,778 square feet 40 rooms	11,577/square foot 7,750,000/room
April 2020	H1 Hotel No. 423 Reclamation Street Mongkok	260.00	17,498 square feet 50 rooms	14,859/square foot 5,200,000/room
October 2019	Silka West Kowloon Hotel No. 48 Anchor Street Tai Kok Tsui	515.00	35,805 square feet 141 rooms	14,383/square foot 3,652,482/room
July 2019	Goodrich Hotel Nos. 92-94 Woosung Street Yau Ma Tei	330.00	14,525 square feet 56 rooms	22,719/square foot 5,892,857/room
May 2019	iclub Mong Kok Hotel No. 2 Anchor Street Tai Kok Tsui	810.82	70,278 square feet 288 rooms	11,537/square foot 2,815,340/room

Towards the above comparable hotel transactions (with a price range of HK\$11,537/square foot to HK\$22,719/square foot or HK\$2,815,340/room to HK\$7,750,000/room), we have taken into consideration and made due adjustments for differences between the Property and the comparable properties in terms of location, average size per room, age and physical conditions, dates of transaction and other factors affecting their values to arrive at an unit rate of approximately HK\$14,250/square foot or HK\$4,900,000/room for the Property.

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 OF THE DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY

As at the Latest Practicable Date, the interests and short positions of the Directors and 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 (i) 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 (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) 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:

(a) the Company

Name of Director	Number of Shares held	Number of underlying Shares held (Note 2)	Total	Percentage (Note 3)
Mr. Cheung Hon Kit (“ Mr. HK Cheung ”)	48,800,000	7,000,000	55,800,000	5.81%
Mr. Chan Fut Yan (“ Mr. FY Chan ”)	3,589,595	3,500,000	7,089,595	0.73%
Mr. Cheung Chi Kit	2,850,000	2,000,000	4,850,000	0.50%
Mr. Chan Yiu Lun, Alan (“ Mr. Alan Chan ”)	4,075,781	1,500,000	5,575,781	0.58%
Mr. Wong Lai Shun, Benny (“ Mr. Benny Wong ”)	230,000	1,500,000	1,730,000	0.18%
Hon. Shek Lai Him, Abraham, <i>GBS, JP</i>	322,347	500,000	822,347	0.08%

Name of Director	Number of Shares held	Number of underlying Shares held (Note 2)	Total	Percentage (Note 3)
Mr. Kwok Ka Lap, Alva	623,453	300,000	923,453	0.09%
Mr. Chan Pak Cheong Afonso	–	300,000	300,000	0.03%

(b) associated corporation of the Company

Mr. HK Cheung had personal interests in the principal amount of US\$2.3 million under the 4.75% guaranteed notes due 2021 issued by Treasure Generator Limited, a wholly-owned subsidiary of the Company, and guaranteed by the Company.

Notes:

1. The Directors were the beneficial owners having personal interests in the Shares, underlying Shares and/or debenture as disclosed above and all such interests were long positions.
2. These represented the share options granted by the Company (being regarded as unlisted physically settled equity derivatives) on 4 April 2018 under the share option scheme of the Company. The exercise price is HK\$2.57 per share option. The period during which these share options can be exercised is from 4 April 2019 to 3 April 2022, provided that up to a maximum of 50% of the share options shall be exercisable during the second-year period commencing from 4 April 2019 to 3 April 2020 (both days inclusive) and the balance of the share options not yet exercised shall be exercisable during the period commencing from 4 April 2020 to 3 April 2022 (both days inclusive) pursuant to the share option scheme.
3. This represented the approximate percentage of the total number of issued Shares as at the Latest Practicable Date.

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 any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (i) 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 (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

3. COMPETING INTERESTS

As at the Latest Practicable Date, interests of the Directors and their respective close associates in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group were as follows:

- (i) Mr. HK Cheung, the Chairman of the Company and an executive Director, had personal interests and/or held directorships in companies which were engaged in property investment in Macau, Hong Kong, the PRC, Canada and the United Kingdom and/or hotel management and operation in the PRC;

- (ii) Mr. FY Chan, the Managing Director of the Company and an executive Director, held directorship in a company which was engaged in property development and investment;
- (iii) Mr. Alan Chan, an executive Director, had personal interests and held directorship in companies which were engaged in securities investments and loan financing; and
- (iv) Mr. Benny Wong, an executive Director, held directorships in companies which were engaged in hotel management and operation in the PRC and Hong Kong.

The Directors are aware of their fiduciary duties to the Company and understand that they must, in the performance of their duties as Directors, avoid actual and potential conflicts of interest and duty in order to ensure that they act in the best interests of the Shareholders and the Company as a whole. In addition, any significant business decisions of the Group are to be determined by the Board. Any Director who has material interest in any matter being resolved will abstain from voting. In view of the above, the Board considers that the interests of each of Mr. HK Cheung, Mr. FY Chan, Mr. Alan Chan and Mr. Benny Wong in other companies will neither prejudice his capacity as a Director nor compromise the interests of the Group and the Shareholders. Also, the Board opines that coupled with the diligence of the independent non-executive Directors, the Group is capable of carrying on its businesses independently of, and at arm's length from, such businesses in which the above Directors are regarded as being interested in.

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 31 March 2020 (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.

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) entered into by the members of the Group within the two (2) years immediately preceding the Latest Practicable Date and are or may be material:

- (a) the extension letters dated 28 March 2019, 31 July 2019, 31 March 2020 and 30 September 2020 entered into among (i) Precious Year Limited, an indirect wholly-owned subsidiary of the Company, as the purchaser, (ii) The 13 (BVI) Limited as the vendor and (iii) South Shore Holdings Limited (“**South Shore**”) as the vendor’s guarantor for the extension of the long stop date in relation to the acquisition of 45.76% interests in Paul Y. Engineering Group Limited;
- (b) (i) the agreement for sale and purchase dated 14 October 2019 entered into among All Fame Developments Limited and Fine Intellect Limited, an indirect wholly-owned subsidiary of the Company, as the purchasers, Falloncroft Investments Limited as the vendor and South Shore as the vendor’s guarantor in relation to the acquisition of 20% interests in and possible financial assistance to Uni-Dragon Limited, (ii) the supplemental letters dated 14 November 2019, 14 January 2020, 11 February 2020, 10 March 2020, 6 April 2020, 12 June 2020 and 13 July 2020 entered into among the purchasers and the vendor for the extension of the long stop date under the agreement, and (iii) the confirmation letter dated 1 September 2020 entered into among the purchasers and the vendor confirming, inter alia, the lapse of the agreement as supplemented on the expiry of 31 August 2020;
- (c) the sale and purchase agreement dated 29 November 2019 entered into between Beam Castle Limited, an indirect wholly-owned subsidiary of the Company, as the purchaser and Fortune Generation Limited as the vendor in respect of the purchase of 19% of the entire issued share capital of Premier Maker Limited and approximately 19% of the loan due by Premier Maker Limited to its shareholders;
- (d) the transfer form dated 29 November 2019 entered into between Advance Tech Limited, an indirect wholly-owned subsidiary of the Company, as the transferor and Fortune Generation Limited as the transferee in relation to the transfer of the principal amount of HK\$180.0 million of the 3-year 9.5% loan notes issued by Master Glory Group Limited (in liquidation) as partial settlement of the consideration for the transaction set out in (c) above; and
- (e) the Agreement.

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 against any member of the Group.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions or advice contained in this circular:

Name	Qualification
Asset Appraisal Limited	Independent Valuer

The expert listed above has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the expert listed above had no shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the expert listed above had no direct or indirect interest in any assets which had been, since 31 March 2020 (being the date to which the latest published audited accounts of the Company were made up), (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.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's principal place of business in Hong Kong at 30/F., Bank of America Tower, 12 Harcourt Road, Central, 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 (2) financial years ended 31 March 2019 and 2020;
- the valuation report on the Property as set out in Appendix II to this circular;
- the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- the letter of consent referred to in the paragraph headed "Expert and Consent" in this appendix; and
- this circular.

10. GENERAL

- The company secretary of the Company is Ms. Wong Siu Mun. She is an associate of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute 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 30/F., 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- In case of any inconsistency, the English version of this circular shall prevail over the Chinese version.