THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

德祥地產集團有限公司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 199)

SCRIP DIVIDEND SCHEME IN RELATION TO THE SECOND INTERIM DIVIDEND FOR THE YEAR ENDED 31 MARCH 2020

In case of any inconsistency, the English version of this circular shall prevail over the Chinese version.

* *For identification purpose only*

29 July 2020

MEANS OF RECEIPT AND LANGUAGE OF CORPORATE COMMUNICATIONS

This circular, in both English and Chinese versions, is now available in printed form, and in accessible format on the website of the Company at www.itcproperties.com.

For shareholders and non-registered shareholders of the Company who:

(i) have elected to receive or are deemed to have consented to receive this circular by electronic means on the Company's website, or

(ii) have difficulty in receiving or gaining access to this circular on the Company's website,

they may obtain printed copies free of charge by sending a written request to the Company or the branch share registrar of the Company in Hong Kong (the "**Branch Share Registrar**"), Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

If shareholders and non-registered shareholders of the Company wish to change their elected means of receipt or language of all future corporate communications of the Company, they may at any time notify the Company by prior notice of at least seven days in writing to the Branch Share Registrar at the address stated above or by e-mail to itcproperties-ecom@hk.tricorglobal.com or by completing and returning the accompanying Change Request Form.

ITC PROPERTIES

德祥地產集團有限公司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 199)

Executive Directors:
Mr. Cheung Hon Kit *(Chairman)*
Mr. Chan Fut Yan *(Managing Director)*
Mr. Cheung Chi Kit *(Chief Financial Officer)*
Mr. Chan Yiu Lun, Alan
Mr. Wong Lai Shun, Benny

Independent Non-executive Directors:
Hon. Shek Lai Him, Abraham, *GBS, JP* *(Vice Chairman)*
Mr. Kwok Ka Lap, Alva
Mr. Chan Pak Cheong Afonso

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
30/F., Bank of America Tower
12 Harcourt Road
Central
Hong Kong

29 July 2020

To the shareholders,

Dear Sir or Madam,

SCRIP DIVIDEND SCHEME IN RELATION TO THE SECOND INTERIM DIVIDEND FOR THE YEAR ENDED 31 MARCH 2020

On 26 June 2020, the board of directors (the "**Board**") of ITC Properties Group Limited (the "**Company**") declared the payment of a second interim dividend of HK$0.05 per ordinary share of HK$0.01 each in the issued share capital of the Company (the "**Share**") for the year ended 31 March 2020 (the "**Second Interim Dividend**") with an alternative to elect payment of the Second Interim Dividend wholly or partly by allotment of new Shares credited as fully paid up (the "**Scrip Shares**") in lieu of cash, payable on or about Friday, 28 August 2020 to the holders of Shares (the "**Shareholders**") whose names were recorded on the register of members of the Company (the "**Register of Members**") as at the close of business on Tuesday, 21 July 2020 (the "**Scrip Dividend Scheme**"). For the purpose of ascertaining the Shareholders' entitlement to the Second Interim Dividend, the Register of Members was closed from Monday, 20 July 2020 to Tuesday, 21 July 2020, both days inclusive, during which period no transfer of Shares was registered.

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

PARTICULARS OF THE SCRIP DIVIDEND SCHEME

Under the Scrip Dividend Scheme, each Shareholder whose name appeared on the Register of Members as at the close of business on Tuesday, 21 July 2020 (the "**Record Date**") shall have the following choice of receiving the Second Interim Dividend:

* *For identification purpose only*

(i) in cash per Share; or

(ii) by an allotment of Scrip Shares in lieu of cash at an issue price of HK$0.8519 per Scrip Share (as determined below), save for adjustment for fractions; or

(iii) by a combination of partly cash and partly Scrip Shares.

As stated in the announcement of the Company dated 26 June 2020, for the purpose of calculating the number of Scrip Shares to be allotted under (ii) and (iii) above, the issue price of each Scrip Share is determined by reference to the average of the closing prices of a Share traded on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") for the three consecutive trading days immediately prior to and up to and including the Record Date (the "**Average Closing Price**") less a discount of 5% of such Average Closing Price or the par value of HK$0.01 per Share, whichever is higher. The issue price of each Scrip Share has been fixed at HK$0.8519.

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

$$\begin{array}{c}\text{Number of}\\ \text{Scrip Shares}\\ \text{to be received}\end{array} = \begin{array}{l}\text{Number of Shares held on}\\ \text{the Record Date for which}\\ \text{the Second Interim Dividend}\\ \text{is to be satisfied by the}\\ \text{allotment of Scrip Shares}\end{array} \text{ X } \frac{\begin{array}{c}\text{HK\$0.05}\\ \text{(Second Interim Dividend per Share)}\end{array}}{\begin{array}{c}\text{HK\$0.8967}\\ \text{(Average Closing Price)}\end{array} \text{ X } \dfrac{95}{100}}$$

Based on 957,392,004 Shares in issue as at the Record Date, if all Shareholders elect to receive the Second Interim Dividend in Scrip Shares, not more than 56,191,572 Scrip Shares (representing approximately 5.87% of the total number of existing issued Shares and approximately 5.54% of the total number of issued Shares as enlarged by the issue of the Scrip Shares) will be issued under the Scrip Dividend Scheme by way of capitalisation of reserves. If no Shareholder elects to receive the Second Interim Dividend in Scrip Shares, the total cash payable by the Company in respect of the Second Interim Dividend would be approximately HK$47.87 million.

As at the Record Date, 26,290,000 share options granted by the Company remained outstanding. The Company had no outstanding warrants and securities, which are convertible into Shares, as at the latest practicable date prior to the printing of this circular (i.e. 23 July 2020).

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

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

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

The Second Interim Dividend in cash will be paid in Hong Kong dollars regardless of the places of residence of the Shareholders as at the Record Date.

SCRIP ELECTION FORM

A form of election (the "**Scrip Election Form**") is enclosed with this circular for use by the Shareholders who wish to receive the Second Interim Dividend wholly in the form of Scrip Shares or partly in cash and partly in the form of Scrip Shares in lieu of cash, or to make a permanent election to receive Shares in lieu of cash in respect of all future dividends to be payable in cash with an alternative to elect for Shares.

Shareholder who wishes to receive only cash in respect of his/her/its Second Interim Dividend does not need to take any action.

Shareholder who wishes to receive Scrip Shares in lieu of cash in respect of his/her/its Second Interim Dividend, either in whole or in part, must complete the Scrip Election Form in accordance with the instructions printed thereon and return it to the Branch Share Registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Friday, 14 August 2020. No acknowledgement of receipt of the Scrip Election Form will be issued.

The above-mentioned closing time for the return of the Scrip Election Form will be extended, as the case may be, in accordance with (i) or (ii) below if typhoon signal no. 8 or above is hoisted, or a "black" rainstorm warning is in force, or "extreme conditions" caused by super typhoon are announced by the Government of the Hong Kong Special Administrative Region of the People's Republic of China (either one of the warnings is referred to as the "**Warning**"):

(i) in force in Hong Kong at any time before 12:00 noon and no longer in force after 12:00 noon on Friday, 14 August 2020. In such case, the closing time for the return of the Scrip Election Form will be extended to 5:00 p.m. on Friday, 14 August 2020; or

(ii) in force in Hong Kong at any time between 12:00 noon and 4:30 p.m. on Friday, 14 August 2020. In such case, the closing time for the return of the Scrip Election Form will be extended to 4:30 p.m. on the next business day where no Warning is in force at any time between 9:00 a.m. and 4:30 p.m.

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

No Scrip Election Form will be sent to Shareholder who has already made a permanent election to receive Shares in lieu of cash in respect of all future dividends on the whole of his/her/its registered holding of Shares. Any such Shareholder who wishes to change his/her/its existing permanent election for Shares and to elect to receive cash this time, please inform the Branch Share Registrar, Tricor Secretaries Limited, by notice in writing by no later than 4:30 p.m. on Wednesday, 5 August 2020.

OVERSEAS SHAREHOLDERS

Based on the Register of Members as at the close of business on the Record Date, all Shareholders have registered addresses in Hong Kong save that there were five Shareholders with registered addresses in Australia, the British Virgin Islands, Italy and the United Kingdom (collectively, the "**Overseas Shareholders**") who together held an aggregate of 34,142 Shares. The aggregate amount of the Second Interim Dividend which these Overseas Shareholders are entitled to is HK$1,707.1. Assuming that these Overseas Shareholders elected to receive the Second Interim Dividend wholly in Scrip Shares, they will be issued with no more than 2,003 Scrip Shares in total.

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

None of this circular, the Scrip Election Form and the Scrip Shares will be registered or filed under the securities laws or equivalent legislation of any jurisdiction other than Hong Kong. The participation in the Scrip Dividend Scheme by the Overseas Shareholders may be restricted by the laws of their relevant jurisdictions. No Shareholder receiving a copy of this circular and/or the Scrip Election Form in any territory outside Hong Kong may treat the same as an offer of Scrip Shares or an invitation to elect for Scrip Shares unless in the relevant territory such invitation could lawfully be made to him/her/it without having to obtain any registration or complying with other legal requirements, governmental or regulatory procedures or any similar formalities. It is the responsibility of any Shareholder residing outside Hong Kong who wishes to receive Scrip Shares under the Scrip Dividend Scheme to comply with the laws of the relevant jurisdiction including obtaining any registration or approval or consent or complying with other legal requirements, governmental or regulatory procedures or any similar formalities. Shareholders who receive Scrip Shares in lieu of cash dividend must also comply with any restrictions on the sale of the Scrip Shares which may apply outside Hong Kong. Shareholders with registered addresses outside Hong Kong should consult their own professional advisers as to whether they are permitted to receive the Second Interim Dividend in the form of an issue of Scrip Shares or if any governmental approval or other consent is required or other formalities are needed to be observed and whether there are any other restrictions in relation to the future sale of any Scrip Shares so acquired. The Overseas Shareholders residing in jurisdictions where it would be illegal for them to participate in the Scrip Dividend Scheme will be deemed to have received this circular and/or the Scrip Election Form for information only.

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

The Scrip Dividend Scheme is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Scrip Shares. Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Scrip Shares. Subject to the approval being granted by the Listing Committee of the Stock Exchange, the Scrip Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in the Central Clearing and Settlement System. Share certificates in respect of the Scrip Shares and cheques in respect of the Second Interim Dividend payable in cash are expected to be sent to the relevant Shareholders by ordinary post at their own risks on or about Friday, 28 August 2020. You may deal in the Scrip Shares to be issued to you upon receipt of the relevant share certificates. In the event that the Scrip Shares are not admitted to listing, the Scrip Election Form duly completed will be treated as void and the entire Second Interim Dividend will then be paid in cash.

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

Dealings in the Scrip Shares are expected to commence at 9:00 a.m. on Monday, 31 August 2020.

ADVANTAGES OF THE SCRIP DIVIDEND SCHEME

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

EFFECT OF THE SCRIP DIVIDEND SCHEME

Shareholders should note that the Scrip Shares to be issued under the Scrip Dividend Scheme may give rise to disclosure requirements under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinances (Chapter 571 of the Laws of Hong Kong). Shareholders who are in any doubt as to how these provisions may affect them as a result of the issue of the Scrip Shares are recommended to seek their own professional advice.

RECOMMENDATION

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

EXPECTED TIMETABLE

Latest time for return of the Scrip Election Form	4:30 p.m. on Friday, 14 August 2020
Despatch of the cheques for the Second Interim Dividend payable in cash and the share certificates for the Scrip Shares to the Shareholders	on or about Friday, 28 August 2020
Commencement of dealings in the Scrip Shares (subject to the granting of listing of the Scrip Shares by the listing committee of the Stock Exchange)	9:00 a.m. on Monday, 31 August 2020

If you have not received the Scrip Election Form or have any queries or concerns in returning the Scrip Election Form, please call the hotline of the Branch Share Registrar at (852) 2980 1333 during business hours (9:00 a.m. to 6:00 p.m.), Monday to Friday, excluding Hong Kong public holidays.

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

Note: References to time and dates in this circular are to Hong Kong time and dates.