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



ITC CORPORATION LIMITED

德祥企業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 372)

Executive Directors:

Dr. Chan Kwok Keung, Charles (*Chairman*)
Ms. Chau Mei Wah, Rosanna
(*Deputy Chairman and Managing Director*)
Mr. Chan Kwok Chuen, Augustine
Mr. Chan Fut Yan
Mr. Chan Yiu Lun, Alan

Independent non-executive Directors:

Mr. Chuck, Winston Calptor
Mr. Lee Kit Wah
Hon. Shek Lai Him, Abraham, *GBS, JP*

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business

in Hong Kong:

30th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

19th December, 2014

To the Shareholders

Dear Sir or Madam,

SCRIP DIVIDEND SCHEME IN RELATION TO THE INTERIM DIVIDEND AND THE SPECIAL DIVIDEND FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2014

On 27th November, 2014, ITC Corporation Limited (the "Company") announced that the board of directors (the "Board") of the Company resolved to pay an interim dividend of HK\$0.01 per ordinary share of HK\$0.01 each in the issued share capital of the Company (the "Share(s)") and a special dividend of HK\$0.03 per Share (collectively the "Dividends") for the six months ended 30th September, 2014 with an option to elect to receive the Dividends wholly or partly by allotment of new Shares credited as fully paid up (the "Scrip Shares") in lieu of cash, payable to the holders of Shares (the "Shareholders") whose names were recorded on the register of Shareholders as at the close of business on Wednesday, 17th December, 2014 (the "Scrip Dividend Scheme"). The register of Shareholders was closed from Tuesday, 16th December, 2014 to Wednesday, 17th December, 2014, both dates inclusive, during which period no transfer of Shares was effected.

* For identification purpose only

The purpose of this circular is to set out the procedures and conditions which apply to the Scrip Dividend Scheme and the action 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 Shareholders as at the close of business on 17th December, 2014 (the “Record Date”) has the following choices of receiving the Dividends in the aggregate sum of HK\$0.04 per Share:

- (a) in cash; or
- (b) by an allotment of Scrip Shares in lieu of cash at HK\$0.6238 per Scrip Share (as determined below), save for adjustment for fractions; or
- (c) by a combination of partly cash and partly Scrip Shares.

As stated in the announcement of the Company dated 27th November, 2014, for the purpose of calculating the number of Scrip Shares to be allotted under (b) and (c) above, the market value of each Scrip Share has been fixed at HK\$0.6238 per Share, which 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 up to and including the Record Date (the “Average Closing Price”) less a discount of five per cent. of such Average Closing Price or the par value of HK\$0.01 per Share, whichever is the higher.

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

$$\text{Number of Scrip Shares to be received} = \frac{\text{Number of Shares held on Record Date for which the Dividends is to be satisfied by the allotment of Scrip Shares}}{\text{HK\$0.6238}} \times \frac{\text{HK\$0.04 (Dividends per Share)}}{\left(\text{Average Closing Price} \times \frac{95}{100}\right)}$$

If all Shareholders elect to receive the Dividends in Scrip Shares, based on 1,367,079,597 Shares in issue as at the Record Date, a maximum of 87,661,404 Scrip Shares will be issued under the Scrip Dividend Scheme (representing approximately 6.4% of the existing issued Shares and approximately 6.0% of the issued Shares as enlarged by the issue of the Scrip Shares).

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.

The Scrip Shares when issue will rank pari passu in all respects with the Shares existing as at the date of issue of the Scrip Shares save that they will not be entitled to the Dividends. The Scrip Shares will rank in full for all future dividends and distribution which may be declared, made or paid after the date of issue thereof.

Dividends in cash will be paid in Hong Kong dollars regardless of the place of residence of the Shareholders as at the Record Date.

Scrip Election Form

An election form (the “Scrip Election Form(s)”) is enclosed. **Any Shareholder who wishes to receive only cash in respect of his/her/its Dividends does not need to take any action. No Scrip Election Forms are being sent to those Shareholders who have previously lodged forms of election electing to receive all future dividend in cash. Any Shareholder who wishes to receive Scrip Shares in lieu of cash in respect of his/her/its Dividends, either in whole or in part, must complete the Scrip Election Form in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, by no later than 4:30 p.m. on 9th January, 2015. 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 (a) or (b) below if there is a typhoon signal no. 8 or above, or a “black” rainstorm warning (either one of the warnings is referred to as the “Warning”):

- (a) in force in Hong Kong at any time before 12:00 noon and no longer in force after 12:00 noon on 9th January, 2015. In such a case, the closing time for the return of the Scrip Election Form will be extended to 5:00 p.m. on 9th January, 2015; or
- (b) in force in Hong Kong at any time between 12:00 noon and 4:30 p.m. on 9th January, 2015. In such a 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 Dividends 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 only the Scrip Shares in lieu of cash in respect of all the Dividends to which you are entitled.

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

Overseas Shareholders

Based on the register of Shareholders as at the close of business on the Record Date, all Shareholders had registered addresses in Hong Kong save that there were nine Shareholders with registered addresses in foreign jurisdictions (collectively the “Overseas Shareholder(s)”), namely Canada (1 Shareholder holding 2,000 Shares), The People’s Republic of China (“PRC”) (2 Shareholders holding 30 Shares and 7 Shares respectively), the British Virgin Islands (1 Shareholder holding 3 Shares), Taiwan (1 Shareholder holding 1 Share), the Macau Special Administrative Region of the PRC (“Macau”) (1 Shareholder holding 40 Shares), Australia (2 Shareholders holding 3 Shares and 15 Shares respectively) and Singapore (1 Shareholder holding 7 Shares), who together held an aggregate of 2,106 Shares. The aggregate amount of the Dividends to which these Overseas Shareholders are entitled is approximately HK\$84.24.

Under the Scrip Dividend Scheme, 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. Assuming that all these Overseas Shareholders elected to receive the Dividends wholly in Scrip Shares, those Overseas Shareholders with registered addresses in the British Virgin Islands, Taiwan, Singapore and Australia and one Overseas Shareholder with registered address in PRC (holding 7 Shares) will not be issued with any Scrip Share as the amount of Dividends which each of them is entitled to is less than the market value of HK\$0.6238 per Scrip Share as determined above, and only three Overseas Shareholders who resided in Canada, PRC and Macau respectively will be issued with no more than 131 Scrip Shares in total.

In compliance with Rule 13.36(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Company has made enquiries with its legal advisers on the laws of Canada, PRC and Macau in relation to the issue of Scrip Shares to those Overseas Shareholders residing in the aforesaid jurisdictions. The Directors were also advised that no local regulatory compliance would be required to be made in PRC and Macau by the Company to issue the Scrip Shares to the Overseas Shareholders residing in these jurisdictions. The Company has made enquiries with its overseas legal adviser in respect of applicable Canadian securities laws in relation to the issue of Scrip Shares to Overseas Shareholder(s) residing in Canada and was advised that such issue is exempt from the preparation and filing of prospectus requirement under the relevant laws.

Accordingly, all Overseas Shareholders, except the Overseas Shareholders whose registered addresses appeared on the register of Shareholders as at the close of business on the Record Date were in Canada, PRC and Macau, will be excluded from the Scrip Dividend Scheme and such Overseas Shareholders will receive the Dividends wholly in cash. No Scrip Election Form will be sent to such Overseas Shareholders. The Scrip Election Form will be sent to the Overseas Shareholders residing in Canada, PRC and Macau together with this circular.

This circular and the Scrip Election Form will not be registered in Hong Kong or any other jurisdiction. The Shares have not been registered 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 the cash 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 or not they are permitted to receive the Dividends in the form of an issue of Scrip Shares or if any governmental or other consent is required or other formalities which need 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 listing of, and permission to deal in, the Scrip Shares. Application has been made to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Scrip Shares. Subject to the said application being approved by the Listing Committee of the Stock Exchange, certificates in respect of the Scrip Shares and cheques in respect of the Dividends payable in cash are expected to be sent to the relevant Shareholders by ordinary post at their own risk on or around 26th January, 2015. 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 before 26th January, 2015, the Scrip Dividend Scheme will not become effective and the Scrip Election Form duly completed will be treated as void and the entire Dividends will be paid in cash.

The Shares are only listed on the Stock Exchange. No equity or debt securities of the Company is 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 on the Stock Exchange are expected to commence on 27th January, 2015.

Advantages of the Scrip Dividend Scheme

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

Recommendation

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

Yours faithfully,
On behalf of the Board of
ITC Corporation Limited
Dr. Chan Kwok Keung, Charles
Chairman