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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 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 (the “Company”), you should at once hand this circular and the accompanying form of proxy 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.

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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)

**RE-ELECTION OF RETIRING DIRECTORS,
GENERAL MANDATES TO ISSUE SHARES AND
TO REPURCHASE SHARES,
ADOPTION OF NEW SHARE OPTION SCHEME,
TERMINATION OF EXISTING SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of the Company (the “Annual General Meeting”) to be held at 15/F., 250 Hennessy, 250 Hennessy Road, Wanchai, Hong Kong on Friday, 10 September 2021 at 10:30 a.m. is set out on pages 23 to 27 of this circular.

In light of the epidemic of COVID-19, shareholders of the Company are strongly encouraged to appoint the chairman of the Annual General Meeting as his/her/its proxy to vote on the resolutions, instead of attending the Annual General Meeting in person. Please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, 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).

No food or drink will be served at the Annual General Meeting. The Company will implement the precautionary measures regarding group gathering at the Annual General Meeting as required by the relevant regulations from time to time.

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

* For identification purpose only

28 July 2021

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 change request form.

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Accompanying Document — Form of Proxy

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 15/F., 250 Hennessy, 250 Hennessy Road, Wanchai, Hong Kong on Friday, 10 September 2021 at 10:30 a.m., the notice of which is set out on pages 23 to 27 of this circular, or any adjournment thereof
“associate”	shall have the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“business day”	shall have the meaning ascribed thereto under the Listing Rules
“Bye-laws”	the bye-laws of the Company as amended, supplemented or otherwise modified from time to time
“CG Code”	the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
“close associate”	shall have the meaning ascribed thereto under the Listing Rules
“Company”	ITC Properties Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 199)
“connected person”	shall have the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder”	the controlling shareholder (as defined in the Listing Rules) of the Company
“core connected person”	shall have the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Eligible Person”	any person who is (or will be on and following the Offer Date): <ul style="list-style-type: none">(i) any employee or proposed employee (whether full time or part time) or executive, including executive director, of any member of the Group; or(ii) any non-executive director (including independent non-executive directors) of any member of the Group; or(iii) any consultant, adviser or agent (legal, financial or professional) engaged by any member of the Group, who, under the terms of the relevant engagement with the Group, is eligible to participate in a share option scheme of the Company; or(iv) any executive, including executive director, of any Invested Entity

DEFINITIONS

“Existing Share Option Scheme”	the existing share option scheme of the Company adopted on 17 August 2012
“General Mandates”	collectively, the Issue Mandate and the Repurchase Mandate
“Grantee”	any Eligible Person who accepts an offer of the grant of an Option in accordance with the terms of the New Share Option Scheme or (where the context so permits) a person who is entitled, in accordance with the applicable laws of succession, to exercise an Option to the extent not already exercised in consequence of the death of the original Grantee
“Group”	collectively, the Company and its subsidiaries
“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 any member of the Group, directly or indirectly, holds 30% or more equity interests
“Issue Mandate”	the proposed general mandate to be granted to the Directors at the Annual General Meeting to exercise all powers of the Company to allot, issue and deal with additional Shares not exceeding 20% of the total number of issued Shares as at the date of approval of such mandate
“Latest Practicable Date”	22 July 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“New Share Option Scheme”	the new share option scheme of the Company proposed to be adopted at the Annual General Meeting, the principal terms of which are set out in Appendix III to this circular
“Offer Date”	the date on which an offer for grant of an Option is made, conditionally or unconditionally, to an Eligible Person, which must be a business day
“Option(s)”	the share option(s) to be granted under the New Share Option Scheme and any other scheme(s) of the Company (if any)
“Repurchase Mandate”	the proposed general mandate to be granted to the Directors at the Annual General Meeting to exercise all powers of the Company to repurchase Shares up to a maximum of 10% of the total number of issued Shares as at the date of approval of such mandate
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	the substantial shareholder (as defined in the Listing Rules) of the Company
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“US\$”	United States dollars, the lawful currency of the United States
“%”	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*)
Mr. Cheung Chi Kit (*Managing Director*)
Mr. Chan Yiu Lun, Alan
Mr. Wong Lai Shun, Benny
Ms. Lam Sau Fung (*Chief Financial Officer*)

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Director:

Mr. Chan Fut Yan

*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* (*Vice Chairman*)
Mr. Chan Pak Cheong Afonso
Mr. Ip Hon Wah

28 July 2021

To the Shareholders

Dear Sir or Madam,

**RE-ELECTION OF RETIRING DIRECTORS,
GENERAL MANDATES TO ISSUE SHARES AND
TO REPURCHASE SHARES,
ADOPTION OF NEW SHARE OPTION SCHEME,
TERMINATION OF EXISTING SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with notice of the Annual General Meeting and information in respect of the resolutions to be proposed at the Annual General Meeting for (i) the re-election of the retiring Directors; (ii) the granting of the General Mandates to the Directors; (iii) the extension of the Issue Mandate by adding to it the aggregate number of the issued Shares repurchased by the Company under the Repurchase Mandate; (iv) the adoption of the New Share Option Scheme; and (v) the termination of the Existing Share Option Scheme.

2. RE-ELECTION OF RETIRING DIRECTORS

Pursuant to bye-laws 87(1) and 87(2) of the Bye-laws and the CG Code, Mr. Cheung Hon Kit (“**Mr. HK Cheung**”), Mr. Chan Fut Yan (“**Mr. FY Chan**”) and Hon. Shek Lai Him, Abraham, *GBS, JP* (“**Mr. Abraham Shek**”) shall retire from office at the Annual General Meeting by rotation. In addition, pursuant to bye-law 86(2) of the Bye-laws and the CG Code, Ms. Lam Sau Fung (“**Ms. SF Lam**”) and Mr. Ip Hon Wah (“**Mr. HW Ip**”), being Directors appointed after the last annual general meeting, shall hold office until the Annual General Meeting. Since Mr. FY Chan has not offered himself for re-election, he will retire as a non-executive Director with effect from the conclusion of the Annual General Meeting. The other four retiring Directors, being eligible, have offered themselves for re-election at the Annual General Meeting.

* For identification purpose only

LETTER FROM THE BOARD

In considering the re-election of the retiring Directors, the Nomination Committee of the Company took into account the board diversity policy and applied the selection criteria set out in the nomination policy by, *inter alia*, reviewing the experience and expertise as well as the performance and time commitment of the retiring Directors for the financial year ended 31 March 2021 (the “Year”) or their tenure of office within the Year, whichever is shorter.

Mr. Abraham Shek was appointed as an independent non-executive Director in September 2010 and has been serving on the Board for more than nine years. As such, pursuant to the code provision A.4.3 of the CG Code, a separate resolution will be proposed at the Annual General Meeting for approving his further appointment.

The Nomination Committee reviewed the annual independence confirmation made by each of Mr. Abraham Shek and Mr. HW Ip pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules, and considered that both Mr. Abraham Shek and Mr. HW Ip continue to be independent. Taking into account Mr. Abraham Shek’s profound experience in property development and his impartial and valuable views on matters relating to the Group and Mr. HW Ip’s experience in different fields including legal, business development and real estate investment, the Nomination Committee is of the view that both Mr. Abraham Shek and Mr. HW Ip have the required integrity and experience to continue to contribute to the Board with a diversity of perspectives, skills and experience.

The Board noted that Mr. Abraham Shek currently holds more than seven directorships in listed companies, and is of the view that in determining the ability of a Director, it is more important to focus on his commitment to devote sufficient time to the Company, rather than a strict adherence to a numeric count of directorships. After reviewing the annual disclosures made by Mr. Abraham Shek in relation to his time involvement in the Company over the years and his prompt response and commitment to the Company as evidenced in his high attendance rate at the meetings of the Company, the Board is satisfied that Mr. Abraham Shek has devoted sufficient time as required to discharge his responsibility and fulfil his obligations as an independent non-executive Director.

With the recommendation of the Nomination Committee, the Board is satisfied that Mr. Abraham Shek and Mr. HW Ip have the required integrity, independence and experience to fulfill their roles as independent non-executive Directors, and the re-election of Mr. Abraham Shek, Mr. HW Ip and other retiring Directors is in the interests of the Company and the Shareholders as a whole.

Each of Mr. HK Cheung, Mr. Abraham Shek and Mr. HW Ip abstained from the discussion and voting regarding his own re-election and/or independence at the meeting of the Nomination Committee, whereas each of the retiring Directors abstained from the discussion and voting regarding his/her own re-election at the Board meeting.

The biographical and other details of the retiring Directors standing for re-election at the Annual General Meeting, as 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 11 September 2020, general mandates were granted to the Directors authorising them, *inter alia*, (i) to exercise the powers of the Company to allot, issue and deal with Shares not exceeding 20% of the total number of the issued Shares as at 11 September 2020; (ii) to repurchase Shares not exceeding 10% of the total number of the issued Shares as at 11 September 2020; and (iii) to extend the general mandate to issue Shares by adding to it the aggregate number of issued Shares repurchased under the repurchase mandate mentioned in (ii) above. Such general mandates will expire at the conclusion of the Annual General Meeting.

LETTER FROM THE BOARD

Ordinary resolutions will be proposed at the Annual General Meeting to grant to the Directors new general mandates authorising them (i) to exercise all powers of the Company to allot, issue and deal with Shares not exceeding 20% of the total number of issued Shares as at the date of the passing of such resolution; (ii) to repurchase Shares not exceeding 10% of the total number of issued Shares as at the date of the passing of such resolution; and (iii) subject to the passing of the ordinary resolutions to approve the General Mandates at the Annual General Meeting, to extend the Issue Mandate by adding to it the aggregate number of issued Shares repurchased under the Repurchase Mandate.

As at the Latest Practicable Date, there were 960,175,410 Shares in issue. Subject to the passing of the ordinary resolutions to approve the General Mandates at the Annual General Meeting and on the basis that no further Shares are issued or repurchased from the Latest Practicable Date to the date of the Annual General Meeting, the Company would be allowed to issue up to a maximum of 192,035,082 Shares under the Issue Mandate and to repurchase up to a maximum of 96,017,541 Shares under the Repurchase Mandate.

The Directors believe that it is in the interests of the Company and the Shareholders as a whole if the General Mandates are granted at the Annual General Meeting. The Issue Mandate will provide the Directors with flexibility to issue new Shares especially in the context of a fund-raising exercise in a timely manner or a transaction involving an acquisition by the Group where Shares are to be issued as consideration and which has to be completed speedily. Repurchase of Shares will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders as a whole. Considering the rapid changes in the market conditions, the Repurchase Mandate can provide more flexibility to the Directors to enhance the net asset value per Share and/or the earnings per Share.

The General Mandates, if approved by the Shareholders at the Annual General Meeting, will continue until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws of Bermuda to be held; and
- (iii) the revocation or variation of such authority by the Shareholders in general meeting of the Company.

An explanatory statement providing all the information required to be disclosed under the Listing Rules regarding the Repurchase Mandate is set out in Appendix II to this circular.

4. ADOPTION OF NEW SHARE OPTION SCHEME

The Existing Share Option Scheme was adopted by the Company on 17 August 2012 and will expire on 16 August 2022. Therefore, the Directors propose to adopt the New Share Option Scheme, the principal terms of which are set out in Appendix III to this circular. The adoption of the New Share Option Scheme is conditional upon (i) the approval of the adoption of the New Share Option Scheme by the Shareholders at the Annual General Meeting; and (ii) the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares which may be issued upon exercise of the Options to be granted under the New Share Option Scheme.

If the above conditions are not satisfied within four (4) calendar months after the Adoption Date (as defined in the New Share Option Scheme), (i) the New Share Option Scheme shall forthwith determine; (ii) any Option granted or agreed to be granted under the New Share Option Scheme and any offer of such grant shall be of no effect; and (iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the New Share Option Scheme or any Option.

LETTER FROM THE BOARD

The purposes of the New Share Option Scheme are:

- (a) to enable the Group to recruit and retain high calibre employees and attract human resources that are valuable to the Group;
- (b) to recognise the significant contributions of the Grantees to the growth of the Group by rewarding them with opportunities to obtain ownership interest in the Company; and
- (c) to further motivate and give incentives to the Grantees to continue to contribute to the long-term success and prosperity of the Group.

The Directors consider that the New Share Option Scheme will provide the Grantees with the opportunity to acquire proprietary interests in the Company and will encourage the Grantees to work towards enhancing the value of the Company and the Shares for the benefits of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company had 960,175,410 Shares in issue. Assuming no further Shares will be issued or repurchased prior to the date of the Annual General Meeting, the total number of Shares which may be issued upon exercise of all Options which may be granted under the New Share Option Scheme and any other schemes of the Company would be 96,017,541 Shares, representing 10% of the total number of Shares in issue as at the Adoption Date.

The New Share Option Scheme does not specify a minimum period for which an Option must be held nor a performance target which must be achieved before an Option can be exercised. However, the rules of the New Share Option Scheme provide that the Board may determine, at its sole discretion, such terms and conditions on the grant of an Option. This determination may vary on a case by case basis but such conditions will not be inconsistent with any terms and conditions of the New Share Option Scheme. The basis for the determination of the subscription price is specified in the rules of the New Share Option Scheme.

Comparing with the one-off cash reward, the Board considers that the Options, in form of non-cash reward, will provide incentives for continuous contribution from the Eligible Persons and will foster a solid relationship between the Eligible Persons and the Group in the long run. The Directors believe that the success of the Group does not solely depend on the contributions by the employees and directors of the Group, but also the parties who play a part in the development of the business and operations of the Group or any Invested Entity. In particular, the Directors consider that:

- (a) for consultants, advisers and agents of the Group, the Options will serve as an incentive to draw in such talents who usually possess the expertise or experiences, such as experiences with local markets, or connections in the new markets, which the employees of the Group may not possess; and
- (b) for executives of the Invested Entity, the Options can serve as a reward to encourage smooth co-operation and better collaboration between the Group and the Invested Entity for pursuing the growth and expansion of the businesses of the Group. Forming joint ventures with business partners is a common business model for properties developers in Hong Kong which are of comparable size of the Group, and could diversify the Group's business risks, share the expertise of the business partners and create synergies with the strategic alliance.

With respect to the eligibility of the Eligible Persons other than employees and directors of the Group, the Directors will consider a number of factors and in particular:

- (a) for consultant, advisers and agents of the Group, their potential and/or actual contribution to the development, business affairs of and benefits to the Group, their degree of involvement in and/or collaboration with the Group with regard to the number, scale and nature of the projects, and their period of engagement, co-operation and business relationship with the Group; and

LETTER FROM THE BOARD

- (b) for executives of the Invested Entity, their potential and/or actual contribution to the development, business affairs of and benefits to the Group, the business opportunities introduced to the Group, their long-term and sustainable relationship with the Group, and also their working experiences, knowledge in the industry or local markets and other personal attributes (including without limitation their reputation, credibility, business connections and strategic value).

The Directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage the Eligible Persons to acquire proprietary interests in the Company.

Based on the above, the Board considers that the inclusion of persons (other than the employees and directors of the Group) as the Eligible Persons is fair and reasonable and in the interest of the Company and the Shareholders as a whole, and will enable the purposes of the New Share Option Scheme to be achieved.

The Directors also consider that it is not appropriate to state the value of all the Options that can be granted under the New Share Option Scheme as if they had been granted on the Latest Practicable Date prior to the approval of the New Share Option Scheme given that the variables such as the subscription price, exercise period, interest rate, expected volatility and other relevant variables cannot be available for calculating the value of the Options. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions will not be meaningful to the Shareholders in the circumstances.

None of the Directors is a trustee of the New Share Option Scheme or has any direct or indirect interest in the trustees (if any) of the New Share Option Scheme.

An application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be issued upon exercise of the Options which may be granted under the New Share Option Scheme. The Company has no present intention to grant any Options under the New Share Option Scheme in the coming twelve (12) months.

A copy of the New Share Option Scheme is available for inspection at 30/F., Bank of America Tower, 12 Harcourt Road, Central, Hong Kong during the normal business hours from the date of this circular and up to and including the date of the Annual General Meeting, and will also be available for inspection at the Annual General Meeting.

5. TERMINATION OF EXISTING SHARE OPTION SCHEME

The Directors propose to terminate the Existing Share Option Scheme upon the New Share Option Scheme becoming effective. An ordinary resolution will be proposed for the Shareholders to approve the termination of the Existing Share Option Scheme at the Annual General Meeting.

As at the Latest Practicable Date, the Company had a total of 25,890,000 share options remained outstanding under the Existing Share Option Scheme (the “**Existing Options**”). The Existing Options were granted on 4 April 2018 with an exercise price of HK\$2.57 per share option and are exercisable up to 3 April 2022 in accordance with the terms of the Existing Share Option Scheme.

Upon the termination of the Existing Share Option Scheme, no further share options would be offered under the Existing Share Option Scheme but the Existing Share Option Scheme would in other respects remain in force to the extent necessary to give effect to the exercise of the outstanding Existing Options. Any outstanding Existing Options will continue to be valid and exercisable in accordance with the terms of the Existing Share Option Scheme.

Other than the Existing Share Option Scheme, the Company did not maintain any other share option scheme as at the Latest Practicable Date.

LETTER FROM THE BOARD

6. ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting is set out on pages 23 to 27 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, *inter alia*, the re-election of the retiring Directors, the granting of the General Mandates, the extension of the Issue Mandate by adding to it the aggregate number of issued Shares repurchased under the Repurchase Mandate, the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme.

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 Branch Share Registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, 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 the Listing Rules and the Bye-laws, any vote of the Shareholders at a general meeting must be taken by poll except for purely procedural or administrative matters. The chairman of the Annual General Meeting will therefore put all resolutions to be proposed at the Annual General Meeting to be voted by way of poll. An announcement on the results of the votes by poll will be made by the Company after the Annual General Meeting in the manner prescribed under the Listing Rules. To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, no Shareholders are required to abstain from voting on any resolutions to be approved at the Annual General Meeting pursuant to the Listing Rules and/or the Bye-laws.

7. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes the 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.

8. RECOMMENDATION

The Directors consider that the proposed re-election of the retiring Directors, granting of the General Mandates, extension of the Issue Mandate by adding to it the aggregate number of issued Shares repurchased under the Repurchase Mandate, adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme are all in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the 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 the retiring Directors standing for re-election at the Annual General Meeting are set out below:

EXECUTIVE DIRECTORS

Cheung Hon Kit, aged 67, joined the Company as an executive Director and the Chairman in April 2005 and is also a director of various members of the Group. He is also the chairman of the Corporate Governance Committee, and a member of each of the Nomination Committee and the Investment Committee of the Company. Mr. HK Cheung graduated from the University of London with a bachelor of arts degree. He has over 43 years of experience in real estate development, property investment and corporate finance, holding key executive positions in various leading property development companies in Hong Kong. Mr. HK Cheung is an independent non-executive director of Future Bright Holdings Limited, a listed company in Hong Kong.

As at the Latest Practicable Date, Mr. HK Cheung had personal interests in 48,800,000 Shares and 7,000,000 Existing Options entitling him to subscribe for 7,000,000 Shares, in aggregate representing approximately 5.81% of the total number of issued Shares. There is no proposed length of Mr. HK Cheung's service of directorship. Mr. HK Cheung is entitled to receive an annual Director's fee of HK\$10,000 as determined by the Board, and a basic salary of HK\$3,480,000 per annum and a discretionary bonus, which are approved by the Remuneration Committee of the Company.

On 15 November 2005, the Securities and Futures Commission of Hong Kong (the "SFC") criticised the then board of directors of ITC Corporation Limited ("**ITC Corporation**", now known as PT International Development Corporation Limited) for breaching Rule 21.3 of the Takeovers Code in respect of the dealing in the securities of Hanny Holdings Limited (now known as Master Glory Group Limited (in liquidation)) by ITC Corporation during an offer period without the consent of the executive director of the Corporate Finance Division of the SFC. Mr. HK Cheung was a director of ITC Corporation at that time.

Lam Sau Fung, aged 49, joined the Group in July 2020. With effect from 1 February 2021, she has been appointed as an executive Director and the Chief Financial Officer of the Company responsible for the finance and accounting functions of the Group. Ms. SF Lam has become a member of the Investment Committee of the Company upon her appointment, and has been appointed as a member of the Corporate Governance Committee of the Company with effect from 1 February 2021. She is also a director of various members of the Group. Ms. SF Lam was a partner of Deloitte Touche Tohmatsu before joining the Group, and has over 25 years of experience in audit of multi-national corporations and listed companies and initial public offerings in Hong Kong and overseas. Ms. SF Lam holds a Bachelor of Business Administration degree in accounting. She is a fellow of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants.

As at the Latest Practicable Date, Ms. SF Lam did not have any interest in any Shares or underlying Shares within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"). There is no proposed length of Ms. SF Lam's service of directorship, and she shall hold office until the Annual General Meeting and be eligible for re-election at that meeting. Ms. SF Lam is entitled to receive an annual Director's fee of HK\$10,000 as determined by the Board, and a basic salary of HK\$2,280,000 per annum and a discretionary bonus which are approved by the Remuneration Committee of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Hon. Shek Lai Him, Abraham, GBS, JP (alias: Abraham Razack), aged 76, joined the Company as an independent non-executive Director and the Vice Chairman in September 2010. He is also the chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee of the Company. Mr. Abraham Shek graduated from the University of Sydney, Australia with a bachelor of arts degree and a diploma in education. He has been a member of the Legislative Council of Hong Kong representing the real estate and construction functional constituency since 2000. He was appointed as a Justice of the Peace in 1995. He was awarded Silver Bauhinia Star in 2007 and was further awarded the Gold Bauhinia Star in 2013.

Mr. Abraham Shek is the honorary chairman and an independent non-executive director of Chuang's China Investments Limited, a listed company in Hong Kong upon his retirement as the chairman with effect from 29 April 2019. He was appointed as the vice chairman and was re-designated from an independent non-executive director to an executive director of Goldin Financial Holdings Limited ("**Goldin Financial**"), a listed company in Hong Kong, all with effect from 1 March 2021. Mr. Abraham Shek is also an independent non-executive director of China Resources Cement Holdings Limited, Chuang's Consortium International Limited, Cosmopolitan International Holdings Limited, Country Garden Holdings Company Limited, CSI Properties Limited, Everbright Grand China Assets Limited, Far East Consortium International Limited, Hao Tian International Construction Investment Group Limited, Lai Fung Holdings Limited, Landing International Development Limited, Lifestyle International Holdings Limited, NWS Holdings Limited and Paliburg Holdings Limited, all being listed companies in Hong Kong. He is also an independent non-executive director of Eagle Asset Management (CP) Limited – the manager of Champion Real Estate Investment Trust and Regal Portfolio Management Limited – the manager of Regal Real Estate Investment Trust, both of the trusts being listed in Hong Kong. Mr. Abraham Shek retired from the position of independent non-executive director of MTR Corporation Limited, Hop Hing Group Holdings Limited and SJM Holdings Limited, all being listed companies in Hong Kong, on 22 May 2019, 2 June 2020 and 28 May 2021 respectively. Mr. Abraham Shek is an honorary member of the Court of The Hong Kong University of Science and Technology, and a member of both of the Court and the Council of The University of Hong Kong. Mr. Abraham Shek's term as a non-executive director of the Mandatory Provident Fund Schemes Authority has ended on 16 March 2021.

As at the Latest Practicable Date, Mr. Abraham Shek had personal interests in 322,347 Shares and 500,000 Existing Options entitling him to subscribe for 500,000 Shares, in aggregate representing approximately 0.08% of the total number of issued Shares. The term of office of Mr. Abraham Shek runs for the period from 7 September 2018, being the date of his last re-election, until the conclusion of the Annual General Meeting. Mr. Abraham Shek is entitled to receive an annual fee of HK\$300,000 as determined by the Board.

Mr. Abraham Shek was an independent non-executive director of Titan Petrochemicals Group Limited ("**Titan**"), a company incorporated in Bermuda and listed in Hong Kong, from 27 February 2006 to 26 February 2014. According to the announcements and circulars published by Titan (together the "**Titan's Documents**"), on 9 July 2012 (Bermuda time), Saturn Petrochemical Holdings Limited ("**SPHL**") served on Titan a petition (the "**SPHL Petition**") at the Supreme Court of Bermuda (the "**Bermuda Court**") for an order, amongst other things, to wind up and to appoint a provisional liquidator against Titan. To the best knowledge of Mr. Abraham Shek, the SPHL Petition was in relation to the redemption of all of the outstanding 555,000,000 convertible redeemable preferred shares issued by Titan held by SPHL at a redemption amount equal to the notional value of such shares (being HK\$310.8 million) together with any accrued and unpaid dividends. On 23 July 2013 (Bermuda time), upon the application by Titan, the Bermuda Court made the orders, amongst other things, to strike out the SPHL Petition by SPHL and to allow KTL Camden Inc. ("**Camden**") to be substituted as the petitioner in place of SPHL. Camden claimed that a subsidiary of Titan failed to pay

certain hiring charges to Camden pursuant to a bareboat charter party contract and Titan was liable to Camden for such hiring charges plus interest thereon in the sum of approximately US\$6,853,032 (up to 16 April 2013) pursuant to a deed of guarantee issued by Titan in favour of Camden. The Bermuda Court ordered to set up an informal committee of creditors to facilitate information exchange between Titan and its creditors and to appoint joint provisional liquidators. In July 2016, the Bermuda Court ordered that, amongst other things, the joint provisional liquidators were discharged and released from their office and the winding up petition was discharged. Further, according to the Titan's Documents, a scheme of arrangement between Titan and its scheme creditors (the "**Scheme**") was sanctioned by the Bermuda Court on 5 November 2014 and became effective and binding on all Scheme Creditors (as defined in the Scheme) upon a copy of the Order of the Bermuda Court being delivered to the Bermuda Registrar of Companies in accordance with section 99 of the Companies Act of Bermuda on 5 November 2014. Apart from the information published in Titan's Documents, Mr. Abraham Shek, being a former director of Titan, has no other knowledge relating to Titan. As disclosed in its 2011 annual report, Titan was a provider of oil logistic and marine services in the Asia Pacific region, in particular, in China and, together with its subsidiaries, operated onshore and offshore storage facilities and a multi-functional ship-repair and shipbuilding yard.

In addition, as disclosed in the announcements published by Goldin Financial during the period from 15 July 2020 to the Latest Practicable Date, Goldin Financial received a petition on 7 October 2020 presented by DB Trustees (Hong Kong) Limited ("**DBT**") to the Bermuda Court for the purported winding-up of Goldin Financial (the "**DBT Petition**"). The DBT Petition dated 7 August 2020 was filed by DBT in relation to a dual tranche term loan facility in the principal amounts of approximately HK\$1,494.9 million and US\$243 million (collectively, the "**Loan**") obtained by two direct wholly-owned subsidiaries of Goldin Financial from certain independent financial institutions, with DBT as the security agent in respect of the Loan and Goldin Financial as the corporate guarantor of the Loan. The hearing of the DBT Petition, which was originally scheduled on 9 October 2020, was subsequently adjourned to 6 August 2021. Goldin Financial, having obtained the legal advice from the legal counsel in Bermuda, considered that the reasons for the winding-up are of no merit, and will vigorously defend the DBT Petition. Goldin Financial is an investment holding company and its group is principally engaged in the provision of factoring services, financial investment, winery and wine related business, property development and investment and operation of restaurants.

Ip Hon Wah, aged 39, has been appointed as an independent non-executive Director with effect from 1 February 2021. Also, he has been appointed as a member of each of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee of the Company all with effect from 22 February 2021. Mr. HW Ip graduated from the University of Cambridge with a Bachelor of Arts Degree and a Master of Arts in Economics. He also obtained a Graduate Diploma in Law (Distinction) from the College of Law, England and a Postgraduate Certificate in Laws from the University of Hong Kong. Mr. HW Ip is a Barrister-at-Law in Hong Kong and a partner of a real estate investment and asset management firm responsible for Hong Kong capital markets and business development. He previously worked in a global management consultancy firm where he specialised in real estate and public sectors in Hong Kong and Mainland China. Mr. HW Ip resigned as an independent non-executive director of Sun Cheong Creative Development Holdings Limited ("**Sun Cheong**"), a listed company in Hong Kong, on 6 December 2019.

As at the Latest Practicable Date, Mr. HW Ip did not have any interest in any Shares or underlying Shares within the meaning of Part XV of the SFO. The term of office of Mr. HW Ip runs for a period of three years commencing on 1 February 2021, and he shall hold office until the Annual General Meeting and be eligible for re-election at that meeting. Mr. HW Ip is entitled to receive an annual fee of HK\$300,000 as determined by the Board.

As disclosed in various announcements published by Sun Cheong during the period from 7 January 2020 to the Latest Practicable Date, Sun Cheong was served a winding-up petition filed by CTBC Bank Co., Ltd. (“**CTBC**”) under action number HCCW 403 of 2019 (the “**CTBC Petition**”) in the High Court of Hong Kong (the “**High Court**”) on 13 December 2019 for an order that Sun Cheong be wound up by the High Court under the provisions of the Companies (Winding Up and Miscellaneous Provision) Ordinance (Chapter 32 of the Laws of Hong Kong) on the ground that Sun Cheong was insolvent and was unable to pay its debts of approximately US\$5,728,000. The CTBC Petition was filed against Sun Cheong as guarantor of the liabilities of Chase On Development Limited, a wholly-owned subsidiary of Sun Cheong, to CTBC. The hearing of the CTBC Petition will be adjourned with liberty to restore until 26 July 2021 by the Judiciary of Hong Kong. Sun Cheong and its subsidiaries are principally engaged in its business in plastic household products.

Also, as disclosed in the announcements of Sun Cheong dated 31 July 2020 and 26 August 2020, Sun Cheong presented on 27 July 2020 a winding petition together with an ex parte summons to the Grand Court of the Cayman Islands (the “**Cayman Court**”) for the appointment of provisional liquidators of Sun Cheong for restructuring purposes. The joint and several provisional liquidators (“**JPLs**”) of Sun Cheong were appointed on 30 July 2020. On 13 August 2020, the JPLs circulated a letter with the JPLs order from the Cayman Court to the known or potential creditors of Sun Cheong regarding the details of the JPLs arrangement.

On 4 October 2019, Double Peak Limited (“**Double Peak**”), of which Mr. HW Ip was the sole director and the sole shareholder, was put into creditors’ voluntary winding-up and a liquidator was appointed. Double Peak was a company incorporated in Hong Kong and was engaged in the operation of a restaurant. As at 30 September 2019, the total current liabilities involved were approximately HK\$5,500,000 and the negative liabilities were approximately HK\$2,800,000. Most of the liabilities were the loans due to Mr. HW Ip and his associate. Double Peak was dissolved on 6 April 2021.

Save as disclosed above, all the above retiring Directors did not hold any other directorships in the last three years in public companies, the securities of which are listed on any securities market in Hong Kong or overseas. Also, they did not have any relationship with any Directors, senior management of the Company, Substantial Shareholders or Controlling Shareholders as at the Latest Practicable Date. They are subject to retirement by rotation and re-election at least once every three (3) years at the annual general meeting of the Company in accordance with the Bye-laws and the relevant code provisions in the CG Code. Their remuneration or fees are determined with regard to the prevailing market conditions, their respective duties and responsibilities and time spent on the affairs of the Group, and/or their performance.

Save as disclosed above, in connection with the re-election of the above retiring Directors, there are no other matters that need to be brought to the attention of the Shareholders nor any information required to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

This appendix serves as the explanatory statement, as required by Rule 10.06 of the Listing Rules, to provide requisite information to the Shareholders with regard to the Repurchase Mandate.

1. SHAREHOLDERS' APPROVAL

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their shares on the Stock Exchange provided that the shares proposed to be repurchased must be fully paid-up and all repurchases of shares must be approved in advance by an ordinary resolution of the shareholders, either by way of a specific approval or a general mandate to the directors of the company to make such repurchase.

2. EXERCISE OF THE REPURCHASE MANDATE

As at the Latest Practicable Date, there were 960,175,410 Shares in issue. 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 from the Latest Practicable Date to the date of the Annual General Meeting, the Company would be allowed to repurchase up to a maximum of 96,017,541 Shares, representing 10% of the total number of issued Shares as at the date of the passing of such resolution, under the Repurchase Mandate.

3. REASONS FOR REPURCHASES

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

4. FUNDING OF REPURCHASES

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

As compared to the financial position of the Company as at 31 March 2021 (being the date on which the Company's latest published audited accounts were made up to), the Directors consider that the repurchases of Shares 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. However, 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.

5. DIRECTORS, CLOSE ASSOCIATES AND CORE CONNECTED PERSONS

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

No core connected person of the Company has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, in event that the Repurchase Mandate is approved by the Shareholders.

6. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise all powers of the Company to make repurchase of Shares pursuant to the Repurchase Mandate in accordance with the Listing Rules, the Bye-laws and the applicable laws of Bermuda.

7. SHARE REPURCHASE MADE BY THE COMPANY

The Company did not purchase any Shares (whether on the Stock Exchange or otherwise) in the six (6) months preceding the Latest Practicable Date.

8. 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 Rules 26 and 32 of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Dr. Chan Kwok Keung, Charles ("**Dr. Charles Chan**") beneficially owned and through the companies wholly owned by him, was interested in an aggregate of 267,775,093 Shares (the "**Interests**"), representing approximately 27.88% of the total number of issued Shares. In the event that the Repurchase Mandate is exercised in full (assuming the Interests remain unchanged since the Latest Practicable Date), the Interests of Dr. Charles Chan in the Company would increase to approximately 30.99% of the total number of issued Shares. As such, an exercise of the Repurchase Mandate in full may result in Dr. Charles Chan becoming obliged to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. The Directors have no present intention to exercise the Repurchase Mandate to such an extent as would result in such mandatory offer obligation arising.

9. SHARE PRICES

The highest and the lowest prices at which the Shares were traded on the Stock Exchange during each of the twelve (12) months preceding the Latest Practicable Date were as follows:

	Share Prices	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2020		
July	0.98	0.85
August	0.89	0.82
September	0.88	0.81
October	0.87	0.82
November	0.85	0.74
December	0.80	0.70
2021		
January	1.16	0.74
February	1.24	1.09
March	1.20	1.09
April	1.17	1.05
May	1.09	0.96
June	1.04	0.94
July (<i>up to and including the Latest Practicable Date</i>)	1.00	0.90

The following is a summary of the principal terms of the New Share Option Scheme proposed to be approved by the Shareholders at the Annual General Meeting:

1. PURPOSE OF THE NEW SHARE OPTION SCHEME

The purposes of the New Share Option Scheme are:

- (i) to enable the Group to recruit and retain high calibre employees and attract human resources that are valuable to the Group;
- (ii) to recognise the significant contributions of the Grantees to the growth of the Group by rewarding them with opportunities to obtain ownership interest in the Company; and
- (iii) to further motivate and give incentives to the Grantees to continue to contribute to the long-term success and prosperity of the Group.

2. WHO MAY JOIN

The Eligible Person for the New Share Option Scheme include:

- (i) any employee or proposed employee (whether full time or part time) or executive, including executive director, of any member of the Group; or
- (ii) any non-executive director (including independent non-executive directors) of any member of the Group; or
- (iii) any consultant, adviser or agent (legal, financial or professional) engaged by any member of the Group, who, under the terms of the relevant engagement with the Group, is eligible to participate in a share option scheme of the Company; or
- (iv) any executive, including executive director, of any Invested Entity.

Subject to the provisions in the New Share Option Scheme, the Board may in its absolute discretion grant the Options to any Eligible Person to subscribe for Shares at a price determined in accordance with paragraph 3 below.

3. PRICE OF SHARES

Options may be granted at an initial payment of HK\$1.00 for each acceptance of grant of the Option(s) and can be exercised at an exercise price determined by the Board and notified to an Eligible Person (subject to adjustments as provided in the rules of the New Share Option Scheme and the Listing Rules and shall at all times not be lower than the nominal value of a Share) and shall be at least the higher of: (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date; and (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for five (5) business days immediately preceding the Offer Date.

4. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

Initially, the maximum aggregate number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other schemes of the Company shall not exceed 10% of the aggregate of the Shares in issue as at the Adoption Date (such 10% limit represents 96,017,541 Shares as at the Latest Practicable Date) (the "**Scheme Mandate Limit**").

Options lapsed in accordance with the terms of the relevant schemes shall not be counted for the purpose of calculating the Scheme Mandate Limit which may be refreshed by ordinary resolution of the Shareholders in general meeting, provided that:

- (i) the Scheme Mandate Limit so refreshed shall not exceed 10% of the total number of issued Shares as at the date of such Shareholders' approval of the refreshment of the Scheme Mandate Limit;
- (ii) options previously granted under the New Share Option Scheme or any other schemes of the Company (including options outstanding, cancelled, or lapsed in accordance with the relevant scheme rules or exercised options) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed; and
- (iii) a circular regarding the proposed refreshment of the Scheme Mandate Limit has been despatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules.

The maximum aggregate number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other schemes of the Company must not in aggregate exceed 30% of the total number of Shares in issue from time to time. If the Company conducts a share consolidation or sub-division after the Scheme Mandate Limit has been approved in a general meeting, the maximum number of Shares that may be issued upon exercise of all Options to be granted under all of the schemes of the Company under the Scheme Mandate Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or sub-division shall be the same.

The maximum number of Shares (issued and to be issued) upon exercise of the Options granted under the New Share Option Scheme and any other schemes of the Company (whether exercised, cancelled or outstanding) to any Eligible Person in any 12-month period shall not exceed 1% of the total number of Shares in issue from time to time unless such grant is duly approved by an ordinary resolution of the Shareholders in general meeting at which the relevant Eligible Person and his close associates (or his associates if the Eligible Person is a connected person) shall abstain from voting and the Company shall issue a circular in accordance with the relevant provisions of Chapter 17 of the Listing Rules.

In calculating the aforesaid limit of 1%, the Options that have already lapsed shall not be counted.

5. GRANT OF THE OPTIONS TO CONNECTED PERSONS

Any grant of Options to a Director, chief executive of the Company, Substantial Shareholder or Controlling Shareholder or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a prospective Grantee of the Options).

Where the Options are proposed to be granted to a Substantial Shareholder or an independent non-executive Director or any of their respective associates, and the proposed grant of Options, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such Eligible Person under the New Share Option Scheme and any other schemes of the Company in the past 12-month period up to and including the Offer Date (i) representing in aggregate more than 0.1% of the total number of issued Shares on the Offer Date; and (ii) having an aggregate value (based on the official closing price of the Shares as stated in the Stock Exchange's daily quotations

sheet on the Offer Date) exceeding HK\$5,000,000, the proposed grant shall be subject to the issue of a circular and the approval of the Shareholders in general meeting (taken on a poll) in accordance with the requirements of the Listing Rules at which such Eligible Person, his associates and all core connected persons of the Company must abstain from voting (but they may vote against the resolution at the general meeting provided that their intention to do so has been stated in the circular).

In calculating the aforesaid limit of 0.1%, the Options that have already lapsed shall not be counted.

6. TIME FOR EXERCISE OF THE OPTIONS

The Grantee may exercise the Options during such period as may be determined by the Board (the period shall commence on the date on which the offer relating to such Option is duly approved by the Board in accordance with the New Share Option Scheme and expire in any event not later than the day falling ten (10) years thereafter). The New Share Option Scheme does not provide for any minimum period for which an Option must be held before it can be exercised.

7. PERFORMANCE TARGETS

The New Share Option Scheme does not provide any specific performance targets that need to be met before a Grantee is entitled to exercise an Option duly granted. The Board may in its absolute discretion specify such condition(s) as it thinks fit when making an Offer to an Eligible Person.

8. RIGHTS ARE PERSONAL TO GRANTEE

An Option shall be personal to the Grantee of the Option and shall not be assignable nor transferable.

9. RIGHTS ON CEASING TO BE AN ELIGIBLE PERSON

Subject to the provisions in the paragraphs 10 and 11 below, if a Grantee ceases to be an Eligible Person for any reason, the Grantee can only exercise the Option within six (6) months after the date of such cessation, which date shall be (i) if he is an employee of any member of the Group, his last actual working day with the Group whether salary is paid in lieu of notice or not; or (ii) if he is not an employee of any member of the Group, the date on which the relationship constituting him an Eligible Person ceases.

10. RIGHTS ON DEATH OR ILL-HEALTH

If the Grantee of an outstanding Option (i) ceases to be an Eligible Person by reasons of ill-health, injury or disability (all evidenced to be satisfaction of the Board); or (ii) dies before exercising the Option in full or at all, the Option can only be exercised up to the entitlement of such Grantee by him or by his personal representative(s) within twelve (12) months after the date of ceasing to be an Eligible Person or death (as the case may be).

11. RIGHTS ON DISMISSAL OR BREACH OF CONTRACT

If the Grantee (if he is an employee of any member of the Group) (i) is summarily dismissed for misconduct or otherwise commits a breach of any terms of his employment or other contract constituting him an employee of any member of the Group, or (ii) appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or becomes insolvent or makes any arrangements or composition with his creditors generally; or (iii) is convicted of any criminal offence involving his integrity or honesty, his right to exercise all outstanding Options held by him shall thereupon terminate immediately. A resolution of the Board to the effect that one or more of the grounds specified in this paragraph has occurred shall be final, conclusive and binding on the Grantee.

If the Grantee (whether he is an employee of any member of the Group or not) or his associate (i) commits any breach of any contract entered into between the Grantee or his associate on the one part and the Group or any Invested Entity on the other part; or (ii) appears either to be unable to pay or to have no reasonable prospect of being able to pay his or its debts or becomes insolvent or is subject to any liquidation or analogous proceedings or makes any arrangements or composition with his or its creditors generally; or (iii) is convicted of any criminal offence involving his or its integrity or honesty, the right to exercise all outstanding Options held by him or it shall thereupon terminate immediately. A resolution of the Board to the effect that one or more of the grounds specified in this paragraph has occurred shall be final, conclusive and binding on the Grantee.

12. EFFECT OF ALTERATIONS TO CAPITAL

In the event of any alteration in the capital structure of the Company, whether by way of capitalisation issue, rights issue, consolidation, sub-division of Shares or reduction of the share capital of the Company (other than an issue and allotment of Shares as consideration in respect of a transaction to which any member of the Group is a party or an issue or allotment of Shares as part of a scrip dividend scheme or similar schemes or an issue and allotment of Shares pursuant to the New Share Option Scheme or any other schemes of the Company), whilst any Options remain exercisable, the Company shall make corresponding alterations (if any) to:

- (i) the number of Shares subject to Options already granted so far as they remain unexercised; and/or
- (ii) the subscription price; and/or
- (iii) the maximum number of Shares referred to in paragraph 4 above,

or any combination thereof as the auditor of the Company or the independent financial adviser (licensed to conduct type 6 activity under the SFO) to the Company shall at the request of the Company certify in writing to the Board either generally or as regards any particular Grantee that the adjustments are in their opinion fair and reasonable and any adjustments so made shall be in compliance with the Listing Rules and such applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange. Further, it is provided that:

- (a) any such alterations shall be made so that each Grantee is given the same proportion of the equity capital of the Company as that to which he was previously entitled;
- (b) no such alterations shall be made which would result in the subscription price for a Share being less than its nominal value (if any);
- (c) any such alterations, save as those made on a capitalisation issue, shall be confirmed by the auditor of the Company or the independent financial adviser in writing to the Directors as satisfying the requirements of the foregoing paragraphs (a) and (b) above; and
- (d) any such alterations made pursuant to a sub-division or consolidation of share capital shall be made on the basis that the aggregate subscription price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event.

13. RIGHTS ON A GENERAL OFFER

If a general offer is made by way of takeover, share repurchase offer or otherwise in a like manner to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by offeror and/or any person acting in association or concert with the offeror), the Grantee can only, by notice in writing to the Company within fourteen (14) days after such offer becoming or being declared unconditional, exercise all or any of his Options, and to the extent that they are not so exercised, the right to exercise the Option shall upon the expiry of such period terminate immediately.

14. RIGHTS ON A SCHEME OF ARRANGEMENT

If a general offer by way of a scheme of arrangement is made to all the Shareholders and the scheme has been approved by the necessary number of Shareholders at the requisite meetings, the Grantee can only thereafter (but before such time as shall be notified by the Company) by notice in writing to the Company exercise the Options in full or in part.

15. RIGHTS ON WINDING UP

If a notice of a general meeting is given by the Company for the purposes of considering and approving a resolution to voluntarily wind-up the Company, each Grantee can only exercise all or any of his Options at any time not later than two (2) business days prior to the proposed general meeting of the Company. The right to exercise the Options shall, to the extent that they are not so exercised, terminate immediately on the date of commencement of the voluntary winding-up of the Company.

16. RANKING OF SHARES

Shares allotted upon exercise of the Options shall be subject to the Bye-laws and shall rank *pari passu* in all respects with the other Shares in issue at the relevant date of allotment and will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment of the Shares other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor is before the relevant date of allotment. A Share issued upon exercise of an Option shall not carry any voting right until the registration of the Grantee as the holder of such Share on the register of members of the Company. No dividends (including distributions made upon the liquidation of the Company) will be payable and no voting rights will be exercisable in relation to any Options that have not been exercised.

17. PERIOD OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme shall be valid and effective for a period of ten (10) years commencing from and on its Adoption Date (subject to early termination in accordance with the provisions thereof).

18. VARIATION AND TERMINATION

The New Share Option Scheme may be altered in any respect by a resolution of the Board except that certain provisions as to:

- (i) the definitions of the Grantee, Eligible Person and subscription price; and
- (ii) the provisions relating to, the matters set out in Rule 17.03 of the Listing Rules including those relating to the purpose, duration and administration of the New Share Option Scheme, grant of the Options (except for the provision that an offer may be accepted in full or in part and the requirements that the offer shall be in writing and shall contain

the terms of the offer), subscription price, exercise of the Options, lapse of the Options, maximum number of Shares available for subscription, reorganisation of capital structure, alteration of the New Share Option Scheme, cancellation of the Options granted and termination;

shall not be altered to the advantage of the Grantees or the prospective Grantees except with the prior approval of the Shareholders in general meeting (with such Grantees or the prospective Grantees and their respective associates abstained from voting). No such alterations shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alterations except with the consent or sanction in writing of such majority of the Grantees as would be required of the Shareholders under the Bye-laws for the time being for a variation of the rights attached to the Shares.

Any alterations to the provisions of the New Share Option Scheme which are of a material nature (except where alterations take effect automatically under the provisions of the New Share Option Scheme) or any change to the terms of Options granted must be approved by the Shareholders in general meeting. The amended terms of (i) the New Share Option Scheme, or (ii) the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules. Any change to the authority of the Board in relation to any alterations to the terms of the New Share Option Scheme must be approved by the Shareholders in general meeting.

The Company, by an ordinary resolution in general meeting, or the Board may terminate the operation of the New Share Option Scheme at any time and in such event no further Option will be offered but the Options granted prior to such termination shall continue to be valid and exercisable in accordance with their terms of issue and the provisions of the New Share Option Scheme.

19. LAPSE OF OPTIONS

The right to exercise an Option (to the extent not already exercised) shall terminate immediately upon the earliest of:

- (i) the expiry of the option period as described in paragraph 6 above;
- (ii) the expiry of any of the periods referred to in paragraphs 9, 10, 11 and 13 above;
- (iii) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph 14 above;
- (iv) subject to the provision in paragraph 15 above, the date of the commencement of the voluntary winding-up of the Company; or
- (v) the date on which the Grantee commits a breach of the provisions of the New Share Option Scheme that an Option shall be personal to the Grantee and shall not be assignable nor transferable and that no Grantee shall sell, transfer, charge, mortgage or encumber or create any interest in favour of a third party over or in relation to any Option.

20. CANCELLATION OF UNEXERCISED OPTIONS

Subject to the consent of the Grantee, the Company may cancel an Option previously granted to and yet to be exercised by such Grantee. No Options may be granted to an Eligible Person in place of his cancelled Options unless there are available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit approved by the Shareholders as mentioned in paragraph 4 above.

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)

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**Meeting**”) of ITC Properties Group Limited (the “**Company**”) will be held at 15/F., 250 Hennessy, 250 Hennessy Road, Wanchai, Hong Kong on Friday, 10 September 2021 at 10:30 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements of the Company for the year ended 31 March 2021 together with the reports of the directors and of the auditor thereon.
2. (A) To re-elect the following retiring directors as directors of the Company (the “**Directors**”):
 - (i) Mr. Cheung Hon Kit;
 - (ii) Ms. Lam Sau Fung;
 - (iii) Hon. Shek Lai Him, Abraham, *GBS, JP*; and
 - (iv) Mr. Ip Hon Wah; and(B) To authorise the board of Directors (the “**Board**”) to fix the remuneration of the Directors for the ensuing year.
3. To re-appoint Deloitte Touche Tohmatsu as auditor of the Company and to authorise the Board to fix its remuneration.
4. As special business, to consider and, if thought fit, to pass, with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

(A) “**THAT**

- (i) subject to compliance with the prevailing requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and sub-paragraph (iii) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to allot, issue and deal with additional shares of HK\$0.01 each in the share 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

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- (ii) the approval in sub-paragraph (i) of this resolution shall authorise the Directors 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 number of shares of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in sub-paragraphs (i) and (ii) of this resolution, otherwise than pursuant to (a) a Rights Issue (as hereinafter defined); or (b) an issue of shares of the Company under any share option scheme of the Company or similar arrangements for the time being adopted by the Company for the grant or issue of shares or rights to acquire shares of the Company; or (c) an issue of shares of the Company upon the exercise of rights of subscription or conversion under the terms of any securities which are convertible into shares of the Company; or (d) an issue of shares of the Company by way of any scrip dividend or similar arrangements pursuant to the bye-laws of the Company from time to time, shall not exceed 20 per cent. of the total number of the shares of the Company in issue as at 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 of the Company open for a period fixed by the Directors to the holders of shares whose names stand on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory applicable to the Company).”

(B) “**THAT**

- (i) subject to sub-paragraph (iii) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase issued shares of the Company on The Stock Exchange of Hong Kong Limited or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited for this purpose, subject to and in accordance with all

NOTICE OF ANNUAL GENERAL MEETING

applicable laws, the bye-laws of the Company and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to repurchase its shares at a price determined by the Directors;
- (iii) the aggregate number of shares of the Company which the Directors 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 total number of the shares of the Company in issue as at 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.”
- (C) “**THAT** conditional upon the resolutions numbered 4(A) and 4(B) as set out in the notice convening this Meeting being passed, the number of the issued shares of the Company which are repurchased by the Company under the authority granted to the Directors pursuant to and in accordance with the resolution numbered 4(B) above shall be added to the number of the shares that may be allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with by the Directors pursuant to and in accordance with the resolution numbered 4(A) as set out in the notice convening this Meeting.”
- (D) “**THAT**
- (i) conditional upon The Stock Exchange of Hong Kong Limited granting the approval of the listing of and permission to deal in the shares of the Company falling to be issued pursuant to the exercise of any options granted under the new share option scheme of the Company (the “**New Share Option Scheme**”), the rules of which are set out in the document marked “A” produced to the Meeting and, for the purpose of identification, signed by the chairman of the Meeting, the rules of the New Share Option Scheme be and are hereby approved and adopted and that the Directors be and are hereby authorised to grant the options thereunder and to allot and issue shares of the Company pursuant to the exercise of any options granted thereunder and take all such steps as they may consider necessary or desirable to implement and give effect to the New Share Option Scheme; and

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the aggregate number of shares of the Company to be allotted and issued pursuant to the resolution numbered 4(D)(i) above, together with any issue of shares of the Company upon exercise of any options granted under any other schemes of the Company as may from time to time be adopted by the Company, shall not exceed 10 per cent. of the total number of the shares of the Company in issue as at the date of passing of this resolution.”
- (E) “**THAT** from the date of the New Share Option Scheme as referred to in the resolution numbered 4(D)(i) above becoming effective, the existing share option scheme adopted by the Company pursuant to a resolution passed by the then shareholders of the Company on 17 August 2012 (the “**Existing Share Option Scheme**”) be cancelled and terminated and cease to have any further effect save for and except that the Existing Share Option Scheme will remain in force to the extent necessary to give effect to the exercise of the options granted thereunder prior to the termination thereof.”

By order of the Board
ITC Properties Group Limited
Wong Siu Mun
Company Secretary

Hong Kong, 28 July 2021

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

Notes:

1. Any shareholder of the Company entitled to attend and vote at the Meeting may appoint another person as his proxy to attend and vote instead of him. A shareholder of the Company who is the holder of two or more shares of the Company (the “**Shares**”) may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy needs not be a shareholder of the Company. In addition, a proxy or proxies representing either a shareholder of the Company who is an individual or a shareholder of the Company which is a corporation shall be entitled to exercise the same power on behalf of the shareholder of the Company which he or they represent(s) as such shareholder of the Company could exercise.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof, it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.
3. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Meeting or any adjourned meeting thereof at which the person named in the instrument proposes to vote and, in default, the instrument of proxy shall not be treated as valid.

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4. Completion and return of an instrument appointing a proxy shall not preclude a shareholder of the Company from attending and voting in person at the Meeting or any adjournment thereof or on the poll concerned and, in such event, the instrument appointing a proxy shall be deemed to have been revoked.
5. Where there are joint holders of any Share, any one of such joint holders may vote, either in person or by proxy, in respect of the Share as if he were solely entitled thereto, but if more than one of such joint holders be present at the Meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company (the “**Register of Members**”) in respect of the joint holding.
6. For the purpose of ascertaining shareholders’ entitlement to attend and vote at the Meeting, the Register of Members will be closed from Tuesday, 7 September 2021 to Friday, 10 September 2021, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Meeting, shareholders of the Company must lodge all transfer documents accompanied by the relevant share certificates with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at the abovementioned address for registration by no later than 4:30 p.m. on Monday, 6 September 2021.
7. **In light of the epidemic of COVID-19, shareholders of the Company are strongly encouraged to appoint the chairman of the Meeting as his/her/its proxy to vote on the resolutions, instead of attending the Meeting in person.**
8. **No food or drink will be served at the Meeting. The Company will implement the precautionary measures regarding group gathering at the Meeting as required by the relevant regulations from time to time.**

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

Executive Directors:

Mr. Cheung Hon Kit (*Chairman*), Mr. Cheung Chi Kit (*Managing Director*), Mr. Chan Yiu Lun, Alan, Mr. Wong Lai Shun, Benny, Ms. Lam Sau Fung (*Chief Financial Officer*)

Non-executive Director:

Mr. Chan Fut Yan

Independent Non-executive Directors:

Hon. Shek Lai Him, Abraham, *GBS, JP (Vice Chairman)*, Mr. Chan Pak Cheong Afonso, Mr. Ip Hon Wah

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