

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.*



德祥地產集團有限公司\*

**ITC PROPERTIES GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code : 199)**

**(Warrant Code : 490)**

**PROPOSED CAPITAL REORGANISATION  
AND  
PROPOSED CHANGE IN BOARD LOT SIZE**

**PROPOSED CAPITAL REORGANISATION**

The Company proposes to put forward for approval by the Shareholders the Capital Reorganisation which involves the following:

- (a) every twenty-five (25) issued Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.25;
- (b) the total number of Consolidated Shares in the issued share capital of the Company following the Share Consolidation will be rounded down to a whole number by cancelling the fractional Consolidated Share arising from the Share Consolidation;
- (c) the paid-up capital of each Consolidated Share will be reduced from HK\$0.25 to HK\$0.01 by cancelling HK\$0.24 so as to form a Reorganised Share of HK\$0.01; and
- (d) the credit arising in the accounts of the Company from the Capital Reduction will be credited to the contributed surplus account of the Company and the Directors will be authorised to apply such amount in any manner permitted by the laws of Bermuda and the Bye-laws.

**PROPOSED CHANGE IN BOARD LOT SIZE**

The Board proposes that upon the Capital Reorganisation becoming effective, the board lot size of the Reorganised Shares for trading on the Stock Exchange will be changed from 30,000 Shares to 2,000 Reorganised Shares whereas the board lot size of the Warrants remains the same.

\* For identification purpose only

## **GENERAL**

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. The Circular containing, among other things, details of the Capital Reorganisation and the Change in Board Lot Size together with a notice of the SGM will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

## **PROPOSED CAPITAL REORGANISATION**

### **Background**

The Company proposes to put forward for approval by the Shareholders the Capital Reorganisation which involves the following:

- (a) every twenty-five (25) issued Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.25;
- (b) the total number of the Consolidated Shares in the issued share capital of the Company following the Share Consolidation will be rounded down to a whole number by cancelling the fractional Consolidated Share arising from the Share Consolidation;
- (c) the paid-up capital of each Consolidated Share will be reduced from HK\$0.25 to HK\$0.01 by cancelling HK\$0.24 so as to form a Reorganised Share of HK\$0.01; and
- (d) the credit arising in the accounts of the Company from the Capital Reduction will be credited to the contributed surplus account of the Company and the Directors will be authorised to apply such amount in any manner permitted by the laws of Bermuda and the Bye-laws.

As at the date of this announcement, the authorised share capital of the Company is HK\$400,000,000 comprising 40,000,000,000 Shares of HK\$0.01 each, of which 11,915,937,104 Shares have been issued and fully paid. Assuming that no further Shares are issued or repurchased between the date of this announcement and the date of the SGM, immediately after the Capital Reorganisation, the authorised share capital of the Company will become HK\$400,000,000 divided into 40,000,000,000 Reorganised Shares of HK\$0.01 each, of which 476,637,484 Reorganised Shares of HK\$0.01 each will be in issue. The unissued share capital of the Company after the Capital Reorganisation will become 39,523,362,516 Shares of HK\$0.01 each.

Based on 11,915,937,104 Shares in issue as at the date of this announcement, an aggregate amount of HK\$114,392,996.20 will arise as a result of the Capital Reduction. Such amount will be transferred to the contributed surplus account of the Company. The Board currently has no plan as to the use of such amount. The Reorganised Shares will rank pari passu in all respects with each other.

In order to alleviate the difficulties arising from the existence of odd lots of the Reorganised Shares as a result of the Capital Reorganisation, the Company will appoint an agent to stand in the market to provide matching services for the odd lots of the Reorganised Shares on a best effort basis. Further details in respect of the odd lots arrangements and the free exchange of new certificates for the Reorganised Shares will be set out in the Circular.

### **Conditions of the Capital Reorganisation**

The Capital Reorganisation is conditional upon the fulfillment of the following:

- (a) the passing by the Shareholders of the necessary resolution(s) at the SGM to approve the Capital Reorganisation;
- (b) compliance with the relevant legal procedures and requirements under the Companies Act to effect the Capital Reorganisation; and
- (c) the Listing Committee granting the listing of, and permission to deal in, the Reorganised Shares in issue upon the Capital Reorganisation becoming effective and to be issued upon exercise of the rights attaching to the Convertible Notes, the Warrants and the Options, all as adjusted as a result of the implementation of the Capital Reorganisation.

### **Expected effective date of the Capital Reorganisation**

Subject to the above conditions being fulfilled, the Capital Reorganisation is expected to become effective on the business day immediately after the date of passing of the relevant resolution(s) approving the Capital Reorganisation. The legal advisers to the Company as to Bermuda laws have confirmed that, subject to the conditions of the Capital Reorganisation as set out above being satisfied, the Capital Reorganisation will be in compliance with the laws of Bermuda.

### **Effects of the Capital Reorganisation**

Other than the relevant expenses incurred, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the interests of the Shareholders as a whole save for any fractional Consolidated Shares to which the Shareholders would otherwise be entitled. The Directors believe that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group and that on the date the Capital Reorganisation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. The Capital Reorganisation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders save for any fractional Consolidated Shares to which the Shareholders would otherwise be entitled.

The effect of the Capital Reorganisation on the share capital of the Company is summarised below:

	<b>Prior to the Capital Reorganisation</b>	<b>Immediately following the Capital Reorganisation becoming effective (Note)</b>
Nominal value of each share	HK\$0.01	HK\$0.01
Number of authorised shares	40,000,000,000	40,000,000,000
Authorised share capital	HK\$400,000,000	HK\$400,000,000
Number of shares in issue	11,915,937,104	476,637,484
Issued and fully paid up share capital	HK\$119,159,371.04	HK\$4,766,374.84
Balance of the Company's contributed surplus account	HK\$0.00	HK\$114,392,996.20

*Note:* The issued share capital immediately prior to the Capital Reorganisation becoming effective is presented here on the assumption that no further Shares would be issued as a result of any exercise of the rights attaching to the Convertible Notes, the Warrants and the Options after the date of this announcement but prior to the date of the Capital Reorganisation becoming effective.

### **Reasons for the Capital Reorganisation**

The Board believes that the Capital Reorganisation is beneficial to the Company and the Shareholders as a whole. The Board is of the opinion that the Capital Reorganisation will provide the Company with greater flexibility for the issue of new Reorganised Shares in the future and the credit in the contributed surplus account arising from the Capital Reduction may be applied in the future for distribution to the Shareholders as and when the Board considers appropriate. The Board currently has no intention to make any distribution to the Shareholders.

### **Application for listing**

The Company will apply to the Listing Committee for the granting of the listing of, and permission to deal in, the Reorganised Shares in issue after the Capital Reorganisation becoming effective and to be issued upon exercise of the rights attaching to the Convertible Notes, the Warrants and the Options, all as adjusted as a result of the implementation of the Capital Reorganisation.

Holder of odd lots of the Reorganised Shares should note that successful matching of the sale and purchase of odd lots of the Reorganised Shares will not be guaranteed. Shareholders are advised to consult their professional advisers if they are in doubt about the above arrangements.

## **PROPOSED CHANGE IN BOARD LOT SIZE**

The Shares are presently traded in board lots of 30,000 Shares each. The Board proposes that upon the Capital Reorganisation becoming effective, the board lot size of the Reorganised Shares for trading on the Stock Exchange will be changed from 30,000 Shares to 2,000 Reorganised Shares whereas the board lot size of the Warrants remains the same. Based on the average closing price of HK\$0.04 per Share as quoted on the Stock Exchange for the five trading days immediately before the date of this announcement, the market value per board lot of 30,000 Shares and 2,000 Reorganised Shares are HK\$1,200 and HK\$2,000 respectively. The transaction cost per dollar value of each Reorganised Share will therefore be lower.

In order to facilitate the trading of odd lots (if any) of the Reorganised Shares, the Company has appointed Kingston Securities Limited to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Reorganised Shares to make up a full board lot, or to dispose of their holding of odd lots of the Reorganised Shares. Shareholders who wish to utilise the service should contact Ms. Rosita Kiu of Kingston Securities Limited at 2298-6215 or at Suite 2801, 28th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong, during the period from 9:30 a.m., Monday, 30th March, 2009 to 4:10 p.m. on Tuesday, 21st April, 2009, both dates inclusive.

## **FREE EXCHANGE OF CERTIFICATES FOR THE REORGANISED SHARES**

Subject to the Capital Reorganisation becoming effective, Shareholders may, on or after Monday, 16th March, 2009 and until 4:30 p.m. on Monday, 27th April, 2009 (both dates inclusive), submit their existing certificates in blue color for the Shares to the Registrar to exchange for certificates for the Reorganised Shares in board lots of 2,000 Reorganised Shares in pink color at the expense of the Company. Thereafter, certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) by the Shareholders for each certificate issued or cancelled, whichever is the higher. Certificates for the Shares will continue to be good evidence of legal title but will cease to be valid for dealings, trading and settlement purpose after the parallel trading in the Reorganised Shares ends and may be exchanged for certificates for the Reorganised Shares at any time in accordance with the foregoing.

## **FRACTIONAL ENTITLEMENT TO THE REORGANISED SHARES**

Fractions of the Reorganised Shares, if any, arising from the Capital Reorganisation will not be issued to the Shareholders but will be aggregated and sold (if a premium, net of expenses, can be obtained) for the benefit of the Company.

## EXPECTED TIMETABLE

The expected timetable for the Capital Reorganisation is set out below:

2009  
(Note)

Despatch of the Circular and notice of the SGM . . . . .	Wednesday, 18th February
Latest time for return of proxy form of the SGM (not less than 48 hours before the SGM) . . . . .	11:00 a.m., Wednesday, 11th March
Expected date and time of the SGM . . . . .	11:00 a.m., Friday, 13th March
Effective date of the Capital Reorganisation . . . . .	Monday, 16th March
Commencement of dealings in Reorganised Shares . . . . .	9:30 a.m., Monday, 16th March
Original counter for trading in Shares (in board lots of 30,000 Shares) to be closed . . . . .	9:30 a.m., Monday, 16th March
Temporary counter for trading in Reorganised Shares (in board lots of 1,200 Reorganised Shares) (in form of existing certificates) to be opened . . . . .	9:30 a.m., Monday, 16th March
Free exchange of existing certificates for Shares for new certificates for Reorganised Shares commences . . . . .	Monday, 16th March
Original counter for trading in Reorganised Shares (in board lots of 2,000 Reorganised Shares) to be re-opened . . . . .	9:30 a.m., Monday, 30th March
Parallel trading in Reorganised Shares (in form of new and existing certificates) commences . . . . .	9:30 a.m., Monday, 30th March
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Reorganised Shares . . . . .	9:30 a.m., Monday, 30th March

2009  
(Note)

Temporary counter for trading in Reorganised Shares  
(in board lots of 1,200 Reorganised Shares)  
(in form of existing certificates) to be closed. . . . . 4:10 p.m., Tuesday,  
21st April

Parallel trading in Reorganised Shares (in form of  
new and existing certificates) ends . . . . . 4:10 p.m., Tuesday,  
21st April

Designated broker ceases to stand in the market  
to provide matching services for the sale and purchase  
of odd lots of Reorganised Shares . . . . . 4:10 p.m., Tuesday,  
21st April

Last day of free exchange of existing certificates for  
new certificates for Reorganised Shares . . . . . 4:30 p.m., Monday,  
27th April

*Note: All time references in this announcement refer to Hong Kong times.*

Dates or deadlines specified in this announcement are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

## **POSSIBLE ADJUSTMENTS TO THE CONVERTIBLE NOTES, THE WARRANTS AND THE OPTIONS**

Implementation of the Capital Reorganisation may lead to adjustments to the exercise price and/or number of Shares to be issued upon conversion of the Convertible Notes and upon exercise of the Warrants and the Options. The Company will notify the respective holders of the Convertible Notes, the Warrants and the Options regarding the adjustments to be made (if any) pursuant to the respective terms and conditions of the Convertible Notes, the instrument creating the Warrants and the Share Option Scheme by way of announcement(s). Such adjustments will be certified by an approved merchant bank or the auditors of the Company (as the case may be).

## **GENERAL**

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. The Circular containing, among other things, details of the Capital Reorganisation and the Change in Board Lot Size together with a notice of the SGM will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

## DEFINITIONS

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

“2011 Convertible Notes”	the 1% convertible notes due 2011 in the aggregate principal amount of HK\$1,000 million issued by the Company on 15th June, 2006, of which an aggregate principal amount of HK\$906,000,000 remains outstanding as at the date of this announcement
“Board”	board of 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
“Capital Reduction”	the proposed reduction of the issued share capital of the Company as set out in sub-paragraphs (b) and (c) under the section headed “Proposed Capital Reorganisation” in this announcement
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company as set out under the section headed “Proposed Capital Reorganisation” in this announcement
“Change in Board Lot Size”	the proposed change in the board lot size of the Shares for trading on the Stock Exchange as set out under the section headed “Change in Board Lot Size” in this announcement
“Circular”	the circular to be issued by the Company containing, inter alia, details of the Capital Reorganisation, the Change in Board Lot Size and the notice of the SGM
“Companies Act”	Companies Act 1981 of Bermuda (as amended)
“Company”	ITC Properties Group Limited, a company incorporated in Bermuda with limited liability, the issued Shares (Stock Code : 199) and the Warrants (Warrant Code : 490) of which are listed on the Main Board of the Stock Exchange
“Consolidated Share(s)”	share(s) of HK\$0.25 each in the issued share capital of the Company upon the Share Consolidation becoming effective



“Convertible Notes”	collectively the 2011 Convertible Notes, the First 2010 Convertible Notes and the Second 2010 Convertible Notes
“Director(s)”	director(s) of the Company
“First 2010 Convertible Notes”	the zero coupon convertible notes due 2010 in the aggregate principal amount of HK\$1,000 million issued by the Company on 11th August, 2005, of which an aggregate principal amount of HK\$471,050,000 remains outstanding as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	has the meaning attributed to that term in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Options”	the share options granted and to be granted by the Company pursuant to the Share Option Scheme
“Second 2010 Convertible Notes”	the zero coupon convertible notes due 2010 in the aggregate principal amount of HK\$60 million issued by the Company on 8th June, 2006, of which an aggregate principal amount of HK\$17,476,177 remains outstanding as at the date of this announcement
“Registrar”	the branch share registrar and transfer office and the warrant registrar of the Company in Hong Kong, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Reorganised Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company immediately after the Capital Reorganisation becoming effective
“SGM”	the special general meeting of the Company to be held at which resolution(s) will be proposed to consider and, if thought fit, approve, inter alia, the Capital Reorganisation
“Share(s)”	share(s) of HK\$0.01 each in the existing share capital of the Company as at the date hereof and before the Capital Reorganisation becoming effective

“Share Consolidation”	the proposed consolidation of every twenty-five (25) issued Shares of HK\$0.01 each into one (1) Consolidated Share of HK\$0.25
“Shareholder(s)”	holder(s) of the Share(s) or the Reorganised Share(s) (as the case may be)
“Share Option Scheme”	the share option scheme adopted by the Company on 26th August, 2002
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Warrants”	a total of 2,476,414,420 warrants carrying rights to subscribe for 2,476,414,420 Shares at an initial exercise price of HK\$0.105 per Share (subject to adjustments) at any time until 4th February, 2010 pursuant to an instrument issued by the Company dated 5th August, 2008
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%” or “per cent.”	percentage or per centum

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

Hong Kong, 30th January, 2009

As at the date of this announcement, the Directors are as follows:

*Executive Directors:*

Mr. Cheung Hon Kit (*Chairman*)  
Mr. Chan Fut Yan (*Managing Director*)  
Mr. Cheung Chi Kit  
Mr. Lai Tsan Tung, David  
Mr. Ma Chi Kong, Karl

*Independent non-executive Directors:*

Mr. Qiao Xiaodong (*Vice Chairman*)  
Mr. Wong Chi Keung, Alvin  
Mr. Kwok Ka Lap, Alva