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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 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 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 transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or 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)

(Warrant Code : 490)

**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 Shop B27, Basement, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong on Wednesday, 9th September, 2009 at 11:00 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 principal place of business of the Company in Hong Kong at Unit 3102, 31st Floor, Bank of America Tower, 12 Harcourt Road, Central, 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. 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, 30th July, 2009

CONTENTS

| | <i>Page</i> |
|--------------------------------------------------------------------------------------|-------------|
| Definitions | 1 |
| Letter from the Chairman | |
| 1. Introduction | 5 |
| 2. Re-election of retiring Directors | 6 |
| 3. General mandates to issue Shares and to repurchase Shares | 6 |
| 4. Refreshment of the Scheme Mandate Limit | 7 |
| 5. Annual General Meeting | 9 |
| 6. Document available for inspection | 9 |
| 7. Responsibility statement | 9 |
| 8. Recommendation | 10 |
| Appendix I – Particulars of retiring Directors standing for re-election | 11 |
| Appendix II – Explanatory statement on Repurchase Mandate | 14 |
| Notice of Annual General Meeting | 18 |

DEFINITIONS

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

- “Annual General Meeting” the annual general meeting of the Company to be held at Shop B27, Basement, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong on Wednesday, 9th September, 2009 at 11:00 a.m., notice of which is set out on pages 18 to 22 of this circular, or any adjournment thereof
- “Board” the board of Directors
- “Bye-laws” the bye-laws of the Company
- “Capital Reorganisation” the reorganisation of the share capital of the Company, details of which have been disclosed in the announcement of the Company dated 30th January, 2009, involving:
- (a) every twenty-five issued shares of HK\$0.01 each be consolidated into one consolidated share of HK\$0.25 (the “**Share Consolidation**”);
 - (b) the total number of the consolidated shares in the issued share capital of the Company following the Share Consolidation 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 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 (together with (b) above referred to as the “**Capital Reduction**”); and
 - (d) the credit arising in the accounts of the Company from the Capital Reduction be credited to the contributed surplus account of the Company and the Directors be authorised to apply such amount in any manner permitted by the laws of Bermuda and the Bye-laws and to make a distribution to the Shareholders from time to time, without further authorisation from the Shareholders
- “Companies Act” the Companies Act 1981 of Bermuda (as amended)

DEFINITIONS

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|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “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) |
| “Director(s)” | the director(s) of the Company |
| “Eligible Person(s)” | any employee (whether full time or part time), executives or officers, Directors (including executive, non-executive and independent non-executive Directors) of any member of the Group or any Invested Entity and any celebrity, consultant, adviser or agent of any member of the Group or any Invested Entity, who, in the sole discretion of the Board, have contributed or will contribute to the growth and development of the Group or any Invested Entity |
| “Group” | the Company and its subsidiaries |
| “Hanny” | Hanny Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code : 275) |
| “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 the Group holds any equity interest |
| “Issue Mandate” | the general mandate to issue Shares to be granted to the Directors at the Annual General Meeting |
| “ITC” | ITC Corporation Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code : 372) |
| “Latest Practicable Date” | Tuesday, 28th July, 2009, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein |

DEFINITIONS

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| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time |
| “Repurchase Mandate” | the general mandate to repurchase Shares to be granted to the Directors at the Annual General Meeting |
| “Rights Issue” | the issue by way of rights on the basis of three Rights Shares (with Warrants issued in the proportion of four Warrants for every fifteen Rights Shares subscribed) for every Share held on the record date at a subscription price of HK\$0.07 per Rights Share, details of which have been disclosed in the joint announcement of the Company and Hanny dated 6th June, 2008 |
| “Rights Shares” | 9,286,554,078 new shares in the then issued share capital of the Company issued and allotted under the Rights Issue prior to the Capital Reorganisation became effective |
| “Scheme Mandate Limit” | the maximum number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company |
| “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 “Members” | holder(s) of the Shares |
| “Share Option Scheme” | the share option scheme of the Company adopted on 26th August, 2002 |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “substantial shareholder(s)” | has the same meaning ascribed thereto under the Listing Rules |
| “Takeovers Code” | The Hong Kong Code on Takeovers and Mergers |

DEFINITIONS

“Warrants”

99,056,576 bonus warrants (as restated taking into account the effect of the Capital Reorganisation) issued by the Company on 5th August, 2008 to the subscribers of the Rights Shares pursuant to the Rights Issue, represented by certificates, conferring the rights in their registered form to the holders thereof to subscribe in cash for 2,476,414,328 warrant shares as disclosed in the announcement of the Company dated 1st August, 2008 at the adjusted exercise price of HK\$2.625 per Share (as restated taking into account the effect of the Capital Reorganisation and subject to adjustments) at any time up to 4th February, 2010

“%”

per cent.

LETTER FROM THE CHAIRMAN



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)

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

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

30th July, 2009

*To the Shareholders and, for information only,
holders of the Warrants and convertible 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: (a) to provide details regarding re-election of the retiring Directors; (b) to provide the Shareholders with details regarding the Issue Mandate and the Repurchase Mandate; (c) to serve an explanatory statement required by the Listing Rules to be given in relation to the Repurchase Mandate; (d) to provide the Shareholders with details regarding the refreshment of the Scheme Mandate Limit; and (e) to give notice of the Annual General Meeting.

* For identification purpose only

LETTER FROM THE CHAIRMAN

2. RE-ELECTION OF RETIRING DIRECTORS

Pursuant to Bye-law 87(1) of the Bye-laws and the Code on Corporate Governance Practices, Mr. Lai Tsan Tung, David and Mr. Ma Chi Kong, Karl, both executive Directors, and Mr. Kwok Ka Lap, Alva, an independent non-executive Director, will retire at the Annual General Meeting by rotation. All retiring Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

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 10th September, 2008, general mandates were granted to the Directors authorising them, *inter alia*, (a) to exercise the powers of the Company to allot and issue Shares not exceeding 20% of the issued Share Capital as at 10th September, 2008; (b) to repurchase Shares not exceeding 10% of the issued Share Capital as at 10th September, 2008; and (c) to extend the general mandate to issue Shares by the number of Shares purchased 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 general mandates authorising them, *inter alia*, (a) to exercise the powers of the Company to allot and issue Shares not exceeding 20% of the issued Share Capital as at the date of the passing of such resolution; (b) to 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 proposed ordinary resolutions to approve the Issue Mandate and the Repurchase Mandate, to extend the Issue Mandate by the number of Shares repurchased under the Repurchase Mandate.

As at the Latest Practicable Date, there were 470,917,484 Shares in issue. Subject to the passing of the ordinary resolutions to approve the Issue Mandate and 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 issue up to a maximum of 94,183,496 Shares under the Issue Mandate and to repurchase up to a maximum of 47,091,748 Shares under the Repurchase Mandate.

The Issue Mandate provides the Directors with flexibility to issue 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 issue and allot Shares and to exercise the Repurchase Mandate to repurchase Shares.

LETTER FROM THE CHAIRMAN

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 Share Option Scheme was approved and adopted by the Shareholders at the special general meeting of the Company held on 26th August, 2002 in compliance with Chapter 17 of the Listing Rules. Pursuant to the Share Option Scheme, the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme(s) of the Company (if any) shall not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of the Share Option Scheme. The Scheme Mandate Limit may be refreshed by the Shareholders in general meeting from time to time provided that:

- (i) the Scheme Mandate Limit as refreshed shall not exceed 10% of the total number of Shares in issue as at the date of approval of the refreshment of the Scheme Mandate Limit;
- (ii) options previously granted under any existing schemes (including those outstanding, cancelled, lapsed in accordance with the relevant scheme rules or exercised options) shall not be counted for the purpose of calculating the limit as refreshed; and
- (iii) the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company (if any) must not exceed 30% of the total number of Shares in issue from time to time.

As at 26th August, 2002, being the date of approval of the Share Option Scheme, the total number of Shares in issue was 93,750,124 (as restated taking into account the effect of the Capital Reorganisation) and the Scheme Mandate Limit was 9,375,012 Shares (as restated taking into account the effect of the Capital Reorganisation), representing 10% of the Shares in issue as at the date of approval of the Share Option Scheme.

At the annual general meeting of the Company held on 10th September, 2008, 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 49,528,288 Shares (as restated taking into account the effect of the Capital Reorganisation).

As at the Latest Practicable Date, the Company has granted an aggregate of 3,904,732 options (as restated taking into account the effects of the Rights Issue and the Capital Reorganisation) pursuant to the Scheme Mandate Limit as refreshed on 10th September, 2008. During the period from the annual general meeting of the Company held on 10th September, 2008 and up to the Latest Practicable Date, 206,180 options (as restated taking into account the effects of the Rights Issue and the Capital Reorganisation) have lapsed due to the resignation of certain employees of the Company. No other options have lapsed and no options were exercised or cancelled. Accordingly, as at the Latest

LETTER FROM THE CHAIRMAN

Practicable Date, there were 3,698,552 options (as restated taking into account the effects of the Rights Issue and the Capital Reorganisation) which remain outstanding and unexercised under the Scheme Mandate Limit as refreshed on 10th September, 2008 to which holders were entitled to subscribe for 3,698,552 Shares, representing approximately 0.79% of the issued share capital of the Company as at the Latest Practicable Date.

After the Capital Reorganisation became effective on 16th March, 2009, there has been a substantial change in the issued Share Capital. In order to provide incentives and rewards to the Eligible Persons for their contribution to, and continuing efforts to promote the interests of, the Group by granting options to them, the Directors are of the view that the Scheme Mandate Limit shall be refreshed to provide the Company with greater flexibility.

As at the Latest Practicable Date, there were 470,917,484 Shares in issue. Assuming there is no further issue or repurchase of Shares between the Latest Practicable Date and the date of the Annual General Meeting, upon the passing of the resolution approving the refreshment of the Scheme Mandate Limit by the Shareholders at the Annual General Meeting, the Scheme Mandate Limit will be refreshed to 47,091,748 Shares and the Company will be allowed to grant options under the Share Option Scheme and any other share option scheme(s) of the Company (if any) entitling holders thereof to subscribe for a maximum of 47,091,748 Shares, representing approximately 10% of the Shares in issue 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 10th September, 2008, all such unutilized 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 granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company (if any) exceed 30% of the Shares in issue from time to time.

The purpose of the Share Option Scheme is to provide incentive or reward to the Eligible Persons for their contribution to and continuing efforts to promote the interests of the Group. The Directors consider that the refreshment of the Scheme Mandate Limit is in the interests of the Company and the Shareholders as a whole as it provides the Company with more flexibility in providing incentives to those Eligible Persons by way of granting of options.

The refreshment of the Scheme Mandate Limit is conditional on:

- (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.

LETTER FROM THE CHAIRMAN

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, inter alia, to re-elect retiring Directors, to approve the grant of the Issue Mandate and 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 principal place of business of the Company in Hong Kong at Unit 3102, 31st Floor, Bank of America Tower, 12 Harcourt Road, Central, 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.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll and accordingly, all resolutions proposed at the Annual General Meeting will be taken by poll. None of the Shareholders is required to abstain from voting at the Annual General Meeting pursuant to the Listing Rules and/or the Bye-laws.

6. DOCUMENT AVAILABLE FOR INSPECTION

Copy of the Share Option Scheme will be available for inspection during normal business hours on any week days (except public holidays) at the principal place of business of the Company in Hong Kong at Unit 3102, 31st Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong from the date of this circular up to and including Wednesday, 9th September, 2009 and will be available for inspection at the Annual General Meeting.

7. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

LETTER FROM THE CHAIRMAN

8. RECOMMENDATION

The Directors consider that the grant of the Issue Mandate and the Repurchase Mandate and the refreshment of the Scheme Mandate Limit are in the best interests of the Company and the Shareholders as a whole and 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 DIRECTORS

Mr. Lai Tsan Tung, David, aged 55, joined the Company in 2006 and is now an Executive Director of the Company. Mr. Lai is also a director of various subsidiaries of the Company and he is responsible for the leisure and golf operations in the People's Republic of China (the "PRC"). He graduated from the University of Birmingham with a bachelor's degree in civil engineering. Mr. Lai has over 30 years of experience in the construction field and has worked for several international construction companies at a senior managerial position. 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. Lai was interested in 3,079,502 underlying shares, representing approximately 0.65% of the existing issued share capital of the Company, in respect of the principal amount of HK\$17,476,177 zero coupon convertible notes due 2010 issued by the Company on 8th June, 2006 at the adjusted conversion price of HK\$5.675 per share held by Green Label Investments Limited ("**Green Label**") by virtue of his beneficial interest in the entire issued share capital of Green Label. Mr. Lai held options entitling him to subscribe for 190,320 shares, which represents approximately 0.04% of the existing issued share capital of the Company. Save as aforesaid, he does not have any other 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).

On 8th June, 2006, Mr. Lai entered into the service agreement (the "**Service Agreement**") with Donson (International) Development Limited ("**Donson**") with a view to formalize his existing terms of directorship in Donson. Pursuant to the Service Agreement, Mr. Lai shall remain as an executive director and the chairman of Donson for a period of three years commencing from the date of the Service Agreement and shall continue thereafter unless and until terminated in accordance with terms of the Service Agreement. Mr. Lai is entitled to a fixed monthly fee of HK\$146,800. Save as being an Executive Director, Mr. Lai does not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company.

There is no proposed length of Mr. Lai's service, but he is subject to retirement by rotation and re-election at the Annual General Meeting in accordance with the Bye-laws and the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules. Mr. Lai is entitled to a monthly director's fee of HK\$20,000 as determined by both the remuneration committee of the Company and the Board with regard to his relevant duties and responsibilities, and time spent on the affairs of the Company.

Save as disclosed above, in connection with the re-election of Mr. Lai 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.

Mr. Ma Chi Kong, Karl, aged 38, joined the Company as an Executive Director in May 2007 and a director of various subsidiaries of the Company. He is responsible for its real estate acquisitions and property development in the PRC. Mr. Ma holds a bachelor's degree in Business Administration and a Master's degree in Finance. He is also a holder of AIMR Certified Financial Analyst. Mr. Ma has over 16 years of experience in banking industry and property development in the PRC. Since 1998, he has been involved in SOE restructuring and acquisitions, projects financing and real estate investments in major cities of the PRC. He has successfully invested and managed several property deals for private investors including a villa project in Beijing, a vineyard property in Jiangsu Province and office developments in Guangdong Province. Mr. Ma is very active in the property sector in Beijing and is currently a standing member of Beijing Xicheng District China's People Consultative Committee. Save as disclosed herein, Mr. Ma 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. Ma held options entitling him to subscribe for 570,960 shares, which represents approximately 0.12% of the existing issued share capital of the Company. 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 Executive Director of the Company, he does not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company. There is no proposed length of Mr. Ma's service, but he is subject to retirement by rotation and re-election at the Annual General Meeting in accordance with the Bye-laws and the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules. Mr. Ma is entitled to an annual remuneration of HK\$3,000,000 and an annual director's fee of HK\$10,000 as determined by both the remuneration committee of the Company and the Board with regard to his relevant duties and responsibilities and time spent on the affairs of the Company.

Save as disclosed above, in connection with the re-election of Mr. Ma 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 DIRECTOR

Mr. Kwok Ka Lap, Alva, aged 61, joined the Company as an Independent Non-executive Director in October 2001. He is also a member of both the audit committee and the remuneration 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 26 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 Wing On Travel (Holdings) Limited (01189.HK). He previously held directorship as an executive director of China Strategic Holdings Limited (00235.HK) (resigned on 7th April, 2008). Save as disclosed herein, Mr. Kwok did not hold any directorship in other public companies the securities of which are listed on the securities market in Hong Kong or overseas during the three years preceding the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Kwok held options entitling him to subscribe for 95,160 shares, which represents approximately 0.02% of the existing issued share capital of the Company. 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 does not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company. There is no proposed length of Mr. Kwok's service, but he is subject to retirement by rotation and re-election at the Annual General Meeting in accordance with the Bye-laws and the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules. Mr. Kwok is entitled to an annual director's fee of HK\$120,000 as determined by both the remuneration committee of the Company and the Board with regard to his relevant duties and responsibilities and time spent on the affairs of the Company, but is not otherwise entitled to any bonuses or other benefits.

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 470,917,484 Shares were 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 47,091,748 Shares under the Repurchase Mandate.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole for the Directors to have a general authority from the Shareholders to enable the Directors to purchase the 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 of the Company and/or its earnings per Share and will benefit the Company and the Shareholders.

3. FUNDING OF REPURCHASES

The repurchase of Shares shall be made out of funds legally available for such purpose in accordance with its memorandum of association and the Bye-laws and the applicable laws of Bermuda. Under Bermuda law, repurchases may only be effected out of the capital paid up on the purchased 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 purchase over the par value of the Shares to be purchased 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 would be derived from such sources.

As compared to the financial position of the Company as at 31st March, 2009 (being the date of the Company's latest 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. 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, ASSOCIATES AND CONNECTED PERSONS

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

No connected person (as defined in the Listing Rules) 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 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

During the six months preceding the Latest Practicable Date, the Company had repurchased its Shares on the Stock Exchange as follows:

| Date of Repurchase | Number of Shares | Price per Share | |
|--------------------|------------------|-----------------|----------------|
| | | Highest HK\$ | Lowest HK\$ |
| 5th February, 2009 | 143,000,000 | 0.034 | 0.034 |

Save as disclosed above, the Company had not repurchased any of its 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 is 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 | |
|--------------------------------------------------|--------------------------------------|------------------|------------------------------------------------------------|------------------|
| | Number of Shares | Approximate % | Number of Shares | Approximate % |
| Hanny (Note 1) | 76,402,763 | 16.22 | 76,402,763 | 18.03 |
| ITC (Note 1) | 36,593,400 | 7.77 | 36,593,400 | 8.63 |
| Mr. Cheung Hon Kit ("Mr. Cheung") (Note 2) | 9,666,000 | 2.05 | 9,666,000 | 2.28 |
| Other Shareholders | <u>348,255,321</u> | <u>73.95</u> | <u>301,163,573</u> | <u>71.06</u> |
| Total | <u>470,917,484</u> | <u>100.00</u> | <u>423,825,736</u> | <u>100.00</u> |

Notes:

1. ITC indirectly held 36,593,400 Shares representing approximately 7.77% of the issued share capital of the Company. In addition, ITC also indirectly held approximately 42.77% interest in Hanny which in turn indirectly held 76,402,763 Shares representing approximately 16.22% of the issued share capital of the Company.
2. Mr. Cheung, an executive Director, is also an executive director of ITC.

Accordingly, in the event that the Repurchase Mandate is exercised in full, the aggregate shareholdings of Hanny, ITC and Mr. Cheung would be increased from approximately 26.04% to approximately 28.94% of the issued share capital of the Company and such increase would not give rise to any mandatory offer obligation under the Takeovers Code. Save as aforesaid and as at the Latest Practicable Date, the Directors are not aware of any consequence which the exercise in full of the Repurchase Mandate would have under Rule 26 of the Takeovers Code.

The Directors are also aware that the Listing Rules prohibit a company from making repurchase on the Stock Exchange if the result of the repurchase would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the issued share capital 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 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 <i>(Note)</i> | |
|-----------------------------------------------------------------|----------------------------|----------------|
| | Highest HK\$ | Lowest HK\$ |
| 2008 | | |
| July | 3.675 | 2.000 |
| August | 1.950 | 1.125 |
| September | 1.500 | 0.775 |
| October | 1.500 | 0.775 |
| November | 1.250 | 0.825 |
| December | 1.375 | 0.850 |
| 2009 | | |
| January | 1.375 | 0.900 |
| February | 0.925 | 0.700 |
| March | 0.725 | 0.370 |
| April | 0.710 | 0.440 |
| May | 1.230 | 0.610 |
| June | 1.410 | 1.000 |
| July (<i>up to and including the Latest Practicable Date</i>) | 1.300 | 1.020 |

Note: The prices of the Shares for the period from 2nd July, 2008 to 13th March, 2009 have been adjusted to take into account the effect of the Capital Reorganisation.

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)

(Warrant Code : 490)

NOTICE IS HEREBY GIVEN that the annual 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 Wednesday, 9th September, 2009 at 11:00 a.m. for the following purposes:

ORDINARY RESOLUTIONS

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31st March, 2009.
2.
 - (a) To re-elect Mr. Lai Tsan Tung, David as executive director of the Company;
 - (b) To re-elect Mr. Ma Chi Kong, Karl as executive director of the Company;
 - (c) To re-elect Mr. Kwok Ka Lap, Alva as independent non-executive director of the Company; and
 - (d) To authorise the board of directors to fix the remuneration of the directors for the ensuing year.
3. To re-appoint Deloitte Touche Tohmatsu as auditors and to authorise the board of directors to fix their remuneration.
4. As special business, to consider and, if thought fit, to pass, with or without amendments, the following resolution as an ordinary resolution of the Company:
 - (A) “**THAT**
 - (i) subject to sub-paragraph (iii) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the 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 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;

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the approval in sub-paragraph (i) of this resolution shall authorise the directors of the Company 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 of the Company pursuant to the approval in sub-paragraphs (i) and (ii) of this resolution, otherwise than pursuant to a Rights Issue (as hereinafter defined) or an issue of shares of the Company under the share option scheme of the Company or an issue of shares upon exercise of subscription rights attached to warrants which may be issued by the Company or an issue of shares of the Company by way of any scrip dividend 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 on 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 of the Company to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any

NOTICE OF ANNUAL GENERAL MEETING

restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

(B) “**THAT**

- (i) subject to sub-paragraph (ii) of this resolution, the exercise by the directors of the Company 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 securities of the Company may be listed and recognised by the Securities and Futures Commission 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 or any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (ii) the approval in sub-paragraph (i) of this resolution shall be in addition to any other authorisation given to the directors of the Company and shall authorise the directors of the Company on behalf of the Company during the Relevant Period to procure the Company to purchase its securities at a price determined by the directors of the Company;
- (iii) the aggregate nominal amount of the share capital of the Company which the directors of the Company are authorised to repurchase pursuant to the approval in sub-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 on 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

NOTICE OF ANNUAL GENERAL MEETING

- (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.”
- (C) “**THAT** conditional upon resolutions numbered 4(A) and 4(B) 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 of the Company pursuant to and in accordance with the said resolution numbered 4(B) 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 of the Company pursuant to and in accordance with the resolution numbered 4(A) as set out in the notice convening this meeting.
5. As special business, to consider and, if thought fit, to pass, with or without amendments, the following resolution as an ordinary resolution of the Company:

“**THAT** subject to and conditional upon the Listing Committee of the Stock Exchange granting listing of and permission to deal in the shares of HK\$0.01 each in the capital 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 26th August, 2002 (the “**Scheme**”), approval be and is hereby granted for the refreshment of the scheme mandate limit under the Scheme provided that the total number of ordinary shares which may be allotted or issued pursuant to the grant or exercise of options under the Scheme (excluding options previously granted, outstanding, cancelled, lapsed or exercised under the Scheme) 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 of the Company be and are hereby authorised, from time to time, to grant options under the Scheme up to the Refreshed Mandate Limit, to exercise all powers of the Company to allot, issue and deal with ordinary shares of the Company pursuant to the exercise of such options and to do such acts and execute such documents for or incidental to such purpose.”

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

Hong Kong, 30th July, 2009

NOTICE OF ANNUAL GENERAL MEETING

Registered office:
Clarendon House
Church Street
Hamilton
Bermuda HM 11

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

Notes:

1. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member may appoint a proxy in respect of part only of his holding of shares of the Company. A proxy need not be a member of the Company.
2. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power of attorney or authority, shall be deposited at the principal place of business of the Company in Hong Kong at Unit 3102, 31st Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote.

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. Ma Chi Kong, Karl

Independent non-executive Directors:

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