

IMPORTANT

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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 securities in **ITC Properties Group Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



德祥地產集團有限公司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 199)

MAJOR TRANSACTION
IN RELATION TO
DISPOSAL OF PROPERTY

The Agreement and the transactions contemplated thereunder have been approved by way of written Shareholders' approval pursuant to Rule 14.44(2) of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only and no Shareholders' meeting will be held.

* *For identification purpose only*

CORPORATE COMMUNICATIONS

The English and Chinese versions of this circular are now available in printed form and in accessible format on the website of the Company at www.itcproperties.com.

If shareholders and non-registered shareholders of the Company, who have selected to receive corporate communications of the Company in printed form, wish to change their elected language of all future corporate communications, they may at any time notify the Company by prior notice of at least seven (7) days in writing to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, or by e-mail to itcproperties-ecom@hk.tricorglobal.com or by completing and returning the change request form.

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	3
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	7
APPENDIX II — VALUATION REPORT ON THE PROPERTY	10
APPENDIX III — GENERAL INFORMATION	16

DEFINITIONS

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

“Agreement”	the agreement dated 30 April 2024 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Property
“applicable percentage ratios”	has the same meaning ascribed thereto in the Listing Rules
“associates”	has the same meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Car Parking Spaces”	the four (4) car parking spaces numbered 4043, 4087, 4088 and 4089 respectively located on the 4th Floor of Bank of America Tower, No.12 Harcourt Road, Central, Hong Kong
“close associate”	has the same meaning ascribed thereto under the Listing Rules
“Company”	ITC Properties Group Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 199)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Agreement, which took place on 12 June 2024
“Completion Date”	the date on which Completion takes place
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Consideration”	HK\$260.0 million, being the consideration for the Property payable by the Purchaser to the Vendor pursuant to the terms of the Agreement
“Deposit”	the sum of HK\$26.0 million paid by the Purchaser on the signing of the Agreement
“Designated Tenant”	a wholly-owned subsidiary of the Company nominated by the Company as the tenant under the Leaseback Arrangement, being ITC Properties Management Limited
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser pursuant to the terms of the Agreement
“Dr. Chan”	Dr. Chan Kwok Keung, Charles, a substantial shareholder of the Company
“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected person(s)

DEFINITIONS

“Latest Practicable Date”	22 July 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Leaseback Arrangement”	the tenancy in respect of the Property entered into by the Purchaser as landlord and the Designated Tenant as tenant for an initial term of one (1) year commencing on the Completion Date with an option on the Designated Tenant to renew for a further term of one (1) year at the same rent pursuant to the Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Ms. Ng”	Ms. Ng Yuen Lan, Macy, a substantial shareholder of the Company and the spouse of Dr. Chan
“PRC”	The People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, Macau and Taiwan
“Premises”	the whole of 30th Floor at Bank of America Tower, No.12 Harcourt Road, Central, Hong Kong
“Property”	collectively, the Premises and the Car Parking Spaces
“Purchaser”	Mexfair Limited, a company incorporated in Hong Kong with limited liability and an Independent Third Party
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning ascribed thereto in the Listing Rules
“Valuer”	Asset Appraisal Limited, a property valuer which is an Independent Third Party
“Vendor”	Great Intelligence Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	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*)
Dr. Chan Kwok Keung, Charles (*Joint Vice Chairman*)
Mr. Chan Yiu Lun, Alan
Mr. Law Hon Wa, William (*Chief Financial Officer*)

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Director:

Ms. Chau Mei Wah

*Principal place of business in
Hong Kong:*

30/F., Bank of America Tower
12 Harcourt Road
Central
Hong Kong

Independent Non-executive Directors:

Hon. Shek Lai Him, Abraham, *GBS, JP* (*Joint Vice Chairman*)
Mr. Ip Hon Wah
Mr. Pang, Anthony Ming-tung

26 July 2024

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO DISPOSAL OF PROPERTY

INTRODUCTION

Reference is made to the announcement of the Company dated 30 April 2024 in relation to the Agreement and the transactions contemplated thereunder which constitute a major transaction for the Company under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you with, among other things, (i) the details of the Agreement and the Disposal; (ii) the financial information of the Group; (iii) the valuation report on the Property; and (iv) other information as required under the Listing Rules.

THE AGREEMENT

The principal terms of the Agreement are as follows:

(1) Date:

30 April 2024 (signed after trading hours of the Stock Exchange)

* For identification purpose only

LETTER FROM THE BOARD

(2) Parties:

Vendor:

Great Intelligence Limited, an indirect wholly-owned subsidiary of the Company. Its principal activity prior to Completion was the holding of the Property.

Purchaser:

Mexfair Limited, a wholly-owned subsidiary of a property developer listed on the Main Board of the Stock Exchange and an Independent Third Party. The principal activity of the Purchaser is investment holding.

(3) Property to be disposed of:

The Property to be disposed of by the Vendor comprises (i) the Premises, being the whole of 30th Floor at Bank of America Tower, No.12 Harcourt Road, Central, Hong Kong, with a gross floor area of approximately 13,880 sq. ft. and (ii) the Car Parking Spaces, being the four (4) car parking spaces numbered 4043, 4087, 4088 and 4089 respectively located on the 4th Floor of Bank of America Tower, No.12 Harcourt Road, Central, Hong Kong. The Premises were used as the headquarters of the Group in Hong Kong.

(4) Consideration and payment terms:

The Consideration for the Property is HK\$260.0 million, which has been paid by the Purchaser to the Vendor in the following manner:

- (i) the Deposit has been paid by the Purchaser to the Vendor's solicitors as stakeholders upon the signing of the Agreement; and
- (ii) the balance of the Consideration shall be, and has been, paid on Completion.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to, among other things, the prevailing market conditions and the preliminary assessment of the valuation of the Property conducted by the Valuer.

(5) Completion:

Under the terms of the Agreement, Completion shall take place on or before 31 July 2024, provided that the Vendor may, at any time on or after 24 May 2024, by giving to the Purchaser not less than seven (7) days' written notice, bring forward the Completion Date in which case the Completion Date shall be that as stated in such written notice (provided that the Completion Date shall be at least six (6) weeks after the date of the Agreement).

Completion took place on 12 June 2024.

LETTER FROM THE BOARD

(6) Leaseback Arrangement:

Under the terms of the Agreement, the Purchaser agreed to let, upon Completion, the Property to the Designated Tenant at the rent of HK\$650,000 per calendar month (exclusive of management fees, rates and government rent all of which shall be borne by the Designated Tenant) for an initial term of one (1) year commencing from the Completion Date with an option on the Designated Tenant to renew for a further term of one (1) year at the same rent.

On Completion, the Purchaser and the Designated Tenant entered into a tenancy agreement in respect of the Property reflecting the above commercial terms and incorporating such other terms and conditions customary to tenancies of similar nature.

FINANCIAL EFFECT OF THE DISPOSAL

The Property was, and is, for self-use of the Group and was classified as property, plant and equipment in the accounts of the Group as at 31 March 2024 with an audited carrying value of approximately HK\$260.0 million, the Group having to recognise (based on the valuation of the Property as at 31 March 2024 assessed by the Valuer) a depreciation and an impairment loss of the Property of approximately HK\$33.5 million in the financial year ended 31 March 2024.

Based on the Consideration under the Agreement, the audited carrying value of the Property of approximately HK\$260.0 million as at 31 March 2024 and the related expenses for the Disposal of approximately HK\$4.0 million, the Group currently expects to record a loss on disposal of approximately HK\$4.0 million upon Completion. The actual loss of the Disposal for the Group as at the Completion Date is subject to audit and therefore may be different from the amount mentioned above.

The net proceeds, being the Consideration net of relevant expenses, arising from the Disposal amounted to approximately HK\$256.0 million and have been fully applied for repayment of bank loan by the Group. Upon Completion, the Group derecognised the property, plant and equipment with a carrying amount of approximately HK\$260.0 million, reduced the bank and other borrowings of HK\$260.0 million, and the relevant expense of HK\$4.0 million was recognised as other payables which will be settled by internal resource subsequently. As the Group leased back the Property, the Group recognised approximately HK\$14.6 million of right-of-use assets and approximately HK\$14.6 million of lease liabilities on the Completion Date.

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of Sino Land Company Limited, a property developer listed on the Main Board of the Stock Exchange (Stock Code: 83). The principal activity of the Purchaser is investment holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser, its holding company and their respective connected persons are Independent Third Parties.

INFORMATION ON THE VENDOR AND REASONS FOR ENTERING INTO THE AGREEMENT AND THE DISPOSAL

The Vendor is an indirect wholly-owned subsidiary of the Company and its principal activity prior to Completion was holding of the Property. The Company is an investment holding company and the Group is principally engaged in development, selling of and investment in properties in Macau, Hong Kong, the PRC, Canada and the United Kingdom; investment in hotels and leisure business in the PRC and Canada; securities investments and provision of loan financing services.

LETTER FROM THE BOARD

Taking into consideration the prevailing property market conditions, the increasing competition and gloomy future outlook in the premium office market in Hong Kong and the current financial, indebtedness and liquidity position of the Group, the Board believes that the Disposal would allow the Group to realise its investment in the Property and apply the net proceeds to repay bank loan of the Group, thereby reducing the indebtedness and finance costs of the Group and mitigating its liquidity pressure. The Leaseback Arrangement whereby the Purchaser is to let the Property to the Group upon Completion would enable the Group to continue to keep its principal office and headquarters in Hong Kong in its current location in the central business and financial district in Hong Kong.

Based on the above, the Board considers that the terms of the Agreement (including the Consideration) are on normal commercial terms and are fair and reasonable, and the entering into of the Agreement by the Vendor and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 25% and all applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

As none of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Leaseback Arrangement exceeds 5%, the Leaseback Arrangement does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder or its/his/her associate(s) has a material interest in the Agreement and the transactions contemplated thereunder and accordingly, no Shareholder is required to abstain from voting if the Company were to convene a Shareholders' meeting for approving the Agreement and the transactions contemplated thereunder.

As at the date of the Agreement and up to the Latest Practicable Date, Dr. Chan directly owns 191,588,814 Shares and through Galaxyway Investments Limited ("**Galaxyway**"), whose entire issued share is indirectly owned by Dr. Chan, owns 76,186,279 Shares. Ms. Ng, through Fortune Crystal Holdings Limited ("**Fortune Crystal**"), whose entire issued share is indirectly owned by Ms. Ng, owns 251,172,919 Shares. Ms. Ng is the spouse of Dr. Chan. On 14 May 2024, the Company obtained written Shareholders' approval in respect of the Agreement and the transactions contemplated thereunder from Dr. Chan, Galaxyway and Fortune Crystal, which in aggregate own 518,948,012 Shares, representing approximately 57.2% of the existing total issued share capital of the Company as aforesaid.

Pursuant to Rule 14.44(2) of the Listing Rules, the written Shareholders' approval from Dr. Chan, Galaxyway and Fortune Crystal has been accepted in lieu of holding a general meeting of the Shareholders. Accordingly, no physical Shareholders' meeting will be held by the Company to approve the Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the financial information of the Group, the valuation report of the Property and general information as set out in the appendices to this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the years ended 31 March 2022, 2023 and 2024 are disclosed in the following documents and have been published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.itcproperties.com:

- annual report of the Company for the year ended 31 March 2022 published on 26 July 2022 (pages 74 to 191) on the Stock Exchange's website (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0726/2022072600435.pdf>)
- annual report of the Company for the year ended 31 March 2023 published on 27 July 2023 (pages 69 to 179) on the Stock Exchange's website (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0727/2023072700259.pdf>)
- annual results announcement of the Company for the year ended 31 March 2024 published on 28 June 2024 (revised on 4 July 2024) (pages 11 to 23) on the Stock Exchange's website (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0704/2024070401663.pdf>)

2. INDEBTEDNESS STATEMENT

(a) Borrowings

At the close of business on 31 May 2024, the Group had secured and guaranteed bank and other borrowings of approximately HK\$1,055.7 million, secured and unguaranteed bank borrowings of approximately HK\$328.3 million, unsecured and guaranteed other borrowings of approximately HK\$40.8 million, unsecured and unguaranteed other borrowings of approximately HK\$31.0 million, and unsecured and unguaranteed amounts due to non-controlling interests of approximately HK\$186.6 million. In addition, the Group had outstanding secured and unguaranteed lease liabilities of approximately HK\$2.9 million as at that date.

The Group's secured bank and other borrowings were secured by charges over the following assets of the Group: (i) property, plant and equipment; (ii) investment properties; (iii) stock of properties; (iv) interests in associates; (v) equity interests in certain subsidiaries and (vi) other receivables. In addition, the Group's lease liabilities were secured by rental deposits of the relevant leases.

(b) Contingent liabilities and guarantees

At the close of business on 31 May 2024, the Company had provided corporate guarantees on a several basis with maximum liabilities of approximately HK\$537.7 million, HK\$91.1 million and HK\$225.7 million in respect of the banking facilities granted to three joint ventures (which were owned as to 50%, 50% and 28% by the Group respectively). In addition, the Company had provided corporate guarantee on a several basis with maximum liabilities of approximately HK\$242.5 million in respect of the banking facilities granted to an associate (which was owned as to 20% by the Group).

Save as disclosed above, and apart from the intra-group liabilities, the Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, debt instruments, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, lease commitments, guarantees or other material contingent liabilities at the close of business on 31 May 2024.

3. WORKING CAPITAL

After taking into account the Group's indebtedness as at 31 May 2024 and the financial effect of the Disposal, the Directors have given careful consideration in working capital sufficiency. To mitigate the liquidity position of the Group and to improve the financial position of the Group, the Directors have taken certain plans and measures, including:

(i) Disposal of properties/joint ventures/associates

The Group will consider selling specific properties/joint ventures/associates as a strategic move in order to realise the tied-up capital and value. This strategy will allow the Group to efficiently manage its assets, potentially enhance its liquidity and provide additional financial resources.

(ii) Seeking refinancing

The Group will continue to actively seek for refinance of existing facilities before maturity. Also, up to the date of this circular, the Group has not received any demand for immediate repayment of its borrowings of HK\$396 million which was overdue after the financial year ended 31 March 2024, and the Group has been and is still actively negotiating with other potential lenders for refinancing such borrowings.

(iii) Control on administrative and operating costs

The Group will continue to take active measures to control administrative and operating costs through various channels.

The Directors are of the opinion that, after taking into account the above-mentioned plans and measures, the liquidity needs of the Group will be managed and the financial position of the Group will be improved. Also, the Group will have sufficient working capital to finance its operations and meet its financial obligations if they fall due within twelve months from the date of this circular.

Notwithstanding the above, significant uncertainties exist as to whether the Group can achieve the plans and measures described above. The sufficiency of the Group's working capital to satisfy its present requirements for at least the next twelve months from the date of this circular depends on the outcome of these plans and measures, including: (i) successfully identifying buyer(s) for disposal of specific properties and investments; (ii) successfully completing the refinancing and (iii) successfully implementing costs control, to finance the Group's operations and to meet the Group's financial obligations as and when they fall due.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

Save as aforesaid, the Directors are not aware of any material adverse change in the financial and trading position of the Group since 31 March 2024, being the date to which the latest published audited accounts of the Company were made up.

5. FINANCIAL AND TRADING PROSPECTS

The Group is principally engaged in development, selling of and investment in properties in Macau, Hong Kong, the PRC, Canada and the United Kingdom; investment in hotels and leisure business in the PRC and Canada; securities investments and the provision of loan financing services.

As disclosed in the annual results announcement of the Company for the year ended 31 March 2024, the Group anticipates persistent business challenges, influenced by external macroeconomic factors such as high interest rates and intensifying geopolitical tensions, notably not only in the Middle East, but also between China and the United States. These uncertainties in the global business environment could potentially slow economic growth. Thus, as a property developer, the Group faces tough challenges in coming year amid these conditions. In response to these uncertainties, the Group will continue to adopt a cautious approach in reviewing its business strategies, refining its business model and improving the efficiency and effectiveness of its operations. The Group will focus on the sale of its redevelopment projects and the remaining units in Sky Oasis and Grand Oasis in Macau to realise the tied-up capital and secure the revenue of the Group. All these could boost the Group's liquidity and financial flexibility, enabling the Group to better navigate the current challenging business environment. In the meantime, apart from businesses in the PRC, Macau, Canada and the United Kingdom, the Group will cautiously explore potential property development projects and closely assess and select attractive opportunities to replenish the Group's portfolio.

The Disposal allowed the Group to realise its investment in the Property with the net proceeds thereof applied to repay bank loan of the Group, thereby reduced the indebtedness and finance costs of the Group and mitigating its liquidity pressure as described in the section headed "Working Capital" above.

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from Asset Appraisal Limited, an independent valuer, in connection with its valuation of the Property as at 30 April 2024.



Asset Appraisal Limited
中誠達資產評值顧問有限公司

Rm 801, 8/F., On Hong Commercial Building
 145 Hennessy Road, Wanchai, Hong Kong
 香港灣仔軒尼詩道145號
 安康商業大廈8字樓801室
 Tel: (852) 2529 9448 Fax: (852) 3544 5854

26 July 2024

The Board of Directors
ITC Properties Group Limited
 30/F., Bank of America Tower
 12 Harcourt Road
 Central
 Hong Kong

Dear Sirs,

Re: Valuation of the whole of 30th Floor and Car Parking Space Nos. 4043, 4087, 4088 and 4089 on 4th Floor, Bank of America Tower, No. 12 Harcourt Road, Central, Hong Kong

In accordance with the instructions from **ITC Properties Group Limited** (the “**Company**”) to value the captioned property (the “**Property**”) held by Great Intelligence Limited (the “**Vendor**”, an indirect wholly-owned subsidiary of the Company, the Company and its subsidiaries are altogether referred to as the “**Group**”), we confirm that we have carried out inspection of the Property, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at **30 April 2024** (the “**Valuation Date**”).

BASIS OF VALUATION

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

TITLESHIP

We have caused searches to be made at the appropriate Land Registry for the Property. However, we have not verified ownerships of the Property or to verify the existence of any amendments which do not appear on the copies handed to us. All documents have been used for reference only.

VALUATION METHODOLOGY

In valuing the Property, we have adopted the Market Approach assuming sale of the Property in its existing state by making reference to comparable sales transactions of similar properties as identified on the market. Comparable properties of similar size, character and location are analyzed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.

Market Approach is a commonly adopted approach for valuation of properties where relevant comparable transactions as sale evidence are available for reference to arrive at the market value. This approach rests on the market evidences as the best value indicator that can be extrapolated to similar properties. In the course of our valuation based on Market Approach, we have analyzed each of the comparable transactions for various factors including property location and time of transaction and have made necessary adjustments on the transaction prices. Upward adjustment is made if the comparable is inferior to the Property and downward adjustment is made if the comparable is superior to the Property.

ASSUMPTIONS

Unless stated as otherwise, our valuation has been made on the assumption that the owner sells the Property on the market in its existing state without the benefit of deferred terms contracts, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the Property.

Other special assumptions for our valuation (if any) would be stated out in the footnotes of the valuation certificate attached herewith.

LIMITING CONDITIONS

No allowance has been made in our report for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in holding them. It is assumed that the Property is free from encumbrances, restrictions, outgoings of an onerous nature and any third party rights, which could affect its value.

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the floor area in respect of the Property but have assumed that the floor areas shown on the documents and official plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

The Property were last inspected on 14 May 2024 by the undersigned. She has inspected the exterior and, where possible, the interior of the buildings and structures of the Property. However, no structural survey has been made for them. We are not, however, able to report whether the Property inspected by her is free of rot, infestation or any structural defect. No test was carried out on any of the building services and equipment. During the site inspection, she has ascertained the following matters of the Property as at the date of site inspection:

- the general environment and development conditions of the area in which the Property is situated;
- the existing uses of the Property;
- the occupancy of the Property;
- the facilities provided by the Property; and
- the existence of any closure order and resumption order affixed to the Property.

The market value estimate contained within this report specifically excludes the impact of environmental contamination resulting from earthquakes or other causes. It is recommended that the reader of this report consult a qualified environmental auditor for the evaluation of possible environmental defects, the existence of which could have a material impact on market value.

No soil analysis or geological studies were ordered or made in conjunction with this report, nor were any water, oil, gas, or other subsurface minerals use rights or conditions investigated.

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

In valuing the Property, we have complied with all the requirements contained in Chapter 5 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the HKIS Valuation Standards (2020 Edition) published by The Hong Kong Institute of Surveyors.

All monetary amounts in this report are denominated in Hong Kong Dollars.

Our valuation certificate is attached herewith.

Yours faithfully,
for and on behalf of
Asset Appraisal Limited

Sandra Lau
MHKIS AAPI RPS(GP)
Director

Sandra Lau is a member of the Hong Kong Institute of Surveyors, an Associate of the Australian Property Institute and a Registered Professional Surveyor in General Practice. She is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Valuation Forum and has over 10 years' experience in valuation of properties in Hong Kong, in Macau and in the PRC.

VALUATION CERTIFICATE

Property held by the Group for self occupation

Property	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 30 April 2024 <i>HK\$</i>
<p>The whole of 30th Floor and Car Parking Space Nos. 4043, 4087, 4088 and 4089 on 4th Floor Bank of America Tower No. 12 Harcourt Road Central Hong Kong</p> <p>144/10,000th shares of and in Inland Lot No. 8294 (the "Lot")</p>	<p>The Property comprises all office premises on the 30th floor and four car parking spaces on the 4th floor of Bank of America Tower which is a 37-storey commercial building plus a basement level.</p> <p>Bank of America Tower, which was completed in 1975, is bounded by Harcourt Road at the north, Cotton Tree Drive at the east, Lambeth Walk at the south and Hutchison House at the west. The locality is falling within the central business district of Hong Kong Island concentrated with prestigious office developments complementary with such commercial facilities including hotels and shopping malls. As a financial hub, many headquarters of multinational financial service corporations, consulates of many countries and Government offices have been set up within the area. Immediate vehicular access to the subject development is provided via Lambeth Walk. It is close to the MTR Central Station and is connected to the MTR Admiralty Station via a raised walkway system.</p> <p>The gross floor area of the office portion of the Property is approximately 13,880 square feet.</p> <p>The Lot has been granted by virtue of the Conditions of Sale No. UB10225 for a term of 75 years commencing on 29 September 1972 with a right of renewal for a further term of 75 years. The current ground rent payable for the Lot is HK\$8,306 per annum.</p>	<p>The Property was owner occupied as at the Valuation Date.</p>	<p>260,000,000</p>

Notes:

1. The registered owner of the Property as at the Valuation Date was Great Intelligence Limited (the Vendor, an indirect wholly-owned subsidiary of the Company) registered via memorial no. UB9451557 dated 30 December 2004.
2. Save for Car Parking Space No.4043, the Property was, as at the Valuation Date, subject to a Mortgage and a Rent Assignment in favour of The Hongkong and Shanghai Banking Corporation Limited respectively registered via memorial nos. 14112002480531 and 14112002480546 both dated 12 November 2014.
3. Deed of Mutual Covenant is registered against the Property via memorial no. UB2095606 dated 5 June 1981.
4. Supplemental Deed of Mutual Covenant is registered against the Property via memorial no. UB5856626 dated 30 November 1993.
5. The Property is falling within an area zoned “Commercial” under the Draft Central District (HPA 4) Outline Zone Plan No. S/H4/17 exhibited for public inspection on 24 May 2019 under the Town Planning Ordinance (Chapter 131).
6. Pursuant to the terms of the agreement (the “**Agreement**”) by virtue of which the Vendor has agreed to sell and Mexfair Limited (the “**Purchaser**”, an independent third party to the Company) has agreed to purchase the Property, upon the completion of the transaction in accordance with the Agreement, the Purchaser agreed to let the Property to a wholly-owned subsidiary of the Company to be nominated by the Vendor under a leaseback arrangement. In view of the market conditions as prevailing on the Valuation Date, we are of the opinion that the aforesaid leaseback arrangement does not have any positive or negative impact on our assessment of the market value of the Property as at the Valuation Date.
7. In our valuation of the Property adopting market approach, we have identified and made references to relevant comparable transactions based on the following selection criteria:
 - Transaction time – within the year of 2024 and the second half of the year of 2023
 - Property location – within core business area of Central district and standing along major traffic thoroughfares including Harcourt Road, Connaught Road Central and Des Voeux Road Central
 - Property Nature – whole floor office units within pure commercial buildings

8. Given the above selection criteria, the following comparable transactions meeting those criteria have been considered in our valuation. Their price unit rates, being the transaction price divided by gross floor area (HK\$/ft²), have been adopted as quantitative benchmark for analysis purpose:

Comparable	1	2	3
Date of Transaction	30 Apr 24	16 Nov 23	29 Sep 23
Office Unit	Whole of 23/F	Whole of 12/F	Whole of 14/F
Name of Building	Bank of America Tower	Continental Place	Wing On House
Location	12 Harcourt Road	238 Des Voeux Road Central	71 Des Voeux Road Central & 38 Connaught Road Central
Transaction Price (HK\$ million)	250.00	46.64	347.00
Gross Floor Area (ft ²)	13,880	1,780	15,946
Unit Rate (HK\$/ft ²)	18,012	26,200	21,761
Source	Land Registry	Land Registry	Land Registry
Adjustment (%)	0%	-26%	-15%
Adjusted Unit Rate (HK\$/ft ²)	18,012	19,388	18,497

All the above comparable transactions are meeting the aforesaid selection criteria in term of transaction time, location and property nature. We believe that none of the transactions that meeting the selection criteria is excluded and the list of comparable transactions is full and exhaustive and analysis of them provides a general reference as to the market valuation of the Property.

Adjustments to the comparable transactions are constituted by time factor and property size in term of gross floor area. Regarding time factor, it is observed that the office sector of Hong Kong was experiencing market downturn over the past 12-month period as reflected by downward trend as exhibited in the price indices on office property market released by the Rating and Valuation Department. Since comparable 2 and 3 were hashed within 8-month period ahead of the Valuation Date, downward adjustments on them are warranted. Regarding size factor, properties of smaller size can be priced higher than properties of large size due to their superior marketability with relatively broader base of potential affordable purchasers, particularly under subdued demand market. Amongst the selected comparables, comparable 2 has its gross floor area smaller than the Property and is considered superior to the Property such that downward adjustment on it is warranted whilst comparable 1 and 3 are considered to be at par with the Property such that no downward adjustment is necessary.

9. Based on the above analysis, the market value of the Property is figured out as follows:

Adopted Unit Rate (A)	:	HK\$18,632 (being the sample mean of the adjusted comparable unit rates)
Gross Floor Area (B)	:	13,880ft ²
Market Value (A × B)	:	HK\$258,613,682
Round to	:	HK\$260,000,000

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS OF THE DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company and/or their respective close associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

The Company

Name of Director	Number of Shares held	Number of underlying shares held (Note 2)	Total	Percentage (Note 4)
Mr. Cheung Hon Kit (“ Mr. HK Cheung ”)	48,800,000	2,600,000	51,400,000	5.66%
Dr. Chan	518,948,012 (Note 3)	–	518,948,012	57.20%
Mr. Chan Yiu Lun, Alan (“ Mr. Alan Chan ”)	4,075,781	1,000,000	5,075,781	0.55%
Ms. Chau Mei Wah (“ Ms. Rosanna Chan ”)	11,952,564	–	11,952,564	1.31%
Hon. Shek Lai Him, Abraham, <i>GBS, JP</i>	322,347	500,000	822,347	0.09%
Mr. Ip Hon Wah	–	300,000	300,000	0.03%

Notes:

1. Except Dr. Chan, all the Directors were the beneficial owners having personal interests in the Shares and/or underlying shares of the Company disclosed above. All the interests disclosed above were long positions.
2. This represented the aggregate number of share options granted to the Directors by the Company (being regarded as unlisted physically settled equity derivatives) on 28 September 2021 at an exercise price of HK\$1.03 per share option under the share option scheme adopted by the Company on 10 September 2021. The period during which these share options can be exercised is from 1 April 2022 to 30 September 2025 (both dates inclusive), provided that 25% of the share options shall be exercisable during each of the periods (i) from 1 April 2022 to 30 September 2025 (both dates inclusive), (ii) from 1 October 2022 to 30 September 2025 (both dates inclusive), (iii) from 1 April 2023 to 30 September 2025 (both dates inclusive), and (iv) from 1 October 2023 to 30 September 2025 (both dates inclusive). The vesting period of the share options is from the date of the grant until the commencement of the exercise period.
3. By virtue of Part XV of the SFO, Dr. Chan was interested in and deemed to be interested in a total of 518,948,012 Shares as follows:
 - (i) he was the beneficial owner having personal interests in 191,588,814 Shares;
 - (ii) he was deemed to have corporate interests in 76,186,279 Shares which were owned by the companies wholly owned by him; and
 - (iii) he was deemed to have family interests in 251,172,919 Shares which were owned by the companies wholly owned by his spouse, Ms. Ng.

Details of (ii) and (iii) above are disclosed in the paragraph headed “Interests of Substantial Shareholders and Other Persons” below.

4. This represented the approximate percentage of the total number of issued Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company and/or their respective close associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at the Latest Practicable Date, so far as known to the Directors or chief executive of the Company, the interests and short positions of the substantial shareholders of the Company or other persons (other than the Directors or chief executive of the Company) in the Shares and underlying shares of the Company, which have been disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and have been recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

<u>Name</u>	<u>Nature of interests</u>	<u>Capacity</u>	<u>Number of Shares held</u>	<u>Percentage (Note 2)</u>
(a) Substantial shareholders				
Ms. Ng	Corporate interests	Interests of controlled corporation	251,172,919	27.68%
	Family interests	Interest of spouse	267,775,093	29.52%
			518,948,012 (Note 3)	57.20%
Record High Enterprises Limited ("Record High")	Corporate interests	Interests of controlled corporation	251,172,919 (Note 3)	27.68%
Fortune Crystal	Personal interests	Beneficial owner	251,172,919 (Note 3)	27.68%
(b) Other persons				
ITC Holdings Limited ("ITC Holdings")	Corporate interests	Interests of controlled corporation	76,186,279 (Note 4)	8.39%
Galaxyway	Personal interests	Beneficial owner	76,186,279 (Note 4)	8.39%

Notes:

1. All the interests in the Shares disclosed above were long positions. Also, no underlying shares of the Company were held by the substantial shareholders of the Company and other persons stated above.
2. This represented the approximate percentage of the total number of issued Shares as at the Latest Practicable Date.
3. Fortune Crystal owned 251,172,919 Shares and was a wholly-owned subsidiary of Record High which in turn was wholly owned by Ms. Ng. As such, Record High and Ms. Ng were deemed to be interested in the 251,172,919 Shares owned by Fortune Crystal by virtue of Part XV of the SFO.

In addition, Ms. Ng was deemed to be interested in the 76,186,279 Shares owned by Galaxyway set out in Note 4 below and the 191,588,814 Shares beneficially owned by Dr. Chan, an executive Director and Joint Vice Chairman of the Company, by virtue of her being the spouse of Dr. Chan for the purpose of Part XV of the SFO.

Accordingly, Ms. Ng was deemed to be interested in a total of 518,948,012 Shares by virtue of Part XV of the SFO.

4. Galaxyway owned 76,186,279 Shares and was a wholly-owned subsidiary of ITC Holdings which in turn was wholly owned by Dr. Chan. As such, ITC Holdings and Dr. Chan were deemed to be interested in the 76,186,279 Shares owned by Galaxyway by virtue of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified of any other interests and short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

4. COMPETING INTERESTS

As at the Latest Practicable Date, interests of the Directors and their respective close associates in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group were as follows:

- (i) Mr. HK Cheung, an executive Director and the Chairman of the Company, had personal interests and/or held directorships in companies which were engaged in property investment in Macau, Hong Kong, the PRC and Canada and/or investment in hotel in the PRC;
- (ii) Dr. Chan, an executive Director and Joint Vice Chairman of the Company, and/or his close associate had personal interests and/or held directorships in companies which were engaged in property investment in Hong Kong and/or investment in hotel in Canada and/or securities investments;
- (iii) Mr. Alan Chan, an executive Director, had personal interests and/or held directorships in companies which were engaged in securities investments; and
- (iv) Ms. Rosanna Chau, a non-executive Director, held directorship in a company which was engaged in securities investments.

The Directors are aware of their fiduciary duties to the Company and understand that they must, in the performance of their duties as Directors, avoid actual and potential conflicts of interest and duty in order to ensure that they act in the best interests of the Shareholders and the Company as a whole. In addition, any significant business decisions of the Group are determined by the Board. Any Director who has material interest in any matter being resolved will abstain from voting. In view of the above, the Board considers that the interests of each of the above Directors in other companies neither prejudice his/her capacity as a Director nor compromise the interests of the Group and the Shareholders. Also, the Board opines that coupled with the diligence of the independent non-executive Directors, the Group is capable of carrying on its businesses independently of, and at arm's length from, such businesses in which the above Directors are regarded as being interested in.

5. INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have, since 31 March 2024 (being the date to which the latest published audited accounts of the Company were made up), been (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by the Group within one (1) year without payment of compensation (other than statutory compensation).

7. MATERIAL CONTRACTS

The following are contracts (not being contracts entered into in the ordinary course of business) entered into by the members of the Group within the two (2) years immediately preceding the Latest Practicable Date and are or may be material:

- (i) the agreement for sale and purchase dated 10 January 2024 entered into between Beam Castle Limited (“**Beam Castle**”), a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company, as vendor and Ms. Yang Yan as purchaser in relation to the sale and purchase of 49% shareholding interests in Premier Maker Limited (“**Premier Maker**”) and the amount owed by Premier Maker to Beam Castle, for an aggregate consideration of HK\$50.0 million; and
- (ii) the Agreement.

8. LITIGATION

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

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions or advice contained in this circular:

Name	Qualification
Asset Appraisal Limited	independent property valuer

The expert listed above has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the expert listed above had no shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the expert listed above had no direct or indirect interest in any assets which had been, since 31 March 2024 (being the date to which the latest published audited accounts of the Company were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

10. DOCUMENTS ON DISPLAY

Copies of the following documents are published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.itcproperties.com for a period of fourteen (14) days from the date of this circular:

- (i) the Agreement;
- (ii) the letter of consent referred to in the paragraph headed “Expert and Consent” in this appendix; and
- (iii) the valuation report on the Property as set out in Appendix II to this circular.

11. GENERAL

- The company secretary of the Company is Ms. Wong Siu Mun. She is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.
- The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- The Company’s principal place of business in Hong Kong is situated at 30/F., Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.
- The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- In case of any inconsistency, the English version of this circular shall prevail over the Chinese version.