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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 TENANCY AGREEMENT**

On 28th April, 2011, the Tenant, an indirect wholly-owned subsidiary of the Company, entered into the Tenancy Agreement with the Landlord, an indirect wholly-owned subsidiary of ITC, in respect of the Tenancy.

As at the date of this announcement, ITC is indirectly interested in approximately 24.71% of the issued share capital of the Company and is a substantial Shareholder. Accordingly, the Landlord is a connected person of the Company. The Tenancy, which is 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 the aggregate maximum amount of Rent and Other Charges payable under the Previous Tenancy Agreements and the Tenancy Agreement on an annual basis exceeds HK\$1,000,000 and each of the applicable percentage ratios (other than the profits ratio) as defined under Rule 14A.10 of the Listing Rules in relation to the annual Rent and Other Charges is less than 5%, the Tenancy Agreement is only subject to the reporting, announcement and annual review requirements set out in Chapter 14A of the Listing Rules and is exempt from the independent shareholders' approval requirement.

\* For identification purpose only

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

**TENANCY AGREEMENT DATED 28TH APRIL, 2011**

Landlord : Great Intelligence Limited, an investment holding company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of ITC which in turn is a substantial Shareholder.

The Landlord is a connected person of the Company as defined under the Listing Rules.

Tenant : ITC Properties Management Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company.

The Tenant is principally engaged in securities investment and provision of management services.

Save as the Previous Tenancy Agreements, there was no other prior transaction between the Company and the Landlord or its associates (as defined under the Listing Rules) in the 12-month period preceding the date of the Tenancy Agreement which might require aggregation under Rule 14A.25 of the Listing Rules.

Premises : Portion of the premises at 30th Floor of Bank of America Tower, No. 12 Harcourt Road, Hong Kong with a total rental area of approximately 4,200 square feet

Term : From 28th April, 2011 to 27th April, 2014

The Landlord or the Tenant shall have the right to terminate the Tenancy Agreement by giving one month prior written notice after the expiration of first two years of the term of the Tenancy Agreement.

Rent and Other Charges : The Tenant will pay in aggregate (i) rental in a fixed amount of HK\$243,600 per month; and (ii) management fee and air-conditioning charges of HK\$19,255 (subject to adjustment) per month. The Tenant will also reimburse the Landlord for the rates and Government Rent in respect of the Premises which are estimated to be approximately HK\$7,200 per month.

Deposit : HK\$525,710, representing 2 months' rental plus management fee and air-conditioning charges

Upon signing of the Tenancy Agreement, the aggregate deposits of HK\$525,710 paid under the Previous Tenancy Agreements have been agreed by the parties thereto to transfer as full payment of the deposit under the Tenancy Agreement.

## **ANNUAL CAPS**

The annual aggregate maximum amount of Rent and Other Charges payable under the Previous Tenancy Agreements and the Tenancy Agreement for the year ending on 31st March, 2012 will not exceed HK\$3,300,000. The aggregate maximum amount of Rent and Other Charges payable under the Tenancy Agreement for each of the two financial years ending 31st March, 2013 and 2014 and for the period from 1st April, 2014 to 27th April, 2014 will not exceed HK\$3,300,000, HK\$3,300,000 and HK\$250,000 respectively.

## **REASONS FOR ENTERING INTO THE TENANCY AGREEMENT**

The Company through its indirect wholly-owned subsidiaries had entered into the Previous Tenancy Agreements to rent the Premises, for use as its principal office of the Group in Hong Kong. As the Previous Tenancy Agreements expired on 27th April, 2011, the Tenancy Agreement is entered into for the purposes of renewing the Previous Tenancy Agreements. 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 Directors (including the independent non-executive Directors) consider 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 Company and in the interests of the Group and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

The Landlord is an indirect wholly-owned subsidiary of ITC, which is a substantial Shareholder who is holding approximately 24.71% indirect interest in the issued share capital of the Company as at the date of this announcement and is therefore a connected person of the Company.

The Tenancy, which is 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 the aggregate maximum amount of Rent and Other Charges payable under the Previous Tenancy Agreements and the Tenancy Agreement on an annual basis exceeds HK\$1,000,000 and each of the applicable percentage ratios (other than the profits ratio) as defined under Rule 14A.10 of the Listing Rules in relation to the annual Rent and Other Charges is less than 5%, the Tenancy Agreement is only subject to the reporting, announcement and annual review requirements set out in Chapter 14A of the Listing Rules and is exempt from the independent shareholders' approval requirement.

No Director has a material interest in the Tenancy Agreement. Therefore, no Director has abstained from voting on the board resolution approving the Tenancy Agreement.

## **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 golf resort and leisure operations in the PRC, 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 Directors
“BVI”	the British Virgin Islands
“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 meaning ascribed to it 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, an investment holding company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of ITC
“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 the premises at 30th Floor of Bank of America Tower, No. 12 Harcourt Road, Hong Kong, as set out in the Tenancy Agreement
“Previous Tenancy Agreements”	the two tenancy agreements both dated 28th April, 2008 entered into between the Landlord and each of the Tenant and Macau Prime Finance Limited (now renamed as ITC Properties Finance Limited), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, in respect of the Premises, particulars of which are disclosed in the announcement of the Company dated 14th October, 2010

“Rent and Other Charges”	all charges payable in relation to the Premises including rent, management fee and air-conditioning charges, rates and Government Rent
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of 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 28th April, 2011 entered into between the Landlord and the Tenant in respect of the Premises
“Tenant”	ITC Properties Management Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**ITC Properties Group Limited**  
**Yan Ha Hung, Loucia**  
*Company Secretary*

Hong Kong, 28th April, 2011

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. Lai Tsan Tung, David  
Mr. Chan Yiu Lun, Alan

*Non-executive Director:*

Mr. Ma Chi Kong, Karl

*Independent non-executive Directors:*

Hon. Shek Lai Him, Abraham, SBS, JP (*Vice Chairman*)  
Mr. Wong Chi Keung, Alvin  
Mr. Kwok Ka Lap, Alva