

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in **ITC Properties Group Limited** (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



德祥地產集團有限公司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 199)

**MAJOR TRANSACTION
IN RELATION TO
THE DISPOSAL OF INTEREST IN
PARAGON WINNER COMPANY LIMITED**

A notice convening the special general meeting of the Company (the “SGM”) to be held at Shop B27, Basement, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong on Thursday, 26th August, 2010 at 11:00 a.m. is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use at the SGM is also enclosed.

Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof if you so wish.

CONTENTS

	<i>Page</i>
DEFINITIONS	1
 LETTER FROM THE BOARD	
Introduction	6
The Disposal Agreement	7
The Shareholders' Agreement	11
Information on the Paragon Winner Group	13
Structure of the Paragon Winner Group before and after Completion	14
Reasons for the Disposal	15
Financial effects of the Disposal	16
Financial and trading prospects of the Remaining Group	17
Listing Rules implication	17
SGM	18
Recommendation	18
General information	18
 APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	 I-1
 APPENDIX II – VALUATION REPORT ON PROPERTY INTEREST OF PARAGON WINNER	 II-1
 APPENDIX III – GENERAL INFORMATION	 III-1
 NOTICE OF THE SGM	 SGM-1

DEFINITIONS

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

“Asia Union”	Asia Union Investments Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Stream Ahead
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than Saturday, Sunday and other general holidays in Hong Kong and/or the PRC and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which the licensed banks in Hong Kong and the PRC are generally open for business
“BVI”	the British Virgin Islands
“Company”	ITC Properties Group Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code : 199)
“Completion”	completion of the sale and purchase of the Sale Shares and the Sale Loan under the Disposal Agreement
“Completion Accounts”	the unaudited consolidated profit and loss account of the Paragon Winner Group for the period from 1st June, 2010 to the Completion Date and the consolidated balance sheet of the Paragon Winner Group as at the Completion Date to be prepared in accordance with the Hong Kong Financial Reporting Standards
“Completion Date”	the date on which Completion takes place
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Consideration”	the consideration for the Sale Shares and the Sale Loan pursuant to the terms of the Disposal Agreement
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares and the Sale Loan by the Vendor to the Purchaser pursuant to the terms and conditions of the Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement dated 21st July, 2010 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Sale Shares and the Sale Loan
“Donson”	Donson (International) Development Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Paragon Winner
“Exchange Rate”	the fixed exchange rate of HK\$1 to RMB0.871 as agreed in the Disposal Agreement for payment of the Consideration
“Exercise Period”	the period commencing from the second anniversary date of the Shareholders’ Agreement and ending on the fifth anniversary date of the Shareholders’ Agreement
“Golf JV”	Sanya Yalong Bayview Golf Garden Co., Ltd. (三亞亞龍灣風景高爾夫文化公園有限公司), a company incorporated in the PRC which is owned as to 80% by Donson
“Golf Land”	the various pieces of land in Yalong Bay, Sanya, the PRC having an aggregate site area of approximately 2,580,192.90 m ² , the operating rights of which were granted to the Golf JV pursuant to various agreements entered into with various independent third parties
“Golf Resort”	Sanya Sun Valley Golf Resort at Bohou Village, Yalong Bay, National Resort Area, Sanya City, Hainan Province, the PRC
“Group”	the Company and its subsidiaries

DEFINITIONS

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hotel JV”	Sanya Yalong Bay Sun Valley Hotel Co., Ltd. (三亞亞龍灣紅峽谷度假酒店有限公司), a company incorporated in the PRC which is owned as to 80% by Asia Union and 20% by the Golf JV
“Hotel Land”	the piece of land in Yalong Bay, Sanya, the PRC having a site area of approximately 192,270.45 m ²
“ICBC”	Industrial and Commercial Bank of China Limited, Sanya branch
“ICBC Loans”	two loans in the aggregate principal sum of RMB30.0 million (equivalent to approximately HK\$34.1 million) granted by ICBC to the Golf JV
“Latest Practicable Date”	5th August, 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Option Loans”	all of the loans owing by the Paragon Winner Group to the Vendor, its subsidiaries and affiliates at the time of the exercise of the Put Option
“Option Shares”	all of the shares in Paragon Winner held by the Vendor at the time of the exercise of the Put Option
“Paragon Winner”	Paragon Winner Company Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Vendor
“Paragon Winner Group”	Paragon Winner and its subsidiaries
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purpose of this circular
“PRC Companies”	together, the Golf JV and the Hotel JV

DEFINITIONS

“Purchaser”	Million Cube Limited, a company incorporated in the BVI with limited liability
“Put Option”	the put option to be granted under the Shareholders’ Agreement by the Purchaser to the Vendor and exercisable by the Vendor at any time during the Exercise Period to require the Purchaser to purchase all of the Option Shares and the Option Loans according to the terms set out in the Shareholders’ Agreement
“Remaining Group”	the Company and its subsidiaries immediately upon Completion
“Sale Loan”	65% of the Vendor’s Loans together with all unpaid interests accrued thereon
“Sale Shares”	the sixty-five (65) shares of US\$1 each in the capital of Paragon Winner, representing 65% of the entire issued share capital of Paragon Winner as at Completion
“Sanya Bohou”	三亞博后經濟開發有限公司 (Sanya Bohou Economic Development Co., Ltd.)
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Disposal Agreement, the Shareholders’ Agreement and the transactions contemplated thereunder
“Shareholders’ Agreement”	the shareholders’ agreement to be entered into among the Vendor, the Purchaser and Paragon Winner on Completion
“Share(s)”	ordinary share(s) of the Company of HK\$0.01 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Stream Ahear”	Stream Ahear International Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of Paragon Winner
“Vendor”	Everight Investment Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Vendor’s Loans”	all amounts which may be owing by the Paragon Winner Group to the Vendor as at Completion
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.
“m ² ” or “sq. m.”	square metre(s)

In this circular, save as otherwise provided, amounts in RMB are converted into HK\$ on the basis of HK\$1 = RMB0.879. The conversion rate is for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK\$ at that rate or at all.

For ease of reference, the names of companies and entities established in the PRC have been included in this circular in both Chinese and English languages and the English names of these companies and entities are either English translation of their respective official Chinese names or tradenames used by them. In the event of any inconsistency between the English names and their respective official Chinese names, the Chinese names shall prevail.

LETTER FROM THE BOARD



德祥地產集團有限公司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 199)

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

Registered office:

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:

Unit 3102, 31st Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

10th August, 2010

*To the Shareholders and, for information only,
the holders of convertible notes of the Company*

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO
THE DISPOSAL OF INTEREST IN
PARAGON WINNER COMPANY LIMITED**

INTRODUCTION

On 22nd July, 2010, the Company announced that after trading hours of the Stock Exchange on 21st July, 2010, the Vendor, being an indirect wholly-owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser whereby the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares and the Sale Loan for an aggregate consideration of RMB650.0 million payable in Hong Kong dollars of approximately HK\$746.3 million translated at the Exchange Rate, subject to adjustments disclosed in the sub-paragraph headed "Consideration" under the paragraph headed "The Disposal Agreement" in this letter from the Board.

* For identification purpose only

LETTER FROM THE BOARD

Upon Completion, the Vendor, the Purchaser and Paragon Winner are to enter into the Shareholders' Agreement in respect of the affairs of (including, without limitation, its operations, management and business) and the rights with respect to their interest in the Paragon Winner Group after Completion.

The Disposal contemplated under the Disposal Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the approval by the Shareholders at the SGM by way of poll. The purpose of this circular is to provide you with, among other things, (i) details of the Disposal Agreement; (ii) details of the Shareholders' Agreement; (iii) the valuation report on the property interest of Paragon Winner; (iv) certain financial and other information of the Group; and (v) the notice of the SGM.

THE DISPOSAL AGREEMENT

Date: 21st July, 2010

Parties:

- (i) Vendor: Everight Investment Limited, an indirect wholly-owned subsidiary of the Company; and
- (ii) Purchaser: Million Cube Limited.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons and are not connected persons of the Company. The principal activity of the Purchaser is investment holding.

Assets to be disposed of:

The assets to be disposed of comprise (i) the Sale Shares, being sixty-five (65) shares of US\$1 each in the capital of Paragon Winner, representing 65% of the entire issued share capital of Paragon Winner as at the Latest Practicable Date and on Completion; and (ii) the Sale Loan. The principal amount of the Sale Loan was approximately HK\$61.7 million and HK\$62.0 million as at the date of the Disposal Agreement and the Latest Practicable Date respectively.

Consideration:

The consideration for the Sale Shares and the Sale Loan shall be the aggregate of (i) RMB650.0 million which is payable in Hong Kong dollars of approximately HK\$746.3 million translated at the Exchange Rate; and (ii) an amount equivalent to 65% of all additional loan(s) which may be advanced by the Vendor to Paragon Winner and/or by two fellow subsidiaries of Paragon Winner to the PRC Companies from the date of the Disposal Agreement up to Completion, which shall not in aggregate exceed RMB9.8 million (equivalent to approximately HK\$11.3 million translated at the Exchange Rate). The Consideration shall be apportioned as follows:

- (i) the portion of the Consideration attributable to the Sale Loan shall be equal to the face value of the Sale Loan; and

LETTER FROM THE BOARD

- (ii) the balance of the Consideration shall be attributable to the Sale Shares.

The Vendor and the Purchaser shall jointly procure that the Completion Accounts be issued within two (2) months after the Completion Date. If the Purchaser so requires not later than three (3) months after the issue thereof, the Vendor and the Purchaser shall jointly appoint a firm of certified public accountants to audit the same.

The Consideration shall be adjusted downwards on a dollar-for-dollar basis in the following circumstances:

- (i) if the value of total assets (excluding the fixed assets) less total liabilities (other than (a) the Vendor's Loans; (b) the ICBC Loans; (c) the liabilities of the Paragon Winner Group due to the two fellow subsidiaries of Paragon Winner; (d) the liabilities as specified in the Disposal Agreement to be covered by certain deeds of indemnity executed by the Vendor; and (e) items which are deferred income in nature and which shall not exceed HK\$6.0 million) of the Paragon Winner Group calculated with reference to the Completion Accounts (or the audited Completion Accounts, if applicable) has a deficit (the "Deficit") exceeding HK\$1,000,000, the Consideration shall be reduced by 65% of the Deficit and the Vendor shall repay to the Purchaser the same within five (5) Business Days from the date of issue of the Completion Accounts; and
- (ii) the Consideration shall be reduced by 65% of the aggregate amount due to the two fellow subsidiaries of Paragon Winner by the PRC Companies as at the Completion Date. As at the Latest Practicable Date, the aggregate amount owing by the PRC Companies amounted to approximately HK\$9.8 million.

The Consideration shall be paid by the Purchaser in cash in the following manner:

- (i) a deposit of RMB50.0 million payable in Hong Kong dollars of approximately HK\$57.4 million translated at the Exchange Rate (the "Initial Deposit") shall be paid within ten (10) Business Days from the necessary documents for replacement of one existing director in each of the companies in the Paragon Winner Group with the nominee(s) of the Purchaser having been completed and filed with the relevant authorities;
- (ii) a deposit of RMB100.0 million payable in Hong Kong dollars of approximately HK\$114.8 million translated at the Exchange Rate (the "Second Deposit") shall be paid within five (5) Business Days from the date of fulfillment of conditions (ii) and (iii) under the paragraph headed "Conditions precedent" below;
- (iii) a further deposit of RMB200.0 million payable in Hong Kong dollars of approximately HK\$229.6 million translated at the Exchange Rate shall be paid prior to the expiry of three (3) months immediately succeeding the payment due date of the Second Deposit; and

LETTER FROM THE BOARD

- (iv) the balance of the Consideration shall be paid upon Completion.

If the Purchaser shall fail to pay any part of the Consideration on their respective due dates for payment and such failure is not remedied within seven (7) Business Days of the original due date, the Vendor shall be entitled by notice in writing to the Purchaser to terminate the Disposal Agreement but the total liability which the Purchaser may have to the Vendor pursuant to the Disposal Agreement shall not exceed the aggregate of the Initial Deposit and the Second Deposit.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to, among other things, the growth prospects of the Golf Resort taking into account its existing operations and the proposed developments, and the face value of the Sale Loan as at the date of the Disposal Agreement. The Directors consider that the Consideration is fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

Conditions precedent:

Completion of the Disposal Agreement is conditional upon fulfillment or waiver (as the case may be) of the following conditions:

- (i) the warranties, representations and undertakings given by the Vendor in the Disposal Agreement remaining true and accurate in all material respects and not misleading in any material respect as at Completion and at all times between the date of the Disposal Agreement and Completion;
- (ii) the approval by the Shareholders (other than those who are required to abstain from voting under the Listing Rules or the applicable laws, rules and regulations, if required) of the Disposal Agreement including the disposal of the Sale Shares and the Sale Loan by the Vendor, the entering into of the Shareholders' Agreement and all other transactions contemplated under the Disposal Agreement and the Shareholders' Agreement at the SGM;
- (iii) the compliance by the Vendor and/or the Company of any relevant requirements under the Listing Rules or otherwise of the Stock Exchange (if any) which require compliance at any time prior to Completion in relation to the transactions contemplated under the Disposal Agreement; and
- (iv) the Vendor or the Paragon Winner Group obtaining the consent of any third party which is required by law or contractual arrangements for the amendment of constitutional documents of any companies in the Paragon Winner Group to reflect the provisions of the Shareholders' Agreement.

LETTER FROM THE BOARD

The Purchaser may waive the conditions in (i) and (iv) above. None of the other conditions can be waived by the Vendor. If the conditions are not fulfilled or waived (as the case may be) within four (4) months from the date of the Disposal Agreement (or any other date as the parties to the Disposal Agreement may agree in writing), the rights and obligations of the parties under the Disposal Agreement shall lapse and be of no further effect except for antecedent breach. In such event, the Vendor shall refund to the Purchaser the portion of the Consideration paid together with interest accrued at the rate of 2% per annum above the prime rate for Hong Kong dollars from time to time quoted by The Hongkong and Shanghai Banking Corporation Limited and the Purchaser shall procure the resignation of director(s) nominated by the Purchaser forthwith with his written confirmation under seal that he has no claim against any company in the Paragon Winner Group whatsoever.

Completion:

Completion shall take place on the earlier of (i) the last day of a period of six (6) months commencing on the date the Initial Deposit is due for payment; or (ii) a date notified by the Purchaser to the Vendor in writing (not less than three (3) Business Days prior to the proposed Completion Date) after all the conditions precedent having been fulfilled or, as the case may be, being properly waived, or such other date as the Vendor and the Purchaser may mutually agree in writing.

If after fulfillment or waiver (as the case may be) of the above conditions, Completion does not take place due to the default of the Purchaser, the Vendor shall be entitled to forfeit the Initial Deposit and the Second Deposit as full and final settlement of all claims in connection with the Disposal Agreement whatsoever and the Purchaser shall procure the director(s) nominated by it to resign forthwith with his written confirmation under seal that he has no claim against any company in the Paragon Winner Group whatsoever.

If after fulfillment or waiver (as the case may be) of the above conditions, Completion does not take place due to the default of the Vendor, the Vendor shall within seven (7) Business Days refund to the Purchaser the portion of the Consideration paid by the Purchaser together with an amount equal to the Initial Deposit and the Second Deposit as liquidated damages to the Purchaser as full and final settlement of all claims in connection with the Disposal Agreement whatsoever.

Other terms:

As at the Latest Practicable Date, ITC Properties Management Limited, an indirect wholly-owned subsidiary of the Company, has provided two corporate guarantees and two pledges of cash deposits in the total sum of HK\$42.2 million in favour of ICBC as guarantee for the ICBC Loans granted by ICBC to the Golf JV. Pursuant to the terms of the Disposal Agreement, the Vendor agrees and undertakes to pay or procure the repayment, without recourse against the Golf JV, other companies in the Paragon Winner Group or the Purchaser, on or before the date all moneys due and payable by the Golf JV to ICBC in respect of the ICBC Loans and to the extent that any part of the repayment is other than by way of the Vendor's Loans, the Vendor agrees and undertakes to keep the Paragon Winner Group and the Purchaser fully indemnified for such payment and the Vendor agrees and undertakes such indemnity is without recourse against the Purchaser and the Paragon Winner Group.

LETTER FROM THE BOARD

In addition, the Vendor also agreed to indemnify (i) the Paragon Winner Group of any claims which may be made against members of the Paragon Winner Group by their current or former employees and in relation to any potential liabilities under certain agreements previously entered into by Donson; and (ii) the Purchaser in respect of 65% of taxation incurred by the Paragon Winner Group for the period prior to Completion. The maximum potential liability under the aforesaid claims, if materialised, together with the indemnity in relation to the ICBC Loans was estimated to amount to approximately HK\$121.0 million as at the date of the Disposal Agreement.

THE SHAREHOLDERS' AGREEMENT

Upon Completion, the Vendor, the Purchaser and Paragon Winner will enter into the Shareholders' Agreement in respect of the affairs of (including, without limitation, its operations, management and business) and the rights with respect to their interest in the Paragon Winner Group after Completion. The principal terms of the Shareholders' Agreement are set out below:

Board composition:

The board of Paragon Winner shall be maintained at three (3) directors, two (2) of them are to be designated by the Purchaser and one of them is to be designated by the Vendor. The chairman of the board of Paragon Winner shall be designated by the Purchaser. The Vendor is also entitled to nominate one (1) director to each subsidiary of Paragon Winner.

Dividend policy:

- (i) In respect of each member of the Paragon Winner Group other than the Golf JV and the Hotel JV, all profits available for distribution shall be distributed to its shareholders by way of dividends; and
- (ii) in respect of the Golf JV and the Hotel JV, 50% of its profits for such financial year which are available for distribution shall be distributed to its shareholders by way of dividends,

in each case after discharge of outstanding bank debts and shareholders' loans.

Put Option:

In consideration of the payment of HK\$10, the Purchaser grants the Put Option to the Vendor to require the Purchaser to purchase the Option Shares and the Option Loans at any time during the Exercise Period.

LETTER FROM THE BOARD

The purchase price for the Option Shares and the Option Loans shall be an amount equal to the Consideration received by the Vendor times the proportion which the Option Shares bear to the Sale Shares with the following adjustments (if any) from the period commencing from the date of the Shareholders' Agreement to the date of completion of the sale and purchase of the Option Shares and the Option Loans:

- (i) add the aggregate amount of additional advances, capital investment and monetary injection made by the Vendor to the Paragon Winner Group; and
- (ii) less the aggregate amount of dividend and distributions paid to the Vendor.

Right of first refusal and
co-sell right:

If a shareholder wishes to dispose of its interest in Paragon Winner to a third party, all other shareholders are entitled to a right of first refusal to purchase all (but not part only) of the shares in and loans to Paragon Winner which the disposing shareholder intends to dispose at the same price and material terms.

Alternatively, they are entitled to a co-sell right whereby it may dispose of its proportional interest in Paragon Winner on the same terms.

Both the right of first refusal and co-sell right are exercisable within a period of thirty (30) days from the receipt of transfer notice from the disposing shareholder.

Termination:

The Shareholders' Agreement shall continue in full force and effect until the entire issued share capital of Paragon Winner shall be owned by one (1) shareholder.

LETTER FROM THE BOARD

INFORMATION ON THE PARAGON WINNER GROUP

Paragon Winner, Donson, Stream Ahear and Asia Union are wholly-owned subsidiaries of the Group which are special purpose vehicles established for the purpose of holding the Golf JV and the Hotel JV. As at the Latest Practicable Date, the Golf JV was owned as to 80% by Donson and 20% by Sanya Bohou, while the Hotel JV was owned as to 80% by Asia Union and 20% by the Golf JV respectively. Paragon Winner therefore holds 80% and 96% effective interests of the Golf JV and the Hotel JV respectively through Donson, Stream Ahear and Asia Union.

The Golf JV is involved in the operation of the Golf Resort, and development and operation of golf or hotel related properties over the Golf Land. The Hotel JV has planned hotel development over the Hotel Land and it has not carried on any other business since its incorporation.

The Golf Resort is situated at Bohou Village, Yalong Bay, National Resort Area, Sanya City, Hainan Province, the PRC and currently operates a 27-hole golf course and a clubhouse with food and beverage outlet and gift shop. Pursuant to the current approval granted by the local government, it is intended that about 250 spa villas and hotel facilities with total gross floor area of approximately 143,500 m² will be developed within the Golf Resort.

Set out below is the unaudited consolidated financial information of the Paragon Winner Group which has been included in the audited financial statements of the Group and prepared in accordance with the Hong Kong Financial Reporting Standards:

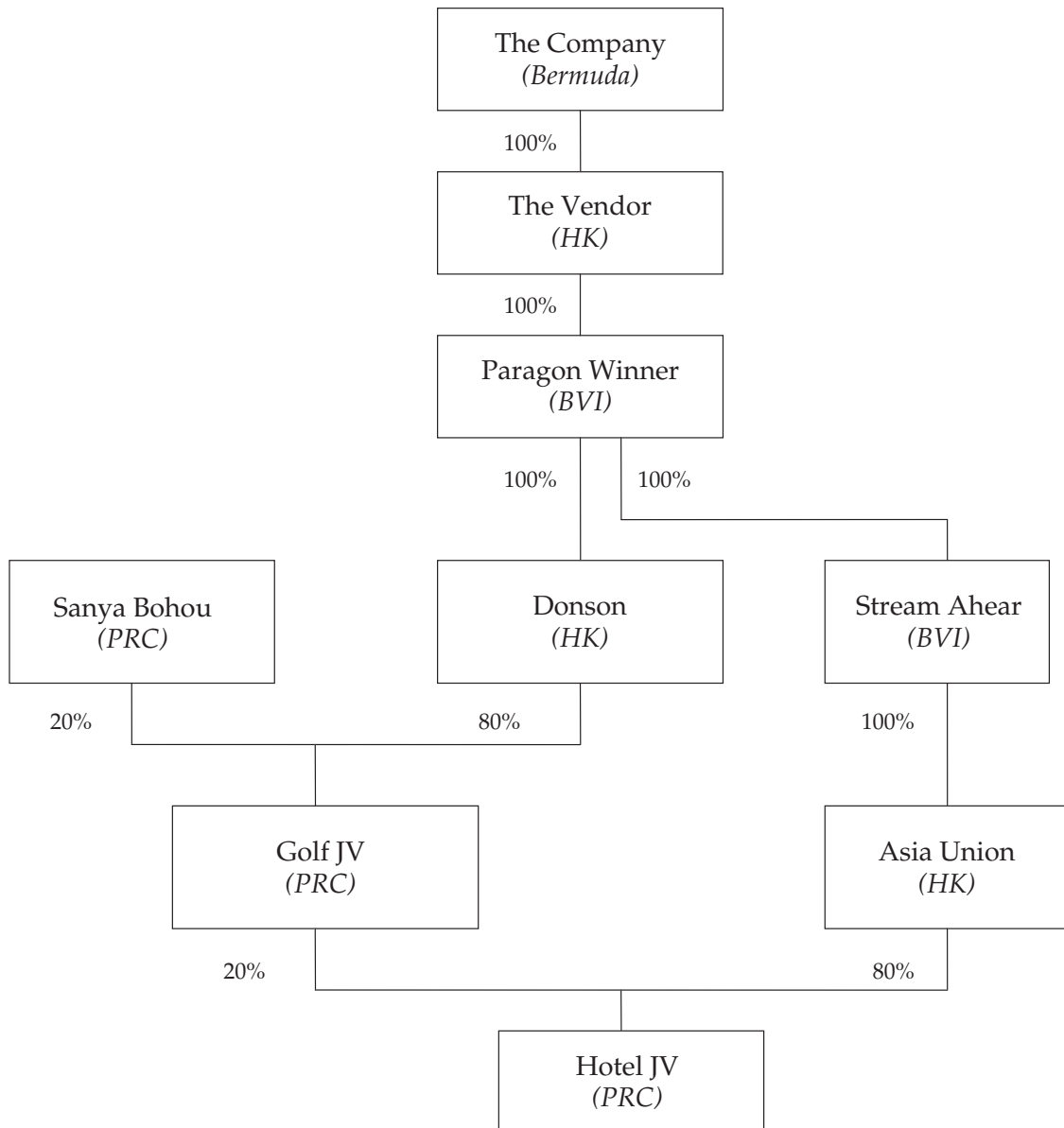
	For the year ended 31st March, 2010 HK\$' million	From 10th October, 2008 (date of incorporation) to 31st March, 2009 HK\$' million
Turnover	29.8	11.1
(Loss)/Profit before taxation	(19.6)	34.4
(Loss)/Profit after taxation and minority interest	(19.6)	34.4
		As at 31st March, 2010 HK\$' million
Net assets (after minority interest)		31.2

LETTER FROM THE BOARD

STRUCTURE OF THE PARAGON WINNER GROUP BEFORE AND AFTER COMPLETION

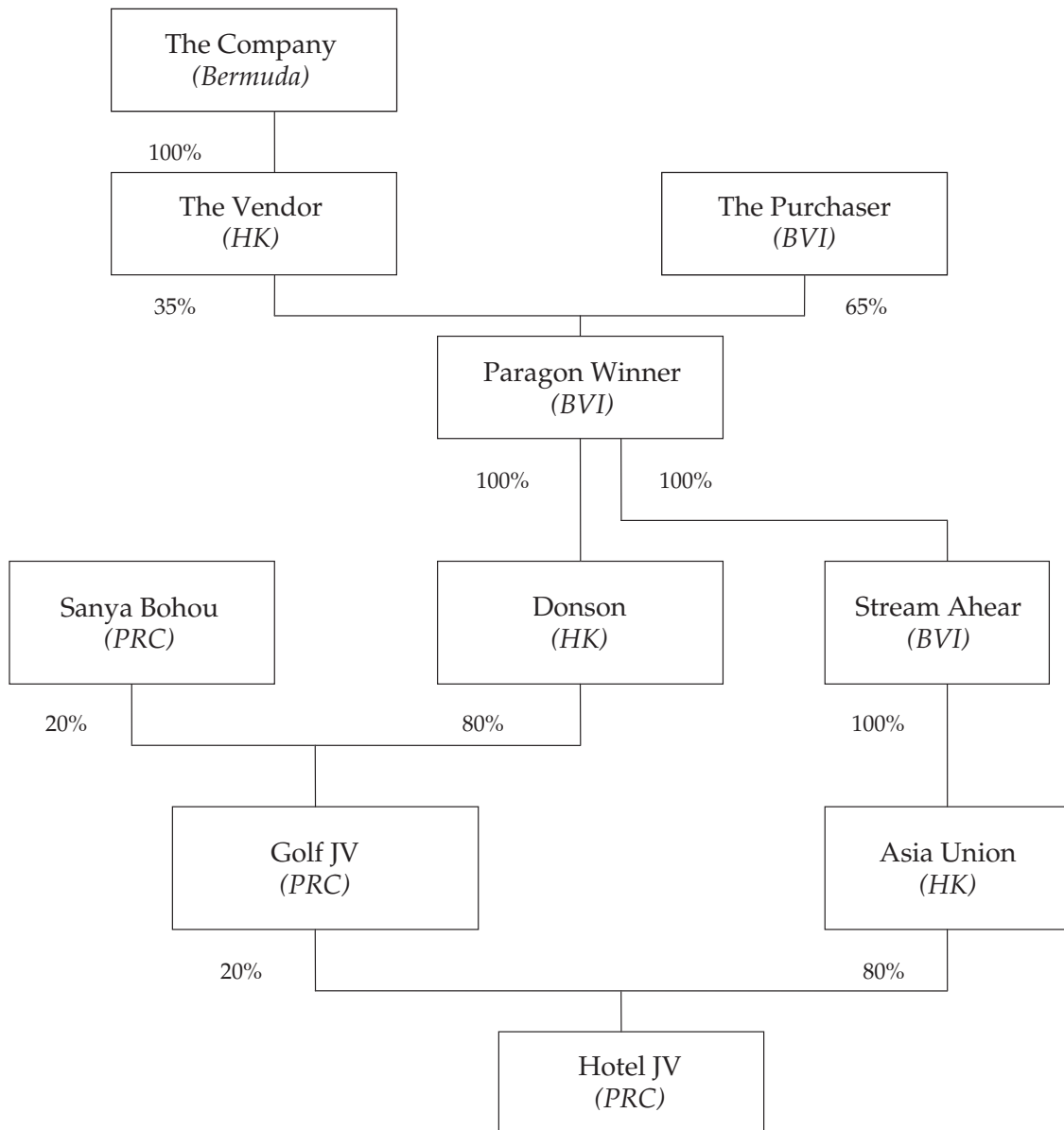
The following charts illustrate the structure of the Paragon Winner Group immediately before and after Completion:

As at the Latest Practicable Date and immediately before Completion



LETTER FROM THE BOARD

Immediately after Completion



Note: Places in parentheses represent places of incorporation.

REASONS FOR THE DISPOSAL

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, securities investment and loan financing services.

LETTER FROM THE BOARD

The net proceeds from the Disposal, after deducting related expenses and taking into account 65% of the amount of loans advanced by two fellow subsidiaries of Paragon Winner to the PRC Companies as at the Latest Practicable Date, are estimated to be approximately HK\$737.0 million. The Company intends to apply such net proceeds for financing the repayment of the ICBC Loans and the Group's general working capital.

The Directors consider that the Disposal provides the Group a good opportunity to realise a considerable gain from its investment in Paragon Winner and generate cash inflow to the Group yet retaining a significant interest in the development and operations of the golf and hotel related businesses within the Golf Resort. The Put Option, which is exercisable at the discretion of the Vendor, also provides flexibility to the Group to deal with its remaining interest in the Paragon Winner Group at a pre-determined price if it so wishes.

Based on the above, the Board considers that the entering into of the Disposal Agreement and the Shareholders' Agreement is in the interests of the Company and the Shareholders as a whole and the terms of the Disposal Agreement and the Shareholders' Agreement are fair and reasonable.

FINANCIAL EFFECTS OF THE DISPOSAL

Earnings

Based on the unaudited consolidated accounts of the Paragon Winner Group as at 31st May, 2010, a gain of approximately HK\$490.9 million is expected to arise from the Disposal, which is calculated with reference to the net proceeds from the Consideration of approximately HK\$737.0 million less the carrying value attributable to the Sale Shares and the Sale Loan as at 31st May, 2010 included in the Group's accounts of approximately HK\$64.7 million and HK\$60.4 million respectively and the estimated provision for indemnities given by the Vendor under the Disposal Agreement of approximately HK\$121.0 million. Shareholders and investors should note that the exact amount of gain on the Disposal is to be determined with reference to the fair value attributable to the Sale Shares and the Sale Loan as at the Completion Date.

Assets and liabilities

Immediately after Completion, the effective shareholding of the Company in Paragon Winner will be reduced from 100% to 35% and thus Paragon Winner will cease to be a subsidiary of the Company and become an associated company of the Company. As such, the assets and liabilities of the Paragon Winner Group will be deconsolidated from the Group's future financial statements. The Company will equity account for the net asset and results of Paragon Winner after Completion. As disclosed above, it is estimated that the Disposal will result in a gain of approximately HK\$490.9 million for the Group. Accordingly, the total assets of the Group would increase upon Completion, which is attributable to the receipts of the proceeds from the Disposal and the share of net assets of Paragon Winner after deconsolidation of Paragon Winner, while the total liabilities of the Group, save for the provision for indemnities of approximately HK\$121.0 million as disclosed above, would decrease because of the exclusion of the liabilities of the Paragon Winner Group.

LETTER FROM THE BOARD

FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

Upon Completion, the Remaining Group will continue to be engaged in the business of property development and investment in Macau, the PRC and Hong Kong, golf resort and leisure operations, securities investment and loan financing services. For the business of property development and investment, the Group expected that a number of property projects under its portfolio, including further phases of a residential property development project named “One Oasis” in Cotai South, Macau; a project involving a deluxe high rise residential and hotel/commercial complex in Causeway Bay, Hong Kong; a project involving a Ginza-style retail, food and beverage complex on Nathan Road, Kowloon, Hong Kong; a project involving development and operations of golf and hotel related business within the Golf Resort (in which the Remaining Group will retain a significant interest after the Disposal) in Sanya, the PRC; and phase 1 of a project involving a hot spring and resort in Guiyang City, the PRC, will be completed over the coming years. Upon completion of the aforesaid projects, it is expected that the Remaining Group may ride on the next economic cycle upswing.

For other properties held for sale, the Group has been taking steps to cash in the investments. The Group will continue with this investment strategy to search for quality properties by taking a prudent approach with primary focus on enhancing the synergistic value of its existing portfolio.

The Company considers that despite the recently released regulatory measures, including the tightening of real-estate financing adopted by the PRC government as efforts to cool down the soaring housing prices, it is expected that, being one of the fastest growing economies in the world, property demand in the PRC will continue to grow in the long run. Investors, as a whole, prefer property as their core investments due to the record low interest rates, low public confidence in financial products as well as early signs of economic recovery worldwide. Coupled with the fact that there will only be limited supply of new properties in prime locations in Hong Kong and Macau in the foreseeable future, the Remaining Group is in an advantageous position to bring into value for its shareholders. Barring unforeseen circumstances, the Company is confident in capturing future capital gains from its investment portfolio.

LISTING RULES IMPLICATION

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules which requires the approval by the Shareholders at the SGM by way of poll. The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Disposal Agreement, the Shareholders’ Agreement and the transactions contemplated thereunder. As the Purchaser and its ultimate beneficial shareholder(s) are third parties independent of the Company and its connected persons and as at the Latest Practicable Date, no Shareholder has a material interest in the Disposal which is different from the other Shareholders. On such basis, no Shareholder is required to abstain from voting in respect of the proposed ordinary resolution to approve the Disposal Agreement, the Shareholders’ Agreement and the transactions contemplated thereunder at the SGM.

The Company will comply with the applicable Listing Rules requirements in the event that the Vendor exercises the Put Option pursuant to the terms of the Shareholders’ Agreement.

LETTER FROM THE BOARD

SGM

The SGM, the notice of which is set out on pages SGM-1 to SGM-2 of this circular, will be held at Shop B27, Basement, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong, at 11:00 a.m. on Thursday, 26th August, 2010, to consider and, if thought fit, approve the Disposal Agreement, the Shareholders' Agreement and the transactions contemplated thereunder. The voting on the ordinary resolution will be taken by way of poll.

Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to Tricor Secretaries Limited as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Disposal Agreement and the Shareholders' Agreement are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommended the Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Disposal Agreement, the Shareholders' Agreement and the transactions contemplated thereunder.

GENERAL INFORMATION

Your attention is drawn to the additional information as set out in the appendices to this circular.

Yours faithfully,
For and on behalf of
ITC Properties Group Limited
Cheung Hon Kit
Chairman

1. INDEBTEDNESS STATEMENT

(a) Borrowings

At the close of business on 30th June, 2010, being the latest practicable date for the purpose of preparing this indebtedness statement, the Group had the following borrowings:

	<i>HK\$'000</i>
Secured bank borrowings	475,109
Obligations under finance leases	<u>221</u>
	<u><u>475,330</u></u>

The secured bank borrowings and obligations under finance leases were secured by certain of the Group's property, plant and equipment, investment properties under development, properties held for sale and bank deposits with an aggregate carrying amount of approximately HK\$1,073.4 million at 30th June, 2010.

(b) Debt securities

At the close of business on 30th June, 2010, the Group had the following outstanding convertible notes:

	Principal amount <i>HK\$'000</i>	Carrying amount of debt component at 30th June, 2010 <i>HK\$'000</i>	Conversion Price <i>HK\$</i>
Convertible notes issued on:			
– 11th August, 2005	471,050	514,940	5.599
– 8th June, 2006	17,476	18,730	5.599
– 15th June, 2006	<u>906,000</u>	<u>921,611</u>	8.904
	<u><u>1,394,526</u></u>	<u><u>1,455,281</u></u>	

(c) Pledge of assets

At the close of business on 30th June, 2010, the Group's bank borrowings and credit facilities from financial institutions were secured by the following:

- (i) Legal charges over the Group's properties held for sale with a carrying value of HK\$798.6 million;
- (ii) Investment properties under development with a carrying value of HK\$232.4 million;
- (iii) Bank deposits of HK\$42.2 million; and
- (iv) Property, plant and equipment with a net book value of HK\$0.2 million.

Save as aforesaid and apart from intra-group liabilities and normal trade payables and bills payable, as at the close of business on 30th June, 2010, none of the companies of the Group had any outstanding mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptances credits or any guarantees or other material contingent liabilities.

For the purpose of the above statement of indebtedness, foreign currency amounts have been translated into Hong Kong dollars at the rates of exchange prevailing at the close of business on 30th June, 2010.

2. WORKING CAPITAL

The Directors are of the opinion that, after taking into account of the financial resources and banking facilities available to the Remaining Group, including its internally generated funds and the proceeds from the Disposal, the Remaining Group will have sufficient working capital for its business for the next twelve months from the date of this circular in the absence of unforeseen circumstances.

The following is the text of a letter and valuation certificate prepared for the purpose of inclusion in this circular received from RHL Appraisal Limited, an independent property valuer, in connection with its valuation on the property interest of Paragon Winner Company Limited.



永利行評值顧問有限公司
RHL Appraisal Limited
Corporate Valuation & Advisory

T +852 2730 6212
F +852 2736 9284

Room 1010, 10/F, Star House
Tsimshatsui, Hong Kong

10th August, 2010

The Directors
ITC Properties Group Limited
Unit 3102, 31st Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

Dear Sirs,

INSTRUCTIONS

We were instructed by ITC Properties Group Limited (referred to as the “Company”) to value the property interest held by Paragon Winner Company Limited and its subsidiaries (hereinafter together referred to as the “Group”) located in the People’s Republic of China (the “PRC”), we confirm that we have carried out property inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 30th June, 2010 (the “Valuation Date”).

This letter which forms part of our valuation report explains the basis and methodology of valuation, clarifying assumptions, valuation considerations and limiting conditions of this valuation.

BASIS OF VALUATION

Our valuation of the property interest represents its market value which we would define as intended to mean “the estimated amount for which a property should exchange on the Valuation Date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion”.

METHODS OF VALUATION

In valuing the property interest, the Direct Comparison Method has been adopted where comparison based on prices realised on actual sales of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

VALUATION CONSIDERATIONS

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; and the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors effective from 1st January, 2005.

VALUATION ASSUMPTIONS

As the property interest is held under long term Land Use Rights Contacts, we have assumed that the Group has free and uninterrupted rights to use the property interest for the whole of the unexpired term of their respective Land Use Rights Contacts without payment of any substantial sum of taxes or expenses. We have valued the property interests on an open market basis assuming sale with vacant possession.

Our valuation has been made on the assumption that the Group sells the property interest in the open market in its existing states without the benefit of a deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interest is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

Other special assumptions of the property interest, if any, have been stated out in the footnotes of the valuation certificate attached herewith.

TITLE INVESTIGATION

We have been shown copies of various documents including State-owned Land Use Rights Certificates, Real Estate Ownership Certificates and Agreements relating to the property interest in the PRC and have made relevant enquiries.

We have not examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrances that might be attached to the property interest or any lease amendments. However, we have relied considerably on the advices given by the Company's PRC legal adviser, Guangdong Code Law Office (廣東科德律師事務所) on the Group's title to the property interest.

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information provided by the Company, in particular, but not limited to, the sales records, tenure, planning approvals, statutory notices, easements, particulars of occupancy, floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificates are based on information contained in copies of documents provided to us and are therefore only approximations.

Our valuation is totally dependent on the adequacy and accuracy of the information supplied and/or subsequent assumptions made. Should these prove to be incorrect or inadequate, the accuracy of our valuations may be affected.

LIMITING CONDITIONS

We have inspected the exterior and, where possible, the interior of the property interest. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the property interest is free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the property interest but have assumed that the site areas shown on the documents are correct. All documents have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also been advised by the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Liability in connection with this valuation report is limited to the client to whom this report is addressed and for the purpose for which it is carried out only. We will accept no liability to any other parties or any other purposes.

This report is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our report in whole or in part, in any document you prepare and/or distribute to third parties may be made without written consent.

EXCHANGE RATE

All monetary sums stated in this report are in Hong Kong Dollars (HK\$). The conversion of HK\$ into Renminbi (RMB) is based on the factor of HK\$1 to RMB0.87 with reference to the prevailing exchange rate on the Valuation Date.

Our valuation certificate is attached.

Yours faithfully,
For and on behalf of
RHL Appraisal Limited

Serena S. W. Lau

FHKIS, AAPI, MRICS, RPS(GP), MBA(HKU)

Managing Director

Thomas H.M. Lam

MHKIS, MRICS, RPS(GP), MHKSI, MSc, BSc(Hons)

Director

Ms. Serena S. W. Lau is a Registered Professional Surveyor (GP) with over 19 years' experience in valuation of properties in Hong Kong, Macau, mainland China and the Asia Pacific Region. Ms. Lau is a Professional Member of The Royal Institution of Chartered Surveyors, an Associate of Australian Property Institute, a Fellow of The Hong Kong Institute of Surveyors as well as a Registered Real Estate Appraiser in the PRC.

Mr. Thomas H.M. Lam is a Registered Professional Surveyor (GP) with 10 years' experience in valuation of properties in Hong Kong, Macau, mainland China and the Asia Pacific Region. Mr. Lam is a Professional Member of The Royal Institution of Chartered Surveyors and a Member of The Hong Kong Institute of Surveyors.

VALUATION CERTIFICATE

Property interest held by the Group for Owner Occupation in the PRC

Property	Description and tenure	Particulars of occupancy	Market Value in its existing state as at 30th June, 2010 HK\$
Sanya Yalong Bay Sun Valley Golf Club, Bohou Village, Yalong Bay National Resort Area, Sanya City, Hainan Province, the PRC	<p>Sanya Yalong Bay Sun Valley Golf Club is a large-scale comprehensive development with a total site area of approximately 2,772,463.35 sq. m., it is developed into a 18-hole golf course, a 9-hole golf course, a 2-storey golf clubhouse, a reservoir and some back-of house facilities.</p> <p>The property comprises a 18-hole golf course, a 9-hole golf course and a 2-storey golf clubhouse with a gross floor area of approximately 4,601 sq. m. The clubhouse was completed in September 2006.</p> <p>As advised by the Company, a portion of the property with a site area of approximately 192,270.45 sq. m. and 1,814,928 sq. m. are planned to be a development with hotel facilities and "Member Village of 250 spa villas" with a total gross floor area of approximately 66,801.42 sq. m. and 76,700 sq. m. respectively.</p> <p>As advised, the approval of the development in relation to the hotel facilities has been obtained.</p> <p>The land use rights of a portion of the property are held for a term expiring on 31st January, 2050 for entertainment, cultural and commercial uses.</p>	The 18-hole golf course and the 9-hole golf course are currently operated by the Group as a golf course use; the 2-storey golf club is currently operated by the Group as country club use.	No commercial value

APPENDIX II

VALUATION REPORT ON PROPERTY INTEREST OF PARAGON WINNER

Notes:

- Pursuant to a Land Use Rights Certificate – Jun Yong Zi Di No. 0000750 issued by 廣州軍區房地產管理局 dated 5th July, 2000, the land use rights of a portion of the subject land with a site area of approximately 192,270.45 sq. m. is held by 三亞亞龍灣風景高爾夫文化公園有限公司 (Sanya Yalong Bayview Golf Garden Co., Ltd.) ("Golf JV") commencing on 1st February, 2000 and expiring on 31st January, 2050 for entertainment, cultural and commercial uses. Golf JV is a joint venture company set up between Donson (International) Development Limited ("Donson"), a wholly-owned subsidiary of the Company, and 三亞博后經濟開發有限公司 ("Sanya Bohou"), and held as to 80% by Donson and 20% by Sanya Bohou.
- Pursuant to various agreements entered into between Golf JV, which is 80% interest-owned by the Group, and various independent third parties, Golf JV has been granted with operating rights in certain portion of the subject land with a total site area of 794.28 mu (or 529,522.65 sq. m.) with details as follows:

No.	Party Name	Date of Agreement	Site Area (mu)	Term
1	博后村委會新坡一、三隊; 田獨鎮博后村委會	18-May-2000	168.00	10-May-2000 to 10-May-2050
2	博后村委會紅光三隊	12-Jul-2000	10.20	12-Jul-2000 to 12-Jul-2050
3	博后村委員會	5-Jan-2001	5.00	50 years from 5-Jan-2001
4	博后村委會新坡一、二隊; 博后村委會	1-Mar-2001	10.20	50 years from 1-Mar-2001
5	六盤村委員會、紅色村	5-Mar-2001	2.40	50 years from 5-Mar-2001
6	博后村委員會、糖豐隊	5-Mar-2001	26.37	50 years from 5-Mar-2001
7	博后紅旗經濟合作社、 博后村委代表	27-May-2003	250.00	50 years from 27-Sep-1999
			4.20	50 years from 27-May-2003
			5.00	50 years from 27-May-2003
			6.00	50 years from 30-Jun-1999
8	六盤村委員會	20-Jun-2003	2.01	N/A
9	博后新坡一、三合作經濟社	30-Oct-2003	2.00	31-Oct-2003 to 31-Oct-2053
10	博后村委會新坡二合作經濟社	26-Aug-2006	0.81	From 26-Aug-2006
11	博后村委會新坡二合作經濟社	28-Nov-2006	1.62	From 28-Nov-2006
12	新坡第二合作經濟社	8-Sep-2004	0.47	24-April-2004 to 24-Apr-2054
13	新坡第二合作經濟社	8-Sep-2004	23.00	24-April-2004 to 24-Apr-2054
14	博后村委會新坡二村小組	26-Aug-2009	200.00	1-Jan-2007 to 1-Jan-2057
15	博后糖豐村民小組	1-Nov-2003	77.00	1-Feb-2000 to 1-Feb-2050
TOTAL:			794.28	

APPENDIX II**VALUATION REPORT ON PROPERTY INTEREST OF
PARAGON WINNER**

3. Pursuant to various agreements entered into between Sanya Bohou and various independent third parties, Sanya Bohou has been granted with operating rights in certain portion of the subject land with a total site area of 3,075.99 mu (or 2,050,670.25 sq. m.) with details as follows:

No.	Party Name	Date of Agreement	Site Area (mu)	Term
1	三亞市田獨鎮博后村委會etc.	28-May-1999	1,804.49	6-Jun-1999 to 6-Jun-2049
2	三亞市田獨鎮博后村委會	N/A	1,000.00	29-Jul-2002 to 29-Jul-2052
3	三亞市田獨鎮博后村委會	10-Jan-2000	230.00	1-Feb-2000 to 1-Feb-2050
4	博后糖豐村民小組	31-May-2007	41.50	18-May-2007 to 18-May-2049
TOTAL:			3,075.99	

4. As advised by the Company, the operation rights of the land parcel as mentioned in agreement nos. 1, 2, 3 and 4 in note 3 above was vested in Golf JV.
5. In the course of our valuation, we have attributed no commercial value to the property as the land use rights of the property are prohibited from being assigned, leased, charged or otherwise disposed of in the market. For reference purposes, we are of the opinion that the market value of the property in its existing state as at the Valuation Date, assuming that the property is free from any agreements/licences entered into between the existing golf club members and the existing owner relating to the use of the property, all land premium, taxes and expenses have been fully settled and are entitled to be freely disposed of in the market, would be HK\$806,900,000 (equivalent to approximately RMB702,000,000).
6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, Guangdong Code Law Office (廣東科德律師事務所), which contains, inter alia, the following:
- (i) Golf JV and Sanya Bohou, collectively have the right to use the property but are not entitled to transfer, mortgage or dispose of the property; and
 - (ii) The property is not subject to any mortgage or pledged to any parties.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of the Directors or chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

(i) Interests in the Shares

Name of Director	Long position/ Short position	Capacity	Number of issued Shares	Approximate percentage of the issued share capital of the Company (%)
Mr. Cheung Hon Kit ("Mr. Cheung")	Long position	Beneficial owner	12,102,000	2.14

(ii) *Interests in the share options of the Company*

Name of Director	Date of grant	Option period	Exercise price per Share HK\$	Number of share options	Approximate percentage of the issued share capital of the Company (%)
Mr. Cheung	29th March, 2010	29th March, 2010 – 28th March, 2014	2.22	3,900,000	0.69
Mr. Chan Fut Yan ("Mr. Chan")	29th March, 2010	29th March, 2010 – 28th March, 2014	2.22	2,900,000	0.51
Mr. Cheung Chi Kit	29th March, 2010	29th March, 2010 – 28th March, 2014	2.22	2,100,000	0.37
Mr. Lai Tsan Tung, David	29th March, 2010	29th March, 2010 – 28th March, 2014	2.22	1,500,000	0.27
Mr. Chan Yiu Lun, Alan	29th March, 2010	29th March, 2010 – 28th March, 2014	2.22	1,500,000	0.27
Mr. Ma Chi Kong, Karl	29th March, 2010	29th March, 2010 – 28th March, 2014	2.22	370,000	0.07
Mr. Qiao Xiaodong	29th March, 2010	29th March, 2010 – 28th March, 2014	2.22	370,000	0.07
Mr. Wong Chi Keung, Alvin	29th March, 2010	29th March, 2010 – 28th March, 2014	2.22	370,000	0.07
Mr. Kwok Ka Lap, Alva	29th March, 2010	29th March, 2010 – 28th March, 2014	2.22	370,000	0.07
				13,380,000	

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or

(b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to the Model Code adopted by the Company, to be notified to the Company and the Stock Exchange.

(b) Interests of Shareholders discloseable pursuant to the SFO

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have, interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or had any option in respect of such capital:

(i) Interests in the Shares

Name of Shareholder	Long position/ Short position	Capacity	Number of issued Shares	Approximate percentage of the issued share capital of the Company (%)
Loyal Concept Limited ("Loyal Concept")	Long position	Beneficial owner	76,402,763 (Note 1)	13.52
Hanny Magnetics (B.V.I.) Limited ("Hanny Magnetics")	Long position	Interest of controlled corporation	76,402,763 (Note 1)	13.52
Hanny Holdings Limited ("Hanny")	Long position	Interest of controlled corporation	76,402,763 (Note 1)	13.52
Famex Investment Limited ("Famex")	Long position	Interest of controlled corporation	76,402,763 (Note 1)	13.52
Mankar Assets Limited ("Mankar")	Long position	Interest of controlled corporation	76,402,763 (Note 1)	13.52

APPENDIX III
GENERAL INFORMATION

Name of Shareholder	Long position/ Short position	Capacity	Number of issued Shares	Approximate percentage of the issued share capital of the Company (%)
Selective Choice Investments Limited ("Selective Choice")	Long position	Beneficial owner	36,593,400 (Note 1)	6.48
ITC Investment Holdings Limited ("ITC Investment")	Long position	Interest of controlled corporations	112,996,163 (Note 1)	20.00
ITC Corporation Limited ("ITC")	Long position	Interest of controlled corporations	112,996,163 (Note 1)	20.00
Dr. Chan Kwok Keung, Charles ("Dr. Chan")	Long position	Interest of controlled corporations	112,996,163 (Note 1)	20.00
	Long position	Beneficial owner	6,066,400 (Note 1)	1.07
			119,062,563	21.07
Ms. Ng Yuen Lan, Macy ("Ms. Ng")	Long position	Interest of spouse	119,062,563 (Note 1)	21.07
Stark Master Fund, Ltd. ("Stark Master")	Long position	Beneficial owner	22,142,211 (Note 2)	3.92
Stark Investments (UK) LLP (formerly known as Stark Investments (UK) Limited) ("Stark UK")	Long position	Investment manager	30,424,233 (Note 3)	5.39

(ii) *Interests in the underlying Shares under equity derivatives (as defined in Part XV of the SFO)*

Name of Shareholder	Long position/ Short position	Capacity	Number of underlying Shares (under equity derivatives of the Company)	Approximate percentage of the issued share capital of the Company (%)
Loyal Concept	Long position	Beneficial owner	30,323,450 (Note 1)	5.37
Hanny Magnetics	Long position	Interest of controlled corporation	30,323,450 (Note 1)	5.37
Hanny	Long position	Interest of controlled corporation	30,323,450 (Note 1)	5.37
Famex	Long position	Interest of controlled corporation	30,323,450 (Note 1)	5.37
Mankar	Long position	Interest of controlled corporation	30,323,450 (Note 1)	5.37
Selective Choice	Long position	Beneficial owner	7,187,780 (Note 1)	1.27
ITC Investment	Long position	Interest of controlled corporations	37,511,230 (Note 1)	6.64
ITC	Long position	Interest of controlled corporations	37,511,230 (Note 1)	6.64
Dr. Chan	Long position	Interest of controlled corporations	37,511,230 (Note 1)	6.64
Ms. Ng	Long position	Interest of spouse	37,511,230 (Note 1)	6.64
Stark Master	Long position	Beneficial owner	6,760,136 (Note 2)	1.20
Stark UK	Long position	Investment manager	9,465,976 (Note 3)	1.68

Notes:

1. Hanny and Hanny Magnetics were taken to have interest in 106,726,213 Shares (of which 30,323,450 Shares relate to their derivative interests) which were held by Loyal Concept, being a wholly-owned subsidiary of Hanny Magnetics which, in turn, was a wholly-owned subsidiary of Hanny, the issued shares of which are listed on the Stock Exchange. Famex, a wholly-owned subsidiary of Mankar, was the controlling shareholder of Hanny. Mankar was a wholly-owned subsidiary of ITC Investment which, in turn, was a wholly-owned subsidiary of ITC. Famex and Mankar were deemed to be interested in 106,726,213 Shares (of which 30,323,450 Shares relate to their derivative interests) which were held by Loyal Concept. Selective Choice, a wholly-owned subsidiary of ITC Investment which, in turn, was a wholly-owned subsidiary of ITC, owned 43,781,180 Shares (of which 7,187,780 Shares relate to its derivative interest). ITC Investment and ITC were deemed to be interested in 150,507,393 Shares (of which 37,511,230 Shares relate to their derivative interests) which were held by Loyal Concept and Selective Choice. Dr. Chan was the controlling shareholder of ITC. Ms. Ng is the spouse of Dr. Chan. Dr. Chan owned 6,066,400 Shares and was deemed to be interested in 150,507,393 Shares (of which 37,511,230 Shares relate to his derivative interest) which were held by Loyal Concept and Selective Choice. Ms. Ng was deemed to be interested in 156,573,793 Shares (of which 37,511,230 Shares relate to her derivative interest) which were held by Dr. Chan, Loyal Concept and Selective Choice.
2. Stark Master owned 28,902,347 Shares (of which 6,760,136 Shares relate to its derivative interest).
3. Stark UK was taken to have an interest as an investment manager in 39,890,209 Shares (of which 9,465,976 Shares relate to its derivative interest).

(iii) Other members of the Group

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the other members of the Group:

Name of subsidiary	Name of shareholder	Approximate percentage of the existing issued share capital/registered capital (%)
三亞亞龍灣風景高爾夫文化公園有限公司 (Sanya Yalong Bayview Golf Garden Co., Ltd.)	三亞博后經濟開發有限公司	20
Fame State Investment Limited	Banh Dinh Huy Chan Siu Chi	20 10
Forever Fame Corporation Limited	Banh Dinh Huy Chan Siu Chi	20 10
Guangdong International Marina Club Limited	Pui Mung Ying	20

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, no other persons (not being a Director or chief executive of the Company) had, or were deemed or taken to have, any interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, nor were there any persons, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or held any option in respect of such capital.

3. COMPETING INTERESTS

As at the Latest Practicable Date, interests of a Director and his associates in competing businesses of the Group were as follows:

Name of Director	Name of company	Nature of competing business	Nature of interest
Mr. Cheung	Rosedale Hotel Holdings Limited (formerly known as Wing On Travel (Holdings) Limited) and its subsidiaries	Property business and hotel operation in Hong Kong and the PRC	As the chairman and an executive director
	China Development Limited	Property investment in Hong Kong	As a director and shareholder
	Artnos Limited	Property investment in Hong Kong	As a director and shareholder
	Co-Forward Development Ltd.	Property investment in Hong Kong	As a director and shareholder
	Orient Centre Limited	Property investment in Hong Kong	As a shareholder
	Super Time Limited	Property investment in Hong Kong	As a director and shareholder

Name of Director	Name of company	Nature of competing business	Nature of interest
Mr. Cheung	Asia City Holdings Ltd.	Property investment in Hong Kong	As a director and shareholder
	Supreme Best Ltd.	Property investment in Hong Kong	As a shareholder
	Orient Holdings Limited	Property investment in Hong Kong	As a director and shareholder
	Link Treasure International Limited	Property investment in Hong Kong	As a director and shareholder
	Silver City Limited	Property investment in Hong Kong	As a director and shareholder

Mr. Cheung is the chairman of the Company who is principally responsible for the Group's strategic planning and management of the operations of the Board. His role is clearly separated from that of the managing Director, Mr. Chan, who is principally responsible for the Group's operation and business development.

In addition, any significant business decision of the Group is to be determined by the Board. A Director who has interest in the subject matter being resolved will abstain from voting. In view of the above, the Board considers that the interests of Mr. Cheung in other companies will not prejudice his capacity as Director or compromise the interests of the Group and the Shareholders.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

Other interests

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have, since 31st March, 2010 (being the date to which the latest published audited accounts of the Company were made up), been (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

Save as disclosed above, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation). Also, their remuneration and benefit in kind receivable will not be directly varied in consequence of any acquisition by the Group.

5. MATERIAL CONTRACTS

The following are contracts (not being contracts entered into in the ordinary course of business) entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date and which are or may be material:

1. the sale and purchase agreement dated 2nd September, 2008 entered into between Maxter Limited (“Maxter”) and United Sun Investments Limited in relation to the purchase of 50% interest in Keen Step Corporation Limited by Maxter at a cash consideration of HK\$1;
2. the agreement dated 30th October, 2008 entered into between Mr. George Wang and Mandung Limited in relation to the sale and purchase of the entire issued share capital of Pine Cheer Limited and the entire amount of the shareholder’s loan owing by Pine Cheer Limited to Mr. George Wang on the date of completion (the “Pine Cheer Sale Loan”) of the said acquisition, at an aggregate consideration of approximately HK\$189.8 million (based on the amount of the Pine Cheer Sale Loan as at the date of the agreement);
3. the agreement dated 30th December, 2008 entered into between Vincent Asset Holdings Limited (“Vincent Asset”) and Macau Prime Property (Hong Kong) Limited (now renamed as ITC Properties (Hong Kong) Limited) (“Macau Prime (HK)”) in relation to the sale and purchase of the entire issued share capital of and shareholder’s loan due by Adventura International Limited;
4. another agreement also dated 30th December, 2008 and also entered into between Vincent Asset and Macau Prime (HK) in relation to the sale and purchase of the entire issued share capital of and shareholder’s loans due by Charm Noble Group Limited and Favor Gain Group Limited;
5. the agreement dated 5th November, 2009 entered into between ITC (China) Properties Group Limited (“ITC China”) and 貴州宏能溫泉旅遊開發有限公司 (Guizhou Hong Neng Hot Spring Resort Tourism Development Company Limited) (“Hong Neng”) in relation to the formation of 貴州宏德商務諮詢有限公司 (Guizhou Hong De Business Consulting Co., Ltd.) (the “JV Company”);
6. the joint venture agreement dated 23rd December, 2009 entered into between ITC China and Hong Neng;

7. the agreement dated 15th December, 2009 entered into between Macau Prime Property (China) Limited (now renamed as ITC Properties (China) Limited) (“Macau Prime (China)”), an indirect wholly-owned subsidiary of the Company, Bright Sino Profits Limited (“BSP”), Mr. Tang Chi Ming, the sole shareholder of BSP, and the Company in relation to the acquisition (the “BSP Acquisition”) of 92% of the issued share capital of BSP upon the completion of the BSP Acquisition (the “BSP Completion”) and the shareholder’s loan owing by the Newskill Investments Limited (“Newskill”, together with its subsidiaries, the “Newskill Group”) to BSP upon the BSP Completion by Macau Prime (China);
8. the agreement dated 15th December, 2009 entered into between Macau Prime (China) and Cango Trading Limited (“CTL”) in relation to the acquisition (the “CTL Acquisition”) of the 8% of the issued share capital of Newskill held by CTL upon the completion of the CTL Acquisition (the “CTL Completion”) and the shareholder’s loan owing by the Newskill Group to CTL upon CTL Completion by Macau Prime (China);
9. the memorandum of understanding dated 6th January, 2010 entered into between ITC China and Hong Neng in relation to the proposed increase in contributions to the JV Company;
10. the subscription agreement dated 5th February, 2010 entered into among ITC Golf & Leisure Group Limited (“ITC Golf”), Ocean Growth Enterprises Limited (“Ocean Growth”), 貴州宏能投資有限公司 (Guizhou Hong Neng Investment Company Limited) (“Hong Neng Investment”) and Business Action Holdings Limited (“Business Action”) in relation to the subscription of new shares in the share capital of Business Action;
11. the shareholders’ agreement dated 5th February, 2010 entered into among ITC Golf, Ocean Growth, Hong Neng Investment and Business Action to provide for the basis on which the Business Action group companies shall be operated, managed and administered;
12. the amending agreement dated 2nd March, 2010 entered into between ITC China and Hong Neng in relation to the joint venture agreement referred to in item 8 above;
13. the placing agreement dated 19th May, 2010 (the “Placing Agreement”) entered into between the Company as issuer and CCB International Capital Limited as placing agent (the “Placing Agent”) in relation to the placing of up to 94,000,000 new shares of HK\$0.01 each in the share capital of the Company at a price of HK\$1.60 per placing share by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement; and
14. the Disposal Agreement.

6. LITIGATION

As at the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened against any members of the Group.

7. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have been named in this circular or have given opinions or advice which are contained in this circular:

Name	Qualification
Deloitte Touche Tohmatsu ("DTT")	Certified public accountants
RHL Appraisal Limited ("RHL")	Professional valuer
Guangdong Code Law Office ("Guangdong Code")	PRC legal adviser

Each of DTT, RHL and Guangdong Code has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of DTT, RHL and Guangdong Code had any shareholding, directly or indirectly, in any members of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any members of the Group.

As at the Latest Practicable Date, none of DTT, RHL and Guangdong Code had any direct or indirect interests in any assets which had been, since 31st March, 2010 (being the date to which the latest published audited accounts of the Company were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any members of the Group.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong at Unit 3102, 31st Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong, from the date of this circular and up to and including the date of the SGM:

- the memorandum of association and the bye-laws of the Company;
- the published annual reports of the Company for each of the two financial years ended 31st March, 2009 and 2010;
- the valuation report on property interest of Paragon Winner, the text of which is set out in Appendix II to this circular;
- the letters of consent referred to in the paragraph headed "Experts and consents" in this appendix;
- the material contracts referred to in the paragraph headed "Material contracts" in this appendix; and
- a copy of each circular of the Company issued pursuant to the requirements set out in Chapter 14 and/or 14A of the Listing Rules since 31st March, 2010.

9. GENERAL

- The company secretary of the Company is Ms. Yan Ha Hung, Loucia. She holds a master's degree in business administration (*MBA*). She is an Associate Member (Practitioner's Endorsement) of both The Hong Kong Institute of Chartered Secretaries (*ACS*) and The Institute of Chartered Secretaries and Administrators (*ACIS*).
- The registered office of the Company is at Clarendon House, Church Street, Hamilton HM 11, Bermuda.
- The Company's principal place of business in Hong Kong is situated at Unit 3102, 31st Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.
- The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- The English texts of this circular, the notice of the SGM and the accompanying form of proxy prevail over their respective Chinese texts.

NOTICE OF THE SGM



德祥地產集團有限公司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 199)

NOTICE IS HEREBY GIVEN that the special general meeting of **ITC Properties Group Limited** (the "Company") will be held at Shop B27, Basement, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong, on Thursday, 26th, August, 2010 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

"THAT

- (a) the sale and purchase agreement dated 21st July, 2010 (the "Agreement") (a copy of which with the draft shareholders' agreement (the "Shareholders' Agreement") in relation to Paragon Winner Company Limited ("Paragon Winner") to be executed upon completion of the Agreement annexed, signed by the Chairman of the meeting for the purposes of identification, has been produced to the meeting marked "A") entered into between Everight Investment Limited (the "Vendor"), an indirect wholly-owned subsidiary of the Company, as vendor and Million Cube Limited (the "Purchaser") as purchaser pursuant to which the Purchaser has agreed to purchase 65% of the shareholding and equity interest in Paragon Winner and a corresponding amount of the Vendor's loans together with all unpaid interest accrued thereon due by Paragon Winner to the Vendor, the terms and conditions thereof and the transactions contemplated thereunder (including the Put Option as defined under the Shareholders' Agreement) and the execution of the Agreement be and are hereby approved, confirmed and ratified; and
- (b) the board of directors of the Company (the "Board") be and is hereby authorised to do all such acts and things and sign all such documents and to take such steps as it considers necessary or expedient or desirable in connection with or to give effect to the Agreement and to implement the transactions contemplated thereunder and to agree to such variation, amendment or waiver as are, in the opinion of the Board, in the interest of the Company."

By order of the Board
Yan Ha Hung, Loucia
Company Secretary

Hong Kong, 10th August, 2010

* For identification purpose only

NOTICE OF THE SGM

Registered office:
Clarendon House
Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
Unit 3102, 31st Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

Notes:

1. Any shareholder of the Company entitled to attend and vote at the meeting of the Company may appoint another person as his proxy to attend and vote instead of him. A shareholder of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the meeting. A proxy need not be a shareholder of the Company. In addition, a proxy or proxies representing either a shareholder of the Company who is an individual or a shareholder of the Company which is a corporation shall be entitled to exercise the same power on behalf of the shareholder of the Company which he or they represent as such shareholder of the Company could exercise.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof, it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.
3. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting thereof at which the person named in the instrument proposes to vote and, in default, the instrument of proxy shall not be treated as valid.
4. Completion and return of an instrument appointing a proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting or on the poll concerned and, in such event, the instrument appointing a proxy shall be deemed to have been revoked.
5. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

As at the date of this notice, the directors of the Company are:

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