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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 PAYMENT OF BONUS TO A CONNECTED PERSON

On 29th January, 2019, the Board proposed and approved the payment of a cash bonus in the amount of HK\$10,000,000 to Dr. Chan, who has been engaged by the Company as a senior consultant to provide Consultancy Services to the Group starting from 1st April, 2017 at a monthly fee of HK\$50,000 pursuant to the Consultancy Agreement and has waived the monthly fees payable by the Company under the Consultancy Agreement during the Relevant Period.

As at the date of this announcement, Dr. Chan is a substantial Shareholder and therefore a connected person of the Company within the meaning of the Listing Rules. Accordingly, the payment of Bonus constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Bonus on a standalone basis or in aggregation with the total fees (if not waived by Dr. Chan) payable under the Consultancy Agreement in the past twelve months are less than 5%, the payment of Bonus is only subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

Pursuant to the Consultancy Agreement, the Company has engaged Dr. Chan as a senior consultant to provide Consultancy Services to the Group for the period from 1st April, 2017 to 31st March, 2020 at a monthly fee of HK\$50,000. As Dr. Chan is a substantial Shareholder and therefore a connected person of the Company, the Consultancy Agreement constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. However, since all the applicable percentage ratios were less than 5% and the annual fees payable under the Consultancy Agreement is less than HK\$3,000,000, the Consultancy Agreement was fully exempt from shareholders' approval, annual review and all disclosure requirements of the Listing Rules.

Dr. Chan has waived the monthly fees payable by the Company under the Consultancy Agreement during the Relevant Period.

* For identification purpose only

THE BONUS

Taking into account the time spent by Dr. Chan on the affairs of the Group and the fact that Dr. Chan has waived the monthly consultancy fees for the Relevant Period, the Board on 29th January, 2019 proposed and approved the payment of a cash bonus in the amount of HK\$10,000,000 to Dr. Chan. The Bonus was determined with reference to the remuneration of various persons who are at the same time a director and substantial shareholder of companies listed on the Stock Exchange with businesses comparable to the Company. The Bonus is a discretionary payment on the part of the Company and not a contractual term under the Consultancy Agreement.

The Bonus will be paid by the Company to Dr. Chan on 30th January, 2019 from the internal resources of the Group.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Company is an investment holding company and the Group is principally engaged in property development and investment in the PRC, Hong Kong, Macau, 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.

Dr. Chan has extensive business and social network and massive international corporate management experience in the property and the construction sectors, as well as in strategic investments. He is a substantial Shareholder who, together with his spouse, was interested in a total of 514,437,012 Shares, representing approximately 52.7% of the total number of issued Shares as at the date of this announcement, and does not participate in the daily operation and management decisions of the Group. Pursuant to the Consultancy Agreement, Dr. Chan has been serving as a senior consultant of the Company since 1st April, 2017 providing the Consultancy Services at the request of the Group on selected matters from time to time. During the Relevant Period, Dr. Chan has been instrumental to a number of re-financing projects and overseas investment plans which have paved the way for further expansion of the Group. The payment of Bonus is a recognition of Dr. Chan's contributions to the Group under the Consultancy Agreement and an encouragement for future positive contributions to the Group, such as introduction of good investment opportunities and business strategies, under the remaining period of the Consultancy Agreement.

The Directors (including the independent non-executive Directors) are of the view that the payment of Bonus is fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

None of the Directors has any material interest in the payment of Bonus and therefore no Director is required to abstain from voting on the Board resolution approving the payment of Bonus.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Dr. Chan is a substantial Shareholder and therefore a connected person of the Company within the meaning of the Listing Rules. Accordingly, the payment of Bonus constitutes a connected transaction of the Company.

As the applicable percentage ratios in respect of the Bonus on a standalone basis or in aggregation with the total fees (if not waived by Dr. Chan) payable under the Consultancy Agreement in the past twelve months are less than 5%, the payment of Bonus is only subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Bonus”	a cash bonus in the sum of HK\$10,000,000 approved by the Board on 29th January, 2019 to be paid to Dr. Chan
“Company”	ITC Properties Group Limited, a company incorporated in Bermuda with limited liability and whose issued Shares are listed on the main board of the Stock Exchange (Stock Code : 199)
“connected person”	has the same meaning ascribed thereto under the Listing Rules
“Consultancy Agreement”	the consultancy agreement entered into between the Company and Dr. Chan dated 31st March, 2017 in respect of the Consultancy Services for the period from 1st April, 2017 to 31st March, 2020
“Consultancy Services”	the consultancy services to be provided by Dr. Chan to the Group in relation to investment strategies, corporate finance strategies, liaison with business associates of existing and potential investments and procurement of potential investments for the Group
“Director(s)”	the director(s) of the Company
“Dr. Chan”	Dr. Chan Kwok Keung, Charles
“Group”	the Company and its subsidiaries

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	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
“Relevant Period”	the period from 1st April, 2017 to 31st December, 2018 (both dates inclusive)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning ascribed thereto under the Listing Rules
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 29th January, 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.