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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)**

**COMPLETION OF PLACING  
AND  
ADJUSTMENTS TO THE CONVERSION PRICES  
OF THE CONVERTIBLE NOTES**

**Placing Agent  
CCB International**



**COMPLETION OF THE PLACING**

The Board is pleased to announce that completion of the Placing took place on 8th June, 2010 in accordance with the terms and conditions of the Placing Agreement whereby an aggregate of 94,000,000 Placing Shares were placed to not less than six Placees at the Placing Price of HK\$1.60 per Placing Share.

**ADJUSTMENTS TO THE CONVERSION PRICES OF THE CONVERTIBLE NOTES**

Completion of the Placing entails adjustments to the conversion prices of certain outstanding Convertible Notes. Pursuant to the terms and conditions of the respective instruments constituting the Convertible Notes, the conversion prices of both the First 2010 Convertible Notes and the Second 2010 Convertible Notes have been adjusted from HK\$5.675 per Share to HK\$5.599 per Share (subject to adjustments); and the conversion price of the 2011 Convertible Notes has been adjusted from HK\$9.025 per Share to HK\$8.904 per Share (subject to adjustments).

Reference is made to the announcement of the Company dated 19th May, 2010 (the "Announcement") in relation to the Placing. Capitalised terms used in this announcement shall have the same meanings as defined in the Announcement unless otherwise stated.

\* For identification purpose only

## COMPLETION OF THE PLACING

The Board is pleased to announce that all the conditions precedent as set out in the Placing Agreement have been fulfilled. Completion of the Placing took place on 8th June, 2010. An aggregate of 94,000,000 Placing Shares, representing approximately 16.64% of the issued share capital of the Company as at the date of this announcement, were placed to not less than six Placees, who and whose ultimate beneficial owners, as far as the Placing Agent is aware, are not connected persons of the Company and are independent of and not connected with the Company and its connected persons. The Placing Price is HK\$1.60 per Placing Share. The net proceeds from the Placing amount to approximately HK\$146.1 million which will be used for general working capital and business development of the Group.

None of the Placees has become a substantial Shareholder (as defined in the Listing Rules) immediately following completion of the Placing.

## SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the knowledge, information and belief of the Directors and after having made all reasonable enquiries, the following is a summary of the shareholdings of the Company immediately before and after completion of the Placing:

Name of Shareholder	Immediately before completion of the Placing		Immediately after completion of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Hanny Holdings Limited ("Hanny") and its subsidiaries ( <i>Note 1</i> )	76,402,763	16.22	76,402,763	13.52
ITC Corporation Limited ("ITC") and its subsidiaries ( <i>Note 1</i> )	36,593,400	7.77	36,593,400	6.48
Dr. Chan Kwok Keung, Charles ("Dr. Chan") ( <i>Note 1</i> )	6,066,400	1.29	6,066,400	1.07
Mr. Cheung Hon Kit ("Mr. Cheung") ( <i>Note 2</i> )	12,000,000	2.55	12,000,000	2.13
Sub-total	<u>131,062,563</u>	<u>27.83</u>	<u>131,062,563</u>	<u>23.20</u>
Public Shareholders:				
– Placees	–	–	94,000,000	16.64
– Others	<u>339,857,034</u>	<u>72.17</u>	<u>339,857,034</u>	<u>60.16</u>
Total	<u><b>470,919,597</b></u>	<u><b>100.00</b></u>	<u><b>564,919,597</b></u>	<u><b>100.00</b></u>

*Notes:*

1. As at the date of this announcement, Hanny and Hanny Magnetics (B.V.I.) Limited (“Hanny Magnetics”) are taken to have interest in 76,402,763 Shares which are held by Loyal Concept Limited (“Loyal Concept”), a wholly-owned subsidiary of Hanny Magnetics which, in turn, is a wholly-owned subsidiary of Hanny. Famex Investment Limited (“Famex”), a wholly-owned subsidiary of Mankar Assets Limited (“Mankar”), is the controlling shareholder of Hanny. Mankar is a wholly-owned subsidiary of ITC Investment Holdings Limited (“ITC Investment”) which, in turn, is a wholly-owned subsidiary of ITC. Famex and Mankar are deemed to be interested in 76,402,763 Shares which are held by Loyal Concept. Selective Choice Investments Limited (“Selective Choice”), a wholly-owned subsidiary of ITC Investment, owns 36,593,400 Shares. ITC Investment and ITC are deemed to be interested in 112,996,163 Shares which are held by Loyal Concept and Selective Choice. Dr. Chan, the controlling shareholder of ITC, owns 6,066,400 Shares and is deemed to be interested in 112,996,163 Shares which are held by Loyal Concept and Selective Choice. Ms. Ng Yuen Lan, Macy, the spouse of Dr. Chan, is deemed to be interested in 119,062,563 Shares which are held by Dr. Chan, Loyal Concept and Selective Choice.
2. As at the date of this announcement, Mr. Cheung is interested in 12,000,000 Shares. He is an executive Director and the Chairman of the Company and an executive director of ITC.

## **ADJUSTMENTS TO THE CONVERSION PRICES OF THE CONVERTIBLE NOTES**

Completion of the Placing entails adjustments to the conversion prices of certain outstanding Convertible Notes. Pursuant to the terms and conditions of the respective instruments constituting the Convertible Notes, the conversion prices of the following convertible notes have been adjusted from HK\$5.675 per Share to HK\$5.599 per Share (subject to adjustments):

- (i) the zero coupon convertible notes due 2010 in the aggregate outstanding principal amount of HK\$471,050,000 issued by the Company on 11th August, 2005 (the “First 2010 Convertible Notes”); and
- (ii) the zero coupon convertible notes due 2010 in the aggregate outstanding principal amount of HK\$17,476,177 issued by the Company on 8th June, 2006 (the “Second 2010 Convertible Notes”).

The conversion price of the 1% convertible notes due 2011 in the aggregate outstanding principal amount of HK\$906,000,000 issued by the Company on 15th June, 2006 (the “2011 Convertible Notes”) has been adjusted from HK\$9.025 per Share to HK\$8.904 per Share (subject to adjustments).

The said adjustments took effect on 8th June, 2010 (being the date of the issue of the Placing Shares).

Save for the above adjustments, all other terms and conditions of the Convertible Notes remain unchanged. The above adjustments were computed by the Company in accordance with the respective terms and conditions of the Convertible Notes and have been reviewed and confirmed by First Shanghai Capital Limited, who was appointed by the Company for the purpose of providing it with a specific opinion on the adjustments to the Convertible Notes.

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

Hong Kong, 8th June, 2010

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:*

Mr. Qiao Xiaodong (*Vice Chairman*)  
Mr. Wong Chi Keung, Alvin  
Mr. Kwok Ka Lap, Alva