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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)

CONTINUING CONNECTED TRANSACTION IN RELATION TO THE TENANCY AGREEMENT

On 14th November, 2014, the Landlord, an indirect wholly-owned subsidiary of the Company, entered into the Tenancy Agreement with the Tenant, an indirect wholly-owned subsidiary of ITC, in respect of the leasing of portion of 30th Floor and two (2) car parking spaces of Bank of America Tower, No. 12 Harcourt Road, Central, Hong Kong for a term of three (3) years commencing on 16th November, 2014.

As at the date of this announcement, ITC, being a substantial Shareholder, beneficially holds 237,210,438 Shares (representing approximately 31.12% of the issued share capital of the Company); and ITC is also a close associate of Dr. Chan Kwok Keung, Charles, being a substantial Shareholder beneficially holds 165,624,613 Shares in aggregate with his spouse (representing approximately 21.73% of the issued share capital of the Company). Accordingly, the Tenant, by virtue of its being an indirect wholly-owned subsidiary of ITC, is a connected person of the Company. The Tenancy, which is to be carried out on a continuing basis and in the ordinary and usual course of business of the Company, constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As (i) certain applicable percentage ratios (other than the profits ratio) as defined under Rule 14A.77 of the Listing Rules in relation to the aggregate maximum amount of Rent and Other Charges on an annual basis exceed 5% but all applicable percentage ratios (other than the profits ratio) are less than 25%; and (ii) the aggregate maximum amount of the Rent and Other Charges receivable by the Group under the Tenancy Agreement on an annual basis is less than HK\$10,000,000, the Tenancy Agreement and the transactions contemplated thereunder are only subject to the reporting, announcement and annual review requirements set out in Chapter 14A of the Listing Rules and are exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board announces that on 14th November, 2014, the Landlord, an indirect wholly-owned subsidiary of the Company, entered into the Tenancy Agreement with the Tenant, an indirect wholly-owned subsidiary of ITC, in respect of the leasing of portion of 30th Floor and two (2) car parking spaces of Bank of America Tower, No. 12 Harcourt Road, Central, Hong Kong for a term of three (3) years commencing on 16th November, 2014.

* For identification purpose only

TENANCY AGREEMENT DATED 14TH NOVEMBER, 2014

The principal terms of the Tenancy Agreement are set out below:

Landlord: Great Intelligence Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, is engaged in property investment.

Tenant: ITC Management Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of ITC, is engaged in the provision of management and financial services and treasury investment.

The Tenant is a connected person of the Company as defined under the Listing Rules by virtue of the reasons set out under the paragraphs headed "Listing Rules Implications" below.

Save as the Previous Tenancy Agreement, there was no other prior transaction between the Group and the Tenant or its close associates in the 12-month period preceding the date of the Tenancy Agreement which might require an aggregation under Rule 14A.81 of the Listing Rules.

Premises: Portion of the premises of 30th Floor (with a total rental area of approximately 3,450 square feet) and two (2) car parking spaces numbered 4088 and 4089 on the 4th Floor of Bank of America Tower, No. 12 Harcourt Road, Central, Hong Kong.

Term: Three (3) years from 16th November, 2014 to 15th November, 2017.

Either the Landlord or the Tenant shall have the right to terminate the Tenancy Agreement by giving one (1) month's prior written notice after the expiration of first two (2) years of the term of the Tenancy Agreement.

Rent and Other Charges: The Tenant shall pay (i) the rental in a fixed amount of HK\$217,000 per month; and (ii) the management fee and air-conditioning charges of HK\$15,870 in aggregate (subject to adjustments) per month. The Tenant shall also reimburse the Landlord for the rates and Government Rent in respect of the leasing of the Premises (which are estimated to be approximately HK\$7,263 per month). The Rent and Other Charges were determined by reference to the market rates after arm's length negotiation between the parties.

Deposit: HK\$465,740, representing two (2) months' rental plus two (2) months' management fee and air-conditioning charges.

Upon signing of the Tenancy Agreement, the aggregate deposit of HK\$450,340 paid under the Previous Tenancy Agreement has been agreed to be transferred as partial payment of the deposit under the Tenancy Agreement and the remaining HK\$15,400 has been paid by the Tenant in cash.

ANNUAL CAPS

The amount of Rent and Other Charges receivable by the Group under the Previous Tenancy Agreement for the period from 1st April, 2014 to 15th November, 2014 (being the expiry date of the Previous Tenancy Agreement) is expected to be approximately HK\$2,000,000. The annual cap, as calculated based on the aggregate maximum amount of the Rent and Other Charges receivable by the Group under the Previous Tenancy Agreement and the Tenancy Agreement, for the year ending on 31st March, 2015 will not exceed HK\$3,000,000. The annual caps, as calculated based on the aggregate maximum amount of the Rent and Other Charges receivable by the Group under the Tenancy Agreement, for each of the two (2) financial years ending 31st March, 2016 and 2017 and for the period from 1st April, 2017 to 15th November, 2017 will not exceed HK\$3,000,000, HK\$3,000,000 and HK\$2,000,000 respectively.

REASONS FOR ENTERING INTO OF THE TENANCY AGREEMENT

The Landlord entered into the Previous Tenancy Agreement with the Tenant in 2011 with a view to deriving rental revenue from leasing the Premises. The Previous Tenancy Agreement will expire on 15th November, 2014 and the Landlord entered into the Tenancy Agreement with the Tenant for the purpose of renewing the Previous Tenancy Agreement upon its expiry and aligning the monthly rental in respect of the Premises with the market rental rate.

The terms of the Tenancy Agreement were negotiated on an arm's length basis with reference to the then comparable rental transactions available in the market. The Board (including two independent non-executive Directors, Mr. Wong Chi Keung, Alvin and Mr. Kwok Ka Lap, Alva, but excluding two executive Directors, Mr. Chan Fut Yan and Mr. Chan Yiu Lun, Alan, and an independent non-executive Director, Hon. Shek Lai Him, Abraham, *GBS, JP* who have abstained from voting on the relevant resolution(s) approving the Tenancy Agreement and the transactions contemplated thereunder in the relevant meeting of the Board) considers that the terms of the Tenancy Agreement are on normal commercial terms and are fair and reasonable, and the entering into of the Tenancy Agreement is in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole.

Mr. Chan Fut Yan, Mr. Chan Yiu Lun, Alan and Hon. Shek Lai Him, Abraham, *GBS, JP*, by virtue of their being both the Directors and directors of ITC, have abstained from voting on the relevant resolution(s) approving the Tenancy Agreement and the transactions contemplated thereunder in the relevant meeting of the Board.

LISTING RULES IMPLICATIONS

The Tenant is an indirect wholly-owned subsidiary of ITC which is a substantial Shareholder, beneficially holds 237,210,438 Shares (representing approximately 31.12% in the issued share capital of the Company); and ITC is also a close associate of Dr. Chan Kwok Keung, Charles, being a substantial Shareholder beneficially holds 165,624,613 Shares in aggregate with his spouse (representing approximately 21.73% of the issued share capital of the Company) as at the date of this announcement, and accordingly, the Tenant is a connected person of the Company.

The Tenancy, which is to be carried out on a continuing basis and in the ordinary and usual course of business of the Company, constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As (i) certain applicable percentage ratios (other than the profits ratio) as defined under Rule 14A.77 of the Listing Rules in relation to the aggregate maximum amount of Rent and Other Charges on an annual basis exceed 5% but all applicable percentage ratios (other than the profits ratio) are less than 25%; and (ii) the aggregate maximum amount of the Rent and Other Charges receivable by the Group under the Tenancy Agreement on an annual basis is less than HK\$10,000,000, the Tenancy Agreement and the transactions contemplated thereunder are only subject to the reporting, announcement and annual review requirements set out in Chapter 14A of the Listing Rules and are exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

The Company is an investment holding company and its subsidiaries are principally engaged in property development and investment in Macau, the PRC and Hong Kong. The Group is also engaged in the development and investments of hotel and leisure operations, securities investment and the provision of loan financing services.

ITC is an investment holding company, which directly and indirectly holds strategic investments in a number of listed companies, and its subsidiaries are principally engaged in investment holding, provision of finance, property investment and treasury investment.

DEFINITIONS

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

“Board”	the board of the Directors
“close associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Company”	ITC Properties Group Limited, a company incorporated in Bermuda with limited liability, the issued Shares (Stock Code : 199) of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“ITC”	ITC Corporation Limited, a company incorporated in Bermuda with limited liability, the issued shares (Stock Code : 372) of which are listed on the Main Board of the Stock Exchange
“Landlord”	Great Intelligence Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the 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
“Premises”	portion of 30th Floor (with a total rental area of approximately 3,450 square feet) and two (2) car parking spaces numbered 4088 and 4089 on the 4th Floor of Bank of America Tower, No. 12 Harcourt Road, Central, Hong Kong as set out in the Tenancy Agreement
“Previous Tenancy Agreement”	the tenancy agreement dated 16th November, 2011 entered into between the Landlord and the Tenant in respect of the leasing of the Premises, particulars of which are disclosed in the joint announcement of the Company and ITC dated 9th September, 2011
“Rent and Other Charges”	all charges receivable by the Landlord including rent, management fee and air-conditioning charges, rates and Government Rent under the Previous Tenancy Agreement or the Tenancy Agreement (as the case may be)
“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
“Tenancy”	the tenancy in respect of the Premises under the terms of the Tenancy Agreement
“Tenancy Agreement”	the tenancy agreement dated 14th November, 2014 entered into between the Landlord and the Tenant in respect of the leasing of the Premises
“Tenant”	ITC Management Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of ITC

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

By order of the Board
ITC Properties Group Limited
Chan Siu Mei
Company Secretary

Hong Kong, 14th November, 2014

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

Mr. Chan Yiu Lun, Alan

Independent Non-executive Directors:

Hon. Shek Lai Him, Abraham, *GBS, JP (Vice Chairman)*

Mr. Wong Chi Keung, Alvin

Mr. Kwok Ka Lap, Alva