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德祥地產集團有限公司\*

**ITC PROPERTIES GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 199)**

**MAJOR TRANSACTION  
IN RELATION TO THE ACQUISITION OF 20% INTERESTS IN  
AND POSSIBLE FINANCIAL ASSISTANCE TO  
UNI-DRAGON LIMITED  
AND  
RESUMPTION OF TRADING**

**THE ACQUISITION AGREEMENT**

The Board announces that after the Stock Exchange trading hours on 14 October 2019, Fine Intellect (an indirect wholly-owned subsidiary of the Company) and All Fame (each as purchaser), Falloncroft (as vendor) and South Shore (as vendor's guarantor) entered into the Acquisition Agreement in relation to the sale by Falloncroft of 20% equity interests in and corresponding percentage of the Vendor Loan to each of Fine Intellect and All Fame at the cash consideration of HK\$300 million each. As at the date of this announcement, Uni-Dragon indirectly owns the entire interests in New Concordia which is the sole beneficial owner of the Property.

**THE OPTION**

Pursuant to the Acquisition Agreement, Falloncroft shall on Completion execute the Option Deed to grant to Fine Intellect the Option, pursuant to which Fine Intellect has the right to require Falloncroft to sell the Option Shares and the Option Loan to Fine Intellect at the Option Consideration during the Option Period.

**THE EASE LINK AGREEMENT**

On 15 October 2019, Ease Link (as purchaser), Falloncroft (as vendor) and South Shore (as vendor's guarantor) entered into the Ease Link Agreement in relation to the sale by Falloncroft to Ease Link of another 10% equity interests in and corresponding percentage of the Vendor Loan at the cash consideration of HK\$150 million.

\* For identification purpose only

Completion of the Acquisition Agreement and the Ease Link Agreement are inter-conditional. Following completion of the Acquisition Agreement and the Ease Link Agreement, Uni-Dragon shall become held as to 20% by Fine Intellect, 20% by All Fame, 10% by Ease Link and 50% by Falloncroft. If Fine Intellect exercises the Option in full, Uni-Dragon shall become held as to 50% by Fine Intellect, 20% by All Fame, 10% by Ease Link and 20% by Falloncroft.

#### **POSSIBLE FINANCIAL ASSISTANCE**

For the purpose of the conditions precedent (v) and/or (vi) set out in the paragraph headed “Conditions precedent” under the section headed “The Acquisition Agreement” below:

- (i) New Concordia may have to service the Existing Bank Loan up to the Loan Service Amount of HK\$500 million. Accordingly on Completion, each of Falloncroft, Fine Intellect, All Fame and Ease Link shall advance to Uni-Dragon the Loan Service Amount as to 50% by Falloncroft, 20% by Fine Intellect, 20% by All Fame and 10% by Ease Link respectively as shareholders’ loans, and therefore the maximum amount of Loan Service Advance payable by Fine Intellect on Completion shall be HK\$100 million; and
- (ii) the Company may provide the Corporate Guarantee for the Bank Facilities on a several basis in the proportion of Fine Intellect’s shareholding percentage in Uni-Dragon on Completion, which the Company may agree to provide up to the principal amount of HK\$600 million (assuming the principal amount of the relevant bank facilities available to New Concordia on Completion remains the same as the Existing Bank Facilities).

The shareholders of Uni-Dragon may also be required to provide additional advances in proportion to their shareholding interest in Uni-Dragon to fund the expenses in connection with the Bank Facilities.

For the avoidance of doubt, nothing in the Acquisition Agreement or the Shareholders’ Agreement obliges Fine Intellect, All Fame or Ease Link to accept a reduction in the financing facilities available or to be available to the Uni-Dragon Group in considering and deciding whether the said conditions precedent have been fulfilled, which remained at the sole and absolute discretion of Fine Intellect, All Fame and Ease Link.

#### **THE SHAREHOLDERS’ AGREEMENT**

Fine Intellect, All Fame, Ease Link, Falloncroft and Uni-Dragon shall on Completion enter into the Shareholders’ Agreement in respect of the affairs (including but not limited to the operations, management and business) of, and governing the rights and obligations of Fine Intellect, All Fame, Ease Link and Falloncroft with respect to their interests in, the Uni-Dragon Group after Completion, which include, inter alia, an undertaking by Falloncroft to provide the Falloncroft Advance to the Uni-Dragon Group to cover any cash shortfall in interest payment for the Bank Facilities and other operation costs and expenses during the period of three (3) years after Completion.

## **THE LEASE**

Pursuant to the terms of the Acquisition Agreement, the Lessee, New Concordia and South Shore (acting as guarantor of the Lessee) shall enter into the Lease on or before Completion, pursuant to which the Lessee shall lease the Land and the Property from New Concordia for hotel operations for a period of five (5) years commencing from the date of Completion. The rental payable by the Lessee under the Lease shall comprise fixed monthly base rent and performance rent as set out in the section headed “The Lease” in this announcement.

## **LISTING RULES IMPLICATIONS**

Since the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Acquisition and the financial assistance comprising the Loan Service Advance, the Corporate Guarantee and that relating to the expenses in connection with the Bank Facilities which may be provided by the Group exceeds 25% and all applicable percentage ratios are less than 100%, the said transactions together constitutes a major transaction for the Company under the Listing Rules and is therefore subject to the reporting, announcement and shareholders’ approval requirements under the Listing Rules. The Company will comply with the relevant rules in Chapter 14 of the Listing Rules if Fine Intellect decides to exercise the Option, and/or other rights to acquire further interests in Uni-Dragon pursuant to the provisions of the Shareholders’ Agreement.

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

As at the date of this announcement, Dr. Chan directly holds 191,588,814 Shares and Galaxyway Investments Limited, whose entire issued shares are indirectly owned by Dr. Chan, holds 76,186,279 Shares. Ms. Ng, through Fortune Crystal Holdings Limited whose entire issued shares are indirectly owned by Ms. Ng, holds 248,031,919 Shares. Ms. Ng is the spouse of Dr. Chan. The Company intends to obtain the written shareholders’ approval from Dr. Chan, Galaxyway Investments Limited and Fortune Crystal Holdings Limited, which in aggregate hold 515,807,012 Shares, representing approximately 53.38% of the existing issued share capital of the Company, in respect of the Acquisition Agreement and the transactions contemplated thereunder prior to the despatch of the circular by the Company. Pursuant to Rule 14.44(2) of the Listing Rules, the written shareholders’ approval from Dr. Chan, Galaxyway Investments Limited and Fortune Crystal Holdings Limited will be accepted in lieu of holding a general meeting of the shareholders of the Company. Accordingly, no physical shareholders’ meeting will be held by the Company to approve the Acquisition Agreement and the transactions contemplated thereunder if such written shareholders’ approval is obtained.

## **GENERAL**

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, information relating to the Acquisition Agreement, the financial and other information of the Group and the Uni-Dragon Group, the unaudited pro forma financial information of the Group assuming Completion takes place, the valuation report on the Property and other information as required under the Listing Rules is required to be despatched to the shareholders of the Company within fifteen (15) Business Days after the publication of this announcement. As additional time is required for the Company to prepare the relevant information including the financial and other information of the Uni-Dragon Group and the unaudited pro forma financial information of the Group assuming Completion takes place for inclusion in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and for an extension of the deadline for the despatch of the circular of the Company to a date on or before 11 December 2019.

## **RESUMPTION OF TRADING**

Trading in the Shares and the debt securities issued by Treasure Generator Limited, a wholly-owned subsidiary of the Company, and guaranteed by the Company (stock code: 5709) on the Stock Exchange was halted at the request of the Company with effect from 9:00 a.m. on Tuesday, 15 October 2019 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares and the aforesaid debt securities with effect from 9:00 a.m. on Thursday, 17 October 2019.

## **INTRODUCTION**

The Board announces that after the Stock Exchange trading hours on 14 October 2019, Fine Intellect (an indirect wholly-owned subsidiary of the Company) and All Fame (each as purchaser), Falloncroft (as vendor) and South Shore (as vendor's guarantor) entered into the Acquisition Agreement in relation to the sale by Falloncroft of 20% equity interests in and corresponding percentage of the Vendor Loan to each of Fine Intellect and All Fame at the cash consideration of HK\$300 million each.

The principal terms of the Acquisition Agreement are set out below.

## **THE ACQUISITION AGREEMENT**

### **(1) Date:**

14 October 2019

### **(2) Parties:**

- (i) Fine Intellect, an indirect wholly-owned subsidiary of the Company;
- (ii) All Fame;

(iii) Falloncroft; and

(iv) South Shore.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries:

- (i) All Fame, a company incorporated in BVI, is an investment holding company;
- (ii) Falloncroft, a company incorporated in BVI, is an investment holding company and a wholly-owned subsidiary of South Shore;
- (iii) South Shore is an investment holding company and its group companies are principally engaged in hotel operation, management contracting, property development management and property investment. At the date of this announcement, the Group holds 106,190,260 issued shares in South Shore, representing approximately 10.48% of its total issued share capital; and
- (iv) save as disclosed above, All Fame, Falloncroft, South Shore and their respective beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

The obligations of Fine Intellect and All Fame under the Acquisition Agreement are several and not joint or joint and several, and neither of them shall be liable for any breach by the other to complete the purchase under the Acquisition Agreement.

**(3) Assets to be acquired:**

- (i) Fine Intellect has conditionally agreed to purchase, and Falloncroft has conditionally agreed to sell, the Fine Intellect Sale Shares and the Fine Intellect Sale Loan. The Fine Intellect Sale Shares, being 200 issued Uni-Dragon Shares, represent 20% of the entire issued share capital of Uni-Dragon as at the date of the Acquisition Agreement and on Completion; and
- (ii) All Fame has conditionally agreed to purchase, and Falloncroft has conditionally agreed to sell, the All Fame Sale Shares and the All Fame Sale Loan. The All Fame Sale Shares, being 200 issued Uni-Dragon Shares, represent 20% of the entire issued share capital of Uni-Dragon as at the date of the Acquisition Agreement and on Completion.

The Sale Shares shall be acquired free from all encumbrances and together with all rights and benefits accruing thereto including the right to dividends or distributions made or declared on or after Completion.

**(4) Consideration and payment terms:**

The Consideration for the Fine Intellect Sale Shares and the Fine Intellect Sale Loan is HK\$300 million, and shall be paid by Fine Intellect in cash in the following manner:

- (i) a deposit of HK\$15 million, representing 5% of the Consideration, has been paid upon the signing of the Acquisition Agreement; and

(ii) the balance of the Consideration in the sum of HK\$285 million shall be paid upon Completion.

The consideration for the All Fame Sale Shares and the All Fame Sale Loan and the payment terms thereof are the same as those for the Fine Intellect Sale Shares and the Fine Intellect Sale Loan as described above.

The Deposits shall be held in a specified bank account in the name of a wholly-owned subsidiary of the Company and only to be released upon Completion.

If Completion does not take place for reasons other than due to Fine Intellect's or All Fame's default, the Deposits together with interest accrued thereon in the specified bank account shall be refunded to Fine Intellect and All Fame respectively. If Completion does not take place due to Fine Intellect's and/or, as the case may be, All Fame's default, Falloncroft shall be entitled to forfeit the deposit of the defaulting party including the interest accrued thereon in the specified account.

Furthermore, if Falloncroft shall fail to complete the Ease Link Agreement in accordance with the provisions thereof, either Fine Intellect or All Fame may by notice in writing elect to rescind the Acquisition Agreement, in which event the Deposits shall be refunded to Fine Intellect and All Fame respectively, each together with interest accrued thereon in the specified bank account without prejudice to any rights and remedies each of Fine Intellect and All Fame may have against Falloncroft for all damages that it may suffer as a result of such default.

The parties to the Acquisition Agreement shall, at the costs and expenses of Falloncroft, cause the consolidated financial statements of the Uni-Dragon Group as at the date of Completion to be audited within sixty (60) days thereafter (the "**Audited Accounts**"). The Audited Accounts shall be final and binding on the parties. If the total liabilities (excluding the Vendor Loan) as shown in the Audited Accounts exceed HK\$3,342 million, Falloncroft shall pay to each of Fine Intellect and All Fame an amount equal to 20% of such excess within ten (10) Business Days following the issuance of the Audited Accounts.

It is intended that the Consideration shall be financed by internal resources of the Group.

The Consideration and the consideration payable by All Fame are in proportion to the percentage of interests in Uni-Dragon to be acquired by Fine Intellect and All Fame, and were determined after arm's length negotiations among the parties with reference to the unaudited proforma combined net assets of the Uni-Dragon Group, assuming the Restructuring had taken place, of approximately HK\$1,356 million as at 31 March 2019. The aforesaid proforma combined net assets is calculated based on the unaudited combined deficiency in equity of the Uni-Dragon Group of approximately HK\$5,667 million and adding back (i) the amount of shareholder's loan owed to Falloncroft of approximately HK\$6,479 million; and (ii) all other liabilities except the Existing Bank Loan of approximately HK\$544 million which shall be fully settled by Falloncroft on or before Completion (including utilising the sale proceeds under the Acquisition Agreement and/or the Ease Link Agreement). These unaudited financial information of the Uni-Dragon Group was extracted from the audited consolidated accounts of South

Share as at 31 March 2019 which had accounted for the Property at the valuation of HK\$4,330 million as at 31 March 2019 prepared by an independent valuer as disclosed in the 2019 annual report of South Shore. The Board has also taken into consideration the potential synergy between the Property and the residential development of Concordia (in which the Group has an approximately 35.48% effective interest) adjacent to the Land and the estimated value of the aforesaid residential development site of Concordia. The Consideration represents a premium of approximately 10.6% over the aforesaid unaudited proforma combined net assets of the Uni-Dragon Group attributable to the Fine Intellect Sale Shares.

**(5) Conditions precedent:**

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

- (i) Falloncroft having delivered the audited accounts of New Concordia for the year ended 31 March 2019 to Fine Intellect and All Fame;
- (ii) the passing of the requisite resolutions by the shareholders of South Shore (other than those who are required to abstain from voting under the Listing Rules, if any) approving the Acquisition Agreement and the transactions contemplated thereunder including the Shareholders' Agreement, the Lease, the payment of the Loan Service Advance, the grant of the Option and the disposal of the Option Interest upon exercise of the Option, as well as the disposal (or, as the case may be, deemed disposal) of Falloncroft's interest in and, where applicable, amounts owing to it by, Uni-Dragon upon the exercise by the other shareholder(s) of Uni-Dragon of its/their respective rights under the Shareholders' Agreement in compliance with the requirements of the Listing Rules;
- (iii) where applicable, the passing of the requisite resolutions by the shareholders of the Company (other than those who are required to abstain from voting under the Listing Rules, if any) approving the Acquisition Agreement and the transactions contemplated thereunder in compliance with the requirements of the Listing Rules;
- (iv) the Ease Link Agreement having become unconditional (other than any condition requiring the Acquisition Agreement to become unconditional) and otherwise terminated;
- (v) the lenders of the Existing Bank Facilities having given their written consents to the sale and purchase contemplated under the Acquisition Agreement, the Lease and the execution of the release of the share charge against the Sale Shares by the lenders on Completion, either unconditionally or, if subject to condition(s), such condition(s) being acceptable to Fine Intellect and All Fame as each of them may in its sole and absolute discretion determine, and such consent, if given, not having been withdrawn or (except to the extent acceptable to Fine Intellect and All Fame as each of them may in its sole and absolute discretion determine) modified in any manner;

- (vi) either (a) the lenders of the Existing Bank Facilities issuing a new facility letter for the Existing Bank Facilities or such other document acceptable to Fine Intellect and All Fame (as each of them may in its sole and absolute discretion determine) modifying the terms and conditions of the Existing Bank Facilities, including but not limited to the deferral on repayment of principal, as Fine Intellect and All Fame may jointly require; or (b) a facility letter having been issued by another financial institution committing to refinance the Existing Bank Loan in full or if less, such amount acceptable to Fine Intellect and All Fame (as each of them may in its sole and absolute discretion determine), in each case on terms and conditions and in all respects (including waiver of past defaults and/or breaches under the finance documents in respect of the Existing Bank Facilities) satisfactory to Fine Intellect and All Fame as each of them may in its sole and absolute discretion determine, and the relevant facility letter or document not having been withdrawn or terminated or (except to the extent acceptable to Fine Intellect and All Fame as each of them may in its sole and absolute discretion determine) modified in any manner;
- (vii) all other necessary approvals and processes of the relevant authorities for the entering into and/or the implementation of the Acquisition Agreement and the transactions contemplated thereunder, including the Lease, having been obtained without any conditions, or if subject to conditions, the same being acceptable to Fine Intellect and All Fame as each of them may in its sole and absolute discretion determine and where any of such conditions is required to be fulfilled or complied with before Completion, such condition(s) having been fulfilled and complied with;
- (viii) the Restructuring having been completed on terms and conditions and in all respects to the satisfaction of Fine Intellect and All Fame;
- (ix) Fine Intellect and All Fame having obtained a legal opinion by a Macau firm of lawyers in respect of New Concordia and its business and assets (including the Property, the rights and title of New Concordia to the Property and the licences relevant to the operation of the hotel at the Property) and such other matters as Fine Intellect and All Fame may reasonably require, and in such form and substance to the satisfaction of them as each of them may in its sole and absolute discretion determine;
- (x) Fine Intellect and All Fame having obtained a legal opinion by a BVI law firm on the due execution of the Acquisition Agreement and other documents required to be executed by Falloncroft thereunder, their validity and enforceability and such other matters regarding Falloncroft, the Uni-Dragon Shares, the Uni-Dragon Group and their respective business and assets as Fine Intellect and All Fame may reasonably require, such legal opinion to be in form and substance to the satisfaction of them;
- (xi) Fine Intellect and All Fame being satisfied with the due diligence review and investigation on the members of the Uni-Dragon Group, including without limitation their respective assets, liabilities, contracts, commitments and business, financial, legal and taxation aspects, in its sole and absolute discretion;



- (xii) the representations and warranties given by Falloncroft in the Acquisition Agreement being true and accurate in all material respects and not misleading as at the date of the Acquisition Agreement and remaining true and accurate in all material respects and not misleading as at Completion;
- (xiii) the Lessee, South Shore and New Concordia having duly executed the Lease and the Uni-Dragon Group having terminated all subsisting arrangements with The 13 Hotel Management and, where applicable, other subsidiaries of South Shore and all other third parties (including the existing tenancies) on terms satisfactory to Fine Intellect and All Fame; and
- (xiv) no event, occurrence or development of a state of circumstances or facts having occurred which has had or could reasonably be expected to have a material adverse effect on the financial position, assets and/or prospect of South Shore, any member of the Uni-Dragon Group and/or the Uni-Dragon Group as a whole.

Each of Fine Intellect and All Fame may at its absolute discretion at any time waive in whole or in part the above conditions (other than (ii), (iii), (iv), (v) and (vii)) by notice in writing to Falloncroft provided that a condition shall only be considered as waived if it is waived by both Fine Intellect and All Fame. None of Falloncroft, Fine Intellect and All Fame may waive the conditions in (ii), (iii), (iv), (v) and (vii) above. If any of the conditions above has not been fulfilled or waived (as the case may be) on or before the Long Stop Date, the Acquisition Agreement shall automatically terminate and the Deposits shall be refunded to Fine Intellect and All Fame respectively together with accrued interest, and save for the refund of the Deposits as aforesaid and for any antecedent breach of any obligation of the other party(ies) thereunder, none of the parties shall have any claim against the others under the Acquisition Agreement.

**(6) Completion:**

None of the parties to the Acquisition Agreement shall be obliged to complete the sale and purchase of the Sale Shares and the assignment of the Sale Loans or any part thereof unless the sale and purchase of all the Sale Shares and the assignment of the entire Sale Loans are completed by Falloncroft on the one hand and both Fine Intellect and All Fame on the other hand simultaneously. Completion shall take place on the tenth (10th) Business Day after fulfilment (or waiver, as the case may be) of the last of the conditions precedent, or such other date as the parties to the Acquisition Agreement may agree in writing.

Upon Completion, members of the Uni-Dragon Group will become associates of the Company and their financial results will be equity accounted for by the Group.

**(7) Possible Financial Assistance:**

For the purpose of the conditions precedent (v) and/or (vi) set out in the paragraph headed "Conditions precedent" above:

- (i) New Concordia may have to service the Existing Bank Loan up to the Loan Service Amount of HK\$500 million. Accordingly on Completion each of Falloncroft, Fine Intellect, All Fame and Ease Link shall advance to Uni-Dragon the Loan Service

Amount as to 50% by Falloncroft, 20% by Fine Intellect, 20% by All Fame and 10% by Ease Link respectively as shareholders' loans, and therefore the maximum amount of Loan Service Advance payable by Fine Intellect on Completion shall be HK\$100 million; and

- (ii) the Company may provide the Corporate Guarantee for the Bank Facilities on a several basis in the proportion of Fine Intellect's shareholding percentage in Uni-Dragon on Completion, which the Company may agree to provide up to the principal amount of HK\$600 million (assuming the principal amount of the relevant bank facilities available to New Concordia on Completion remains the same as the Existing Bank Facilities).

The shareholders of Uni-Dragon may also be required to provide additional advances in proportion to their shareholding interest in Uni-Dragon to fund the expenses in connection with the Bank Facilities.

For the avoidance of doubt, nothing in the Acquisition Agreement or the Shareholders' Agreement obliges Fine Intellect, All Fame or Ease Link to accept a reduction in the financing facilities available or to be available to the Uni-Dragon Group in considering and deciding whether the said conditions precedent have been fulfilled, which remained at the sole and absolute discretion of Fine Intellect, All Fame and Ease Link.

On the other hand, each of Falloncroft and South Shore has undertaken in the Acquisition Agreement that it will not terminate the existing securities for the Existing Bank Facilities which it is providing now.

## **THE EASE LINK AGREEMENT**

On 15 October 2019, Ease Link (as purchaser), Falloncroft (as vendor) and South Shore (as vendor's guarantor) entered into the Ease Link Agreement in relation to the sale and purchase of another 10% equity interests in and corresponding percentage of the Vendor Loan at a cash consideration of HK\$150 million.

Completion of the Ease Link Agreement is subject to the same conditions as the Acquisition Agreement as described in the paragraph headed "Conditions precedent" in the section headed "The Acquisition Agreement" above, with all references to Fine Intellect and All Fame being replaced by Ease Link and conditions (iii) and (iv) being replaced by the following conditions:

- (i) where applicable, the passing of the requisite resolutions by the shareholders of CST (other than those, if any, who are required to abstain from voting under the Listing Rules or applicable laws, rules and regulations) approving the Ease Link Agreement and the transactions contemplated thereunder in compliance with the requirements of the Listing Rules; and
- (ii) the Acquisition Agreement having become unconditional (other than any condition requiring the Ease Link Agreement to become unconditional) and not otherwise terminated.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) Ease Link is a wholly-owned subsidiary of CST; (ii) CST and its subsidiaries are principally engaged in the exploration, development and mining of mineral resources materials, investment in financial instruments, property investment, money lending and e-logistics platform; and (iii) Ease Link and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Details of the Ease Link Agreement are set out in an announcement of CST dated 15 October 2019.

## **THE OPTION DEED**

Pursuant to the Acquisition Agreement, Falloncroft shall on Completion execute the Option Deed to grant to Fine Intellect the Option, pursuant to which Fine Intellect has the right during the Option Period to require Falloncroft to sell the Option Interest to Fine Intellect at the Option Consideration. No consideration is payable by Fine Intellect to Falloncroft in respect of the grant of the Option.

Fine Intellect may exercise the Option in whole or in part, and if in part on not more than three occasions during the Option Period, each in respect of Option Shares representing 5% or its integral multiple of the then issued Uni-Dragon Shares (unless the outstanding Option Shares in respect of which the Option has not yet been exercised is less than such number, in which case the whole of the outstanding Option Shares) together with the corresponding percentage of the Option Loan.

The Option Consideration is determined after arm's length negotiations between Fine Intellect and Falloncroft and is in proportion to the Consideration, taking into account any Loan Service Advance which may have been made by Falloncroft on Completion.

If Fine Intellect exercises the Option in full, Fine Intellect will become interested in 50% of the total issued share capital of Uni-Dragon immediately upon completion of the transfer of the Option Shares.

## **THE SHAREHOLDERS' AGREEMENT**

On Completion, Fine Intellect, All Fame, Ease Link, Falloncroft and Uni-Dragon shall enter into the Shareholders' Agreement in respect of the affairs (including but not limited to the operations, management and businesses) of, and governing the rights and obligations of the shareholders of Uni-Dragon with respect to their interests in, the Uni-Dragon Group after Completion. The principal terms of the Shareholders' Agreement are set out below:

### **(1) Purpose and business:**

The sole business of the Uni-Dragon Group is the holding of the Property and its leasing and/or operation as a hotel, and other businesses or activities on or relating to the Property (whether or not involving the change in use of the Property) that are approved by either (i) three (3) shareholders of Uni-Dragon holding in aggregate 60% or more of the issued Uni-Dragon Shares; or (ii) five (5) directors of Uni-Dragon

nominated and appointed by three (3) different shareholders of Uni-Dragon, one of whom shall, if the shareholding of Fine Intellect in Uni-Dragon shall be increased to 40% or above, be a director of Uni-Dragon nominated and appointed by Fine Intellect.

**(2) Financing:**

- (i) Falloncroft undertakes that if and in so far as the financial resources of the Uni-Dragon Group including but not limited to income from the Lease shall at any time during the three (3) years commencing from the date of Completion be insufficient to service interest payments, fees and expenses and associated penalties, late payment and similar charges required under the finance documents relating to the Bank Facilities and other operation costs and expenses (excluding capital expenditure unless and to the extent the same is required to reinstate the Property to a tenable condition which the Lessee fails to do) of the Uni-Dragon Group during such period, it shall provide cash advance to the Uni-Dragon Group to cover the shortfall (the “**Falloncroft Advance**”) on demand from time to time by the board of directors of Uni-Dragon, provided that the aggregate amount of all Falloncroft Advances to be provided by Falloncroft shall not exceed HK\$300 million. All Falloncroft Advances shall be unsecured and shall carry interest at one-month deposit rate as offered by the lending bank of the Bank Facilities. Where Falloncroft fails to provide any Falloncroft Advance, the other shareholders of Uni-Dragon have the right to contribute the same in its place, and if Falloncroft shall fail to reimburse them, the other shareholders may also require the capitalisation of the amount they contributed or require Falloncroft to sell certain percentage of its shareholding in Uni-Dragon to the other shareholder(s) or a third party. The Company will provide further details of such arrangement in accordance with the Listing Rules if and when such capitalisation or purchase by Fine Intellect is contemplated.
- (ii) As disclosed in the section under “Possible Financial Assistance” under the section headed “The Acquisition Agreement” above, the Company may have provided the Corporate Guarantee. It is contemplated that All Fame may also have provided a similar corporate guarantee, and that South Shore would have provided either a similar corporate guarantee or a corporate guarantee for the full amount of the Bank Facilities.
- (iii) Where the Company has made any payment (including by way of set-off) under the Corporate Guarantee, such amount shall be deemed to be an amount advanced to the Uni-Dragon Group by Fine Intellect and shall carry interest at the rate, whichever is higher, of 5% above the prime rate for HK\$ loans from time to time quoted by The Hongkong and Shanghai Banking Corporation Limited or 12% per annum. Furthermore, Falloncroft undertakes that it will contribute to Fine Intellect a percentage of such advance equivalent to the aggregate shareholding percentage of all Uni-Dragon shareholders (including Falloncroft itself) other than Fine Intellect together with interest accrued thereon. If Falloncroft shall fail to make such contribution within 3 months, Fine Intellect has the right to require Falloncroft to settle the same by way of the sale to Fine Intellect of Uni-Dragon Shares and shareholder’s loans owing to Falloncroft at a price where the numerator is the amount so owing from Falloncroft and the denominator is 80% of the lesser

of the fair value of the Uni-Dragon Shares and total amount of shareholders' loans owing by Uni-Dragon. The Company will provide further details of such arrangement in accordance with the Listing Rules if and when Fine Intellect intends to exercise such right.

- (iv) Save as disclosed above and advances made on Completion, no shareholder of Uni-Dragon shall be obliged to provide any further financing to the Uni-Dragon Group or to participate in any guarantee, indemnity or other security. Ease Link has advised each of Fine Intellect, All Fame and Falloncroft that it will not provide or procure its parent company to provide any corporate guarantee for the Bank Facilities.

### **(3) Management:**

Upon Completion, the board of directors of Uni-Dragon shall consist of eight (8) directors. Falloncroft shall have the right to appoint three (3) directors, each of Fine Intellect and All Fame shall have the right to appoint two (2) directors while Ease Link shall have the right to appoint one (1) director.

If Fine Intellect's shareholding in Uni-Dragon is increased to:

- (i) 30% or more but less than 40%, Fine Intellect shall be entitled to appoint three (3) directors; or
- (ii) 40% or above, Fine Intellect shall be entitled to appoint four (4) directors.

If Falloncroft's shareholding in Uni-Dragon is decreased to:

- (i) 40% or below but above 30%, Falloncroft shall be entitled to appoint two (2) directors only; or
- (ii) 30% or below, Falloncroft shall be entitled to appoint one (1) director only.

Certain matters significant to the Uni-Dragon Group will require prior written approval of either (i) three (3) shareholders of Uni-Dragon holding in aggregate of 60% or more of issued Uni-Dragon Shares; or (ii) five (5) directors of Uni-Dragon nominated and appointed by three (3) different shareholders of Uni-Dragon, one of whom shall be nominated and appointed by Fine Intellect if its shareholding interest in Uni-Dragon is 40% or above. Such matters include but are not limited to issue of new shares or loan capital, changes in share capital structure, modification of rights attached to the Uni-Dragon Shares, amendment to memorandum and articles of association, lease or disposal of substantial assets, entering into of significant contracts and loan arrangement of Uni-Dragon. Other matters of Uni-Dragon shall be decided by a simple majority of votes by its directors in duly convened board meetings.

### **(4) Transfer of Uni-Dragon Shares:**

If a shareholder of Uni-Dragon wishes to dispose of its interest in Uni-Dragon to a third party, the other shareholders are entitled to a right of first refusal to purchase all (but not part) of the Uni-Dragon Shares and the shareholder's loan to Uni-Dragon which the

transferring shareholder intends to dispose of on the same or more favourable terms as offered by the third party. The right of first refusal is exercisable within a period of thirty (30) days from the receipt of the transfer notice from the transferring shareholder.

## **THE LEASE**

Pursuant to the terms of the Acquisition Agreement, the Lessee, New Concordia and South Shore (acting as guarantor of the Lessee) shall enter into the Lease on or before Completion.

Under the Lease, the Lessee shall lease the Land and the Property for hotel operations from New Concordia for a term of five (5) years commencing from (and including) the date of Completion. The rent payable by the Lessee to New Concordia shall comprise monthly base rent and performance rent as follows:

### **(1) Monthly base rent:**

First Year	—	HK\$3 million
Second Year	—	HK\$4 million
Third to fifth Years	—	HK\$5 million

### **(2) Performance rent:**

For any Year during the term of the Lease, in the event that there is any gross operating profit (calculated as all revenue and income of any kind derived from operations at the Property, including all revenue and income from lodging, any food and beverage outlets, retail or other space in the Property operated by the Lessee and rentals and licence fees from licensees, lessees or concessionaires of retail space and/or food and beverage outlets in the Property (but not gross receipts of licensees, lessees or concessionaires) and proceeds of any business interruption insurance, less all direct operating cost in relation to lodging, any food and beverage outlets, retail or other space in the Property operated by the Lessee, indirect undistributed overhead including administrative and general expenses, sales and marketing expenses and property operation and maintenance expenses and utilities expenses, each determined in accordance with generally accepted accounting principles in Hong Kong and the Uniform System of Accounts for The Lodging Industry published by the American Hotel & Lodging Association from time to time), the Lessee shall also pay a performance rent in an amount equal to 50% of the difference between such gross operating profit for such Year and the monthly base rent paid for the relevant Year. For the avoidance of doubt, no performance rent shall be payable for that Year if the gross operating profit for the Year under review is a negative figure.

The above rental is exclusive of, and the Lessee shall be responsible for and shall pay, all taxes, assessments and duties assessed by the Macau government from time to time in respect of the use and operation of the Property (save and except government rents and property tax). New Concordia shall only be responsible for all property tax and government rent of the Property.

The base rent is payable on a monthly basis in advance. The Lessee shall, within fourteen (14) days after the end of each six (6) months of the term of the Lease, deliver to New Concordia a statement showing the calculation of the gross operating profit, together with payment, if any, of the performance rent referred to in (2) above. Within ninety (90) days after the end of each Year, the Lessee shall deliver to New Concordia a certificate by the Lessee's auditor certifying the amount of gross operating profit and performance rent for the preceding Year. Any difference in the performance rent as certified and paid by the Lessee shall be settled within fourteen (14) days of the date of the auditor's certificate.

The Lessee shall pay and maintain a security deposit equivalent to three (3) months of the applicable monthly base rent throughout the term of the Lease. In the event of any breach or non-observance or non-performance by the Lessee, New Concordia is entitled to (i) elect to terminate the Lease and deduct from the security deposit for the amounts of loss sustained by New Concordia as a result of the breach, non-observance or non-performance by the Lessee, or (ii) elect not to terminate the Lease, but deduct from the security deposit the amounts of loss sustained by New Concordia as a result of the breach, non-observance or non-performance by the Lessee, in each case in addition to any other rights and remedies it may have.

New Concordia may, if it intends to redevelop the Property for purpose other than hotel use, at any time after the change of permitted use of the Property is gazetted, by giving to the Lessee not less than six (6) months' notice in writing to terminate the Lease.

The annual base rent and the performance rent under the Lease were agreed among Fine Intellect, All Fame, Falloncroft and South Shore after arm's length negotiations having considered the expected return of the operations of the Property during the period of the Lease, the location of the Property, the scale of hotel operation at the Property during the infant period and the potential growth of the hotel industry in Macau. The Directors consider that the terms of the Lease, including the rental, are fair and reasonable and the entering into of the Lease is in the interests of the Company and its shareholders as a whole.

## **INFORMATION ON THE UNI-DRAGON GROUP**

### **(1) Group structure:**

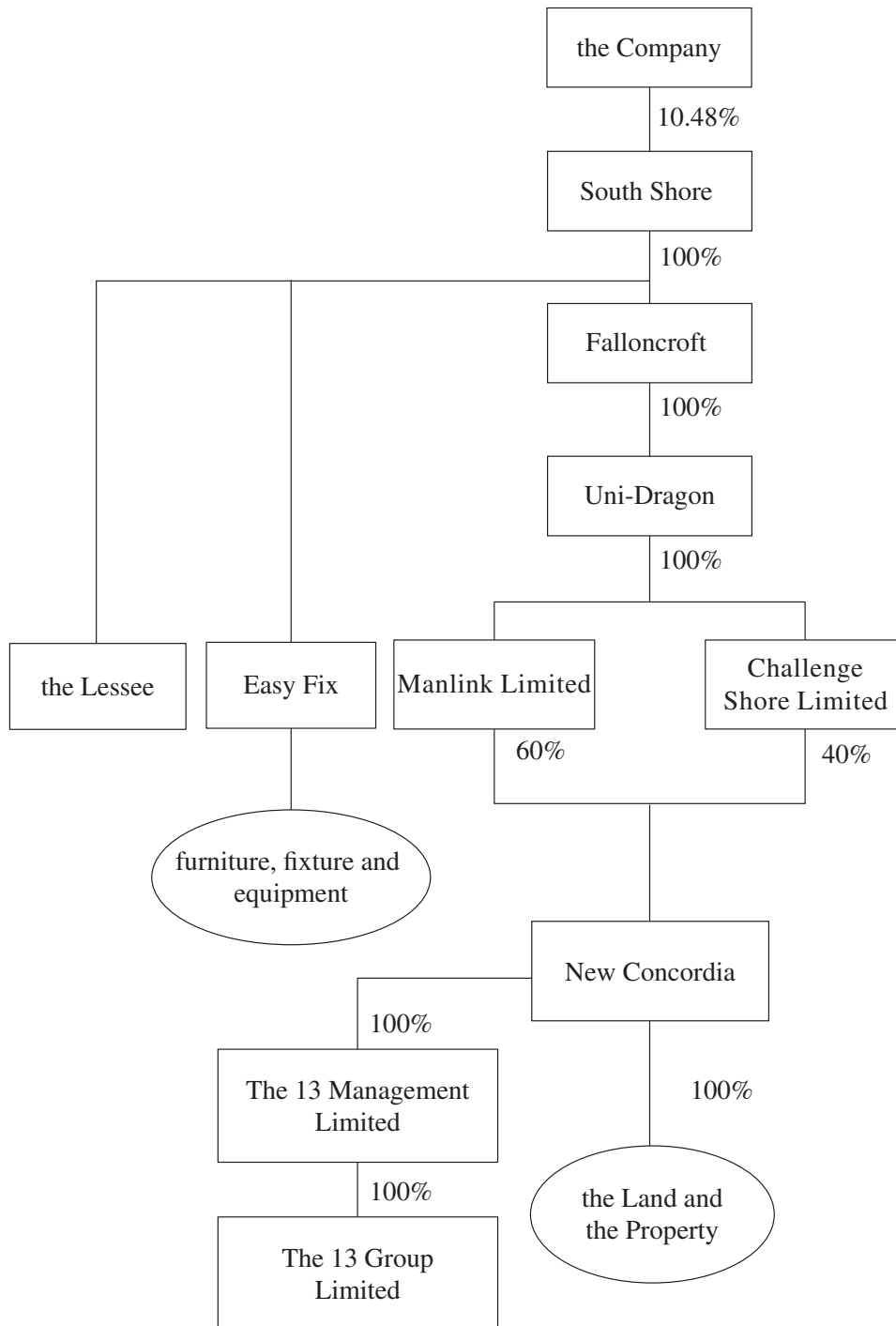
Uni-Dragon is a company incorporated in BVI with limited liability and a wholly-owned subsidiary of Falloncroft which in turn is an indirect wholly-owned subsidiary of South Shore. The sole asset of Uni-Dragon is its investment in the entire equity interest in each of Manlink Limited and Challenge Shore Limited, which are companies incorporated in BVI with limited liability and whose sole assets are the 60% and 40% equity interests in New Concordia respectively. New Concordia is the sole beneficial owner of the Property.

As at the date of this announcement, New Concordia owns the entire equity interests in The 13 Management Limited, which is the project director for the development of the Property. In addition, Easy Fix, an indirect wholly-owned subsidiary of South Shore, owns certain furniture, fixture and equipment which are used in the hotel operation at the Property. Pursuant to the Acquisition Agreement, Falloncroft shall procure the Restructuring to be completed before the Long Stop Date such that (i) New Concordia will dispose of the entire equity interests in and shareholder's loan owing by The 13

Management Limited; and (ii) Uni-Dragon will acquire the entire equity interests in and shareholder's loan owing by Easy Fix, each on terms and conditions satisfactory to Fine Intellect, All Fame and Ease Link.

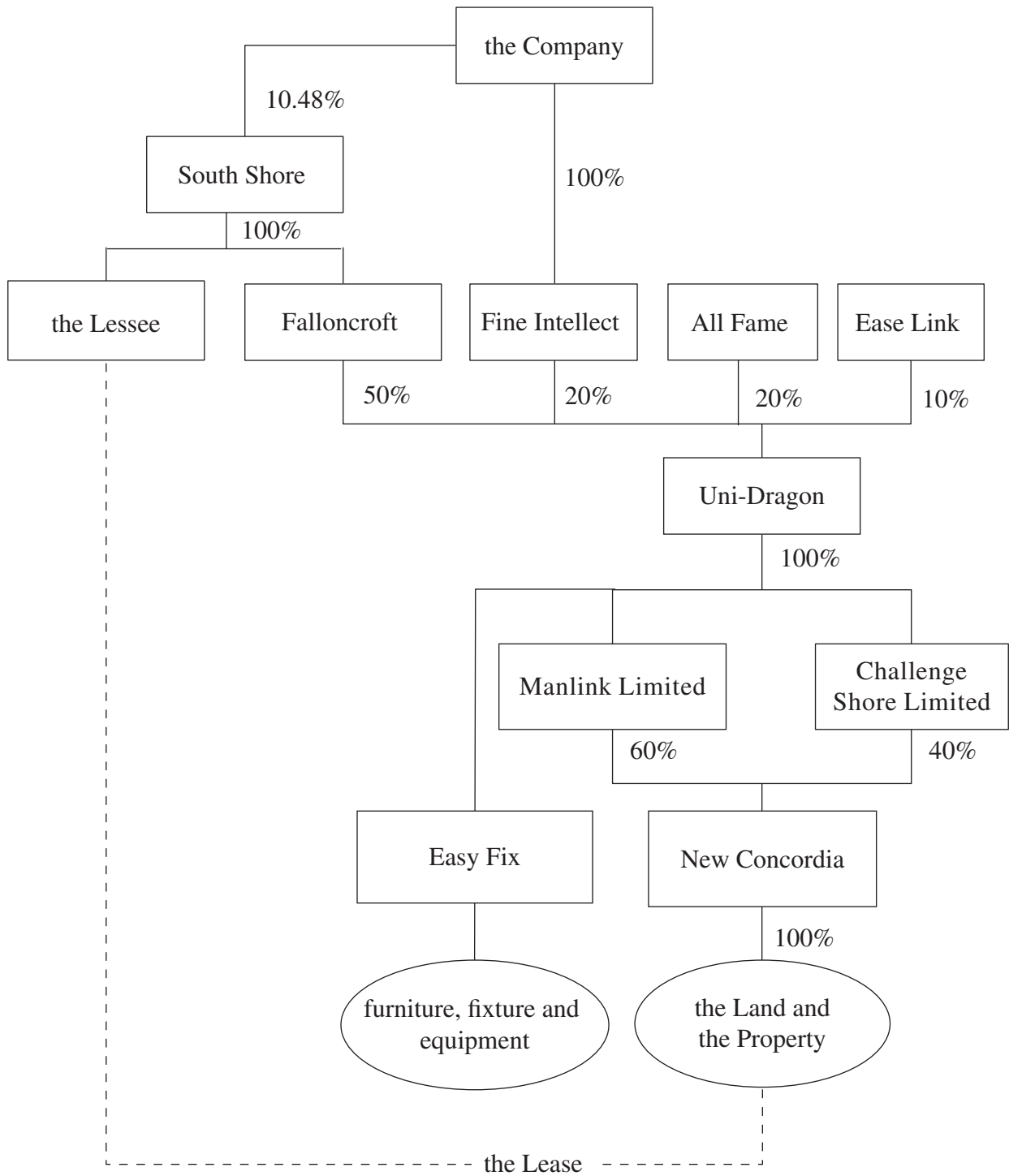
The following diagrams depict the shareholding structure of the Uni-Dragon Group as at the date of this announcement and immediately after Completion:

(i) As at the date of this announcement





(ii) Immediately upon Completion



## (2) The Property:

The Property is located at Cotai Strip of Macau and is a 22-storey luxury 5-star hotel built on the Land. The total gross floor area of the Property is approximately 945,079 sq. ft., comprising above ground level area of approximately 799,658 sq. ft. and basement level area of approximately 145,422 sq. ft. The Property contains approximately 200 suites and other facilities such as restaurants, health club, banquet hall and retail shops. The Property opened for business in August 2018.

## (3) Financial information:

Set out below is the unaudited proforma financial information of the Uni-Dragon Group for each of the two years ended 31 March 2018 and 2019 assuming the Restructuring had been completed on 1 April 2017:

	<b>For the year ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<i>HK\$'million</i>	<i>HK\$'million</i>
Revenue	—	—
Loss before taxation	(4,368)	(1,299)
Loss after taxation	(4,368)	(1,299)

As at 31 March 2019, the unaudited combined deficiency in equity attributable to owners of Uni-Dragon assuming the Restructuring had been completed amounted to approximately HK\$5,667 million. As at the date of the Acquisition Agreement, the total amount of shareholder's loan owed by Uni-Dragon to Falloncroft amounted to approximately HK\$6,577 million.

## REASONS FOR THE ACQUISITION AND THE OPTION

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 investments and the provision of loan financing services.

With the opening of Hong Kong-Zhuhai-Macau Bridge, tourism industry in Macau continues its fair performance. Based on statistics released by the Macau government, total visitor arrivals to Macau grew by 9.8% from that of 2017 to approximately 35.8 million in 2018. The number of hotel guests exceeded 14 million in 2018, of which approximately 7.9 million stayed in 5-star hotels showing a year-on-year increase of around 11.6%. The average occupancy rate of 5-star hotels in Macau reached 92% in 2018. Following the commencement of full hotel operation at the Property in August 2019, the Group expects that the businesses of the Property will gradually improve in line with the tourism and hotel industry in Macau. Given the knowledge and experiences gained through Concordia in which the Group has an approximately 35.48% effective interest, the Directors believe the Acquisition represents a good investment for the Group to acquire a stake in a property project in Macau and increase its exposure to the Macau property market. In addition, the Land is adjacent to the successful residential project developed by Concordia and is

expected to enjoy synergies from the hotel operation at the Property. The Option provides the Group with an opportunity to increase its stake in the Property up to 50% to enable it to maximise its share of benefit and upside if there is any redevelopment opportunity of the Property in the future at a pre-agreed price. As the Loan Service Advance shall be provided by all the shareholders of Uni-Dragon in proportion to their shareholdings in Uni-Dragon, the Directors consider the terms of the Loan Service Advance, though interest free, are fair and reasonable. The Corporate Guarantee, if provided by the Company, shall be on a several basis in the proportion of Fine Intellect's shareholding percentage in Uni-Dragon. Although other shareholders of Uni-Dragon may not provide such guarantee corresponding to their shareholding interest in Uni-Dragon, if the Company has to make any cash outlay under the Corporate Guarantee over and above its shareholding percentage in Uni-Dragon, such cash outlay shall be interest bearing and the Company is further protected under the provisions of the Shareholders' Agreement which entitle Fine Intellect to acquire further Uni-Dragon Shares from Falloncroft at a discount to the fair value of the Uni-Dragon Shares. The Lease is expected to provide New Concordia with a steady rental income for the first five (5) years after Completion.

Based on the above, the Board considers that the Acquisition Agreement and the proposed transactions contemplated thereunder (including the Acquisition, the provision of Fine Intellect's portion of the Loan Service Advance and/or expenses in connection with the Bank Facilities and the Corporate Guarantee) are fair and reasonable and 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 Acquisition and the financial assistance comprising the Loan Service Advance, the Corporate Guarantee and that relating to the expenses in connection with the Bank Facilities which may be provided by the Group exceeds 25% and all applicable percentage ratios are less than 100%, the said transactions together constitutes a major transaction for the Company under the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

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

As at the date of this announcement, Dr. Chan directly holds 191,588,814 Shares and Galaxyway Investments Limited, whose entire issued shares are indirectly owned by Dr. Chan, holds 76,186,279 Shares. Ms. Ng, through Fortune Crystal Holdings Limited whose entire issued shares are indirectly owned by Ms. Ng, holds 248,031,919 Shares. Ms. Ng is the spouse of Dr. Chan. The Company intends to obtain the written Shareholders' approval from Dr. Chan, Galaxyway Investments Limited and Fortune Crystal Holdings Limited, which in aggregate hold 515,807,012 Shares, representing approximately 53.38% of the existing issued share capital of the Company, in respect of the Acquisition Agreement and the transactions contemplated thereunder prior to the despatch of the circular by the

Company. Pursuant to Rule 14.44(2) of the Listing Rules, the written shareholders' approval from Dr. Chan, Galaxyway Investments Limited and Fortune Crystal Holdings Limited will be accepted in lieu of holding a general meeting of the shareholders of the Company. Accordingly, no physical shareholders' meeting will be held by the Company to approve the Acquisition Agreement and the transactions contemplated thereunder if such written shareholders' approval is obtained.

The Company will comply with the relevant rules in Chapter 14 of the Listing Rules if Fine Intellect decides to exercise the Option, and/or other rights to acquire further interests in Uni-Dragon pursuant to the provisions of the Shareholders' Agreement.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, information relating to the Acquisition Agreement, the financial and other information of the Group and the Uni-Dragon Group, the unaudited pro forma financial information of the Group assuming Completion takes place, the valuation report on the Property and other information as required under the Listing Rules is required to be despatched to the shareholders of the Company within fifteen (15) Business Days after the publication of this announcement. As additional time is required for the Company to prepare the relevant information including the financial and other information of the Uni-Dragon Group and the unaudited proforma financial information of the Group assuming Completion takes place for inclusion in the circular, the Company will apply to the Stock Exchange for a waiver from the strict compliance with Rule 14.41(a) of the Listing Rules and for an extension of the deadline for the despatch of the circular of the Company to a date on or before 11 December 2019.

## **RESUMPTION OF TRADING**

Trading in the Shares and the debt securities issued by Treasure Generator Limited, a wholly-owned subsidiary of the Company, and guaranteed by the Company (stock code: 5709) on the Stock Exchange was halted at the request of the Company with effect from 9:00 a.m. on Tuesday, 15 October 2019 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares and the aforesaid debt securities with effect from 9:00 a.m. on Thursday, 17 October 2019.

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the Fine Intellect Sale Shares and the Fine Intellect Sale Loan by Fine Intellect pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement dated 14 October 2019 entered into among Fine Intellect, All Fame, Falloncroft and South Shore in relation to the sale and purchase of the Sale Shares and the Sale Loans
“All Fame”	All Fame Developments Limited, a company incorporated in BVI with limited liability

“All Fame Sale Loan”	20% of the Vendor Loan
“All Fame Sale Shares”	200 Uni-Dragon Shares, representing 20% of the entire issued share capital of Uni-Dragon as at the date of Acquisition Agreement and on Completion, being acquired by All Fame under the Acquisition Agreement
“Bank Facilities”	the Existing Bank Facilities (as may be amended from time to time) or the Replacement Bank Facilities
“Board”	the board of Directors
“Business Day(s)”	any day(s) (excluding (i) Saturday, Sunday, public holidays in Hong Kong and Macau; and (ii) any day on which a tropical cyclone warning no. 8 or above is hoisted and remains hoisted in Hong Kong or Macau or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong, in each case at any time between 9:00 a.m. and 5:00 p.m. and is not lowered or discontinued at or before 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong and Macau
“BVI”	the British Virgin Islands
“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)
“Completion”	completion of the sale and purchase of the Sale Shares and the Sale Loans under the Acquisition Agreement
“Concordia”	Empresa de Fomento Industrial e Comercial Concórdia, S.A. (in English, Concord Industrial and Commercial Development Enterprise, Limited), a company registered in Macau, in which the Company has an approximately 35.48% effective interest
“Consideration”	HK\$300 million, being the aggregate consideration for the Fine Intellect Sale Shares and the Fine Intellect Sale Loan paid or payable by Fine Intellect pursuant to the terms of the Acquisition Agreement
“Corporate Guarantee”	a corporate guarantee which the Company may give as security for the Bank Facilities on a several basis pro-rata to Fine Intellect’s shareholding in Uni-Dragon up to the principal amount of HK\$600 million
“CST”	CST Group Limited, a company incorporated in the Cayman Islands, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 985)

“Deposits”	the deposits payable by Fine Intellect and All Fame under the Acquisition Agreement in the aggregate amount of HK\$30 million
“Director(s)”	the director(s) of the Company
“Dr. Chan”	Dr. Chan Kwok Keung, Charles, a substantial shareholder (as defined in the Listing Rules) of the Company
“Ease Link”	Ease Link Investments Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of CST
“Ease Link Agreement”	the sale and purchase agreement dated 15 October 2019 entered into among Ease Link, Falloncroft and South Shore in relation to the sale and purchase of 10% equity interests in Uni-Dragon and the corresponding percentage of the Vendor Loan
“Easy Fix”	Easy Fix Limited, a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of South Shore prior to Completion
“Existing Bank Facilities”	the existing term loan facility in the principal amount of HK\$3,045 million granted by Bank of Communications Co. Ltd., Hong Kong Branch and Bank of Communications Co. Ltd., Macau Branch to New Concordia;
“Existing Bank Loan”	the outstanding principal amount under the Existing Bank Facilities, which amounted to approximately HK\$2,942 million as at the date of the Acquisition Agreement
“Falloncroft”	Falloncroft Limited, a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of South Shore
“Fine Intellect”	Fine Intellect Limited, a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“Fine Intellect Sale Loan”	20% of the Vendor Loan
“Fine Intellect Sale Shares”	200 Uni-Dragon Shares, representing 20% of the entire issued share capital of Uni-Dragon as at the date of Acquisition Agreement and on Completion, being acquired by Fine Intellect under the Acquisition Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Land”	the parcel of land known as Lote 1 located at Aterro da Concordia and Estrada de Seac Pai Van situated in the Coloane Island of Macau on which the Property is built
“Lease”	the lease to be entered into on Completion among New Concordia, the Lessee and South Shore in respect of the Land and the Property
“Lessee”	The 13 Hotel Management or another wholly-owned subsidiary of South Shore to whom the license to operate the Property as a hotel is issued by the Macau Tourism Bureau prior to Completion
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Service Amount”	the amount required to be paid down under the Existing Bank Facilities or, as the case may be, the shortfall in the principal amount under the Replacement Bank Facilities and the Existing Bank Loan which Fine Intellect, All Fame and Ease Link accept as satisfying the conditions precedent (v) and (vi) set out in the paragraph headed “Conditions precedent” under the section headed “The Acquisition Agreement” in this announcement, up to the sum of HK\$500 million
“Loan Service Advance”	the amount advanced by Falloncroft, Fine Intellect, All Fame and Ease Link respectively to Uni-Dragon on Completion to service the actual Loan Service Amount
“Long Stop Date”	the date falling on the expiry of (i) in respect of the condition precedent set out in paragraph (5)(i) in the paragraph headed “Conditions precedent” under the section headed “The Acquisition Agreement” in this announcement, one (1) month from the date of the Acquisition Agreement or such other date as the parties thereto may agree in writing; and (ii) in respect of the other conditions precedent, six (6) months from the date of the Acquisition Agreement or such other date as the parties thereto may agree in writing
“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
“New Concordia”	Hotel Nova Concordia, Limitada (in English, New Concordia Hotel Limited), a company registered in Macau with limited liability and an indirect wholly-owned subsidiary of Uni-Dragon

“Option”	the option to be granted by Falloncroft to Fine Intellect under the Option Deed pursuant to which Fine Intellect shall have the right to purchase the Option Shares and the Option Loan from Falloncroft within the Option Period
“Option Consideration”	the consideration payable by Fine Intellect to Falloncroft for the Option Interest, being the final amount of the Consideration x 3/2, plus the face value of the relevant amount of Falloncroft’s Loan Service Advance comprised within the Option Interest
“Option Deed”	the option deed in respect of the grant of the Option to be executed by Falloncroft, Fine Intellect and South Shore on Completion
“Option Interest”	collectively, the Option Shares and the Option Loan
“Option Loan”	60% of all shareholder’s loans owing to Falloncroft by Uni-Dragon immediately after Completion, for the avoidance of doubt including Falloncroft’s Loan Service Advance but excluding the Falloncroft Advance
“Option Period”	the period of two (2) years after Completion
“Option Share(s)”	a total of 300 Uni-Dragon Shares, representing 30% of the issued Uni-Dragon Shares as at the date of the Option Deed
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Property”	the Land and the hotel, known as THE 13 Hotel, built on the Land
“Replacement Bank Facilities”	the new facility to refinance the Existing Bank Loan referred to in (vi) of the section headed “Conditions precedent” above
“Restructuring”	the disposal of its entire equity interest in and shareholder’s loan owing by The 13 Management Limited by New Concordia and the acquisition of the entire equity interest in and shareholder’s loan owing by Easy Fix by Uni-Dragon prior to Completion
“Sale Loans”	together, the All Fame Sale Loan and the Fine Intellect Sale Loan
“Sale Shares”	together, the All Fame Sale Shares and the Fine Intellect Sale Shares
“Share(s)”	ordinary share(s) with par value of HK\$0.01 in the share capital of the Company



“Shareholders’ Agreement”	the shareholders’ agreement in respect of Uni-Dragon to be entered into by Fine Intellect, All Fame, Ease Link, Falloncroft and Uni-Dragon on Completion
“South Shore”	South Shore Holdings 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: 577)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“The 13 Hotel Management”	13 Administração Hoteleira, Sociedade Unipessoal Lda. (in English, The 13 Hotel Management Ltd.), a company registered in Macau with limited liability, being the current operator of the Property
“Uni-Dragon”	Uni-Dragon Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of Falloncroft
“Uni-Dragon Group”	Uni-Dragon and its subsidiaries at Completion, being Manlink Limited, Challenge Shore Limited, New Concordia and Easy Fix
“Uni-Dragon Share(s)”	ordinary share(s) in Uni-Dragon
“Vendor Loan”	all amounts owing by Uni-Dragon to Falloncroft as at Completion, excluding Falloncroft’s Loan Service Advance
“Year”	each period of twelve (12) calendar months during the term of the Lease commencing on the date of Completion
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“sq. ft.”	square feet
“%”	per cent.

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

Hong Kong, 16 October 2019

*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.*