

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

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

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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)

Executive Directors:

Mr. Cheung Hon Kit (*Chairman*)
Mr. Chan Fut Yan (*Managing Director*)
Mr. Cheung Chi Kit
Mr. Chan Yiu Lun, Alan
Mr. Wong Lai Shun, Benny

Independent Non-executive Directors:

Hon. Shek Lai Him, Abraham, *GBS, JP (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

19th December, 2014

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

Dear Sir or Madam,

**SCRIP DIVIDEND SCHEME
IN RELATION TO THE INTERIM DIVIDEND AND THE SPECIAL DIVIDEND
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2014**

On 27th November, 2014, the board of directors (the “**Board**”) of ITC Properties Group Limited (the “**Company**”) declared the payment of an interim dividend of HK\$0.07 per ordinary share of HK\$0.01 each in the issued share capital of the Company (the “**Share**”) (the “**Interim Dividend**”) and a special dividend of HK\$0.15 per Share (the “**Special Dividend**”, together with the Interim Dividend, the “**Dividend**”) for the six months ended 30th September, 2014 with an option to elect payment of the Dividend wholly or partly by allotment of new Shares credited as fully paid up (the “**Scrip Shares**”) in lieu of cash, payable on

* *For identification purpose only*

Tuesday, 20th January, 2015 to the holders of Shares (the “**Shareholders**”) whose names were recorded on the register of Shareholders as at the close of business on Wednesday, 17th December, 2014 (the “**Scrip Dividend Scheme**”). The register of Shareholders was closed from Tuesday, 16th December, 2014 to Wednesday, 17th December, 2014, during which period no transfer of Shares was effected.

The purpose of this circular is to set out the procedures which apply in relation to the Scrip Dividend Scheme and the action which should be taken by the Shareholders in relation thereto.

PARTICULARS OF THE SCRIP DIVIDEND SCHEME

Under the Scrip Dividend Scheme, each Shareholder whose name appeared on the register of Shareholders as at the close of business on Wednesday, 17th December, 2014 (the “**Record Date**”) shall have the following choice of receiving the Dividend (comprising Interim Dividend and Special Dividend) of HK\$0.22:

- (a) in cash per Share; or
- (b) by an allotment of Scrip Shares in lieu of cash at an issue price of HK\$3.6892 per Scrip Share (as determined below), save for adjustment for fractions; or
- (c) by a combination of partly cash and partly Scrip Shares.

As stated in the announcement of the Company dated 27th November, 2014, for the purpose of calculating the number of Scrip Shares to be allotted under (b) and (c) above, the market value of each Scrip Share is determined by reference to the average of the closing price of the Shares traded on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the three consecutive trading days up to and including the Record Date (the “**Average Closing Price**”) less a discount of five per cent. of such Average Closing Price or the par value of HK\$0.01 per Share, whichever is the higher. The market value of each Scrip Share has been fixed at HK\$3.6892.

Accordingly, the number of Scrip Shares which each Shareholder will receive under the Scrip Dividend Scheme will be calculated by the following formula:

$$\begin{array}{l} \text{Number of Scrip} \\ \text{Shares to be received} \end{array} = \begin{array}{l} \text{Number of Shares} \\ \text{held on Record Date} \\ \text{for which the Dividend} \\ \text{is to be satisfied by the} \\ \text{allotment of Scrip Shares} \end{array} \times \frac{\begin{array}{l} \text{HK\$0.22} \\ \text{(Dividend per Share)} \end{array}}{\begin{array}{l} \text{HK\$3.8833} \\ \text{(Average Closing Price)} \end{array} \times \frac{95}{100}}$$

Based on 767,216,500 Shares in issue as at the Record Date, if all Shareholders elect to receive the Dividend in Scrip Shares, not more than 45,751,824 Scrip Shares (representing approximately 5.96% of the existing issued Shares and 5.63% of the issued Shares as enlarged by the issue of the Scrip Shares) will be issued under the Scrip Dividend Scheme. If no Shareholder elects to receive the Dividend in Scrip Shares, the total cash payable by the Company in respect of the Dividend would be approximately HK\$168.8 million.

The number of Scrip Shares to be issued to each Shareholder will be rounded down to the nearest whole number. Fractional entitlements to Scrip Shares will not be allotted and the benefit thereof will accrue to the Company.

The Scrip Shares when issue will rank pari passu in all respects with the existing Shares as at the date of issue of the Scrip Shares save that such Scrip Shares will not be entitled to the Dividend. The Scrip Shares will rank in full for all future dividends and distribution which may be declared, made or paid after the date of issue thereof.

Dividend in cash will be paid in Hong Kong dollars regardless of the place of residence of the Shareholders as at the Record Date.

SCRIP ELECTION FORM

A form of election (the “**Scrip Election Form**”) is enclosed with this circular. **Any Shareholder who wishes to receive only cash in respect of his/her/its Dividend does not need to take any action. Any Shareholder who wishes to receive Scrip Shares in lieu of cash in respect of his/her/its Dividend, either in whole or in part, must complete the Scrip Election Form 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, by no later than 4:30 p.m. on Friday, 9th January, 2015. No acknowledgement of receipt of the Scrip Election Form will be issued.**

The above-mentioned closing time for the return of the Scrip Election Form will be extended, as the case may be, in accordance with (a) or (b) below if there is a typhoon signal no. 8 or above, or a “black” rainstorm warning (either one of the warnings is referred to as the “**Warning**”):

- (a) in force in Hong Kong at any time before 12:00 noon and no longer in force after 12:00 noon on Friday, 9th January, 2015. In such a case, the closing time for the return of the Scrip Election Form will be extended to 5:00 p.m. on Friday, 9th January, 2015; or
- (b) in force in Hong Kong at any time between 12:00 noon and 4:30 p.m. on Friday, 9th January, 2015. In such a case, the closing time for the return of the Scrip Election Form will be extended to 4:30 p.m. on the next business day where no Warning is in force at any time between 9:00 a.m. and 4:30 p.m.

If you complete the Scrip Election Form but do not specify the number of Shares in respect of which you elect to receive the Dividend by way of allotment of Scrip Shares, or if you elect to receive Scrip Shares in respect of a greater number of Shares than your registered holding as at the Record Date, then in either case you will be deemed to have exercised your election to receive the Scrip Shares in lieu of cash dividend in respect of all the Shares of which you were then registered as the holder(s).

For the avoidance of doubt, the Scrip Shares are not offered to the public other than the Shareholders whose names appeared on the register of Shareholders as at the close of business on the Record Date and the Scrip Election Forms are non-transferable.

OVERSEAS SHAREHOLDERS

Based on the register of Shareholders as at the close of business on the Record Date, all Shareholders have registered addresses in Hong Kong save that there were two Shareholders (the “**Overseas Shareholders**”) with registered addresses in the British Virgin Islands, who together held an aggregate of 34,000 Shares. The aggregate amount of the Dividend to which these Overseas Shareholders are entitled under the Scrip Dividend Scheme is HK\$7,480.

Under the Scrip Dividend Scheme, the number of Scrip Shares to be issued to each Shareholder will be rounded down to the nearest whole number. Fractional entitlements to Scrip Shares will not be allotted and the benefit thereof will accrue to the Company. Assuming that these Overseas Shareholders elected to receive the Dividend wholly in Scrip Shares, they will be issued with no more than 2,027 Scrip Shares in total.

In compliance with Rule 13.36(2) of the Rules Governing the Listing of Securities on the Stock Exchange, the Company has made enquiries with its legal adviser on the laws of the British Virgin Islands in relation to the issue of Scrip Shares to the Overseas Shareholders. The directors of the Company were advised that no local regulatory compliance would be required to be made in the British Virgin Islands by the Company to issue the Scrip Shares to the Overseas Shareholders. Accordingly, the Overseas Shareholders will not be excluded from the Scrip Dividend Scheme and the Scrip Election Form will be sent to each of the Overseas Shareholders together with this circular.

None of this circular, the Scrip Election Form and the Scrip Shares will be registered or filed under the securities laws or equivalent legislation of any jurisdiction other than Hong Kong. The participation in the Scrip Dividend Scheme by the Overseas Shareholders may be restricted by the laws of their relevant jurisdiction. No Shareholder receiving a copy of this circular and/or the Scrip Election Form in any territory outside Hong Kong may treat the same as an offer of Scrip Shares or an invitation to elect for Scrip Shares unless in the relevant territory such invitation could lawfully be made to him/her/it without having to obtain any registration or complying with other legal requirements, governmental or regulatory procedures or any similar formalities. It is the responsibility of any Shareholder residing outside Hong Kong who wishes to receive Scrip Shares under the Scrip Dividend Scheme to comply with the laws of the relevant jurisdiction including obtaining any registration or approval or consent or complying with other legal requirements, governmental or regulatory procedures or any similar formalities. Shareholders who receive Scrip Shares in lieu of the cash dividend must also comply with any restrictions on the sale of the Scrip Shares which may apply outside Hong Kong. Shareholders with registered addresses outside Hong Kong should consult their own professional advisers as to whether or not they are permitted to receive the Dividend in the form of an issue of Scrip Shares or if any governmental or other consent is required or other formalities which need to be observed and whether there are any other restrictions in relation to the future sale of any Scrip Shares so acquired. The Overseas Shareholders residing in jurisdictions where it would be illegal for them to participate in the Scrip Dividend Scheme will be deemed to have received this circular and/or the Scrip Election Form for information only.

THE STOCK EXCHANGE LISTING AND DESPATCH OF DIVIDEND CHEQUES/ SHARE CERTIFICATES

The Scrip Dividend Scheme is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Scrip Shares. Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Scrip Shares. Subject to the approval being granted by the Listing Committee of the Stock Exchange, the Scrip Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in the Central Clearing and Settlement System. Share certificates in respect of the Scrip Shares and cheques in respect of the Dividend payable in cash are expected to be sent to the relevant Shareholders by ordinary post at their own risks on or around Tuesday, 20th January, 2015. You may deal in the Scrip Shares to be issued to you upon receipt of the relevant share certificates. In the event that the Scrip Shares are not admitted to listing before Tuesday, 20th January, 2015, the Scrip Election Form duly completed will be treated as void and the entire Dividend will then be paid in cash.

The Shares are only listed on the Stock Exchange. No equity or debt securities of the Company is listed or dealt in on any other stock exchange and no listing or permission to deal in on any other stock exchange is being or is proposed to be sought.

Dealings in the Scrip Shares are expected to commence on Wednesday, 21st January, 2015.

ADVANTAGES OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme will give the Shareholders the opportunity to increase their investments in the Company at a discount to market value as provided above, without incurring brokerage fees, stamp duty and related dealing costs. The Scrip Dividend Scheme will also be to the advantage of the Company because, to the extent that the Shareholders elect to receive Scrip Shares, in whole or in part, in respect of the Dividend, the cash which would otherwise have been paid to such Shareholders will be retained for use by the Company.

RECOMMENDATION

Whether or not it is to your advantage to elect to receive cash or the Scrip Shares, in whole or in part, in respect of your Dividend will depend upon your own individual circumstances and the decision in this regard, and all effects resulting therefrom, are the sole responsibility of each Shareholder. **IF YOU ARE IN ANY DOUBT AS TO WHAT TO DO, YOU SHOULD CONSULT YOUR LICENSED SECURITIES DEALER, BANK MANAGER, SOLICITOR, PROFESSIONAL ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS.**

EXPECTED TIMETABLE

Latest time for return of the Scrip Election Form..... 4:30 p.m. on
Friday, 9th January, 2015

Despatch of the cheques for the Dividend payable
in cash and the share certificates for
the Scrip Shares to the Shareholders..... Tuesday, 20th January, 2015

Commencement of dealings in the Scrip Shares
(subject to the granting of listing of the Scrip Shares
by the Stock Exchange)..... Wednesday, 21st January, 2015

Yours faithfully,
On behalf of the Board of
ITC Properties Group Limited
Cheung Hon Kit
Chairman