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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)

CONNECTED TRANSACTION FORMATION OF A JOINT VENTURE COMPANY

On 28th June, 2011, Global Wave, an indirect wholly-owned subsidiary of the Company, and TC Capital entered into the Agreement in relation to the formation of the JV Company. The JV Company is owned 50% by each of Global Wave and TC Capital. The JV Company is intended to act primarily as an investment holding vehicle, for the purpose of acquiring 90% interest in the TicketChina Group through subscription of new shares in TicketChina for a total consideration of HK\$20,000,000. The TicketChina Group carries on the business of research and development, marketing, promotion and sales of tickets, ticketing and ticket reservation through telephone, internet, touch-screen ticketing machines, card-readers, multimedia, electronic applications and other means in the PRC.

Pursuant to the Agreement:

- (i) each of Global Wave and TC Capital agreed to subscribe for forty-nine (49) new shares in the JV Company at the consideration equal to the aggregate par value of such new shares respectively. The forty-nine (49) new shares will represent 49% (and together to be held by Global Wave and TC Capital will represent 98%) of the enlarged issued share capital of the JV Company at Completion; and
- (ii) each of Global Wave and TC Capital further agreed to advance an unsecured, interest-free shareholder's loan of up to HK\$30,000,000 respectively to the JV Company in cash in proportion to their respective shareholding interests of 50% each in the JV Company, with HK\$10,000,000 from each of Global Wave and TC Capital on or prior to Completion, and a further unsecured, interest-free shareholder's loan of up to HK\$20,000,000 from each of Global Wave and TC Capital to finance the operations of and further investments in the TicketChina Group.

Upon Completion, the JV Company will be held as to 50% by each of Global Wave and TC Capital, the JV Company will own 90% of the then enlarged issued share capital of TicketChina.

* For identification purpose only

As at the date of this announcement, TC Capital is wholly-owned by Mr. Chan, who is an executive Director. Accordingly, TC Capital is a connected person of the Company pursuant to the Listing Rules and the formation of the JV Company and the Contribution Commitment by Global Wave contemplated under the Agreement together constitute a connected transaction of the Company. As each of the relevant percentage ratios in respect of the Agreement is less than 5%, the transactions contemplated under the Agreement are subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules but exempt from the independent Shareholders' approval as set out in Chapter 14A of the Listing Rules.

THE AGREEMENT

Date of the Agreement

28th June, 2011

Parties

The Agreement was entered into among:

- (A) Global Wave, an indirect wholly-owned subsidiary of the Company;
- (B) TC Capital; and
- (C) the JV Company.

Formation of the JV Company

Each of Global Wave and TC Capital has already subscribed for one (1) share in the JV Company at par value of US\$1 (equivalent to HK\$7.8).

Pursuant to the Agreement, each of Global Wave and TC Capital has agreed to subscribe for a further forty-nine (49) new shares in the JV Company respectively, each at the consideration equal to the aggregate par value of such new shares, being HK\$382.2 respectively. The 49 new shares will represent 49% (and together to be held by Global Wave and TC Capital will represent 98%) of the enlarged issued share capital of the JV Company at Completion.

Each of Global Wave and TC Capital has further agreed to advance a shareholder's loan of up to HK\$30,000,000 respectively to the JV Company in cash in proportion to their respective shareholding interests of 50% each in the JV Company, with HK\$10,000,000 from each of Global Wave and TC Capital on or prior to Completion (the "**First Loans**"), and a further shareholder's loan of up to HK\$20,000,000 from each of Global Wave and TC Capital (the "**Second Loans**") to finance the operations of and further investments in the TicketChina Group. Both the First Loans and the Second Loans shall be unsecured, interest-free and repayable on demand.

Upon Completion, the JV Company will apply the funds of the First Loans to complete the acquisition of 90% interest in the TicketChina Group through subscription of new shares in TicketChina for a total consideration of HK\$20,000,000 (the “**Acquisition**”).

Completion is expected to take place on or before 31st October, 2011, being the same date as the completion of the Acquisition, or such other date as the parties to the Agreement may agree in writing. Upon Completion, the JV Company will be held as to 50% by each of Global Wave and TC Capital, and the JV Company will own 90% of the then enlarged issued share capital of TicketChina.

The Contribution Commitment was determined after arm’s length negotiations between Global Wave and TC Capital with reference primarily to the proposed capital requirement for the business of the JV Company. The Group intends to finance its Contribution Commitment to the JV Company from its internal resources.

Purpose and scope of business of the JV Company

The JV Company is incorporated in the British Virgin Islands with limited liability. The authorised share capital of the JV Company is US\$50,000 divided into 50,000 shares of US\$1 each, of which two (2) shares have been issued and allotted at par value of US\$1 (equivalent to HK\$7.8), and as at the date of the Agreement, each of Global Wave and TC Capital owns one (1) share in the JV Company respectively.

The JV Company is intended to act primarily as an investment holding vehicle, for the purpose of the Acquisition. The TicketChina Group carries on the business of research and development, marketing, promotion and sales of tickets, ticketing and ticket reservation through telephone, internet, touch-screen ticketing machines, card-readers, multimedia, electronic applications and other means in the PRC.

Board representation

The board of the JV Company will consist of four (4) directors. Each of Global Wave and TC Capital will have the right to nominate two (2) directors respectively.

The JV Company is an associated company of the Group and its financial results will be equity accounted for by the Group.

Transfer

Any transfer of the shareholding interest in the JV Company by any shareholder to a third party shall be subject to the prior written consent of the other shareholder. The shareholders of the JV Company will enjoy the right of first refusal and tag-along right in the event of transfer of shares in the JV Company.

Profit or loss sharing

The profit or loss of the JV Company shall be shared between Global Wave and TC Capital in accordance with their respective proportion of shareholding interest in the JV Company.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY

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 investments and the provision of loan financing services.

TC Capital is principally engaged in investment holding and its only investment is its interest in the JV Company as at the date of this announcement.

As the Group conducts its businesses in the PRC, the Board noted that both movie and online selling are fast growing businesses in the PRC. Mr. Chan is personally acquainted with the management of the TicketChina Group, and who would likely be able to introduce other prominent investors to invest in the JV Company and/or the TicketChina Group to facilitate its further development. In view of the low start-up capital requirement of the TicketChina Group but with the high potential growth, the Company considers that it is a good investment opportunity to form the JV Company with Mr. Chan (through TC Capital) to acquire 90% equity interest of the TicketChina Group through subscription of new shares in TicketChina and providing funds to the TicketChina Group to expand its business. Since most of the existing management and the existing shareholders of the TicketChina Group will remain unchanged after the Acquisition, the Group intends not to participate in the daily operation and management of the TicketChina Group but will assist in its future expansion by making use of the Group's network in the PRC.

The Board considers that the Group's participation in the investment of the JV Company represents a good investment opportunity for the Group and to diversify the business of the Group. The Directors (including the independent non-executive Directors) consider that the investment in the JV Company and the transactions contemplated under the Agreement are made on normal commercial terms and that such terms are fair and reasonable so far as the Company and the Shareholders are concerned and that the Agreement and the investment in the JV Company are in the interests of the Company and the Shareholders as a whole.

Given that Mr. Chan, being the ultimate beneficial owner of TC Capital, is an executive Director and has a material interest in the Agreement, Mr. Chan has abstained from voting on the Board resolutions to approve the transactions contemplated under the Agreement.

LISTING RULES IMPLICATION

As at the date of this announcement, TC Capital is wholly-owned by Mr. Chan, who is an executive Director. Accordingly, TC Capital is a connected person of the Company pursuant to the Listing Rules and the formation of the JV Company and the Contribution Commitment by Global Wave contemplated under the Agreement together constitute a connected transaction of the Company. As each of the relevant percentage ratios in respect of the Agreement is less than 5%, the transactions contemplated under the Agreement are subject to the reporting and announcement requirements under Rules 14A.45 and 14A.47 of the Listing Rules but exempt from the independent Shareholders' approval as set out in Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the Acquisition of 90% interest in the TicketChina Group by the JV Company through subscription of new shares in TicketChina
“Agreement”	the joint venture agreement entered into among Global Wave, TC Capital and the JV Company on 28th June, 2011 in respect of the formation of the JV Company
“Board”	the board of Directors
“Business Day(s)”	a day (excluding 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 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 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 Main Board of the Stock Exchange
“Completion”	completion of the Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Contribution Commitment”	the amount of up to HK\$30,000,390, being the aggregate of the initial commitment from each of Global Wave and TC Capital to the JV Company respectively, made up of HK\$390 for the issue and allotment of fifty (50) shares in the JV Company at par value, the provision of the First Loan and (if required) the provision of the Second Loan to finance the operations of and further investments in the TicketChina Group by each of Global Wave and TC Capital

“control”	of an entity means (i) an attributable ownership of more than 50% of the shares in issue or other equity interests or registered capital of such entity; or (ii) the power to direct the management or policies of such entity, whether through an attributable ownership of more than 50% of the voting power of such entity, through the power to appoint a majority of the members of the board of directors or similar governing body of such entity, through contractual arrangements (for example but without limiting the generality of contractual arrangements, those contractual arrangements giving rise to virtual invested entity), holding of interests by nominee or otherwise
“Director(s)”	director(s) of the Company
“First Loans”	has the meaning ascribed to such term in this announcement, and “First Loan” refers to any one of the First Loans from TC Capital or Global Wave
“Global Wave”	Global Wave Group Limited, a company incorporated in the British Virgin Islands with limited liability, and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Company”	Golden Fruit Limited, a company incorporated in the British Virgin Islands with limited liability, and which is 50% owned by each of TC Capital and Global Wave
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Mr. Chan”	Mr. Chan Yiu Lun, Alan, the executive Director and a connected person of the Company
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan)
“Second Loans”	has the meaning ascribed to such term in this announcement, and “Second Loan” refers to any one of the Second Loans from TC Capital or Global Wave
“Shareholders”	the shareholders of the Company

“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
“TC Capital”	TC Capital Group Limited, a company incorporated in the British Virgin Islands with limited liability, and is wholly-owned by Mr. Chan
“TicketChina”	TicketChina Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“TicketChina Group”	TicketChina, its subsidiaries and any other company(ies) controlled by TicketChina
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 28th June, 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. 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