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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

CCB International Capital Limited



PLACING OF NEW SHARES

On 19th May, 2010 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent whereby the Company conditionally agreed to place, through the Placing Agent, on a best effort basis, up to 94,000,000 Placing Shares to not less than six independent Placers at a price of HK\$1.60 per Placing Share.

Assuming the maximum number of 94,000,000 Placing Shares are successfully placed, the Placing Shares represent (i) approximately 19.96% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.64% of the issued share capital of the Company as enlarged by the issue of the Placing Shares (assuming that there will be no change in the issued share capital of the Company between the date of this announcement and completion of the Placing save for the issue of such Placing Shares).

The Placing Price represents (i) a discount of approximately 6.98% to the closing price of HK\$1.72 per Share as quoted on the Stock Exchange on 19th May, 2010, being the date of the Placing Agreement; and (ii) a discount of approximately 8.05% to the average closing price of approximately HK\$1.74 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 19th May, 2010.

* For identification purpose only

On the assumption that the maximum number of 94,000,000 Placing Shares are successfully placed, the maximum gross proceeds of the Placing will be approximately HK\$150.4 million and the maximum net proceeds of the Placing (after deduction of relevant expenses in the estimate amount of approximately HK\$4.3 million) will amount to approximately HK\$146.1 million which is intended to be used for general working capital and business development of the Group. The net proceeds raised upon completion of the Placing will be approximately HK\$1.55 per Placing Share.

The Placing Shares will be issued under the General Mandate and completion of the Placing is conditional upon, among other things, the Listing Committee agreeing to grant the listing of, and permission to deal in, the Placing Shares.

Shareholders and potential investors should note that completion of the Placing is subject to the fulfillment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

19th May, 2010 (after trading hours of the Stock Exchange)

Issuer

The Company

Placing Agent and the Placees

CCB International Capital Limited, as placing agent for the Company, has conditionally agreed to procure the Placees, on a best effort basis, to subscribe for up to 94,000,000 Placing Shares at the Placing Price of HK\$1.60 per Placing Share and in consideration thereof, the Placing Agent will receive a placing commission of 1.5% on the gross proceeds of the actual number of the Placing Shares being placed by it or its sub-placing agents upon completion of the Placing. The placing commission was determined after arm's length negotiation between the Company and the Placing Agent. The Directors are of the view that the placing commission with reference to the market rate is fair and reasonable. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are not connected persons of the Company and are third parties independent of and not connected with the Company and its connected persons.

The Placing Shares will be placed to not less than six Placees and who and whose ultimate beneficial owners, as far as the Placing Agent is aware, will not be connected persons of the Company and will be independent of and not connected with the Company and its connected persons. It is expected that none of the Placees will become substantial Shareholder (as defined in the Listing Rules) immediately after the Placing.

Number of the Placing Shares

A maximum of 94,000,000 Placing Shares represent (i) approximately 19.96% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.64% of the issued share capital of the Company as enlarged by the issue of the Placing Shares (assuming that there will be no change in the issued share capital of the Company between the date of this announcement and completion of the Placing save for the issue of such Placing Shares). The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$940,000.

Placing Price

The Placing Price of HK\$1.60 per Placing Share was determined with reference to the prevailing market price of the Shares and was agreed after arm's length negotiations between the Company and the Placing Agent. Such price represents (i) a discount of approximately 6.98% to the closing price of HK\$1.72 per Share as quoted on the Stock Exchange on 19th May, 2010, being the date of the Placing Agreement; and (ii) a discount of approximately 8.05% to the average closing price of approximately HK\$1.74 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 19th May, 2010.

On the assumption that the maximum number of 94,000,000 Placing Shares are successfully placed, the gross proceeds of the Placing will be approximately HK\$150.4 million and the net proceeds of the Placing (after deduction of relevant expenses in the estimate amount of approximately HK\$4.3 million) will amount to approximately HK\$146.1 million which is intended to be used for general working capital and business development of the Group. The net proceeds raised per Placing Share upon completion of the Placing will be approximately HK\$1.55 per Placing Share.

The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Ranking of the Placing Shares

The Placing Shares, upon issue, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of completion of the Placing.

General Mandate

The Placing Shares will be issued and allotted under the General Mandate pursuant to which the Directors are authorised to allot and issue up to 94,183,496 new Shares.

As at the date of this announcement, no new Shares have been issued and allotted pursuant to the General Mandate. The Placing of and the allotment and issue of the Placing Shares are not subject to the Shareholders' approval.

Conditions of the Placing

Completion of the Placing is conditional upon (i) the Listing Committee agreeing to grant the listing of, and permission to deal in, the Placing Shares; and (ii) no representation, warranty or undertaking under the Placing Agreement having been breached in any material respect by the Company or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to the date of completion of the Placing.

The above conditions must be fulfilled on or before 9th June, 2010 (or such other date as agreed in writing by the Company and the Placing Agent), failing which the Placing Agreement shall terminate.

Application will be made by the Company to the Listing Committee for the grant of the listing of, and permission to deal in, the Placing Shares.

Undertaking by the Company

The Company undertakes that from the date of the Placing Agreement to the date of completion of the Placing, without first having obtained the prior written consent of the Placing Agent, it will not:

1. allot or issue (or agree to allot or issue) any Shares, other than pursuant to:
 - (i) any exercise of any convertible notes or warrants or options in issue or any other conversion or subscription rights existing at the date of the Placing Agreement;
 - (ii) exercise of any share options granted pursuant to the share option scheme of the Company adopted pursuant to the Listing Rules; or
 - (iii) any scrip dividend scheme; and
2. issue (or agree to issue) securities or grant (or agree to grant) any share options (other than share options granted or to be granted pursuant to the share option scheme of the Company adopted pursuant to the Listing Rules), warrants or other rights to subscribe for shares (other than convertible notes in issue at the date of the Placing Agreement) or to repurchase any securities of the Company.

Disposal and lock-up restriction

The Placing Shares are not subject to any lock-up or other disposal restriction under the terms of the Placing Agreement.

Completion of the Placing

Completion of the Placing shall take place not later than 4:00 p.m. on the third Business Day after the fulfillment of the first condition set out above (or such later date as may be agreed in writing between the Company and the Placing Agent).

Termination

The Placing Agreement may be terminated by the Placing Agent if at any time prior to 12:00 noon on the date for completion of the Placing that:

1. there shall have been, since the date of the Placing Agreement, such a change in national or international financial, political or economic conditions or taxation or exchange controls as would, in the opinion of the Placing Agent, be likely to prejudice materially the consummation of the Placing;
2. any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the date of completion of the Placing Agreement which if it had occurred or arisen before the date thereof would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provisions of the Placing Agreement;
3. any suspension of dealings in the Shares for more than seven (7) consecutive trading days (other than as a result of the Placing); or
4. any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise.

Shareholders and potential investors should note that completion of the Placing is subject to the fulfillment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

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 loan financing services.

The Directors are of the view that the Placing represents a good opportunity for the Company to broaden the Shareholders base and to raise additional capital for the Group for future strategic investments as and when opportunities arise. The Directors consider that the terms of the Placing are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company did not have any fund raising activities on any issue of equity securities in the past twelve months before the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that there will be no change in the shareholding structure of the Company immediately before completion of the Placing, the shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately after completion of the Placing, on the assumption that (a) a maximum number of 94,000,000 Placing Shares will be subscribed for under the Placing; (b) there will be no other change to the issued share capital of the Company between the date of this announcement and completion of the Placing; and (c) the Places do not and will not hold any Shares other than the Placing Shares, is as follows:

Name of Shareholder	As at the date of this announcement		Immediately after completion of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Hanny Holdings Limited ("Hanny") and its subsidiaries (Note 1)	76,402,763	16.22	76,402,763	13.52
ITC Corporation Limited ("ITC") and its subsidiaries (Note 1)	36,593,400	7.77	36,593,400	6.48
Dr. Chan Kwok Keung, Charles ("Dr. Chan") (Note 1)	6,066,400	1.29	6,066,400	1.07
Mr. Cheung Hon Kit ("Mr. Cheung") (Note 2)	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:				
– Places	–	–	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>470,919,597</u>	<u>100.00</u>	<u>564,919,597</u>	<u>100.00</u>

Notes:

- 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 RELATING TO THE CONVERTIBLE NOTES

Pursuant to the terms of the instruments constituting the Convertible Notes, adjustments to the conversion price may be made upon completion of the Placing. The Company will instruct a financial adviser to certify in writing the adjustments (if any) that ought to be made and will announce further details on such adjustments in accordance with the Listing Rules.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“AGM”	the annual general meeting of the Company held on 9th September, 2009
“Board”	the board of Directors
“Business Day”	a day (other than Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which the licensed banks in Hong Kong are generally open for business
“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 Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules

“Convertible Notes”	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 and 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, both at the adjusted conversion price of HK\$5.675 per Share (subject to adjustments); and 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 at the adjusted conversion price of HK\$9.025 per Share (subject to adjustments), all of which remains outstanding as at the date of this announcement
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Placee(s)”	any person(s) or entity(ies) whom the Placing Agent and/or any of its agent(s) has procured to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of up to 94,000,000 new Shares by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	CCB International Capital Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
“Placing Agreement”	a conditional placing agreement dated 19th May, 2010 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$1.60 per Placing Share

“Placing Shares”	a maximum of 94,000,000 new Shares to be placed under the Placing Agreement
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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, 19th May, 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