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

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

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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)

**RE-ELECTION OF RETIRING DIRECTORS,
GENERAL MANDATES TO ISSUE SHARES AND
TO REPURCHASE SHARES,
REFRESHMENT OF THE SCHEME MANDATE LIMIT
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of the Company (the “**Annual General Meeting**”) to be held at B27, Basement, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong on Friday, 15th August, 2014 at 10:30 a.m. is set out on pages 18 to 22 of this circular.

Whether or not you are able to attend the Annual General Meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the Annual General Meeting 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 in person at the Annual General Meeting or any adjournment thereof should you so wish.

* *For identification purpose only*

Hong Kong, 16th July, 2014

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DEFINITIONS

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

“2012 Share Option Scheme”	the share option scheme of the Company adopted at the annual general meeting of the Company held on 17th August, 2012
“Annual General Meeting”	the annual general meeting of the Company to be held at B27, Basement, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong on Friday, 15th August, 2014 at 10:30 a.m., the notice of which is set out on pages 18 to 22 of this circular, or any adjournment thereof
“Board”	the board of the Directors
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities
“Bye-laws”	the bye-laws of the Company as amended from time to time
“CG Code”	the corporate governance code as set out in Appendix 14 to the Listing Rules
“close associate(s)”	shall have the meaning ascribed thereto in the Listing Rules
“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)
“Concert Party Group”	Selective Choice, Ms. Ng and parties acting in concert with them (including ITC Corporation, Dr. Chan, PYI, Ms. Chau, Mr. Chan Fut Yan and Mr. Alan Chan)
“Controlling Shareholder”	the controlling shareholder (as defined in the Listing Rules) of the Company
“Convertible Notes”	the 3.25% convertible notes due 2013 issued by the Company in year 2011 with an aggregate principal amount of HK\$151,250,000 and were fully converted into Shares in year 2013
“core connected person(s)”	shall have the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Dr. Chan”	Dr. Chan Kwok Keung, Charles, the chairman, an executive director and the controlling shareholder of ITC Corporation and a non-executive director of PYI. He is also the spouse of Ms. Ng and the father of Mr. Alan Chan
“Eligible Person(s)”	(i) any employee or proposed employees (whether full time or part time) or executives, including executive director, of any member of the Group, the Controlling Shareholder, any Invested Entity and/or their respective subsidiaries; or (ii) any non-executive director (including independent non-executive directors) of any member of the Group, the Controlling Shareholder or any Invested Entity; or (iii) any consultant, adviser or agent (legal, financial or professional) engaged by any member of the Group or any Invested Entity, who, under terms of relevant engagement with the Group or the relevant Invested Entity, is eligible to participate in a share option scheme of the Company; or (iv) any vendor, supplier of goods or services or customer of or to any member of the Group or any Invested Entity, who, under the terms of relevant agreement with the Group or the relevant Invested Entity, is eligible to participate in a share option scheme of the Company
“General Mandates”	the Issue Mandate and the Repurchase Mandate
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Invested Entity”	any entity in which any member of the Group holds any direct or indirect equity interests, and/or any subsidiaries of such entity
“Issue Mandate”	the proposed general mandate to be granted to the Directors at the Annual General Meeting to exercise all powers of the Company to allot, issue and deal with additional Shares not exceeding 20% of the issued Share Capital as at the date of approval of such mandate
“ITC Corporation”	ITC Corporation 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: 372)

DEFINITIONS

“Latest Practicable Date”	Friday, 11th July, 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Mr. Alan Chan”	Mr. Chan Yiu Lun, Alan, an executive director of ITC Corporation, the Company and PYI, an alternate director to Dr. Chan in PYI, and the son of Dr. Chan and Ms. Ng
“Ms. Chau”	Ms. Chau Mei Wah, Rosanna, the deputy chairman, the managing director and an executive director of ITC Corporation
“Ms. Ng”	Ms. Ng Yuen Lan, Macy, the spouse of Dr. Chan, and the mother of Mr. Alan Chan
“Option(s)”	the share option(s) granted or to be granted under the 2012 Share Option Scheme, the Terminated Share Option Scheme and any other share option scheme(s) of the Company (if any)
“PYI”	PYI Corporation 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: 498), which is an associated company of ITC Corporation
“Repurchase Mandate”	the proposed general mandate to be granted to the Directors at the Annual General Meeting to exercise all the powers of the Company to repurchase Shares up to a maximum of 10% of the issued Share Capital as at the date of approval of such mandate
“Scheme Mandate Limit”	the maximum aggregate number of Shares which may be issued upon the exercise of all the Options to be granted under the 2012 Share Option Scheme and any other share option scheme(s) of the Company as may from time to time adopted by the Company, as permitted under the Listing Rules
“Selective Choice”	Selective Choice Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of ITC Corporation

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the Share Capital
“Share Capital”	the aggregate nominal amount of the share capital of the Company
“Shareholder(s)” or “Member(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	shall have the same meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Terminated Share Option Scheme”	the share option scheme of the Company adopted on 26th August, 2002 and terminated by the Shareholders at the annual general meeting of the Company held on 17th August, 2012
“%”	per cent.

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. Chan Yiu Lun, Alan

Registered office:

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Independent Non-executive Directors:

Hon. Shek Lai Him, Abraham, *GBS, JP* (*Vice Chairman*)
Mr. Wong Chi Keung, Alvin
Mr. Kwok Ka Lap, Alva

*Principal place of business
in Hong Kong:*

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

16th July, 2014

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

Dear Sir or Madam,

**RE-ELECTION OF RETIRING DIRECTORS,
GENERAL MANDATES TO ISSUE SHARES AND
TO REPURCHASE SHARES,
REFRESHMENT OF THE SCHEME MANDATE LIMIT
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with information in respect of the resolutions to be proposed at the Annual General Meeting for: (a) the re-election of the retiring Directors; (b) the granting of the General Mandates to the Directors; (c) the extension of the Issue Mandate by adding to it the aggregate number of the issued Shares repurchased by the Company under the Repurchase Mandate; (d) the refreshment of the Scheme Mandate Limit and (e) the giving of notice of the Annual General Meeting.

* *For identification purpose only*

LETTER FROM THE BOARD

2. RE-ELECTION OF RETIRING DIRECTORS

Pursuant to bye-law 87(1) of the Bye-laws and the CG Code, Mr. Chan Fut Yan, an executive Director and the managing director, Mr. Wong Chi Keung, Alvin (“**Mr. Wong**”) and Mr. Kwok Ka Lap, Alva (“**Mr. Kwok**”), both independent non-executive Directors, shall retire from office at the Annual General Meeting by rotation. All retiring Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

Pursuant to the code provision A.4.3 of the CG Code, the fact that Mr. Wong and Mr. Kwok, both independent non-executive Directors (being appointed on 20th May, 2003 and 29th October, 2001 respectively), have been serving on the Board for more than nine years could be relevant to the determination of their independence. As such, their further appointments should each be subject to a separate resolution to be approved by the Shareholders at the Annual General Meeting. In assessing the independence of a non-executive Director, the Board has taken into account the factors as set out in Rule 3.13 of the Listing Rules, and the Board has received from each of Mr. Wong and Mr. Kwok a written confirmation stating that he has met the requirement of independence as set out in Rule 3.13 of the Listing Rules. The Directors (other than Mr. Wong and Mr. Kwok) consider that in addition to their confirmation of independence, the valuable knowledge and experience of both Mr. Wong and Mr. Kwok in the Group’s business will continually benefit the Company and the Shareholders as a whole.

Brief biographical and other details of the retiring Directors offering themselves for re-election at the Annual General Meeting, which are required to be disclosed under the Listing Rules, are set out in appendix I to this circular.

3. GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES

At the annual general meeting of the Company held on 15th August, 2013, general mandates were granted to the Directors authorising them, *inter alia*, to (a) exercise the powers of the Company to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the issued Share Capital as at 15th August, 2013; (b) repurchase Shares not exceeding 10% of the aggregate nominal amount of the issued Share Capital as at 15th August, 2013; and (c) extend the general mandate to issue Shares by the number of Shares repurchased under the repurchase mandate mentioned in (b) above. Such general mandates will expire at the conclusion of the Annual General Meeting.

Accordingly, ordinary resolutions will be proposed at the Annual General Meeting to grant to the Directors new general mandates authorising them to (a) exercise all the powers of the Company to allot, issue and deal with Shares not exceeding 20% of the issued Share Capital as at the date of the passing of such resolution; (b) repurchase Shares not exceeding 10% of the issued Share Capital as at the date of the passing of such resolution; and (c) subject to the passing of the ordinary resolutions to approve the General Mandates at the Annual General Meeting, extend the Issue Mandate by the addition of an amount representing the aggregate nominal amount of Shares repurchased under the Repurchase Mandate.

As at the Latest Practicable Date, there were 688,632,758 Shares in issue. Subject to the passing of the ordinary resolutions to approve the General Mandates at the Annual General Meeting and on the basis that no further Shares are issued or repurchased between the Latest

LETTER FROM THE BOARD

Practicable Date and the date of the Annual General Meeting, the Company would be allowed to issue up to a maximum of 137,726,551 Shares under the Issue Mandate and to repurchase up to a maximum of 68,863,275 Shares under the Repurchase Mandate.

The Directors believe that it is in the interests of the Company and the Shareholders as a whole if the General Mandates are granted at the Annual General Meeting. The Issue Mandate will provide the Directors with flexibility to issue new Shares especially in the context of a fund raising exercise or a transaction involving an acquisition by the Company where Shares are to be issued as consideration and which has to be completed speedily.

The Directors have no present intention to exercise the Issue Mandate to allot, issue and deal with Shares and to exercise the Repurchase Mandate to repurchase Shares. Repurchase of Shares will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders as a whole. Considering the rapid changes in the market conditions, the Repurchase Mandate can provide more flexibility to the Directors to enhance the net asset value of the Company and/or its earnings per Share.

The General Mandates, if approved by the Shareholders at the Annual General Meeting, will continue until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws of Bermuda to be held; and
- (c) the revocation or variation of such authority by the Shareholders in general meeting of the Company.

An explanatory statement providing all the information required under the Listing Rules regarding the Repurchase Mandate is set out in appendix II to this circular.

4. REFRESHMENT OF THE SCHEME MANDATE LIMIT

The 2012 Share Option Scheme was approved and adopted by the Shareholders at the annual general meeting of the Company held on 17th August, 2012 (the “**Adoption Date**”). Pursuant to the terms of the 2012 Share Option Scheme and the Listing Rules, the Scheme Mandate Limit shall not in aggregate exceed 10% of the aggregate of the issued Shares as at the Adoption Date and may be refreshed by an ordinary resolution of the Shareholders in general meeting from time to time provided that:

- (i) the Scheme Mandate Limit so refreshed shall not exceed 10% of the total number of issued Shares as at the date of such Shareholders’ approval of the refreshment of the Scheme Mandate Limit;

LETTER FROM THE BOARD

- (ii) Options previously granted under the 2012 Share Option Scheme or any other share option scheme(s) (including Options outstanding, cancelled, or lapsed in accordance with the relevant scheme rules or exercised Options) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed; and
- (iii) the aggregate number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the 2012 Share Option Scheme and any other share option scheme(s) of the Company must not exceed 30% of the total number of Shares in issue from time to time (the “**30% Overall Limit**”).

As at the Adoption Date, the Scheme Mandate Limit under 2012 Share Option Scheme was 38,513,089 Shares, being 10% of the total number of issued Shares as at the Adoption Date. At the annual general meeting of the Company held on 15th August, 2013, the Scheme Mandate Limit was refreshed to allow the Company to grant Options entitling the holders thereof to subscribe for Shares not exceeding 10% of the issued Share Capital as at the date of approval of the refreshment, which amounted to 59,449,068 Shares (the “**Last Refreshment**”).

No Options had been granted between the Adoption Date and 16th October 2013, after which and up to the Latest Practicable Date, the Company has granted an aggregate of 20,800,000 Options under 2012 Share Option Scheme pursuant to the Scheme Mandate Limit as refreshed on 15th August, 2013 and a total of 1,210,000 Options have lapsed (including 40,000 Options not having been accepted by a grantee and 1,170,000 Options having lapsed upon resignation of certain employees and cessation of relationship of a consultant with the Group). Save as mentioned above, no other Options have lapsed and no Options have been exercised or cancelled under the 2012 Share Option Scheme. Accordingly, as at the Latest Practicable Date, there were a total of 19,590,000 Options remained outstanding and unexercised, representing approximately 2.84% of the issued Share Capital as at the Latest Practicable Date. As at the Latest Practicable Date, there was no outstanding Option under the Terminated Share Option Scheme which was terminated on 17th August 2012.

Since the date of the Last Refreshment and up to the Latest Practicable Date, due to the issue of additional 74,709,426 Shares upon conversion of the Convertible Notes, the issue of additional 13,880,000 Shares upon exercise of the Options granted under the Terminated Share Option Scheme and the issue of additional 5,552,646 Shares by way of scrip dividend declared for the year ended 31st March, 2013, the number of the issued Shares was significantly increased from 594,490,686 Shares as at the date of the Last Refreshment to 688,632,758 Shares as at the Latest Practicable Date. The Directors consider the refreshment of the Scheme Mandate Limit will enable the Company to grant further Options to the Eligible Persons as incentives or rewards for their contribution to the Group.

Therefore, it is proposed that the Scheme Mandate Limit be further refreshed to a number representing 10% of the total number of the issued Shares as at the date of approval of the refreshment of the Scheme Mandate Limit. Based on the 688,632,758 Shares in issue as at the Latest Practicable Date and assuming that, prior to the date of the Annual General Meeting, no Shares are issued or repurchased by the Company, the Scheme Mandate Limit will be refreshed to 68,863,275 Shares upon the passing of the ordinary resolution approving the said

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refreshment and accordingly, the Company will be allowed to grant Options entitling holders thereof to subscribe for a maximum of 68,863,275 Shares, representing 10% of the issued Share Capital as at the Latest Practicable Date.

To the extent that there are any unutilised Options under the Scheme Mandate Limit as refreshed by the Shareholders on 15th August, 2013, all such unutilised Options will be considered as lapsed upon the approval of the refreshment of the Scheme Mandate Limit at the Annual General Meeting and the Company will not be allowed to grant any further Options pursuant thereto. No Options may be granted if it would result in the number of Shares which may be issued upon exercise of all outstanding Options under all the share option scheme(s) of the Company exceed 30% Overall Limit from time to time.

As required by the 2012 Share Option Scheme and the Listing Rules, an ordinary resolution will be proposed at the Annual General Meeting to approve the refreshment of the Scheme Mandate Limit such that the total number of Shares which may be issued upon exercise of all Options to be granted under the 2012 Share Option Scheme or any other share option scheme(s) of the Company is equivalent to 10% of the total number of Shares in issue as at the date of approval of the refreshment of the Scheme Mandate Limit by the Shareholders.

The refreshment of the Scheme Mandate Limit is conditional upon:

- (a) the passing of an ordinary resolution to approve the refreshment of the Scheme Mandate Limit by the Shareholders at the Annual General Meeting; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of Options granted under the Scheme Mandate Limit as refreshed.

Application will be made to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of Options granted under the Scheme Mandate Limit as refreshed.

5. ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting is set out on pages 18 to 22 of this circular at which resolutions will be proposed to approve, *inter alia*, the re-election of the retiring Directors, the granting of the General Mandates, the extension of the Issue Mandate by an amount representing the aggregate nominal amount of Shares repurchased under the Repurchase Mandate and the refreshment of the Scheme Mandate Limit.

A form of proxy for use by the Shareholders at the Annual General Meeting is enclosed. Whether or not you are able to attend the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the

LETTER FROM THE BOARD

Annual General Meeting 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 in person at the Annual General Meeting or any adjournment thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules and the Bye-laws, any vote of the shareholders at a general meeting must be taken by poll except for purely procedural or administrative matters. The chairman of the Annual General Meeting will therefore put all resolutions to be proposed at the Annual General Meeting to be voted by way of poll. An announcement on the results of the votes by poll will be made by the Company after the Annual General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules. To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, no Shareholders are required to abstain from voting on any resolutions to be approved at the Annual General Meeting pursuant to the Listing Rules and/or the Bye-laws.

6. 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.

7. RECOMMENDATION

The Directors consider that the proposed re-election of the retiring Directors, the granting of the General Mandates, the extension of the Issue Mandate by an amount representing the aggregate nominal amount of Shares repurchased under the Repurchase Mandate and the refreshment of the Scheme Mandate Limit are all in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all resolutions to be proposed at the Annual General Meeting.

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

The biographical and other details of retiring Directors standing for re-election at the Annual General Meeting are set out below:

EXECUTIVE DIRECTOR

Mr. Chan Fut Yan (“**Mr. Chan**”), aged 60, joined the Company as the Managing Director and an executive Director in April 2005 and is also a director of various subsidiaries of the Company. He is also a member of the Remuneration Committee of the Company. Mr. Chan has over 41 years of experience in the local construction field specialising in planning of construction business. He is an executive director of ITC Corporation, a listed company in Hong Kong. Mr. Chan had previously been an executive director of Louis XIII Holdings Limited (00577.HK), a listed company in Hong Kong, from May 2010 to February 2013. Save as disclosed herein, he did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas during the three years preceding the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Chan was interested in 1,600,000 Shares, representing approximately 0.23% of the existing issued Share Capital, and held Options entitling him to subscribe for 2,100,000 Shares, representing approximately 0.30% of the existing issued Share Capital. Save as aforesaid, he does not have any interests or short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO). Mr. Chan is an executive director of ITC Corporation, a substantial shareholder of the Company (within the meaning of Part XV of the SFO). Save as disclosed herein, Mr. Chan did not have any relationship with any Directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company as at the Latest Practicable Date.

There is no proposed length of Mr. Chan’s service, but he is subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the Bye-laws. Mr. Chan is entitled to an annual remuneration of HK\$3,240,000 (excluding bonus which is payable or other benefits which may be granted at the discretion of the Company) and an annual director’s fee of HK\$10,000 which annual remuneration and director’s fee are determined by the Remuneration Committee of the Company from time to time with regard to the prevailing market conditions, his relevant duties and responsibilities and time spent on the affairs of the Group.

Save as disclosed above, in connection with the re-election of Mr. Chan as an executive Director, there are no other matters that need to be brought to the attention of the Shareholders and there is no information to be disclosed pursuant to any of the requirements of Rules 13.51(2)(h) to (v) of the Listing Rules.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Chi Keung, Alvin (“**Mr. Wong**”), aged 51, joined the Company as an independent non-executive Director in May 2003. He is also the chairman of both the Audit Committee and the Remuneration Committee and a member of the Nomination Committee of the Company. Mr. Wong is a fellow member of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants and an associate member of The Chartered Institute of Management Accountants. He has over 26 years of experience in accounting and corporate finance gained in property development, construction and manufacturing companies. Save as disclosed herein, he did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas during the three years preceding the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Wong was interested in 370,000 Shares, representing approximately 0.05% of the existing issued Share Capital, and held Options entitling him to subscribe for 260,000 Shares, representing approximately 0.04% of the existing issued Share Capital. Save as aforesaid, he does not have any interests or short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO). Save as being an independent non-executive Director, Mr. Wong did not have any relationship with any Directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company as at the Latest Practicable Date.

Mr. Wong’s latest term of office runs for the period from 17th August, 2012, being the date of his last re-election, until the conclusion of the annual general meeting of the Company to be held in year 2015, but he is subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the Bye-laws. Mr. Wong is entitled to an annual director’s fee of HK\$144,000 effective from 1st July, 2014 which annual director’s fee is determined by the Board from time to time with regard to the prevailing market conditions, his relevant duties and responsibilities and time spent on the affairs of the Group.

Save as disclosed above, in connection with the re-election of Mr. Wong as an independent non-executive Director, there are no other matters that need to be brought to the attention of the Shareholders and there is no information to be disclosed pursuant to any of the requirements of Rules 13.51(2)(h) to (v) of the Listing Rules.

Mr. Kwok Ka Lap, Alva (“**Mr. Kwok**”), aged 66, joined the Company as an independent non-executive Director in October 2001. He is also a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee of the Company. Mr. Kwok has been a marketing manager in an international company engaging in the design of business administration system. He has over 31 years of experience in the insurance and investment business, principally in the senior managerial position leading a sizable sales team. Mr. Kwok is an independent non-executive director of Hanny Holdings Limited (00275.HK) and Rosedale Hotel Holdings Limited (01189.HK), both of which are listed companies in Hong Kong. Save as disclosed herein, he did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas during the three years preceding the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Kwok was interested in 310,000 Shares, representing approximately 0.05% of the existing issued Share Capital, and held Options entitling him to subscribe for 260,000 Shares, representing approximately 0.04% of the existing issued Share Capital. Save as aforesaid, he does not have any interests or short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO). Save as being an independent non-executive Director, Mr. Kwok did not have any relationship with any Directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company as at the Latest Practicable Date.

Mr. Kwok’s latest term of office runs for the period from 17th August, 2012, being the date of his last re-election, until the conclusion of the annual general meeting of the Company to be held in year 2015, but he is subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the Bye-laws. Mr. Kwok is entitled to an annual director’s fee of HK\$144,000 effective from 1st July, 2014 which annual director’s fee is determined by the Board from time to time with regard to the prevailing market conditions, his relevant duties and responsibilities and time spent on the affairs of the Group.

Save as disclosed above, in connection with the re-election of Mr. Kwok as an independent non-executive Director, there are no other matters that need to be brought to the attention of the Shareholders and there is no information to be disclosed pursuant to any of the requirements of Rules 13.51(2)(h) to (v) of the Listing Rules.

This appendix serves as the explanatory statement, as required by the Listing Rules, given to the Shareholders relating to a resolution authorising the Company to repurchase its own Shares which is proposed to be passed by the Shareholders by means of an ordinary resolution at the Annual General Meeting.

This explanatory statement contains a summary of the information required pursuant to Rule 10.06 of the Listing Rules which is set out as follows:

1. Share Capital

As at the Latest Practicable Date, the authorised share capital of the Company was 40,000,000,000 Shares, of which a total of 688,632,758 Shares were allotted, issued and fully paid.

Subject to the passing of the ordinary resolution to approve the Repurchase Mandate at the Annual General Meeting and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the Annual General Meeting, the Company would be allowed to repurchase up to a maximum of 68,863,275 Shares, representing 10% of the issued Shares as at the date of the passing of such resolution, under the Repurchase Mandate.

2. Reasons for repurchases

The Directors believe that it is in the interests of the Company and the Shareholders as a whole for the Directors to have a general authority from the Shareholders to repurchase Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or the earnings per Share and will benefit the Company and the Shareholders as a whole.

3. Funding of repurchases

The repurchase of Shares shall be made out of funds legally available for such purpose in accordance with the memorandum of association of the Company, the Bye-laws, the Listing Rules and the applicable laws of Bermuda. Under Bermuda law, repurchases may only be effected out of the capital paid up on the repurchased Shares or out of funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purpose. Any premium payable on a repurchase over the par value of the Shares to be repurchased must be provided for out of funds of the Company otherwise available for dividend or distribution or out of the Company's share premium account before the Shares are repurchased. It is envisaged that the funds required for any repurchase of Shares pursuant to the exercise of the Repurchase Mandate would be derived from such sources.

As compared to the financial position of the Company as at 31st March, 2014 (being the date of the Company's latest published audited accounts), the Directors consider that the repurchases of securities will have no material adverse impact on the working capital and the gearing position of the Company in the event that the Repurchase Mandate were

to be exercised in full during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. Directors, close associates and core connected persons

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates has any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company.

No core connected person of the Company has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

5. Undertaking of the Directors

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise all the powers of the Company to make repurchase of Shares pursuant to the Repurchase Mandate in accordance with the Listing Rules, the Bye-laws and the applicable laws of Bermuda.

6. Share repurchase made by the Company

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

7. Effects of the Takeovers Code

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of the Directors exercising the powers of the Company to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition of voting rights for the purpose of Rule 32 of the Takeovers Code.

As at the Latest Practicable Date, so far as the Company was aware, the shareholding structure of the Company as at the Latest Practicable Date and in the event that the Repurchase Mandate is exercised in full is as follows:

	As at the Latest Practicable Date		Assuming the Repurchase Mandate is exercised in full	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Selective Choice	211,052,123	30.65	211,052,123	34.05
PYI	6,177,000	0.90	6,177,000	1.00
Dr. Chan	6,066,400	0.88	6,066,400	0.98
Ms. Ng	141,294,005	20.52	141,294,005	22.80
Ms. Chau	9,933,111	1.44	9,933,111	1.60
Mr. Chan Fut Yan	1,600,000	0.23	1,600,000	0.26
Mr. Alan Chan	<u>1,500,000</u>	<u>0.22</u>	<u>1,500,000</u>	<u>0.24</u>
<i>Concert Party Group</i>	377,622,639	54.84	377,622,639	60.93
Directors (excluding Mr. Chan Fut Yan and Mr. Alan Chan)	41,815,345	6.07	41,815,345	6.75
Other Shareholders	<u>269,194,774</u>	<u>39.09</u>	<u>200,331,499</u>	<u>32.32</u>
Total	<u><u>688,632,758</u></u>	<u><u>100.00</u></u>	<u><u>619,769,483</u></u>	<u><u>100.00</u></u>

Accordingly, in the event that the Repurchase Mandate is exercised in full, the aggregate shareholdings of the Concert Party Group would increase from approximately 54.84% to approximately 60.93% of the then issued Share Capital. Since the Concert Party Group in aggregate held more than 50% of the issued Share Capital as at the Latest Practicable Date, such increase may not give rise to a mandatory offer obligation under Rule 26 of the Takeovers Code. However, there may be circumstances where there are changes in the make-up of the Concert Party Group and the holdings in each party in the Concert Party Group may change from time to time. This being the case, any party in the Concert Party Group holding less than 50% of the voting rights of the Company may incur an obligation to make a mandatory general offer under Rule 26 of the Takeovers Code upon further increase in the percentage of voting rights of the Company being held by any of them. The Company has no present intention to exercise the Repurchase Mandate to such an extent that an obligation to make a general offer under the Takeovers

Code will be triggered. Save as aforesaid and as at the Latest Practicable Date, the Directors were not aware of any consequence which would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code as a result of any repurchase of Shares to be made under the Repurchase Mandate.

The Directors are also aware that the Listing Rules prohibit a company from making repurchase of shares on the Stock Exchange if as a result of such repurchase, less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the issued share capital of such company would be in the hands of the public. The Directors have no present intention to exercise the Repurchase Mandate to such an extent that would result in the Company failing to comply with the public float requirements under Rule 8.08 of the Listing Rules.

8. Share prices

The highest and the lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows:

	Share prices	
	Highest HK\$	Lowest HK\$
2013		
July	3.27	3.08
August	3.25	2.97
September	3.02	2.90
October	3.00	2.91
November	3.00	2.85
December	3.05	2.91
2014		
January	3.11	2.92
February	3.48	3.00
March	3.53	3.30
April	3.55	3.34
May	3.48	3.22
June	4.25	3.38
July (<i>up to and including the Latest Practicable Date</i>)	4.33	4.19

NOTICE OF ANNUAL GENERAL MEETING



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 annual general meeting (the “**Meeting**”) of ITC Properties Group Limited (the “**Company**”) will be held at B27, Basement, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong on Friday, 15th August, 2014 at 10:30 a.m. for the following purposes:

ORDINARY RESOLUTIONS

1. To receive and consider the audited financial statements of the Company for the year ended 31st March, 2014 together with the report of the directors and of the auditor thereon.
2. To declare the final dividend and the special dividend of the Company for the year ended 31st March, 2014.
3. (A) To re-elect the following retiring directors of the Company:
 - (i) Mr. Chan Fut Yan as executive director of the Company;
 - (ii) Mr. Wong Chi Keung, Alvin as independent non-executive director of the Company;
 - (iii) Mr. Kwok Ka Lap, Alva as independent non-executive director of the Company;(B) To authorise the board of the directors of the Company (the “**Board**”) to fix the remuneration of the directors of the Company (the “**Directors**”) for the ensuing year.
4. To re-appoint Deloitte Touche Tohmatsu as auditor of the Company and to authorise the Board to fix its remuneration.

As special business, to consider and, if thought fit, to pass, with or without amendments, the following resolutions as ordinary resolutions of the Company:

5. “**THAT**
 - (i) subject to paragraph (iii) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.01 each in the share capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

would or might require the exercise of such powers, subject to and in accordance with all applicable laws and the bye-laws of the Company, be and is hereby generally and unconditionally approved;

- (ii) the approval in paragraph (i) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- (iii) the aggregate nominal amount of the share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraphs (i) and (ii) of this resolution, otherwise than pursuant to (a) a Rights Issue (as hereinafter defined); or (b) an issue of shares of the Company under any share option scheme of the Company or similar arrangements for the time being adopted by the Company for the grant or issue of shares or rights to acquire shares of the Company; or (c) an issue of shares of the Company upon the exercise of rights of subscription or conversion under the terms of any securities which are convertible into shares of the Company; or (d) an issue of shares of the Company by way of any scrip dividend or similar arrangements pursuant to the bye-laws of the Company from time to time, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (iv) for the purpose of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; or
- (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of shares open for a period fixed by the Directors to holders of shares whose names stand on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements

NOTICE OF ANNUAL GENERAL MEETING

or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory applicable to the Company).”

6. “THAT

- (i) subject to paragraph (iii) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) or any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) of this resolution shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to repurchase its shares at a price determined by the Directors;
- (iii) the aggregate nominal amount of the share capital of the Company which the Directors are authorised to repurchase pursuant to the approval in paragraphs (i) and (ii) of this resolution shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (iv) for the purpose of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; or
- (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

7. “**THAT** conditional upon the resolutions numbered 5 and 6 as set out in the notice convening this meeting being passed, the aggregate nominal amount of the issued shares in the capital of the Company which are repurchased by the Company under the authority granted to the Directors pursuant to and in accordance with the resolution numbered 6 above shall be added to the aggregate nominal amount of the share capital that may be allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with by the Directors pursuant to and in accordance with the resolution numbered 5 as set out in the notice convening this meeting.”
8. “**THAT** subject to and conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the shares of the Company, representing 10 per cent. of the shares of the Company in issue as at the date of the passing of this resolution, which may be issued pursuant to the exercise of options granted under the Company’s share option scheme adopted on 17th August, 2012 (the “**Scheme**”) and any other scheme(s) of the Company, approval be and is hereby granted for the refreshment of the scheme mandate limit under the Scheme and any other scheme(s) of the Company provided that the total number of shares of the Company which may be allotted and issued pursuant to the exercise of the options granted under the Scheme and any other scheme(s) of the Company (excluding options previously granted, outstanding, cancelled, lapsed or exercised under the Scheme and any other scheme(s) of the Company) shall not exceed 10 per cent. of the shares of the Company in issue as at the date of the passing of this resolution (the “**Refreshed Mandate Limit**”) and **THAT** the Directors be and are hereby authorised, from time to time, to (i) grant options under the Scheme and any other scheme(s) of the Company up to the Refreshed Mandate Limit in accordance with the Scheme and the Listing Rules; (ii) exercise all powers of the Company to allot, issue and deal with the shares of the Company pursuant to the exercise of such options granted under the Scheme and any other scheme(s) of the Company within the Refreshed Mandate Limit; and (iii) do such acts and execute such documents for or incidental to such purpose.”

By order of the Board
ITC Properties Group Limited
Chan Siu Mei
Company Secretary

Hong Kong, 16th July, 2014

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

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Any shareholder of the Company entitled to attend and vote at the meeting 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 of the Company (the “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 branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, as soon as possible and in any event 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 any adjournment thereof 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, any one of such joint holders may vote, either in person or by proxy, in respect of the 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.
6. The register of the members of the Company will be closed from Tuesday, 26th August, 2014 to Thursday, 28th August, 2014, both dates inclusive, during which period no transfer of the Shares will be effected. In order to be entitled for the proposed final dividend and special dividend, all transfers of the Shares accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration by no later than 4:30 p.m. on Monday, 25th August, 2014.

As at the date of this notice, 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

Independent Non-executive Directors:

Hon. Shek Lai Him, Abraham, *GBS, JP* (*Vice Chairman*)
Mr. Wong Chi Keung, Alvin
Mr. Kwok Ka Lap, Alva