
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in ITC Corporation Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or to the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser(s).

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms of the Offer contained herein.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Document and the Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the Form of Acceptance.

**ACE PRIDE HOLDINGS LIMITED**

(Incorporated in the British Virgin Islands with limited liability)

ITC CORPORATION LIMITED

德祥企業集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 372)

**COMPOSITE DOCUMENT RELATING TO MANDATORY UNCONDITIONAL CASH
OFFER JOINTLY MADE BY**

結好證券有限公司
GET NICE SECURITIES LIMITED



金融有限公司
OCTAL Capital Limited

**FOR AND ON BEHALF OF ACE PRIDE HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
ITC CORPORATION LIMITED
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY ACE PRIDE HOLDINGS LIMITED)**

Financial adviser to Ace Pride Holdings Limited



金融有限公司
OCTAL Capital Limited

Independent financial adviser to the Independent Board Committee



SOMERLEY CAPITAL LIMITED

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from GN Securities and Octal Capital containing, among other things, details of the terms of the Offer is set out on pages 5 to 18 of this Composite Document.

A letter from the Board is set out on pages 19 to 24 of this Composite Document.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in relation to the Offer is set out on pages 25 and 26 of this Composite Document.

A letter from the Independent Financial Adviser containing its advice on the Offer to the Independent Board Committee is set out on pages 27 to 44 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptance of the Offer should be received by the Registrar no later than 4:00 p.m. on 28 March 2017 or such later time and/or date as the Offeror may determine and announce with the consent of the Executive, in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the paragraph headed "Overseas Shareholders" of Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Each Overseas Shareholder is advised to seek professional advice on deciding whether or not to accept the Offer.

The Composite Document will remain on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <http://www.itc.com.hk> as long as the Offer remains open.

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.

2017

Despatch date of this Composite Document and the Form of Acceptance (<i>Note 1</i>)	7 March
Offer opens for acceptance (<i>Note 1</i>)	7 March
Latest time and date for acceptance of the Offer (<i>Note 2</i>)	by 4:00 p.m. on 28 March
Closing Date (<i>Note 2</i>)	28 March
Announcement of the results of the Offer as at the Closing Date on the website of the Stock Exchange and the website of the Company (<i>Note 2</i>)	by 7:00 p.m. on 28 March
Latest date for posting of remittances in respect of valid acceptances received under the Offer (<i>Notes 2 and 3</i>)	7 April

Notes:

1. The Offer, which is unconditional, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date.
2. The Offer, which is unconditional, will remain open for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time for acceptance is at 4:00 p.m. on 28 March 2017 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be issued on the website of the Stock Exchange by 7:00 p.m. on 28 March 2017 stating whether the Offer has been revised or extended or has expired. In the event that the Offeror decides that the Offer will remain open until further notice, a notice by way of an announcement will be given not less than 14 days before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares tendered under the Offer will be made as soon as possible, but in any event within seven (7) Business Days following the date of receipt by the Registrar from the Independent Shareholders accepting the Offer of all documents to render the acceptance valid in accordance with the Takeovers Code.
4. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the section headed "Right of withdrawal" in Appendix I to this Composite Document.
5. If there is a tropical cyclone warning signal no.8 or above, or a black rainstorm warning:
 - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer or the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer or the posting of remittances, as the case may be, will remain at 4:00 p.m. on the same Business Day; or
 - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer or the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, as the case may be, the latest time for acceptance of the Offer or the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. or such other day as the Executive may approve in accordance with the Takeovers Code.

All times and dates in this Composite Document and the Form of Acceptance shall refer to Hong Kong times and dates.

DEFINITIONS

In this Composite Document, unless the context otherwise requires, the following expressions shall have the following meanings. Also, where terms are defined and used in only one section of this Composite Document, these defined terms are not included in the table below:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	28 March 2017, the closing date of the Offer, which is 21 days after the date on which this Composite Document is posted, or if the Offer is extended, any subsequent closing date of the Offer as extended and announced by the Offeror in accordance with the Takeovers Code
“Company”	ITC Corporation Limited (stock code: 372), a company incorporated in Bermuda with limited liability, and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to the Shareholders in accordance with the Takeovers Code containing, among other things, details of the Offer
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Form of Acceptance”	the accompanying form of acceptance and transfer in respect of the Offer accompanying this Composite Document
“Galaxyway”	Galaxyway Investments Limited, a company incorporated in the BVI with limited liability, which is indirectly wholly-owned by the Vendor

DEFINITIONS

“GN Securities”	Get Nice Securities Limited, a licensed corporation permitted to carry out business in Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being one of the joint agents making the Offer on behalf of the Offeror and the financier of the Offeror
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely, Mr. Chuck, Winston Calptor, Mr. Lee Kit Wah and Hon. Shek Lai Him, Abraham, <i>GBS, JP</i> , established to make recommendation to the Independent Shareholders in respect of the terms of the Offer and as to its acceptance
“Independent Financial Adviser”	Somerley Capital Limited, a corporation licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee in respect of the terms of the Offer and as to its acceptance
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror
“Joint Announcement”	the joint announcement issued by the Company and the Offeror dated 26 January 2017 in relation to, among other things, the Share Purchase and the Offer
“Last Trading Day”	23 January 2017, being the last full trading day of the Shares immediately prior to the halt in trading of the Shares on the Stock Exchange pending the release of the Joint Announcement
“Latest Practicable Date”	3 March 2017, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Mr. Suen”	Mr. Suen Cho Hung, Paul, the indirect sole beneficial owner of the Offeror and the sole director of the Offeror

DEFINITIONS

“Octal Capital”	Octal Capital Limited, a licensed corporation permitted to carry out business in Type 1 (dealing in securities relating to corporate finance) and Type 6 (advising on corporate finance) of the regulated activities under the SFO, being one of the joint agents making the Offer on behalf of the Offeror and the financial adviser to the Offeror
“Offer”	the mandatory unconditional cash offer jointly made by GN Securities and Octal Capital for and on behalf of the Offeror to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror) pursuant to Rule 26.1 of the Takeovers Code
“Offer Period”	has the meaning ascribed to it under the Takeovers Code, being the period commencing from 26 January 2017, being the date of the Joint Announcement and ending on the Closing Date
“Offer Price”	HK\$0.52 per Offer Share
“Offer Share(s)”	all the Share(s) in issue, other than those already owned or agreed to be acquired by the Offeror
“Offeror”	Ace Pride Holdings Limited, a company incorporated in the BVI with limited liability which is indirectly wholly and beneficially owned by Mr. Suen
“Overseas Shareholder(s)”	Independent Shareholder(s) whose address(es) as shown on the register of members of the Company is (are) outside Hong Kong
“PRC”	the People’s Republic of China excluding, for the purpose of this Composite Document, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Registrar”	Tricor Secretaries Limited, the branch share registrar and transfer office of the Company
“Relevant Period”	the period from 26 July 2016, being the date falling six (6) months prior to 26 January 2017 (the date of commencement of the Offer Period), and ending on and including the Latest Practicable Date
“relevant securities”	as defined in Note 4 to Rule 22 of the Takeovers Code
“Remaining Group”	the Group after the implementation of the distribution of Special Dividend
“Sale Share(s)”	1,147,366,967 Shares, representing approximately 67.96% of the total number of issued Shares as at the Latest Practicable Date
“SFC”	the Securities and Futures Commission of Hong Kong

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Purchase”	the sale and purchase of the Sale Shares between the Vendor and the Offeror pursuant to the terms and conditions of the Share Purchase Agreement
“Share Purchase Agreement”	the sale and purchase agreement dated 23 January 2017 between the Vendor and the Offeror in relation to the sale and purchase of the Sale Shares
“Share Purchase Completion”	completion of the Share Purchase which took place on 24 January 2017
“Shareholder(s)”	holder(s) of the issued Share(s)
“Special Dividend”	the special dividend distributed by the Company in the form of a distribution in specie of all the shares of ITC Properties Group Limited (a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange, stock code: 199) (“ITC Properties”) held by the Group, being 306,180,916 shares of ITC Properties, to the qualifying Shareholders in proportion to their respective shareholdings in the Company, details of which are set out in the circular of the Company dated 23 December 2016
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	Dr. Chan Kwok Keung, Charles, an executive Director and the Chairman of the Board, who was a controlling shareholder of the Company prior to the Share Purchase Completion
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements.

LETTER FROM GN SECURITIES AND OCTAL CAPITAL



10th Floor, Cosco Tower,
Grand Millennium Plaza,
183 Queen's Road Central
Central, Hong Kong

Rooms 802-805, 8/F, Nan Fung Tower,
88 Connaught Road Central,
Hong Kong

7 March 2017

To the Independent Shareholders,

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER JOINTLY MADE BY
GET NICE SECURITIES LIMITED AND OCTAL CAPITAL LIMITED
FOR AND ON BEHALF OF
ACE PRIDE HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
ITC CORPORATION LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED
BY ACE PRIDE HOLDINGS LIMITED)**

INTRODUCTION

On 23 January 2017 (after trading hours), the Vendor and the Offeror entered into the Share Purchase Agreement, pursuant to which the Vendor agreed to sell and procure the sale of, and the Offeror agreed to purchase, the Sale Shares, representing approximately 67.96% of the total number of issued Shares as at the date of the Joint Announcement, for an aggregate consideration of HK\$596,630,822.84 (equivalent to HK\$0.52 per Sale Share), free from all encumbrances and with all rights attached thereto as at the date of the Share Purchase Completion (including all rights to any dividends (excluding the Special Dividend) or other distribution which may be paid, made or declared on or after the date of the Share Purchase Completion). The Share Purchase Completion took place on 24 January 2017.

Immediately following the Share Purchase Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 1,147,366,967 Shares, representing approximately 67.96% of the total number of the issued Shares as at the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror).

This letter sets out, among other things, the principal terms of the Offer, together with the information on the Offeror and the Offeror's intention regarding the Group. Further details of the terms of the Offer and procedures for acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

LETTER FROM GN SECURITIES AND OCTAL CAPITAL

MANDATORY UNCONDITIONAL CASH OFFER

As at the Latest Practicable Date, there were 1,688,282,827 Shares in issue. The Company did not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares as at the Latest Practicable Date.

Principal terms of the Offer

GN Securities and Octal Capital, for and on behalf of the Offeror and in compliance with the Takeovers Code, hereby jointly make the Offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror) on the following basis:

For each Offer Share HK\$0.52 in cash

The Offer Price of HK\$0.52 per Offer Share is the same as the purchase price per Sale Share, which was determined with reference to the recent prices of Shares traded on the Stock Exchange, the financial conditions of the Group and the current market conditions, paid by the Offeror under the Share Purchase Agreement.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all liens, charges, encumbrances, right of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the rights to receive in full all dividends and distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document. The Offer is extended to all Shareholders other than the Offeror and parties acting in concert with it in accordance with the Takeovers Code.

The Offer is unconditional in all respects.

Comparisons of value

The Offer Price of HK\$0.52 per Share represents:

- (i) a discount of approximately 7.14% to the closing price of HK\$0.5600 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 0.12% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.5206 per Share (after adjustment due to commencement of dealing in the Shares on an ex-entitlement basis for the Special Dividend);
- (iii) a premium of approximately 9.80% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.4736 per Share (after adjustment due to commencement of dealing in the Shares on an ex-entitlement basis for the Special Dividend);

LETTER FROM GN SECURITIES AND OCTAL CAPITAL

- (iv) a premium of approximately 22.12% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.4258 per Share (after adjustment due to commencement of dealing in the Shares on an ex-entitlement basis for the Special Dividend);
- (v) a premium of approximately 73.68% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 180 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.2994 per Share (after adjustment due to commencement of dealing in the Shares on an ex-entitlement basis for the Special Dividend);
- (vi) a discount of approximately 13.33% to the closing price of HK\$0.6000 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vii) a discount of approximately 75.16% to the net asset value per Share of approximately HK\$2.0932, calculated based on the audited consolidated net asset value attributable to the Shareholders as at 31 March 2016, divided by the number of the issued Shares as at the Latest Practicable Date; and
- (viii) a discount of approximately 45.71% to the net asset value per Share of approximately HK\$0.9579, calculated based on the unaudited pro forma consolidated net asset value attributable to the Shareholders as at 30 September 2016 as per the Company's circular to the Shareholders dated 23 December 2016 divided by the number of the issued Shares as at the Latest Practicable Date.

Highest and lowest Share prices

During the Relevant Period:

- (i) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.7200 per Share on 21 February 2017; and
- (ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.2470 per Share on 13 September 2016, after adjustment due to commencement of dealing in the Shares on an ex-entitlement basis for the Special Dividend.

Value of the Offer

As at the Latest Practicable Date, there were 1,688,282,827 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares, as at the Latest Practicable Date.

LETTER FROM GN SECURITIES AND OCTAL CAPITAL

As at the Latest Practicable Date, excluding the 1,147,366,967 Shares held by the Offeror and parties acting in concert, 540,915,860 Offer Shares were subject to the Offer, which were valued at approximately HK\$281,276,247.20 on the basis of the Offer Price of HK\$0.52 per Offer Share and assuming that there is no change in the issued share capital of the Company prior to the close of the Offer.

Financial resources available to the Offeror

The Offeror intends to finance the consideration payable (i.e. HK\$281,276,247.20) by the Offeror under the Offer by internal resources and a credit facility provided by GN Securities. For the purpose of making the Offer, GN Securities has granted the Offeror a credit facility in the amount of HK\$260,000,000, which is to be used to finance part of the cash required for the Offer. The payment of interest on, repayment of, or security for any liability (contingent or otherwise) for, the said credit facility will not depend on any significant extent on the business of the Group.

Octal Capital, as the finance adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offer.

Effect of accepting the Offer

By validly accepting the Offer, the Independent Shareholders will sell their Offer Shares to the Offeror fully paid and free from all encumbrances together with all rights attached thereto, including, but not limited to, all rights to receive in full all dividends or other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document.

Acceptance of the Offer by any Independent Shareholder will constitute a warranty by such person that all Offer Shares sold by such person under the Offer are free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and distributions recommended, declared, made or paid, if any, on or after the date on which the Offer is made.

Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong Stamp Duty

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the relevant Independent Shareholder(s) at a rate of 0.1% of the market value of the Offer Shares or the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, and the amount of such duty will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholder(s) accepting the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholder(s) accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

LETTER FROM GN SECURITIES AND OCTAL CAPITAL

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) business days (as defined in the Takeovers Code) of the date on which the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by the Offeror (or its agent) to render each such acceptance of the Offer complete and valid.

Taxation advice

The Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror and the parties acting in concert with it, the Company and their respective directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Dealing in securities in the Company

Save for the acquisition of the Sale Shares under the Share Purchase Agreement, none of the Offeror and parties acting in concert with it have dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

As at the Latest Practicable Date, the Offeror and parties acting in concert with it did not enter into any arrangements or contracts in relation to the derivatives in respect of securities in the Company nor have any of them borrowed or lent any relevant securities in the Company.

As at the Latest Practicable Date, save for the Sale Shares under the Share Purchase Agreement, the Offeror and parties acting in concert with it did not hold, own or control any Shares, options, derivatives, warrants or other securities which might confer rights on the Offeror and parties acting in concert with it to subscribe for, convert or exchange into Shares.

Other arrangements

The Offeror confirms that, save as disclosed in this Composite Document, as at the Latest Practicable Date:

- (i) save for the 1,147,366,967 Shares held by the Offeror, neither the Offeror nor parties acting in concert with it owned or had control or direction over any voting rights or rights over the Shares, options, derivatives, warrants or other securities convertible into Shares of the Company;
- (ii) neither the Offeror nor parties acting in concert with it had received any irrevocable commitment to accept the Offer;
- (iii) there was no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer;

LETTER FROM GN SECURITIES AND OCTAL CAPITAL

- (iv) there was no agreement or arrangement to which the Offeror was a party which related to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (v) the Offeror and parties acting in concert with it did not borrow or lend any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (vi) there was no outstanding derivative in respect of the securities in the Company which had been entered into by the Offeror and/or any parties acting in concert with it; and
- (vii) there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror or any parties acting in concert with it and any of the Directors, recent directors of the Company, Shareholders, or recent shareholders of the Company (including the Vendor and parties acting in concert with him) having any connection with or dependence upon the Offer.

Overseas Shareholders

The Offer to be made is in respect of securities of a company incorporated in Bermuda and will be subject to the procedural and disclosure requirements of Hong Kong, which may be different from other jurisdictions. Overseas Shareholders who wish to participate in the Offer will also be subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer.

Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consent which may be required or the compliance with other necessary formalities or legal and/or regulatory requirements and the payment of any issue, transfer or other taxes due in such jurisdictions).

According to the register of members of the Company as at the Latest Practicable Date, the Company had Overseas Shareholders with registered addresses located in Australia, the BVI, Canada, the PRC, Macau, Singapore and Taiwan. The Company and the Offeror have enquired about the legal restrictions under the applicable securities legislations of the relevant jurisdictions and the requirements of the relevant regulatory body or stock exchange with respect to the extension of the Offer to such Overseas Shareholders.

LETTER FROM GN SECURITIES AND OCTAL CAPITAL

As at the Latest Practicable Date, the Company and the Offeror has obtained advice from law firms qualified to advise on Australian law, BVI law, Canadian law, PRC law, Macau law, Singapore laws and Taiwan law, and it has been advised that under the applicable legislations and regulations of these jurisdictions, either (i) there is no regulatory restriction or requirement of any regulatory body or stock exchange with respect to extending the Offer to these Overseas Shareholders in the relevant jurisdictions, save as set out below in respect of the applicable legislations and regulations in Canada and Australia; or (ii) there is relevant exemption available in relation to the Offer to these Overseas Shareholders in the relevant jurisdictions. Accordingly, the Offer will be extended to the Overseas Shareholders with registered addresses in Australia, the BVI, Canada, the PRC, Macau, Singapore and Taiwan.

As at the Latest Practicable Date, the Company and the Offeror has sought legal advice from a law firm qualified to advise on Canadian law, which opined that the extension of the Offer to Shareholder(s) whose registered address is/are in Quebec, Canada (the “**Canadian Shareholder(s)**”) will be subject to the National Instrument 62-104 of the securities regulators in all the provinces and territories of Canada (the “**NI 62-104**”), pursuant to which, the Offeror will be required to fully comply with the applicable procedural and disclosure requirements under the NI 62-104. The Offeror and the Company have been advised that the Offer to the Canadian Shareholder(s) in the circumstances as at the Latest Practicable Date is exempt from the procedural and formal requirements specified in NI 62-104. The Offeror has been advised that it will be entitled to rely on the aforementioned exemption under NI 62-104 and that a copy of this Composite Document will be required to be filed with the relevant Canadian securities regulator in each jurisdiction where Canadian resident holders of Offer Share(s) is resident (in this case, Quebec’s Autorité des marchés financiers) concurrently with the despatch of this Composite Document to the Overseas Shareholders, accompanied by a specified fee. The Offeror and the Company have been further advised that, save for the aforementioned filing, no other filings by or on behalf of the Offeror or the Company would be required to extend the Offer to the Canadian Shareholder(s).

As at the Latest Practicable Date, the Company and the Offeror has sought legal advice from a law firm qualified to advise on Australian law, which opined that there are no legal restrictions under the laws of Australia or requirements of the regulatory bodies or stock exchanges on extending the Offer to Shareholders whose registered addresses are in Australia (the “**Australian Shareholder(s)**”). The Company and the Offeror has also been advised that this Composite Document should include a notice to the Australian Shareholders as set out in the paragraph headed “Notice to Australian Shareholders” below.

The Composite Document is sent to the Overseas Shareholders with registered addresses located in Australia, the BVI, Canada, the PRC, Macau, Singapore and Taiwan.

Notice to Australian Shareholders

This Offer is made to Australian Shareholders in reliance on ASIC Corporations (Unsolicited Offers – Foreign Bids) Instrument 2015/1070. This Composite Document may not include information required by Division 5A of Part 7.9 of the Corporations Act 2001 (Cth), which regulates the making of unsolicited offers to purchase securities of a foreign company, and which requires that such offers set out in a clear, concise and effective manner certain information. Any Australian Shareholder in doubt as to whether or not to accept the Offer should seek professional advice.

LETTER FROM GN SECURITIES AND OCTAL CAPITAL

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror and the Company that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers in case of any doubt.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company immediately prior to the Share Purchase Completion; and immediately after the Share Purchase Completion and as at the Latest Practicable Date:

Name of Shareholders	Immediately prior to the Share Purchase Completion		As at the Latest Practicable Date and immediately after the Share Purchase Completion	
	<i>Number of Shares</i>	<i>Approximate % of issued Shares</i>	<i>Number of Shares</i>	<i>Approximate % of issued Shares</i>
Vendor (including his wholly-owned subsidiary) <i>(Note)</i>	1,147,366,967	67.96%	–	0.00%
Offeror and parties acting in concert with it	–	0.00%	1,147,366,967	67.96%
Public Shareholders	<u>540,915,860</u>	<u>32.04%</u>	<u>540,915,860</u>	<u>32.04%</u>
Total	<u><u>1,688,282,827</u></u>	<u><u>100.00%</u></u>	<u><u>1,688,282,827</u></u>	<u><u>100.00%</u></u>

Note: Galaxyway is a wholly-owned subsidiary of ITC Holdings Limited (formerly known as Chinaview International Limited) which is, in turn, wholly-owned by the Vendor. The Vendor is also the sole director of ITC Holdings Limited and Galaxyway. Prior to the Share Purchase Completion, the Vendor was deemed to be interested in 371,088,805 Shares held by Galaxyway.

LETTER FROM GN SECURITIES AND OCTAL CAPITAL

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the BVI with limited liability on 3 January 2017. As at the Latest Practicable Date, the Offeror is wholly owned by Ace Way Global Limited, a company incorporated in the BVI with limited liability, which in turn is wholly owned by Mr. Suen. The sole director of the Offeror is Mr. Suen.

Mr. Suen, aged 55, holds a Master of Business Administration degree from the University of South Australia. Mr. Suen is an executive director and the chairman of, and a substantial shareholder indirectly holding approximately 29.28% of the issued share capital in, Enviro Energy International Holdings Limited (stock code: 1102) (“**Enviro Energy**”); an executive director and the chairman of, and a controlling shareholder indirectly holding approximately 58.05% of the issued share capital in, EPI (Holdings) Limited (stock code: 689) (“**EPI**”) and a controlling shareholder indirectly holding approximately 60.78% of the issued share capital of Birmingham International Holdings Limited (stock code: 2309) (“**Birmingham International**”). Mr. Suen has experience in the areas of property investment, provision of finance and treasury investment, which are the principal activities of the Group, through his current and prior positions as director and chairman of companies whose principal activities include property investment, provision of finance and treasury/securities investment.

Mr. Suen is also indirectly holding approximately 9.89% of the issued share capital of China Strategic Holdings Limited (stock code: 235) (“**China Strategic**”). The shares of Enviro Energy, EPI, Birmingham International and China Strategic are listed on the Main Board of the Stock Exchange. Mr. Suen is also indirectly holding approximately 19.08% of the issued share capital of Courage Marine Group Limited (stock code: 1145), the shares of which are primarily listed on the Main Board of the Stock Exchange and secondarily listed on the Singapore Exchange Securities Trading Limited (Singapore stock code: ATL.SI).

INFORMATION ON THE GROUP

Your attention is drawn to the details of the information of the Group as set out under the section headed “Information on the Group” in the “Letter from the Board” and Appendices II and IV to this Composite Document.

INTENTION OF THE OFFEROR ON THE GROUP

Following the close of the Offer, the Offeror intends to continue the existing principal businesses of the Group. The existing principal business of the Group includes investment holding, provision of finance, property investment and treasury investment. The Offeror will conduct a review on the existing principal businesses and the financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. In this regard, the Offeror may look into business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Company. As at the Latest Practicable Date, the Offeror did not have any intention, arrangement, agreement or negotiation on such corporate actions or any injection of new business, or assets into the Company. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules.

LETTER FROM GN SECURITIES AND OCTAL CAPITAL

Save for the Offeror's intention regarding the Group as set out above, the Offeror has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

PROPOSED CHANGE OF BOARD COMPOSITION

As at the Latest Practicable Date, the Board comprises Dr. Chan Kwok Keung, Charles, Ms. Chau Mei Wah, Rosanna, Mr. Chan Kwok Chuen, Augustine, Mr. Chan Fut Yan and Mr. Chan Yiu Lun, Alan as executive Directors, and Mr. Chuck, Winston Calptor, Mr. Lee Kit Wah and Hon. Shek Lai Him, Abraham, *GBS, JP* as independent non-executive Directors.

The Company had been informed by the following Directors of their intention to resign as Director which would be effective immediately after the close of the Offer or such earlier date as permitted under the Takeovers Code:

- (i) Dr. Chan Kwok Keung, Charles;
- (ii) Mr. Chan Kwok Chuen, Augustine;
- (iii) Mr. Chan Fut Yan;
- (iv) Mr. Chan Yiu Lun, Alan;
- (v) Mr. Chuck, Winston Calptor;
- (vi) Mr. Lee Kit Wah; and
- (vii) Hon. Shek Lai Him, Abraham, *GBS, JP*.

It is also intended that Ms. Chau Mei Wah, Rosanna will be redesignated from her current office of Deputy Chairman and Managing Director to Deputy Chairman and executive Director with effect immediately after the close of the Offer or such earlier date as permitted under the Takeovers Code.

The Offeror intends to nominate Mr. Suen as an executive Director, Chairman of the Board and the Managing Director, Mr. Sue Ka Lok as an executive Director, and Mr. Chu Kin Wang, Peleus, Mr. Lau Yuen Sun, Adrian and Mr. Yam Kwong Chun as independent non-executive Directors and such appointments will be subject to the approval of the Board and will not take effect earlier than the date of posting of this Composite Document or such other date as permitted under the Takeovers Code. Any appointments to the Board will be made in compliance with all the applicable regulatory requirements, including the Takeovers Code and the Listing Rules.

Set out below are the biographic details of the above-mentioned nominees for appointment as executive Directors and independent non-executive Directors. Further details required by Rule 13.51(2) of the Listing Rules will be announced after the appointments take effect:

Proposed Executive Directors

Mr. Suen Cho Hung, Paul

Mr. Suen, aged 55, holds a Master of Business Administration degree from the University of South Australia. Mr. Suen has extensive experience in strategic planning and corporate management of business enterprises in Hong Kong and the PRC.

LETTER FROM GN SECURITIES AND OCTAL CAPITAL

Mr. Suen is an executive director and the chairman of, and a substantial shareholder indirectly holding approximately 29.28% of the issued share capital in, Enviro Energy International Holdings Limited (“**Enviro Energy**”) (stock code: 1102). Mr. Suen is an executive director and the chairman of, and a controlling shareholder indirectly holding approximately 58.05% of the issued share capital in, EPI (Holdings) Limited (“**EPI**”) (stock code: 689). Mr. Suen is also indirectly holding approximately 60.78% of the issued share capital of Birmingham International Holdings Limited (“**Birmingham International**”) (stock code: 2309) and approximately 9.89% of the issued share capital of China Strategic Holdings Limited (“**China Strategic**”) (stock code: 235). The shares of Enviro Energy, EPI, Birmingham International and China Strategic are listed on the Main Board of the Stock Exchange. Mr. Suen is also indirectly holding approximately 19.08% of the issued share capital of Courage Marine Group Limited (“**Courage Marine**”) (stock code: 1145), the shares of which are primarily listed on the Main Board of the Stock Exchange and secondarily listed on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (Singapore stock code: ATL.SI).

Mr. Sue Ka Lok

Mr. Sue Ka Lok (“**Mr. Sue**”), aged 51, holds a Bachelor of Economics degree from The University of Sydney in Australia and a Master of Science in Finance degree from the City University of Hong Kong. Mr. Sue is a fellow of the Hong Kong Institute of Certified Public Accountants, a certified practising accountant of the CPA Australia and a fellow of The Hong Kong Institute of Chartered Secretaries, the Institute of Chartered Secretaries and Administrators and the Hong Kong Securities and Investment Institute. He has extensive experience in corporate management, finance, accounting and company secretarial practice.

Mr. Sue is an executive director and the chairman of Courage Marine, an executive director and the chief executive officer of EPI, an executive director of Birmingham International and a non-executive director of Tianli Holdings Group Limited (“**Tianli Holdings**”) (stock code: 117), the shares of which are listed on the Main Board of the Stock Exchange. Mr. Sue is also an executive director and the company secretary of China Strategic.

Proposed Independent Non-executive Directors

Mr. Chu Kin Wang, Peleus

Mr. Chu Kin Wang, Peleus (“**Mr. Chu**”), aged 52, holds a Master of Business Administration degree from The University of Hong Kong. Mr. Chu is a fellow of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Chu is also an associate of both the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. He has extensive experience in corporate finance, audit, accounting and taxation.

Mr. Chu is a deputy chairman and executive director of Chinese People Holdings Company Limited (stock code: 681), a non-executive director of Perfect Group International Holdings Limited (stock code: 3326) and an independent non-executive director of China First Capital Group Limited (stock code: 1269), Huayu Expressway Group Limited (stock code: 1823), Flyke International Holdings Ltd. (stock code: 1998), Tianli Holdings and Mingfa Group (International) Company Limited (stock code: 846). All of the above companies are listed on the Main Board of the Stock Exchange.

LETTER FROM GN SECURITIES AND OCTAL CAPITAL

Mr. Chu is also an independent non-executive director of Madison Wine Holdings Limited (stock code: 8057), SkyNet Group Limited (stock code: 8176) and Telecom Service One Holdings Limited (stock code: 8145). All of the above companies are listed on the Growth Enterprise Market of the Stock Exchange.

Mr. Lau Yuen Sun, Adrian

Mr. Lau Yuen Sun, Adrian (“**Mr. Lau**”), aged 62, holds a Bachelor of Commerce degree from the University of Windsor in Canada. He has extensive experience in banking and investment and had worked for the National Bank of Canada as the vice president of Asia region as well as the chief executive of the Hong Kong Branch from September 1994 to December 1996. Mr. Lau is an independent non-executive director of Yeebo (International Holdings) Limited (stock code: 259), a company listed on the Main Board of the Stock Exchange.

Mr. Yam Kwong Chun

Mr. Yam Kwong Chun (“**Mr. Yam**”), aged 52, holds a Bachelor of Commerce degree and a Master of Business Administration degree, both from University of Melbourne in Australia. He is an associate of the Hong Kong Institute of Certified Public Accountants and a certified practising accountant of the CPA Australia. Mr. Yam had worked for Deloitte Touche Tohmatsu, an international accounting firm and as finance executive for a number of group of companies operating in Hong Kong, the PRC, the United States of America and other overseas countries. He is currently the financial controller of a telecommunication solutions and equipment group previously listed on the Main Board of SGX-ST that was privatized in March 2010. Mr. Yam has extensive experience in auditing, accounting and financial management.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or**
- (ii) that there are insufficient Shares in public hands to maintain an orderly market,**

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer. The Offeror will use reasonable endeavours to maintain the listing status of the Shares on the Stock Exchange and procure that not less than 25% of the entire issued share capital in the Company be held by the public in compliance with the Listing Rules. The sole director of the Offeror and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps following the close of the Offer to ensure that sufficient public float exists in the Shares.

LETTER FROM GN SECURITIES AND OCTAL CAPITAL

PROCEDURES FOR ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance of the Offer and its settlement and the acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any power of compulsory acquisition of any Offer Shares outstanding and not acquired under the Offer after the close of the Offer.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer. The attention of Independent Shareholders with registered addresses outside Hong Kong is also drawn to the section headed "Overseas Shareholders" in Appendix I to this Composite Document.

To accept the Offer, Independent Shareholders should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon. The Form of Acceptance forms part of the terms of the Offer. The duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) must be sent by post or by hand to the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in an envelope marked "ITC Corporation Limited – Offer" as soon as possible but in any event so as to reach the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive in accordance with the Takeovers Code.

All documents and remittances to the Independent Shareholders will be sent by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company or, in the case of joint Independent Shareholders, to the Independent Shareholder whose name appears first in the register of members of the Company. None of the Offeror, the Company, GN Securities, Octal Capital, the Registrar or any of their respective directors or associates or professional advisers or any other party involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

LETTER FROM GN SECURITIES AND OCTAL CAPITAL

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. You are reminded to read carefully the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser” and other information about the Group which are set out in this Composite Document before deciding whether or not to accept the Offer.

In considering what action to take in connection with the Offer, you should consider your own tax or financial position and if you are in any doubt, you should consult your professional advisers.

Yours faithfully,

For and on behalf of
Get Nice Securities Limited
Larry Ng
Director

For and on behalf of
Octal Capital Limited
Alan Fung
Managing Director

LETTER FROM THE BOARD



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

7 March 2017

To the Independent Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER JOINTLY MADE BY
GET NICE SECURITIES LIMITED AND OCTAL CAPITAL LIMITED
FOR AND ON BEHALF OF
ACE PRIDE HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF ITC CORPORATION LIMITED
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY ACE PRIDE HOLDINGS LIMITED)**

INTRODUCTION

Reference is made to the Joint Announcement.

On 23 January 2017 (after trading hours), the Offeror and the Vendor entered into the Share Purchase Agreement, pursuant to which the Vendor agreed to sell and procure the sale of, and the Offeror agreed to purchase, the Sale Shares, representing approximately 67.96% of the total number of issued

* For identification purpose only

LETTER FROM THE BOARD

Shares as at the date of the Joint Announcement, for an aggregate consideration of HK\$596,630,822.84 (equivalent to HK\$0.52 per Sale Share), free from all encumbrances and with all rights attached thereto as at the date of the Share Purchase Completion (including all rights to any dividends (excluding the Special Dividend) or other distribution which may be paid, made or declared on or after the date of the Share Purchase Completion). The Share Purchase Completion took place on 24 January 2017.

Immediately after the Share Purchase Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it beneficially owned 1,147,366,967 Shares, representing approximately 67.96% of the total number of issued Shares.

In accordance with Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for the Offer Shares, being all the Shares in issue, other than those already owned or agreed to be acquired by the Offeror.

The purpose of this Composite Document is to provide you with, among other things, (i) information relating to the Group, the Offeror and the Offer; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the terms of the Offer and as to acceptance of the Offer; and (iii) the letter from the Independent Financial Adviser containing their advice to the Independent Board Committee in relation to the terms of the Offer and as to its acceptance.

THE OFFER

The following information about the Offer is extracted from the “Letter from GN Securities and Octal Capital” contained in this Composite Document.

GN Securities and Octal Capital, for and on behalf of the Offeror, hereby jointly make the Offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror) in compliance with the Takeovers Code, on the following basis:

For every Offer Share HK\$0.52 in cash

The Offer is unconditional in all respects.

The Offer Price of HK\$0.52 per Offer Share is the same as the purchase price per Sale Share, which was determined with reference to the recent prices of the Shares traded on the Stock Exchange, the financial conditions of the Group and the current market conditions, paid by the Offeror under the Share Purchase Agreement.

As at the Latest Practicable Date, the Company had a total of 1,688,282,827 Shares in issue. Save for the aforesaid, the Company had no other relevant securities as at the Latest Practicable Date.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all liens, charges, encumbrances, right of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the rights to receive in full all dividends and distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document.

LETTER FROM THE BOARD

Further details of the Offer

Further details of the Offer, including, among other things, its extension to the Overseas Shareholders, information on taxation, the terms and conditions and the procedures for acceptance and settlement and acceptance period are set out in the “Letter from GN Securities and Octal Capital” in, and Appendix I to, this Composite Document and the Form of Acceptance.

INFORMATION ON THE GROUP

The Company is an investment holding company and was incorporated in Bermuda with limited liability on 17 December 1991 and its issued Shares have been listed on the Main Board since 13 February 1992 under the stock code 372.

The Company indirectly holds strategic investments in two listed companies, namely 28.5% and 20.9% equity interests in PYI Corporation Limited (“PYI”) and Burcon NutraScience Corporation (“Burcon”) respectively. The principal activities of the Group comprise investment holding, the provision of finance, property investment and treasury investment.

PYI, a company listed on the Main Board of the Stock Exchange (stock code: 498), is principally engaged in ports and infrastructure development and investment, the operation of ports and logistics facilities, in the Yangtze River region of the PRC, land and property development and investment in association with ports and infrastructure development, treasury investment and provision of comprehensive engineering and property-related services through Paul Y. Engineering Group Limited.

Burcon is a leader in developing functionally and nutritionally valuable plant-based proteins. Its shares are listed on the Toronto Stock Exchange (stock code: BU), the NASDAQ Global Market (stock code: BUR) and the Frankfurt Stock Exchange (stock code: BNE). Since 1999, Burcon has developed a portfolio of composition, application, and process patents originating from its core protein extraction and purification technology. Burcon has developed CLARISOY™, a soy protein which offers clarity and complete nutrition for low pH systems; Peazazz® pea protein which is uniquely soluble with clean flavor characteristics; and Puratein®, Supertein® and Nutratein®, three canola protein isolates with unique functional and nutritional attributes.

Financial and general information in relation to the Group and unaudited pro forma financial information of the Remaining Group are set out in Appendices II and IV to this Composite Document.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, there were a total of 1,688,282,827 Shares in issue and the Company has no other outstanding warranties, options, derivatives or securities convertible into Shares. The table below sets out the shareholding structure of the Company as at the Latest Practicable Date:

	As at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>Approximate % of issued Shares</i>
Offeror and parties acting in concert with it	1,147,366,967	67.96%
Other Shareholders	540,915,860	32.04%
Total	<u>1,688,282,827</u>	<u>100.00%</u>

INTENTION OF THE OFFEROR ON THE GROUP

Your attention is drawn to the sections headed “Information on the Offeror” as set out on page 13 of this Composite Document and “Intention of the Offeror on the Group” as set out on pages 13 to 14 of this Composite Document in the “Letter from GN Securities and Octal Capital”. The Board is aware of the intention of the Offeror in respect of the Company and is willing to co-operate with the Offeror and act in the best interest of the Company and its Shareholders as a whole.

PROPOSED CHANGE OF BOARD COMPOSITION

As at the Latest Practicable Date, the Board comprises Dr. Chan Kwok Keung, Charles, Ms. Chau Mei Wah, Rosanna, Mr. Chan Kwok Chuen, Augustine, Mr. Chan Fut Yan and Mr. Chan Yiu Lun, Alan as executive Directors, and Mr. Chuck, Winston Calptor, Mr. Lee Kit Wah and Hon. Shek Lai Him, Abraham, *GBS, JP* as independent non-executive Directors.

The Company had been informed by the following Directors of their intention to resign as Director which would be effective immediately after the close of the Offer or such earlier date as permitted under the Takeovers Code:

- (i) Dr. Chan Kwok Keung, Charles;
- (ii) Mr. Chan Kwok Chuen, Augustine;
- (iii) Mr. Chan Fut Yan;
- (iv) Mr. Chan Yiu Lun, Alan;
- (v) Mr. Chuck, Winston Calptor;
- (vi) Mr. Lee Kit Wah; and
- (vii) Hon. Shek Lai Him, Abraham, *GBS, JP*.

It is also intended that Ms. Chau Mei Wah, Rosanna will be redesignated from her current office of Deputy Chairman and Managing Director to Deputy Chairman and executive Director with effect immediately after the close of the Offer or such earlier date as permitted under the Takeovers Code.

LETTER FROM THE BOARD

The Offeror intends to nominate Mr. Suen as an executive Director, Chairman of the Board and the Managing Director, Mr. Sue Ka Lok as an executive Director, and Mr. Chu Kin Wang, Peleus, Mr. Lau Yuen Sun, Adrian and Mr. Yam Kwong Chun as independent non-executive Directors and such appointments will be subject to the approval of the Board and will not take effect earlier than the date of posting of this Composite Document or such other date as permitted under the Takeovers Code. Any appointments to the Board will be made in compliance with all the applicable regulatory requirements, including the Takeovers Code and the Listing Rules.

The biographic details of the above-mentioned nominees for appointment as executive Directors and independent non-executive Directors are set out in the section headed “Proposed change of Board composition” in the “Letter from GN Securities and Octal Capital” as set out in this Composite Document.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or**
- (ii) that there are insufficient Shares in public hands to maintain an orderly market,**

it will consider exercising its discretion to suspend dealings in the Shares.

The Board noted from the “Letter from GN Securities and Octal Capital” that the Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer. The Board noted that the sole director of the Offeror and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps following the close of the Offer to ensure that sufficient public float exists in the Shares.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

In accordance with Rule 2.1 of the Takeovers Code, the Company has established the Independent Board Committee comprising Mr. Chuck, Winston Calptor, Mr. Lee Kit Wah and Hon. Shek Lai Him, Abraham, *GBS, JP*, being all the independent non-executive Directors, to make recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

Somerley Capital Limited has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” on pages 25 to 26 of this Composite Document, which sets out its recommendations to the Independent Shareholders in relation to the Offer; and (ii) the “Letter from the Independent Financial Adviser” on pages 27 to 44 of this Composite Document, which sets out its advice to the Independent Board Committee in relation to the Offer and the principal factors considered by it before arriving at its recommendations.

ADDITIONAL INFORMATION

You are also advised to read this Composite Document together with the accompanying Form of Acceptance in respect of the acceptance and settlement procedures of the Offer. Your attention is drawn to the additional information contained in the appendices to this Composite Document.

In considering what action to take in connection with the Offer, you should consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offer.



ITC CORPORATION LIMITED

德祥企業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 372)

7 March 2017

To the Independent Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER JOINTLY MADE BY
GET NICE SECURITIES LIMITED AND OCTAL CAPITAL LIMITED
FOR AND ON BEHALF OF
ACE PRIDE HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF ITC CORPORATION LIMITED
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY ACE PRIDE HOLDINGS LIMITED)**

INTRODUCTION

We refer to the Composite Document dated 7 March 2017 jointly issued by the Offeror and the Company, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the terms of the Offer and to make a recommendation to you as to whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and to make a recommendation as to acceptance thereof.

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise us in these regards. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the “Letter from the Independent Financial Adviser” on pages 27 to 44 of the Composite Document and you are recommended to read the full text of the letter.

We also wish to draw your attention to the “Letter from the Board”, “Letter from GN Securities and Octal Capital” and the additional information set out in the appendices to the Composite Document.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having taken into account the terms of the Offer and the advice from the Independent Financial Adviser, we are of the opinion that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and recommend the Independent Shareholders to accept the Offer.

However, Independent Shareholders who wish to realise their investments in the Company are reminded to monitor the trading price and liquidity of the Shares during the Offer Period and should, having regard to their own circumstances, consider selling their Shares in the open market instead of accepting the Offer if the net proceeds obtained from such disposal of the Shares (after deducting all transaction costs) would be higher than the net proceeds from accepting the Offer.

The Independent Shareholders are recommended to read the full text of the “Letter from the Independent Financial Advisor” on pages 27 to 44 of the Composite Document. In any case, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for professional advice. Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in the Composite Document and the Form of Acceptance.

Yours faithfully,
Independent Board Committee
ITC Corporation Limited

Mr. Chuck, Winston Calptor
*Independent non-executive
Director*

Mr. Lee Kit Wah
*Independent non-executive
Director*

Hon. Shek Lai Him,
Abraham, GBS, JP
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the letter of advice received from Somerley Capital Limited, the Independent Financial Adviser to the Independent Board Committee regarding the Offer, for the purpose of incorporation in this Composite Document.



SOMERLEY CAPITAL LIMITED

20th Floor
China Building
29 Queen's Road Central
Hong Kong

7 March 2017

To: the Independent Board Committee

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER JOINTLY MADE BY
GET NICE SECURITIES LIMITED AND OCTAL CAPITAL LIMITED
FOR AND ON BEHALF OF ACE PRIDE HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF ITC CORPORATION LIMITED
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY ACE PRIDE HOLDINGS LIMITED)**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee in connection with the mandatory unconditional cash offer jointly made by GN Securities and Octal Capital for and on behalf of the Offeror to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror). Details of the Offer are set out in the Composite Document dated 7 March 2017, of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

On 23 January 2017 (after trading hours), the Vendor and the Offeror entered into the Share Purchase Agreement pursuant to which the Vendor agreed to sell and procure the sale of, and the Offeror agreed to purchase, the Sale Shares, representing approximately 67.96% of the total number of issued Shares as at the date of the Joint Announcement, for an aggregate consideration of HK\$596,630,822.84 (equivalent to HK\$0.52 per Sale Share). The Share Purchase Completion took place on 24 January 2017. Immediately after Share Purchase Completion, the Vendor and Galaxyway ceased to be Shareholders.

Before Share Purchase Completion, the Offeror and parties acting in concert with it did not hold any Shares, options, derivatives, warrants, convertible securities or voting rights of the Company. Upon the Share Purchase Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it beneficially owned 1,147,366,967 Shares, representing approximately 67.96% of the total number of issued Shares. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make the Offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In accordance with the Takeovers Code, the Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Chuck, Winston Calptor, Mr. Lee Kit Wah and Hon. Shek Lai Him, Abraham, *GBS, JP*, has been established to make recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. The Independent Board Committee has approved our appointment as the Independent Financial Adviser to advise it in this regard.

During the past two years, Somerley Capital Limited acted as the independent financial adviser and issued an opinion letter contained in the Company's composite document dated 11 May 2015 regarding a mandatory unconditional cash offer by Anglo Chinese Corporate Finance, Limited on behalf of Galaxyway to acquire all the issued Shares (other than those already owned or agreed to be acquired by Galaxyway and parties acting in concert with it). This past engagement was limited to providing independent advisory services to the Independent Board Committee pursuant to the Takeovers Code, for which Somerley Capital Limited received normal professional fees from the Company. Accordingly, we do not consider the past engagement gives rise to any conflict of interest for Somerley Capital Limited in acting as the independent financial adviser to the Independent Board Committee in connection with the Offer.

We are not associated with the Company, the Offeror or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Offer. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror or any party acting, or presumed to be acting, in concert with any of them.

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group, which we have assumed to be true, accurate and complete in all material respects. We have reviewed the published information on the Company, including its interim report for the six months ended 30 September 2016 (the "**FY2017 Interim Report**"), its annual report for the year ended 31 March 2016 (the "**FY2016 Annual Report**") and its circular dated 23 December 2016 regarding the Special Dividend (the "**Special Dividend Circular**"), and we have discussed with the Directors their statements set out in Appendix II to the Composite Document that, save as disclosed therein, there has been no material change in the financial or trading position or outlook of the Group since the date of the last published audited accounts of the Group up to and including the Latest Practicable Date. We have also reviewed the trading performance of the Shares on the Stock Exchange. We have sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed by them. We consider that the information we have received is sufficient for us to reach our opinion and advice as set out in this letter. We have no reason to doubt the truth and accuracy of the information provided to us or to believe that any material facts have been omitted or withheld. We have, however, not conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied. We have also assumed that all information and representations contained or referred to in the Composite Document are true as at the Latest Practicable Date, and that Shareholders will be notified of any material changes to such information and representations as soon as reasonably practicable in accordance with Rule 9.1 of the Takeovers Code.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have not considered the tax and regulatory implications on the Independent Shareholders, of acceptance or non-acceptance of the Offer since these depend on their individual circumstances. In particular, the Independent Shareholders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, consult their own professional advisers.

PRINCIPAL TERMS OF THE OFFER

GN Securities and Octal Capital, for and on behalf of the Offeror, jointly make the Offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror) in compliance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.52 in cash

The Offer is unconditional in all respects.

The Offer Price of HK\$0.52 per Offer Share is the same as the purchase price per Sale Share, which was determined with reference to the recent prices of the Shares traded on the Stock Exchange, the financial conditions of the Group and the current market conditions, paid by the Offeror under the Share Purchase Agreement.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all liens, charges, encumbrances, right of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the rights to receive in full all dividends and distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of despatch of the Composite Document.

Acceptance of the Offer by the Independent Shareholders will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code in the circumstances set out in Appendix I to the Composite Document. Further details of the Offer, including the expected timetable and the terms and procedures of acceptance of the Offer, are set out in the sections headed “Expected Timetable”, “Letter from GN Securities and Octal Capital”, “Letter from the Board”, Appendix I to the Composite Document and the Form of Acceptance. Independent Shareholders are urged to read the relevant sections in the Composite Document in full.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Offer, we have taken into account the following principal factors and reasons:

1. Information on the Group

The Company is an investment holding company which indirectly holds strategic investments in a number of listed companies. The principal activity of the Group comprise investment holding, the provision of finance, property investment and treasury investment. On 23 November 2016, the Company announced the distribution of the Special Dividend in the form of a distribution in specie (the “**Distribution in Specie**”) of all the shares of ITC Properties Group Limited (“**ITC Properties**”) held by the Group to the qualifying Shareholders in proportion to their respective shareholdings in the Company. The Remaining Group no longer holds any shares in ITC Properties, and ITC Properties would no longer be accounted for as an associate in the consolidated financial statement of the Company. The Remaining Group indirectly holds strategic investments in two listed companies, namely 28.5% and 20.9% equity interests in PYI Corporation Limited (“**PYI**”) and Burcon NutraScience Corporation (“**Burcon**”) respectively.

PYI, a company listed on the Main Board of the Stock Exchange (stock code: 498), is principally engaged in ports and infrastructure development and investment, the operation of ports and logistics facilities, in the Yangtze River region of the PRC, land and property development and investment in association with ports and infrastructure development, treasury investment and provision of comprehensive engineering and property-related services through Paul Y. Engineering Group Limited.

Burcon is a leader in developing functionally and nutritionally valuable plant-based proteins. Its shares are listed on the Toronto Stock Exchange (stock code: BU), the NASDAQ Global Market (stock code: BUR) and the Frankfurt Stock Exchange (stock code: BNE). Since 1999, Burcon has developed a portfolio of composition, application, and process patents originating from its core protein extraction and purification technology. Burcon has developed CLARISOY™, a soy protein which offers clarity and complete nutrition for low pH systems; Peazazz® pea protein which is uniquely soluble with clean flavor characteristics; and Puratein®, Supertein® and Nutratein®, three canola protein isolates with unique functional and nutritional attributes.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Financial information and prospects of the Remaining Group

(a) Financial performance of the Remaining Group

The following is a summary of the unaudited pro forma consolidated statement of profit or loss of the Remaining Group for the year ended 31 March 2016, which has been prepared to illustrate the effect of the Distribution in Specie as if it had been completed on 1 April 2015, as extracted from the section headed “VI. Unaudited Pro Forma Financial Information of the Remaining Group” as set out in Appendix II to the Composite Document. Further details of the results and other financial information of the Group are set out in Appendix II to the Composite Document.

	For the year ended 31 March 2016
	<i>HK\$'000</i>
Revenue	15,027
Loss on assets distributed to shareholders	(326,582)
Share of results of associates	
– share of results	(89,770)
– gain on acquisitions of additional interests in associates	62,724
Loss for the year	(395,060)

(i) Loss for the year

The Remaining Group’s loss for the year of approximately HK\$395 million was mainly attributable to (i) an estimated one-time loss on assets to be distributed of approximately HK\$327 million as a result of the Distribution in Specie; (ii) the share of results of PYI and Burcon as discussed in the sub-sections headed “(ii) Share of results of PYI” and “(iii) Share of results of Burcon” below; and (iii) the gain of approximately HK\$63 million for the increase in interest in PYI as a result of the on-market acquisition of approximately 78 million shares of PYI at an aggregate cash consideration of approximately HK\$13.6 million, which increased the Remaining Group’s interest in PYI from 26.8% as at 31 March 2015 to 28.5% as at 31 March 2016.

Shareholders’ attention is drawn to the abovementioned loss on assets distributed to Shareholders of approximately HK\$327 million, which is prepared based on the assumption that completion of the Distribution in Specie has taken place on 1 April 2015 and the Group held 260,856,514 shares in ITC Properties as at 1 April 2015. The actual loss, however, is subject to change depending on, amongst others, the carrying value of the Group’s interests in ITC Properties as an associate and the fair value of 306,180,916 shares in ITC Properties held by the Group as at the date of completion of the Distribution in Specie. The basis and computation of the estimated one-time loss as a result of the Distribution in Specie are set out in Appendix II to the Composite Document and the Special Dividend Circular. Shareholders should note that such loss and its impact on the net asset value of the Remaining Group, as advised by the management of the Group, is subject to audit and will be finalised and reflected in the audited financial statements of the Group for the year ending 31 March 2017.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) *Share of results of PYI*

As set out in the FY2016 Annual Report, PYI recorded a loss attributable to shareholders of HK\$298 million for the year ended 31 March 2016, as compared with a profit of HK\$86 million for the previous financial year, the loss being mainly attributable to (i) a provision made for certain stock of properties under development situated at Xiao Yangkou of Rudong County, Nantong City, Jiangsu Province, the PRC; (ii) the recognition of loss on fair value changes of investment properties situated mainly at Xiao Yangkou and Nantong City; and (iii) an unrealised exchange loss arising from Renminbi denominated monetary assets. As a result, the Remaining Group shared a loss of HK\$82 million from PYI for the year.

(iii) *Share of results of Burcon*

As set out in the FY2016 Annual Report, in July 2015, Archer Daniels Midland Company (stock code: ADM.NYSE) (“ADM”), Burcon’s license and production partner for CLARISOY™, demonstrated three products containing variations of CLARISOY™ at the 2015 Institute of Food Technologist Annual Meeting & Food Expo. Burcon expected ADM’s full-scale commercial CLARISOY™ production facility would be operational by mid-2016. Burcon was also making progress on its second major protein technology, Peazazz® pea protein, and was in discussions with potential commercialization partners. For the year ended 31 March 2016, Burcon recorded a loss of HK\$39 million as compared with HK\$45 million for the corresponding year 2015. As a result, the Remaining Group shared a loss of HK\$8 million.

(b) *Financial position of the Remaining Group*

The following is a summary of the unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 September 2016, which has been prepared to illustrate the effect of the Distribution in Specie as if it had been completed on 30 September 2016, as extracted from the section headed “VI. Unaudited Pro Forma Financial Information of the Remaining Group” as set out in Appendix II to the Composite Document. Further details of the consolidated financial position and other financial information of the Group are set out in Appendix II to the Composite Document.

	As at 30 September 2016 HK\$'000
Non-current assets	1,232,069
Current assets	451,336
Current liabilities	(57,251)
Non-current liabilities	(8,867)
	<hr/>
Net assets	1,617,287
	<hr/> <hr/>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Remaining Group's pro forma non-current assets mainly comprised (i) the interests in associates of HK\$1,171.6 million, the carrying value of which were made up of the equity interest in PYI, and (ii) investment properties of HK\$40.4 million. The pro forma current assets of the Remaining Group were mainly made up of (i) short-term bank deposits, bank balances and cash of HK\$171.3 million; (ii) equity investments in listed equity securities of HK\$134.7 million; and (iii) loans receivable from the provision of loan financing services of HK\$111.0 million.

The pro forma current liabilities of the Remaining Group mainly comprised dividends payable of HK\$50.0 million in relation to the final dividend of 3.0 HK cents per Share for the year ended 31 March 2016, while its pro forma non-current liabilities were mainly bank borrowings of HK\$7 million, which were denominated in Canadian dollars, repayable within five years and at floating interest rates.

The pro forma net asset value of the Remaining Group amounted to HK\$1,617.3 million as at 30 September 2016, or approximately HK\$0.96 per Share as at the Latest Practicable Date, which decreased from the consolidated net asset value of the Group of HK\$3,611.1 million as at 30 September 2016 as a result of the Distribution in Specie.

(c) *Outlook of the Remaining Group*

Following the completion of the Distribution in Specie, the Remaining Group mainly holds the investments in PYI and Burcon, which the Company believes will bring value to the Remaining Group along completion of their projects. With respect to the Company's investment in PYI, PYI has made a consistent contribution to the Company's results for the past six years ended 31 March 2015. PYI reported a loss for the year ended 31 March 2016, but has shown signs of recovery for the six months ended 30 September 2016 as its loss decreased as compared to the corresponding period in 2015 as set out in the FY2017 Interim Report. According to the Special Dividend Circular, with a view that the economy of the PRC will continue to grow in the long term, the Directors are confident with the prospects of PYI. For Burcon, it announced in November 2016 that ADM successfully commissioned the first large-scale CLARISOY™ production facility, which has commercialized Burcon's intellectual property rights, the Directors believe that this achievement will enhance the long-term growth of Burcon and bring positive impact to the Remaining Group in the near future. However, as both PYI and Burcon have reported losses in the latest financial year/period, the outlook of the Remaining Group remains uncertain before PYI and Burcon could deliver stable profits from their businesses.

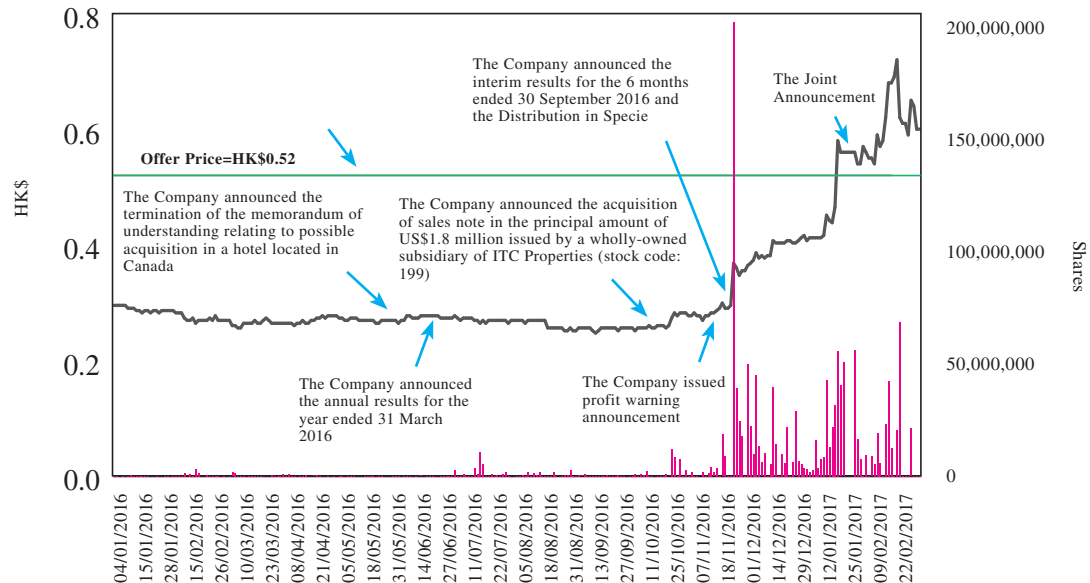
Going forward, the Remaining Group will continue to adhere to its long-term strategy of exploring diversified investment opportunities with growth potential in a cautious yet proactive approach.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Analysis of price performance and trading liquidity

(a) Historical price performance of the Shares

Set out below is the movement of the closing prices of the Shares (as adjusted on an ex-entitlement basis as a result of the Distribution in Specie) during the period from 1 January 2016 to the Latest Practicable Date (the “**Review Period**”):



Source: Website of the Stock Exchange

The Share price closed below the Offer Price in 257 out of 260 trading days before the publication of the Joint Announcement during the Review Period.

As shown above, the Share price closed between HK\$0.247 and HK\$0.299 commencing from the beginning of the Review Period until 23 November 2016, being the last trading day before the Company announced the interim results for the six months ended 30 September 2016 and the Special Dividend by way of Distribution in Specie (the “**Announcement**”). The Share price surged above the HK\$0.30 level immediately following the Announcement, continued to edge higher thereafter and has closed above the HK\$0.40 level since 14 December 2016.

On 19 January 2017, the closing Share price increased to above the Offer Price and reached HK\$0.58, and closed at HK\$0.56 on the Last Trading Day before trading in the Shares was suspended on 24 January 2017. The Shares resumed trading on 27 January 2017 and closed at HK\$0.56 per Share. As at the Latest Practicable Date, the price of the Shares closed at HK\$0.60 per Share.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) Trading liquidity

Set out below in the table are the monthly total trading volumes of the Shares and the percentages of the monthly total trading volume to the total number of Shares and public float of the Company during the Review Period:

	Monthly total trading volume of the Shares <i>(Note 1)</i>	Percentage of the monthly total trading volume of the Shares to the total number of Shares <i>(Note 2)</i>	Percentage of the monthly total trading volume of the Shares to public float of the Company <i>(Note 3)</i>
2016			
January	11,022,250	0.7%	2.0%
February	12,851,590	0.8%	2.4%
March	16,956,283	1.0%	3.1%
April	13,571,198	0.8%	2.5%
May	10,188,331	0.6%	1.9%
June	12,743,538	0.8%	2.4%
July	41,816,116	2.5%	7.7%
August	28,522,174	1.7%	5.3%
September	15,150,493	0.9%	2.8%
October	48,099,322	2.8%	8.9%
November	357,495,018	21.2%	66.1%
December	324,285,110	19.2%	60.0%
2017			
January	350,972,329	20.8%	64.9%
February	332,180,362	19.7%	61.4%
From 1 March 2017 to the Latest Practicable Date	24,554,000	1.5%	4.5%

Notes:

- (1) Source: website of the Stock Exchange
- (2) The calculation is based on the monthly total trading volumes of the Shares divided by the total number of issued Shares at the end of each month or at the Latest Practicable Date, as applicable
- (3) The calculation is based on the monthly total trading volumes of the Shares divided by the total number of Shares held by the public as at the Latest Practicable Date

Based on the above table, the liquidity of the Shares, in our view, was generally thin during the first 10 months of the Review Period. The increase in the trading volume after the Announcement is in our view related to the Special Dividend and the Offer, and may not continue

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

after the close of the Offer. The Shareholders, especially those with significant stakes, should note that if they wish to realise their investments in the Company they might not be able to dispose of the Shares in the market without exerting a downward pressure on the market price of the Shares. Given that the high level of trading volume may not be sustained, the Offer consequently represents a good opportunity for the Independent Shareholders to dispose of their entire holdings at a fixed cash price without disturbing the market price.

(c) Offer Price comparisons

The Offer Price of HK\$0.52 is the same as the price per Sale Share paid by the Offeror under the Share Purchase Agreement, and represents:

		per Share	Approximately premium/(discount) of the Offer Price over/(to) the closing price
(i)	Closing price of the Shares on the Last Trading Day	HK\$0.5600	(7.14)%
(ii)	Average closing price of the Shares for the last 5 consecutive trading days up to and including the Last Trading Day	HK\$0.5206	(0.12)%
(iii)	Average closing price of the Shares for the last 10 consecutive trading days up to and including the Last Trading Day	HK\$0.4736	9.80%
(iv)	Average closing price of the Shares for the last 30 consecutive trading days up to and including the Last Trading Day	HK\$0.4258	22.12%
(v)	Average closing price of the Shares for the last 180 consecutive trading days up to and including the Last Trading Day (the “180-day Average Closing Price”)	HK\$0.2994	73.68%
(vi)	Closing price of the Shares on the Latest Practicable Date	HK\$0.6000	(13.33)%
(vii)	The Remaining Group’s unaudited pro forma consolidated net asset value attributable to the Shareholders as at 30 September 2016 (based on the number of Shares in issue as at the Latest Practicable Date)	HK\$0.9579	(45.71)%

Note: The above closing prices of the Shares have been adjusted on an ex-entitlement basis as a result of the Distribution in Specie.

As further analysed in the sub-section headed “(a) Historical price performance of the Shares” hereinabove, the Shares have been traded below the Offer Price most of the time before the Joint Announcement. Despite the Offer Price representing a discount of approximately 45.71% to the Remaining Group’s unaudited pro forma consolidated net asset value attributable to the Shareholders per Share as at 30 September 2016 and a discount of approximately 13.33% to the Share closing price as at the Latest Practicable Date, the Offer Price represents a premium of approximately 73.68% over the 180-day Average Closing Price, which we consider is reasonable to the Independent Shareholders, considering the Remaining Group’s layered investment holding which restricts the attractiveness of the Shares due to lack of direct control over the assets and operations of its associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Illustration of value of the Company based on the market prices of the listed entities

Because of the high proportion of the Remaining Group's assets which are listed, we have performed a calculation of the valuation of the Remaining Group based on the sum of (i) the market value of the shares in its listed associates; and (ii) pro forma book value of other assets/liabilities of the Remaining Group (excluding all of the Remaining Group's interests in the above listed associates) as at 30 September 2016. We have discussed with the management of the Group the latest financial position of the Group and have concluded that there is no material change of the value of other assets/liabilities since 31 March 2016 except for, amongst others, the change in financial position and business updates as disclosed in the FY2017 Interim Report and the Special Dividend Circular. The Group's financial position as stated in the FY2017 Interim Report has not yet reflected the effect of the Distribution in Specie, the record date of which was on 20 January 2017 and therefore the unaudited pro forma consolidated statement of financial position of the Remaining Group immediately after such completion as set out in Appendix II to the Composite Document is used in our analysis.

<i>(HK\$ million)</i>	As at the Latest Practicable Date⁽¹⁾
Market value of the shares of the associates	
– PYI	240.6
– Burcon	108.4
Pro forma book value of other assets and liabilities of the Remaining Group (excluding all of the Remaining Group's interests in the above listed associates) ⁽²⁾	445.7
Market Price-related Value (as defined below)	794.7
Per Share (HK\$)	0.47

(1) Market value of PYI is based on its average closing price as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Latest Practicable Date multiplied by the number of shares of PYI held by the Remaining Group as at the Latest Practicable Date, while market value of Burcon is based on its average closing price as quoted on the Toronto Stock Exchange for the 30 consecutive trading days up to and including the day before the Latest Practicable Date multiplied by the number of shares of Burcon held by the Remaining Group as at the Latest Practicable Date, due to time zone difference.

(2) Pro forma book value of the Remaining Group's interests in associates as at 30 September 2016 (as referenced from the unaudited pro forma consolidated statement of financial position of the Remaining Group as set out in Appendix II to the Composite Document).

Based on the market value of the shares of the listed associates and the book value of other assets and liabilities not held by its listed associates as at 30 September 2016, the aggregate market value (the “**Market Price-related Value**”) of the Remaining Group as at the Latest Practicable Date was HK\$794.7 million, equivalent to approximately HK\$0.47 per Share. The Offer Price represents a premium of approximately 10.47% over the Market Price-related Value. The Market Price-related Value provides the Independent Shareholders with a useful cross-check to the realizable value of the Company on the assumption that factors or values of the listed associates would have been broadly reflected in the market price of the relevant shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. Peer comparison

Following the completion of the Distribution in Specie, the Remaining Group mainly holds the investments in its listed associates, which accounted for around 70% of its total assets as at 30 September 2016 based on Appendix II to the Composite Document. The combination of businesses/assets of the Remaining Group and the way they are held involving listed associates (mainly including ports and logistics, property development and investments, and research and development in nutrition products and technology) are, in our opinion, unique among Hong Kong listed companies which makes it difficult to identify a company which has a similar structure and business mix. However, the carrying value of the Remaining Group's interests in associates were made up of its equity interest in PYI, and over 90% of PYI's segment revenue has been contributed by its ports and logistics business. In such circumstances and in order to assess the Offer Price, we have identified companies listed on the Stock Exchange (the "**Comparable Entities**") which are principally engaged in ports operation in the PRC based on their latest published financial statements. The list of Comparable Entities presented below is an exhaustive list according to our research on the website of the Stock Exchange and Bloomberg based on the above criteria. The price-to-book ratio represents our main consideration for the peers comparison as the Remaining Group reported a pro forma loss for the year ended 31 March 2016 as set out in Appendix II to the Composite Document, hence no price-to-earnings multiples could be appraised for our analysis purposes. The Comparable Entities are set out in the table below:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Name of entities	Principal business	Market capitalisation	Net asset value attributable to shareholders as at	Price to book multiple ("P/B") ⁽²⁾
		as at the Latest Practicable Date ⁽²⁾	the latest year/period end ⁽¹⁾	(A/B)
		(A)	(B)	(A/B)
		HK\$ million	HK\$ million	times
China Merchants Port Holdings Co Ltd (stock code: 144)	Ports operation, bonded logistics and cold chain operations, property development and investment	56,006.9	66,199.0	0.85
COSCO SHIPPING Ports Ltd (stock code: 1199)	Managing and operating terminals, container leasing, management and sale, and their related businesses	24,795.7	34,392.2 ⁽³⁾	0.72
Qingdao Port International Co Ltd (stock code: 6198)	Provision of containerised and noncontainerised cargo handling services, port ancillary services and financial services at the port of Qingdao in the PRC	21,933.5	14,813.2 ⁽⁴⁾	1.48
Dalian Port PDA Co Ltd (stock code: 2880)	Provision of oil/liquefied chemicals terminal, container terminal, automobile terminal, ore terminal, general cargo terminal, bulk grain terminal, passenger & roll-on&off terminal & logistics services; and port valueadded services	18,267.3	19,716.3 ⁽⁴⁾	0.93
Qinhuangdao Port Co Ltd (stock code: 3369)	Provision of integrated port services including stevedoring, stacking, warehousing, transportation and logistics and handling various types of cargo including coal, metal ores, oil, liquefied chemicals, containers and general cargo	9,462.0	12,668.3 ⁽⁴⁾	0.75
Tianjin Port Development Holdings Ltd (stock code: 3382)	Provision of containerised and noncontainerised cargo handling services, sales and other port ancillary services	7,750.9	11,489.9	0.67
Xiamen International Port Co Ltd (stock code: 3378)	Container, bulk and general cargo loading and unloading businesses, ancillary value-added port services, building materials manufacturing, processing and selling and the trading of industrial products, and long-term investment business	4,309.2	5,538.8 ⁽⁴⁾	0.78
Dragon Crown Group Holdings Ltd (stock code: 935)	Provision of terminal storage and handling of liquid chemicals	1,814.7	908.9	2.00
CIG Yangtze Ports PLC (stock code: 8233)	Port construction and operations	1,602.6	645.0	2.48
PYI (stock code: 498)	Development of ports facilities and ports related properties, operation of ports, LPG and logistics businesses, development, sale and leasing of real estate properties and formed land, provision of credit services and securities trading	843.8	4,196.5	0.20

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Name of entities	Principal business	Market capitalisation	Net asset value attributable to shareholders as at	Price to book multiple ("P/B") ⁽²⁾
		as at the Latest Practicable Date ⁽²⁾	the latest year/period end ⁽¹⁾	
		(A)	(B)	(A/B)
		HK\$ million	HK\$ million	times
			Mean	1.09
			Maximum	2.48
			Minimum	0.20
The Offer		877.9⁽⁵⁾	1,617.3⁽⁶⁾	0.54
		877.9⁽⁵⁾	794.7⁽⁷⁾	1.10

Source: Bloomberg and website of the Stock Exchange

Notes:

- (1) The net asset value attributable to the respective shareholders of the Comparable Entities is extracted from their latest published financial statements.
- (2) The average closing prices of the shares of the Comparable Entities as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Latest Practicable Date are used.
- (3) The net asset value attributable to the shareholders in USD is converted into HK\$ by using the exchange rate of USD 1 = HK\$7.80.
- (4) The net asset value attributable to the shareholders in RMB is converted into HK\$ by using the exchange rate of RMB 1 = HK\$1.13.
- (5) The market capitalisation of the Company is calculated based on the Offer Price of HK\$0.52 per Share.
- (6) It refers to the pro forma unaudited consolidated net asset value attributable to the Shareholders as extracted from Appendix II to the Composite Document.
- (7) It refers to the Market Price-related Value as set out in the section headed "4. Illustration of value of the Company based on the market prices of the listed entities" above.

As shown above, the P/Bs of the Comparable Entities including PYI ranged from approximately 0.20 times to 2.48 times, with the mean of approximately 1.09 times. The respective P/Bs of approximately 0.54 and 1.10, as calculated based on the Offer Price divided by the Remaining Group's pro forma unaudited consolidated net asset value attributable to the Shareholders and the Market Price-related Value, are both within the range of the Comparable Entities. The Shares have been traded consistently about 70% to 80% below its net asset value which may be due to majority of the Remaining Group's assets being investments of less than 30% interests in listed companies (i.e. 28.5% and 20.9% equity interests in PYI and Burcon respectively). The Remaining Group's layered investment holding and the lack of direct control over the assets and operations of its listed associates may restrict the value of the Shares. Given such, the Market Price-related Value, which has been arrived at based on the realizable market value of the shares of the listed associates held by the Remaining Group and the pro forma book value of other assets and liabilities not held by its listed associates as at 30 September 2016 is, in our view, more useful to assess the value of the Shares. The Offer Price represents about 1.10 times the Market Price-related Value, which is higher than the mean of those Comparable Entities. On this basis, we consider the Offer Price reasonable as compared to the Comparable Entities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

6. Information on the Offeror and its intention regarding the Remaining Group

Information on the Offeror

The Offeror is an investment holding company incorporated in the BVI with limited liability on 3 January 2017. As at the Latest Practicable Date, the Offeror is wholly owned by Ace Way Global Limited, a company incorporated in the BVI with limited liability, which in turn is wholly owned by Mr. Suen. The sole director of the Offeror is Mr. Suen.

Mr. Suen, aged 55, holds a Master of Business Administration degree from the University of South Australia, and is the controlling/substantial shareholder and/or director of various companies listed on the Main Board of the Stock Exchange. Further details of Mr. Suen are set out in the section headed “Letter from GN Securities and Octal Capital” of the Composite Document.

Operational matters, employees and senior management

Following the close of the Offer, the Offeror intends to continue the existing principal businesses of the Remaining Group. The existing principal business of the Remaining Group includes investment holding, the provision of finance, property investment and treasury investment. The Offeror will conduct a review on the existing principal businesses and the financial position of the Remaining Group for the purpose of formulating business plans and strategies for the future business development of the Remaining Group. In this regard, the Offeror may look into business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Company. As at the Latest Practicable Date, the Offeror did not have any intention, arrangement, agreement or negotiation on such corporate actions or any injection of new business, or assets into the Company. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules. Save for the Offeror’s intention regarding the Remaining Group as set out above, the Offeror has no intention to (i) discontinue the employment of any employees of the Remaining Group; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

Proposed change of Board composition

With the exception of Ms. Chau Mei Wah, Rosanna who will be redesignated from her current office of Deputy Chairman and Managing Director to Deputy Chairman and Executive Director, the Company had been informed by all the other Directors of their intention to resign as Director which would be effective immediately after the closing of the Offer or such earlier date as permitted under the Takeovers Code.

Shareholders’ attention are drawn to the section headed “Letter from GN Securities and Octal Capital” of the Composite Document for details of the Offeror’s nominees for appointment as executive Directors and independent non-executive Directors. Such appointment will be subject to the approval of the Board and will not take effect earlier than the date of posting of the Composite Document or such other date as permitted under the Takeovers Code. Any appointments to the Board will be made in compliance with all the applicable regulatory requirements, including the Takeovers Code and the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Maintenance of the listing status of the Company

The Offeror does not intend to exercise any power of compulsory acquisition of any Offer Shares outstanding and not acquired under the Offer after the close of the Offer.

The Stock Exchange has stated that, if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares in issue, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- there are insufficient Shares in public hands to maintain an orderly market,

then it will consider exercising its discretion to suspend trading in the Shares on the Stock Exchange.

The Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer. The Offeror will use reasonable endeavours to maintain the listing status of the Shares on the Stock Exchange and procure that not less than 25% of the entire issued share capital in the Company be held by the public in compliance with the Listing Rules. The sole director of the Offeror and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps following the close of the Offer to ensure that sufficient public float exists in the Shares.

DISCUSSION AND ANALYSIS

(i) The Offer Price provides a chance to exit on terms we consider reasonable

The Offer gives the Independent Shareholders the chance to exit at a fixed cash price of HK\$0.52 per Share as it represents:

- a premium of approximately 73.68% over the 180-day Average Closing Price; and
- a discount of approximately 45.71% to the Remaining Group's pro forma unaudited consolidated net asset value attributable to the Shareholders and a premium of approximately 10.47% over the Market Price-related Value, both within the range of the Comparable Entities we have identified.

Although the Share price has increased since the Announcement, the Shares closed lower than the Offer Price in 257 out of 260 trading days before the publication of the Joint Announcement under the Review Period. The 180-day Average Closing Price, in our view, reflects the fundamental valuation of the Company. The Offer Price represents a premium of approximately 73.68% over the 180-day Average Closing Price. The Offer Price, however, represents a discount to the unaudited pro forma consolidated net asset value as at 30 September 2016 of approximately 45.71%. The Shares have also been traded consistently about 70% to 80% below its net asset value per Share which may be due to majority of the Remaining Group's assets being investments of less than 30% interests in listed companies (i.e. approximately 28.5% and 20.9% equity interests in PYI and Burcon respectively). The Remaining

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Group's layered investment holding and the lack of direct control over the assets and operations of its listed associates may restrict the value of the Shares, therefore the Market Price-related Value, which has been arrived at based on the realizable market value of the shares of the listed associates held by the Remaining Group and the pro forma book value of other assets and liabilities not held by its listed associates as at 30 September 2016, is, in our view, more useful to assess the value of the Shares. The Offer Price represents about 10.47% premium over the Market Price-related Value, which is higher than the mean of those Comparable Entities.

(ii) An investment without attracting much investors' interests

The Remaining Group's majority assets are its interests in separately listed companies, which decreases the level of control and its accessibility. These factors may restrict investors' interest and contribute to the Shares being traded consistently about 70% to 80% discount to its net asset value per Share with low liquidity prior to the publication of the Announcement as discussed in the section headed "4. Analysis of price performance and trading liquidity – (b) Trading liquidity" above. The increase in the trading volume after the publication of the Announcement is, in our view, related to the Special Dividend and the Offer, and may not continue after the close of the Offer. The disposal of the Shares in the open market may exert downward pressure on the market price of the Shares. The Offer therefore represents a good opportunity for the Independent Shareholders to dispose of their holding in the Shares at a fixed cash price without disturbing the market price.

(iii) Outlook of the Remaining Group's business seems to be moderate

PYI reported a loss for the year ended 31 March 2016, but had shown signs of recovery for the six months ended 30 September 2016 as its loss decreased as compared to the corresponding period in 2015. With a view that the economy of the PRC will continue to grow in the long term, the Directors are confident with the prospects of PYI. For Burcon, it announced in November 2016 that ADM successfully commissioned the first large-scale CLARISOY™ production facility, and the Directors believe that this achievement will bring positive impact to the Remaining Group in the near future. However, as both PYI and Burcon have reported losses in the latest financial year/period, the outlook of the Remaining Group remains uncertain until these listed associates are able to deliver stable profits from their businesses.

OPINION AND RECOMMENDATIONS

Based on the above principal factors and reasons, we consider the terms of the Offer to be fair and reasonable so far as the Independent Shareholders are concerned and recommend the Independent Board Committee to advise, and we ourselves advise, the Independent Shareholders to accept the Offer. However, as the market price of the Shares has exceeded the Offer Price immediately prior to the publication of the Joint Announcement and closed at HK\$0.60 as at the Latest Practicable Date, it is advisable for the Independent Shareholders to consider selling their Offer Shares in the open market if the market price of the Shares exceeds the Offer Price during the period when the Offer is open and the sales proceeds, net of transaction costs, from disposal of the Offer Shares exceed the amount receivable under the Offer. The Independent Shareholders should also monitor the overall trading volume of the Shares, as they may or may not be able to dispose of their Offer Shares in the market at prices higher than the Offer Price.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

However, the Independent Shareholders who are attracted to the future of the Company under the management of the Offeror and the historical dividend payout record may consider retaining some or all of their Offer Shares.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Kenneth Chow **Jenny Leung**
Managing Director *Director*

Mr. Kenneth Chow and Ms. Jenny Leung are licensed persons and responsible officers of Somerley Capital Limited registered with the SFC to carry out type 6 (advising on corporate finance) regulated activity under the SFO and have participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

PROCEDURES FOR ACCEPTANCE OF THE OFFER *(Registrar to review and advise)*

To accept the Offer, you should complete and sign the Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in your name, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must send the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of the Shares in respect of which you intend to accept the Offer by post or by hand to the Registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, marked "**ITC Corporation Limited – Offer**" on the envelope as soon as possible but in any event so as to reach the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive, in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must either:
- (i) lodge your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares with the nominee company, or other nominee, and with instructions authorising it to accept the Offer on your behalf and request it to deliver the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar in accordance with the procedure set out in paragraph (a) above; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and signed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to GN Securities and Octal Capital and/or the Offeror or their respective agent(s) to collect from the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.
- (e) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine in compliance with the requirements of the Takeovers Code and announce with the consent of the Executive and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares and, if those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other document(s) in order to establish your right to become the registered holder of the relevant Shares; or
- (ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (e));
or

(iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Independent Shareholders, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

- (f) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (g) The address of the Registrar, Tricor Secretaries Limited, is at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

ACCEPTANCE PERIOD AND REVISIONS

Unless the Offer has previously been revised with the consent of the Executive, all Forms of Acceptance must be received by the Registrar by 4:00 p.m. on the Closing Date in accordance with the instructions printed thereon.

If the Offer is extended or revised, the announcement of such extension or revision will state the next Closing Date and the Offer will remain open for acceptance for a period of not less than 14 days from the posting of the written notification and/or announcement of the extension or revision to the Independent Shareholders and, unless previously extended or revised, shall close on the subsequent Closing Date. If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.

If the Closing Date is extended, any reference in the Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offer as so extended.

ANNOUNCEMENTS

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement in accordance with the Takeovers Code on the Stock Exchange's website no later than 7:00 p.m. on the Closing Date stating whether the Offer has been revised or extended or has expired. The announcement will state the following:
- (i) the total number of Shares and rights over Shares (if any) for which acceptances of the Offer have been received;
 - (ii) the total number of Shares and rights over Shares (if any) held, controlled or directed by the Offeror or parties acting in concert with it before the Offer Period; and

- (iii) the total number of Shares and rights over Shares (if any) acquired or agreed to be acquired during the Offer Period by the Offeror or parties acting in concert with it.

The announcement must include details of any relevant securities in the Company which the Offeror or any parties acting in concert with it has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement must also specify the percentages of the relevant classes of share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (b) In computing the total number of Shares represented by acceptances, only valid acceptances which are in all respects complete and in good order, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.
- (c) As required under the Takeovers Code, all announcements in relation to the Offer will be made in accordance with the requirements of the Listing Rules.

RIGHT OF WITHDRAWAL

- (a) Acceptances of the Offer tendered by the Independent Shareholders or by their agent(s) on their behalfs shall be irrevocable and cannot be withdrawn, except in the circumstances set out in subparagraph (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed "Announcements" above, the Executive may require that the Independent Shareholders who have tendered acceptances of the Offer be granted the right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

SETTLEMENT

Provided that the Form of Acceptance and/or the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Registrar by no later than 4:00 p.m. on the Closing Date, a cheque for the amount representing the cash consideration due to each accepting Independent Shareholder in respect of the Shares tendered by him/her/it or his/her/its agent(s) under the Offer, less seller's ad valorem stamp duty payable by him/her/it in respect of the tendered Shares will be despatched to each accepting Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days following the date of receipt of duly completed acceptances by the Registrar.

Save for payment of the seller's ad valorem stamp duty set out above, settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Shareholder.

If the Offer is withdrawn with the consent of the Executive in accordance with the Takeovers Code, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Offer Shares lodged with the Form of Acceptance to the relevant Independent Shareholders who have tendered acceptances to the Offer.

No fraction of a cent will be payable and the amount of the consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

OVERSEAS SHAREHOLDERS

The making of the Offer to or the acceptance thereof by a person with a registered address in a jurisdiction outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction. The Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, seek legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of all relevant jurisdictions in connection with the acceptance of the Offer (including but not limited to the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required or the compliance with other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes due in respect of such jurisdictions). The Overseas Shareholders shall be fully responsible for the payment of any transfer or other taxes and duties by whomsoever payable in respect of all relevant jurisdictions.

Acceptances of the Offer by any Overseas Shareholders will be deemed to constitute a warranty by such persons that such persons are permitted under all applicable laws to receive and accept the Offer, and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws. The Overseas Shareholders are recommended to seek professional advice on deciding whether to accept the Offer.

According to the register of members of the Company as at the Latest Practicable Date, there are Shareholders with registered addresses located in Australia, the BVI, Canada, the PRC, Macau, Singapore and Taiwan. The Company and the Offeror have enquired about the legal restrictions under the applicable securities legislation of the relevant jurisdictions and the requirements of the relevant regulatory body or stock exchange with respect to the extension of the Offer to such Overseas Shareholders.

As at the Latest Practicable Date, the Company and the Offeror have obtained advice from law firms qualified to advise on Australian law, BVI law, Canadian law, PRC law, Macau law, Singapore law and Taiwan law, and they have been advised that under the applicable legislations and regulations of these jurisdictions, either (i) there is no regulatory restriction or requirement of any regulatory body or stock exchange with respect to extending the Offer to these Overseas Shareholders in the relevant jurisdictions, save as set out below in respect of the applicable legislations and regulations in Canada and Australia; or (ii) there is relevant exemption available in relation to the Offer to these Overseas Shareholders in the relevant jurisdictions. Accordingly, the Offer will be extended to the Overseas Shareholders with registered addresses in Australia, the BVI, Canada, the PRC, Macau, Singapore and Taiwan.

As at the Latest Practicable Date, the Company and the Offeror has sought legal advice from a law firm qualified to advise on Canadian law, which opined that the extension of the Offer to Shareholder(s) whose registered address is/are in Quebec, Canada (the “**Canadian Shareholder(s)**”) will be subject to the National Instrument 62-104 of the securities regulators in all the provinces and territories of Canada (the “**NI 62-104**”), pursuant to which, the Offeror will be required to fully comply with the applicable procedural and disclosure requirements under the NI 62-104. The Offeror and the Company have been advised that the Offer to the Canadian Shareholder(s) in the circumstances as at the Latest Practicable Date is exempt from the procedural and formal requirements specified in NI 62-104. The Offeror has been advised that it will be entitled to rely on the aforementioned exemption under NI 62-104 and that a copy of this Composite Document will be required to be filed with the relevant Canadian securities regulator in each jurisdiction where Canadian resident holders of Offer Share(s) is resident (in this case, Quebec’s Autorité des marchés financiers) concurrently with the despatch of this Composite Document to the Overseas Shareholders, accompanied by a specified fee. The Offeror and the Company have been further advised that, save for the aforementioned filing, no other filings by or on behalf of the Offeror or the Company would be required to extend the Offer to the Canadian Shareholder(s).

As at the Latest Practicable Date, the Company and the Offeror has sought legal advice from a law firm qualified to advise on Australian law, which opined that there are no legal restrictions under the laws of Australia or requirements of the regulatory bodies or stock exchanges on extending the Offer to the Shareholders whose registered addresses are in Australia (the “**Australian Shareholder(s)**”). The Company and the Offeror have also been advised that this Composite Document should include a notice to the Australian Shareholders as set out in the paragraph headed “Notice to Australian Shareholders” below.

The Composite Document is sent to the Overseas Shareholders with registered addresses located in Australia, the BVI, Canada, the PRC, Macau, Singapore and Taiwan.

Notice to Australian Shareholders

This Offer is made to Australian Shareholders in reliance on ASIC Corporations (Unsolicited Offers – Foreign Bids) Instrument 2015/1070. This Composite Document may not include information required by Division 5A of Part 7.9 of the Corporations Act 2001 (Cth), which regulates the making of unsolicited offers to purchase securities of a foreign company, and which requires that such offers set out in a clear, concise and effective manner certain information. Any Australian Shareholder in doubt as to whether or not to accept the Offer should seek professional advice.

STAMP DUTY

Seller's ad valorem stamp duty for Shares registered on the Hong Kong register arising in connection with acceptance of the Offer will be payable by each relevant Independent Shareholder at the rate of 0.1% of the consideration payable by the Offeror for such person's Offer Shares or the market value of such person's Offer Shares, whichever is higher, and will be deducted from the cash amount due to such person under the Offer.

The Offeror will pay the buyer's ad valorem stamp duty on its own behalf and the seller's ad valorem stamp duty on behalf of the accepting Independent Shareholders in respect of the Offer Shares accepted under the Offer.

TAX IMPLICATIONS

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. It is emphasised that none of the Company, the Offeror, GN Securities and Octal Capital, the Registrar and any of their respective directors, officers, associates, agents, professional advisers or any other parties involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer. This Composite Document does not include any information in respect of overseas taxation. Independent Shareholders who may be subject to overseas tax are recommended to consult their tax advisers regarding the implications in the relevant jurisdictions of owning and disposing of their Shares.

GENERAL

- (a) All communications, notices, Form of Acceptance, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents through post at their own risk, and none of the Company, the Offeror, GN Securities and Octal Capital, the Registrar or any of their respective directors or agents or professional advisers or other parties involved in the Offer accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or the Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer and all acceptances under the Offer will be governed by and construed in accordance with the laws of Hong Kong. Execution of a Form of Acceptance by or on behalf of an Independent Shareholder will constitute such Independent Shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Offer.

- (e) Due execution of the Form of Acceptance will constitute an authority to any director of the Offeror, GN Securities and Octal Capital or such person or persons as any of them may direct to complete and execute any document on behalf of the person accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, GN Securities and Octal Capital or such person or persons as it may direct the Offer Shares, in respect of which such person has accepted the Offer.
- (f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror, GN Securities and Octal Capital that the Offer Shares held by such person or persons to be acquired under the Offer are sold by any such person or persons free from all third party rights, liens, charges, equities, options, claims, adverse interests and encumbrances and together with all rights attaching thereto as at the date on which the Offer is made including the right to receive in full all dividends or other distributions that may be declared, made or paid by the Company on or after the date on which the Offer is made.
- (g) References to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and, or revision thereof.
- (h) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Offer Shares in respect of which it is indicated in the relevant Form of Acceptance is the aggregate number of Offer Shares held by such nominee for such beneficial owners who are accepting the Offer.
- (i) This Composite Document and the Form of Acceptance have been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the Offer in Hong Kong and the operating rules of the Stock Exchange.
- (j) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts in case of inconsistency.

I. FINANCIAL SUMMARY

Set out below is a summary of the financial information of the Group for the three financial years ended 31 March 2014, 2015 and 2016 and the six months ended 30 September 2016, which is extracted from the audited consolidated financial statements of the Group as set forth in the annual reports of the Company for the three financial years ended 31 March 2014, 2015 and 2016 and from the condensed consolidated financial statements of the Group as set forth in the interim report of the Company for the six months ended 30 September 2016. The annual reports in respect of the Group's audited consolidated financial statements for the three financial years ended 31 March 2014, 2015 and 2016 did not contain any qualifications.

The Group has no exceptional items (because of size, nature or incidence) and net profit or loss attributable to minority interests recorded in the financial statements of the Group for the three financial years ended 31 March 2014, 2015 and 2016 and the six months ended 30 September 2016.

	For the six months ended 30 September 2016 HK\$'000	Year ended 31 March		
		2016 HK\$'000	2015 HK\$'000	2014 HK\$'000
Turnover	7,002	15,027	9,099	7,121
Profit before taxation	150,618	436,334	240,528	109,710
Taxation	–	(416)	(40)	(122)
Profit attributable to owners of the Company	150,618	435,918	240,488	109,588
Total comprehensive income attributable to owners of the Company	125,937	336,761	91,282	98,691
Dividend attributable to owners of the Company	(Note)	82,571	116,834	88,916
	HK cents	HK cents	HK cents	HK cents
Dividend per share				
– interim	N/A	2	1	1
– final	N/A	3	4	3
– special	(Note)	–	3	3
		5	8	7
Earnings per share				
– basic	9.03	27.70	18.09	9.49
– diluted	N/A	N/A	N/A	8.98

Note: special dividend distributed by the Company in the form of a distribution in specie of all the shares of ITC Properties held by the Group, being 306,180,916 shares of ITC Properties, to the qualifying Shareholders in proportion to their respective shareholdings in the Company, details of which are set out in the circular of the Company dated 23 December 2016.

II. AUDITED CONSOLIDATED FINANCIAL INFORMATION

The following financial information has been derived from the audited consolidated financial statements of the Group for the year ended 31 March 2016 as set forth in the annual report of the Company for the year ended 31 March 2016. Capitalized terms used therein shall have the same meanings as defined in the annual report of the Company for the year ended 31 March 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March, 2016

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue	5	<u>15,027</u>	<u>9,099</u>
Management and other related service income		3,417	3,418
Interest income		9,667	4,336
Property rental income		926	1,031
Other income		4,866	912
Net loss on equity investments	7	(5,106)	–
Gain on change in fair value of investment property		3,327	319
Administrative expenses		(57,578)	(53,192)
Finance costs	8	(194)	(486)
Net loss on net decrease in interests in associates	9	(3,730)	(6,347)
Share of results of associates			
– share of results		390,271	263,113
– gain on acquisitions of additional interests in associates	17	<u>90,468</u>	<u>27,424</u>
Profit before taxation	10	436,334	240,528
Taxation	11	<u>(416)</u>	<u>(40)</u>
Profit for the year		<u>435,918</u>	<u>240,488</u>
Other comprehensive (expenses) income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(528)	(3,335)
Share of other comprehensive expenses of associates		(49,209)	(10,410)
Reclassification adjustment on reserves released on net decrease in interests in associates		57	9,014
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of land and buildings		539	140
Share of other comprehensive expenses of associates		(49,949)	(144,598)
Deferred tax arising on revaluation of land and buildings		<u>(67)</u>	<u>(17)</u>
Other comprehensive expenses for the year		<u>(99,157)</u>	<u>(149,206)</u>
Total comprehensive income for the year		<u>336,761</u>	<u>91,282</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	13		
Basic		<u>27.70</u>	<u>18.09</u>
Diluted		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st March, 2016

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	14	7,229	5,860
Investment property	15	21,966	18,759
Intangible assets	16	1,120	1,189
Interests in associates	17	3,054,405	2,642,274
Equity investments	18	40,600	–
		<u>3,125,320</u>	<u>2,668,082</u>
Current assets			
Debtors, deposits and prepayments	19	266,264	16,112
Amounts due from associates	35(b)	1,691	2,712
Loans receivable	20	110,000	–
Promissory note receivable	21	–	300,000
Equity investments	18	50,830	–
Short-term bank deposits, bank balances and cash	22	51,886	138,691
		<u>480,671</u>	<u>457,515</u>
Current liabilities			
Creditors and accrued expenses	23	8,483	6,821
Bank overdrafts	24	61,918	9,997
		<u>70,401</u>	<u>16,818</u>
Net current assets		<u>410,270</u>	<u>440,697</u>
Total assets less current liabilities		<u>3,535,590</u>	<u>3,108,779</u>
Non-current liability			
Deferred tax liabilities	25	1,727	1,244
Net assets		<u><u>3,533,863</u></u>	<u><u>3,107,535</u></u>
Capital and reserves			
Share capital	26	16,677	14,338
Share premium and reserves		3,517,186	3,093,197
Total equity		<u><u>3,533,863</u></u>	<u><u>3,107,535</u></u>

APPENDIX II
**FINANCIAL INFORMATION OF THE GROUP AND UNAUDITED
PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31st March, 2016

	Attributable to owners of the Company										
	Share capital	Share premium	Contributed surplus	Reserve on acquisition	Capital redemption reserve	Other reserve	Property revaluation reserve	Investment revaluation reserve	Translation reserve	Accumulated profits	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Note a)</i>	<i>HK\$'000</i> <i>(Note b)</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Note c)</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1st April, 2014	12,702	730,059	196,676	(24,996)	908	8,351	2,647	65,760	133,519	1,911,979	3,037,605
Profit for the year	-	-	-	-	-	-	-	-	-	240,488	240,488
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	(3,335)	-	(3,335)
Share of other comprehensive expenses of associates	-	-	-	-	-	-	-	(144,598)	(10,410)	-	(155,008)
Reserves released on net decrease in/disposal of interests in associates	-	-	-	3	-	-	-	603	8,408	-	9,014
Gain on revaluation of land and buildings	-	-	-	-	-	-	140	-	-	-	140
Deferred tax arising on revaluation of land and buildings	-	-	-	-	-	-	(17)	-	-	-	(17)
Total comprehensive income (expenses) for the year	-	-	-	3	-	-	123	(143,995)	(5,337)	240,488	91,282
Issue of shares											
- scrip dividend	1,636	94,861	-	-	-	-	-	-	-	-	96,497
Transaction costs on issue of shares	-	(108)	-	-	-	-	-	-	-	-	(108)
Dividend paid (Note 12)	-	(96,497)	-	-	-	-	-	-	-	(34,400)	(130,897)
Decrease in associates' equity attributable to the Group's interests arising on equity transactions of the associates	-	-	-	-	-	13,544	-	-	-	(388)	13,156
At 31st March, 2015	14,338	728,315	196,676	(24,993)	908	21,895	2,770	(78,235)	128,182	2,117,679	3,107,535

APPENDIX II
**FINANCIAL INFORMATION OF THE GROUP AND UNAUDITED
PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000 <i>(Note a)</i>	Reserve on acquisition HK\$'000 <i>(Note b)</i>	Capital redemption reserve HK\$'000	Other reserve HK\$'000 <i>(Note c)</i>	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1st April, 2015	14,338	728,315	196,676	(24,993)	908	21,895	2,770	(78,235)	128,182	2,117,679	3,107,535
Profit for the year	-	-	-	-	-	-	-	-	-	435,918	435,918
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	(528)	-	(528)
Share of other comprehensive expenses of associates	-	-	-	-	-	-	-	(49,949)	(49,209)	-	(99,158)
Share of transfer upon disposal of financial assets designated as at fair value through other comprehensive income of an associate	-	-	-	-	-	-	-	391	-	(391)	-
Reserves released on net decrease in interests in associates	-	-	-	1	-	-	-	555	56	(555)	57
Gain on revaluation of land and buildings	-	-	-	-	-	-	539	-	-	-	539
Deferred tax arising on revaluation of land and buildings	-	-	-	-	-	-	(67)	-	-	-	(67)
Total comprehensive income (expenses) for the year	-	-	-	1	-	-	472	(49,003)	(49,681)	434,972	336,761
Issue of shares											
- on placing of shares	1,200	104,400	-	-	-	-	-	-	-	-	105,600
- scrip dividend	1,139	73,920	-	-	-	-	-	-	-	-	75,059
Transaction costs on issue of shares	-	(2,811)	-	-	-	-	-	-	-	-	(2,811)
Dividend paid <i>(Note 12)</i>	-	(75,059)	-	-	-	-	-	-	-	(19,633)	(94,692)
Decrease in associates' equity attributable to the Group's interests arising on equity transactions of the associates	-	-	-	-	-	855	-	-	-	5,556	6,411
At 31st March, 2016	16,677	828,765	196,676	(24,992)	908	22,750	3,242	(127,238)	78,501	2,538,574	3,533,863

Notes:

- (a) The contributed surplus of the Group comprises the difference between the nominal amount of the ordinary share capital issued by the Company in exchange for the nominal amount of the share capital of a subsidiary acquired pursuant to a corporate reorganisation on 24th January, 1992 and the credits arising from the changes in the capital and reserves of the Company in capital reorganisations and the transfers to the accumulated profits for offsetting the loss on distribution of assets to shareholders as approved by the Board of Directors.
- (b) The reserve on acquisition represents the amount of fair value changes shared by the Group in relation to the acquisition of additional interest in a subsidiary by an associate.
- (c) Included in the balance as at 31st March, 2016 is the Group's share of reserves of its associates, representing share of the statutory reserve of subsidiaries incorporated in the People's Republic of China (the "PRC") of an associate standing to the credit of HK\$22,750,000 (2015: HK\$21,895,000).

The PRC statutory reserve is required by the relevant laws in the PRC applicable to the entities incorporated in the PRC, whereas the allocation to which is mandatory at certain rates of profit after taxation of the relevant entities prepared under the PRC Generally Accepted Accounting Principles until the balance of the reserve reaches certain levels of the contributed capital of the relevant entities.

When an associate of the Group increases its interest in an entity that is already controlled by the associate, it is accounted for as equity transaction by the associate. The carrying amounts of the equity attributable to the owners of the associate and its non-controlling interests are adjusted to reflect the changes in their relative interests in that entity. The difference between the amount by which the relevant non-controlling interests are adjusted and the fair value of the consideration paid by the associate is recognised directly in the equity of the associate.

CONSOLIDATED STATEMENT OF CASH FLOWS*For the year ended 31st March, 2016*

	<i>Note</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
OPERATING ACTIVITIES			
Profit before taxation		436,334	240,528
Adjustments for:			
Amortisation of intangible assets		69	146
Depreciation of property, plant and equipment		1,277	1,070
Gain on change in fair value of investment property		(3,327)	(319)
Gain on disposals of property, plant and equipment		(525)	(270)
Interest income		(9,667)	(4,336)
Interest expenses		194	486
Net loss on equity investments		5,106	–
Net loss on net decrease in interests in associates		3,730	6,347
Share of results of associates		(480,739)	(290,537)
Unrealised exchange gain on earnest money		(4,010)	–
Allowance recognised for debtors, deposits and prepayments		–	400
Loss on disposal of intangible assets		–	306
		<hr/>	<hr/>
Operating cash flows before movements in working capital		(51,558)	(46,179)
Increase in debtors, deposits and prepayments		(9,980)	(3,144)
Decrease (increase) in amounts due from associates		1,021	(855)
Increase in loans receivable		(110,000)	–
Increase in equity investments		(61,023)	–
Increase (decrease) in creditors and accrued expenses		1,684	(20,096)
		<hr/>	<hr/>
Cash used in operations		(229,856)	(70,274)
Dividends received from equity investments		210	–
Dividends received from associates		11,484	41,206
Interest received		11,554	226
		<hr/>	<hr/>
NET CASH USED IN OPERATING ACTIVITIES		(206,608)	(28,842)
INVESTING ACTIVITIES			
Payment of earnest money	<i>19</i>	(238,059)	–
Acquisition of additional interests in associates		(39,296)	(53,741)
Acquisition of equity investments		(35,723)	–
Additions to property, plant and equipment		(2,615)	(2,562)
Repayment of promissory note receivable		300,000	–
Proceeds from disposals of property, plant and equipment		641	293
Proceeds from disposal of an associate		–	299,293
		<hr/>	<hr/>
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(15,052)	243,283

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
FINANCING ACTIVITIES		
Proceeds from placing of shares	105,600	–
Dividends paid	(19,633)	(34,400)
Transaction costs on issue of shares	(2,811)	(108)
Interest paid	(194)	(1,019)
Repayment of margin account payable	–	(19,063)
	<hr/>	<hr/>
NET CASH FROM (USED IN) FINANCING ACTIVITIES	82,962	(54,590)
	<hr/>	<hr/>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(138,698)	159,851
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	128,694	(30,927)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(28)	(230)
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	(10,032)	128,694
	<hr/> <hr/>	<hr/> <hr/>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Short-term bank deposits, bank balances and cash	51,886	138,691
Bank overdrafts	(61,918)	(9,997)
	<hr/>	<hr/>
	(10,032)	128,694
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

1. GENERAL

The Company is an exempted company incorporated in Bermuda with limited liability. Its shares are listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). The addresses of the registered office and the principal place of business of the Company are disclosed in the “Corporate Information” section of this annual report.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

The Company is an investment holding company. The principal activities of the Company’s principal subsidiaries and the Group’s principal associates are set out in notes 37 and 17, respectively.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS(s)”)

In the current year, the Group has applied, for the first time, the following new amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant for the preparation of the Group’s consolidated financial statements:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

The application of the new amendments to HKFRSs in the current year has had no material effect on the amounts reported and/or disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9 (2014)	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 16	Leases ⁴
Amendments to HKAS 1	Disclosure Initiative ²
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ²
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ²
Amendments to HKAS 27	Equity Method in Separate Financial Statements ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 10, KFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ²
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ²
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle ²

¹ Effective for annual periods beginning on or after 1st January, 2018

² Effective for annual periods beginning on or after 1st January, 2016

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1st January, 2019

HKFRS 9 (2014) “Financial Instruments”

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets and was early adopted by the Group with a date of initial application on 1st April, 2014. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedging accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” (“FVTOCI”) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 (2014), other than those relating to classification and measurement of financial assets covered in HKFRS 9 (2009) which has been early adopted by the Group, are described as follows:

- In addition to the requirements of HKFRS 9 (2009), debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling assets, and that have contracted terms of the financial asset that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount of outstanding, are measured at FVTOCI.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss (“FVTPL”), HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL was presented in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 (2014) requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

The directors anticipate that the adoption of HKFRS 9 (2014) in the future (excluding the scope of HKFRS 9 (2009) that has been adopted by the Group with a date of initial application on 1st April, 2014) may have impact on the amounts reported in respect of the Group’s financial assets and financial liabilities. Regarding the Group’s financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 “Revenue from Contracts with Customers”

HKFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specially, HKFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract

- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added to HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until a detailed review has been completed.

HKFRS 16 “Leases”

HKFRS 16, which upon the effective date will supersede HKAS 17 “Leases”, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the consolidated statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The directors of the Company will assess the impact of the application of HKFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of HKFRS 16 until the Group performs a detailed review.

Other than the above, the directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the Group’s consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristic of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are within the scope of HKAS 17 “Leases”, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

In addition, for financial reporting purpose, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interest in an existing subsidiary that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 (2009), when applicable, the cost on initial recognition of an investment in an associate.

Property, plant and equipment

Property, plant and equipment, other than land and buildings, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increases arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is recognised in profit or loss to the extent that it exceeds the balance, if any, on the property revaluation reserve relating to a previous revaluation of the same asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to accumulated profits.

No depreciation is provided in respect of freehold land.

Depreciation is recognised so as to write off the cost or fair value of items of property, plant and equipment over their estimated useful lives, using the straight line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any differences between the carrying amount and the fair value of that item at the date of transfer are recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to accumulated profits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight line basis over the terms of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease terms.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is released over the lease terms on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The associate uses accounting policies that differ from those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the associate's accounting policies to those of the Group. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKFRS 9 (2009). The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

When a group entity transacts with an associate of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Acquisition or deemed acquisition of additional interests in associates

On acquisition or deemed acquisition of additional interests in associates, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of that associate attributable to the additional interests obtained is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities attributable to the additional interests obtained over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Disposal or deemed disposal of partial interests in associates

On disposal or deemed disposal of partial interests in associates without losing significant influence, the difference between the carrying values of the underlying assets and liabilities attributable to the interests disposed of, or deemed to be disposed of and the consideration received, if any, is credited or charged to the profit or loss as gain/loss on disposal or deemed disposal of interests in associates. In addition, the Group reclassifies to profit or loss in relation to the partial interests disposed of a proportionate amount of the gain or loss previously recognised in other comprehensive income if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effective of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

On initial recognition, the Group classifies its financial assets as subsequently measured at either amortised cost or fair value, depending on its business model for managing the financial assets and contractual cash flow characteristics of the financial assets.

Financial assets at amortised cost

Debt instruments and hybrid contracts that meet the following conditions are subsequently measured at amortised cost less impairment loss:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised in profit or loss.

Financial assets at FVTPL

Investments in equity instruments are classified as at FVTPL, unless the Group designates such investment that is not held for trading as FVTOCI on initial recognition.

A financial asset is held for trading if it has been acquired principally for the purpose of selling it in the near term or it is a derivative that is not designated and effective as a hedging instrument. Debt instruments that do not meet the amortised cost criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL. A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instrument as at FVTPL on initial application of HKFRS 9.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss is included in other gains and losses.

Financial assets at FVTOCI

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's rights to receive the dividends is established in accordance with HKAS 18 "Revenue", unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends earned are recognised in profit or loss.

Impairment losses of financial assets

Financial assets, other than those at FVTPL and FVTOCI, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade debtors, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade debtors, amounts due from associates and promissory note receivable, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a balance is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

The Group's financial liabilities (including trade and other creditors and bank overdrafts) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, except for a financial asset that is classified as at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity reserve is recognised in profit or loss. On derecognition of a financial asset that is classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to accumulated profits.

The Group derecognises financial liabilities when and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes.

Service income is recognised when services are rendered.

Dividend income from investments is recognised when the Group's rights to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's policy for recognition of revenue from operating leases is described in the accounting policy for leasing above.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HKD) using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and if further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 "Income Taxes" (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Retirement benefit costs

Payments to defined contribution retirement benefit plans/the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Interests in associates

The Group's interests in associates are carried at share of net assets of associates together with goodwill which arose on their acquisition. As at 31st March, 2016, the carrying value of the Group's interests in certain listed associates in Hong Kong exceeded the market value of the Group's holding therein by an aggregate amount of approximately HK\$1,912 million (2015: HK\$1,396 million). Management has assessed the recoverable amounts of the Group's interest in associates. This assessment involves significant assumptions about fair value of the underlying assets and liabilities of the associates and market conditions that the amount can be realised may be different as projected if and when the Group is to dispose of this interest.

For acquisition of additional interests in associates, any excess of the Group's share of the net fair value of the identified assets and liabilities attributable to the additional interests obtained over the cost of acquisition is calculated using fair value information of the net identifiable assets and liabilities at the dates the additional interests are acquired, and are recognised, after assessment, in profit or loss. The fair value information of the net identifiable assets and liabilities involves significant assumptions about fair value of the underlying assets and liabilities of the associates.

Fair value measurements and valuation processes

Some of the Group's assets are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages an independent qualified professional valuer to perform the valuation. Management of the Company works closely with valuer to establish the appropriate valuation techniques and inputs to the model.

The Group uses valuation techniques that include inputs which are not based on observable market data to estimate the fair value of certain types of financial instruments. Notes 15 and 29(c) provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair values of various assets.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable from outside customers for the year. An analysis of the Group's revenue for the year is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Management and other related service income	3,417	3,418
Interest income from provision of finance	9,667	4,336
Property rental income	926	1,031
Gain on disposal of equity investments	483	–
Dividend income from equity investments	210	–
Others	324	314
	<u>15,027</u>	<u>9,099</u>

Segment information

The Group's operating segments, based on information reported to the chief operating decision maker, being the Executive Directors of the Company, for the purposes of resource allocation and performance assessment are as follows:

Finance	– loan financing services
Long-term investment	– investments including convertible notes issued by the associates and other long-term equity investments
Other investment	– investment in other financial assets and trading of securities
Others	– leasing of investment property, leasing of motor vehicles and management services

Information regarding the above operating segments, which are also reportable segments of the Group, is reported below.

The following is an analysis of the Group's revenue and results by operating and reportable segment:

For the year ended 31st March, 2016

	Finance <i>HK\$'000</i>	Long-term investment <i>HK\$'000</i>	Other investment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
SEGMENT REVENUE							
External sales	9,485	–	693	4,849	15,027	–	15,027
Inter-segment sales	3,979	–	–	–	3,979	(3,979)	–
Total	<u>13,464</u>	<u>–</u>	<u>693</u>	<u>4,849</u>	<u>19,006</u>	<u>(3,979)</u>	<u>15,027</u>
RESULT							
Segment result	<u>13,266</u>	<u>4,730</u>	<u>(9,983)</u>	<u>4,037</u>	<u>12,050</u>	<u>–</u>	12,050
Central administration costs							(52,531)
Finance costs							(194)
Net loss on net decrease in interest in an associate							(3,730)
Share of results of associates							390,271
– share of results							
– gain on acquisitions of additional interests in associates							90,468
Profit before taxation							<u>436,334</u>

APPENDIX II
**FINANCIAL INFORMATION OF THE GROUP AND UNAUDITED
PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**
For the year ended 31st March, 2015

	Finance <i>HK\$'000</i>	Long-term investment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
SEGMENT REVENUE						
External sales	4,110	–	4,989	9,099	–	9,099
Inter-segment sales	3,720	–	–	3,720	(3,720)	–
Total	<u>7,830</u>	<u>–</u>	<u>4,989</u>	<u>12,819</u>	<u>(3,720)</u>	<u>9,099</u>
RESULT						
Segment result	<u>7,583</u>	<u>(86)</u>	<u>218</u>	<u>7,715</u>	<u>–</u>	7,715
Central administration costs						(50,891)
Finance costs						(486)
Net loss on net decrease in interests in associates						(6,347)
Share of results of associates						263,113
– share of results						263,113
– gain on acquisitions of additional interest in an associate						<u>27,424</u>
Profit before taxation						<u>240,528</u>

Inter-segment sales are charged at prevailing market rates or at terms determined and agreed by both parties.

Segment result represents the result of each segment without allocation of central administration costs, including directors' salaries, finance costs and items related to interests in associates. During the year ended 31st March, 2015, there was no activity in the other investment segment.

Segment assets and liabilities
As at 31st March, 2016

	Finance <i>HK\$'000</i>	Long-term investment <i>HK\$'000</i>	Other investment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
SEGMENT ASSETS							
Segment assets	112,223	40,600	50,835	23,704	227,362	–	227,362
Interests in associates	–	–	–	–	–	3,054,405	3,054,405
Unallocated corporate assets	–	–	–	–	–	324,224	324,224
Total assets	<u>112,223</u>	<u>40,600</u>	<u>50,835</u>	<u>23,704</u>	<u>227,362</u>	<u>3,378,629</u>	<u>3,605,991</u>

As at 31st March, 2015

	Finance <i>HK\$'000</i>	Long-term investment <i>HK\$'000</i>	Other investment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
SEGMENT ASSETS							
Segment assets	300,000	–	10	19,901	319,911	–	319,911
Interests in associates	–	–	–	–	–	2,642,274	2,642,274
Unallocated corporate assets	–	–	–	–	–	163,412	163,412
Total assets	<u>300,000</u>	<u>–</u>	<u>10</u>	<u>19,901</u>	<u>319,911</u>	<u>2,805,686</u>	<u>3,125,597</u>

For the purposes of monitoring segment performance and allocating resources among segments:

- all assets are allocated to operating segment other than interests in associates, intangible assets, short-term bank deposits, bank balances and cash, certain property, plant and equipment, certain debtors and prepayments, and amounts due from associates.
- no segment liabilities information is provided as no such information is regularly provided to the chief operating decision maker of the Group on making decision for resources allocation and performance assessment.

Interest income was allocated to segments. However, the related short-term bank deposits and bank balances are not reported to the Group's chief operating decision maker as part of segment assets. This is the measure reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Other information

For the year ended 31st March, 2016

	Finance <i>HK\$'000</i>	Long-term investment <i>HK\$'000</i>	Other investment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measurement of segment result:					
Interest income	9,485	–	–	182	9,667
Gain on change in fair value of investment property	–	–	–	3,327	3,327
Net loss on equity investments	–	4,877	(9,983)	–	(5,106)
	<u>–</u>	<u>4,877</u>	<u>(9,983)</u>	<u>–</u>	<u>(5,106)</u>

For the year ended 31st March, 2015

	Finance <i>HK\$'000</i>	Long-term investment <i>HK\$'000</i>	Other investment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measurement of segment result:					
Interest income	4,110	–	–	226	4,336
Gain on change in fair value of investment property	–	–	–	319	319
	<u>–</u>	<u>–</u>	<u>–</u>	<u>319</u>	<u>319</u>

Geographical information

The Group's operations are located in Hong Kong and Canada.

Information about the Group's revenue from external customers or counterparties is presented based on the locations of transactions conducted. Information about the Group's non-current assets (other than interests in associates) is presented based on the geographical locations of the assets. Information about the Group's interests in associates is presented based on the places of listing of the associates.

	Revenue		Carrying amount of non-current assets (Note)	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Hong Kong	10,677	4,637	3,059,855	2,646,485
Canada	4,350	4,462	24,865	21,597
	<u>15,027</u>	<u>9,099</u>	<u>3,084,720</u>	<u>2,668,082</u>

Note: Non-current assets exclude financial assets.

Information about major customers

For the year ended 31st March, 2016, a customer of the Finance segment accounted for approximately 48% (2015: 45%) of the Group's total revenue.

Major revenue by services and investments

The Group's major revenue by services and investments was disclosed in the segment revenue above.

6. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

The emoluments paid or payable to each of the directors and the chief executive were as follows:

(a) Directors' emoluments

	Fees HK\$'000	Salaries and other benefits HK\$'000	Retirement benefit scheme contributions HK\$'000	Discretionary bonus HK\$'000	Total HK\$'000
2016					
Executive directors:					
Chan Kwok Keung, Charles	10	3,840	384	15,000	19,234
Chau Mei Wah, Rosanna	10	3,840	384	4,500	8,734
Chan Kwok Chuen, Augustine	10	2,280	114	1,500	3,904
Chan Fut Yan	10	600	60	–	670
Chan Yiu Lun, Alan	10	2,640	18	3,500	6,168
Independent non-executive directors:					
Chuck, Winston Calptor	200	–	–	–	200
Lee Kit Wah	200	–	–	–	200
Shek Lai Him, Abraham	200	–	–	–	200
Total	<u>650</u>	<u>13,200</u>	<u>960</u>	<u>24,500</u>	<u>39,310</u>

	Fees <i>HK\$'000</i>	Salaries and other benefits <i>HK\$'000</i>	Retirement benefit scheme contributions <i>HK\$'000</i>	Discretionary bonus <i>HK\$'000</i>	Total <i>HK\$'000</i>
2015					
Executive directors:					
Chan Kwok Keung, Charles	10	3,840	384	15,000	19,234
Chau Mei Wah, Rosanna	10	3,840	384	4,500	8,734
Chan Kwok Chuen, Augustine	10	2,160	108	1,500	3,778
Chan Fut Yan	10	600	60	–	670
Chan Yiu Lun, Alan	10	2,160	18	3,500	5,688
Independent non-executive directors:					
Chuck, Winston Calptor	200	–	–	–	200
Lee Kit Wah	200	–	–	–	200
Shek Lai Him, Abraham	200	–	–	–	200
Total	<u>650</u>	<u>12,600</u>	<u>954</u>	<u>24,500</u>	<u>38,704</u>

Ms. Chau Mei Wah, Rosanna is also the chief executive of the Company and her emoluments disclosed above include those for services rendered by her as the chief executive.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and its subsidiaries. The non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

(b) Five highest paid employees

The five highest paid employees of the Group during the year included four (2015: four) directors, details of whose emoluments are set out in note (a) above. Details of the remuneration for the year of the remaining one (2015: one) highest paid employee who is neither a director nor chief executive of the Company are as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Salaries and other benefits	2,160	1,920
Discretionary bonus	1,000	500
Retirement benefit scheme contributions	18	18
	<u>3,178</u>	<u>2,438</u>

The emoluments of the above individual were within the band of HK\$3,000,001 to HK\$3,500,000 (2015: HK\$2,000,001 to HK\$2,500,000).

During the year, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, neither the chief executive nor any of the directors has waived any emoluments during the year.

The discretionary bonus is based on the directors' and employees' skills, knowledge and involvement in the Group's affairs and determined by reference to the Group's performance, as well as remuneration benchmark in the industry and the prevailing market conditions.

7. NET LOSS ON EQUITY INVESTMENTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
(Decrease) increase in fair value of equity investments:		
– held at the end of the reporting period	(5,799)	–
– disposed of during the year	483	–
	<u>(5,316)</u>	<u>–</u>
Dividend income from equity investments	210	–
	<u>(5,106)</u>	<u>–</u>

8. FINANCE COSTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interests on:		
Bank borrowings	194	341
Margin account payable	–	145
	<u>194</u>	<u>486</u>

9. NET LOSS ON NET DECREASE IN INTERESTS IN ASSOCIATES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
The loss comprises:		
Loss on deemed disposals of partial interest in an associate (<i>Note</i>)	3,730	5,792
Loss on disposal of interest in an associate	–	555
	<u>3,730</u>	<u>6,347</u>

Note: The loss for the years ended 31st March, 2016 and 2015 was mainly resulted from the deemed disposal of partial interest in an associate which was resulted from the dilution effect of exercise of share options.

10. PROFIT BEFORE TAXATION

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Staff costs, including directors' emoluments:		
Salaries and other benefits	35,788	33,941
Retirement benefit scheme contributions	1,600	1,557
	<u>37,388</u>	<u>35,498</u>
Auditor's remuneration – audit service	1,472	1,563
Depreciation of property, plant and equipment	1,277	1,070
Amortisation of intangible assets	69	146
Loss on disposal of intangible assets	–	306
Minimum lease payments under operating leases in respect of rented premises	3,144	3,264
Allowance recognised for debtors, deposits and prepayments	–	400
Net foreign exchange loss	–	12
and after crediting:		
Gain on disposals of property, plant and equipment	525	270
Rental income under operating leases in respect of rented premises, net of negligible outgoings	926	1,031
Net foreign exchange gain	3,980	–
	<u><u>3,980</u></u>	<u><u>–</u></u>

11. TAXATION

Taxation represents the deferred tax recognised by the Group. Details are set out in note 25.

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong for both years.

The taxation for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit before taxation	436,334	240,528
Tax charge at the Hong Kong Profits Tax rate of 16.5%	71,995	39,687
Tax effect of expenses not deductible for tax purposes	2,932	2,618
Tax effect of income not taxable for tax purposes	(1,750)	(1,208)
Tax effect of tax losses not recognised	6,561	6,882
Tax effect of share of results of associates	(79,322)	(47,939)
Taxation for the year	<u><u>416</u></u>	<u><u>40</u></u>

12. DISTRIBUTIONS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Dividends recognised as distributions to owners of the Company during the year:		
– Final dividend for 2015 – HK4.0 cents (2015: HK3.0 cents for 2014) per share	62,151	38,107
– Special dividend for 2016 – Nil (2015: HK3.0 cents for 2015 and HK3.0 cents for 2014) per share	–	79,119
– Interim dividend for 2016 – HK2.0 cents (2015: HK1.0 cent for 2015) per share	32,541	13,671
	<u>94,692</u>	<u>130,897</u>
Dividends in form of:		
– Cash	19,633	34,400
– Scrip dividend	75,059	96,497
	<u>94,692</u>	<u>130,897</u>
Dividends proposed in respect of the current year:		
– Final dividend for 2016 – HK3.0 cents (2015: HK4.0 cents) per share	50,030	62,151

The directors of the Company have resolved to recommend the payment of a final dividend of HK3.0 cents per share (2015: a final dividend of HK4.0 cents per share) for the year ended 31st March, 2016, which will be payable in cash, with an option to elect scrip dividend of shares, in respect of part or all of such dividends.

13. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Earnings for the year attributable to the owners of the Company for the purpose of basic earnings per share	<u>435,918</u>	<u>240,488</u>
	Number of shares	
	2016	2015
Weighted average number of shares for the purpose of basic earnings per share	<u>1,573,876,138</u>	<u>1,329,071,979</u>

No diluted earnings per share has been presented for the years ended 31st March, 2016 and 2015 as the Company did not have any dilutive potential ordinary shares outstanding during both years.

14. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$'000	Plant, machinery and office equipment HK\$'000	Yacht and motor vehicles HK\$'000	Furniture and fixtures HK\$'000	Total HK\$'000
COST OR VALUATION					
At 1st April, 2014	3,200	3,979	28,121	2,791	38,091
Translation adjustments	(410)	(33)	(118)	(164)	(725)
Additions	–	333	1,732	497	2,562
Disposals	–	(122)	(338)	(13)	(473)
Revaluation increase	48	–	–	–	48
At 31st March, 2015	2,838	4,157	29,397	3,111	39,503
Translation adjustments	(66)	(6)	(19)	(37)	(128)
Additions	–	255	2,300	60	2,615
Disposals	–	(126)	(2,561)	–	(2,687)
Transfer to investment property (Note 15)	(312)	–	–	–	(312)
Revaluation increase	439	–	–	–	439
At 31st March, 2016	2,899	4,280	29,117	3,134	39,430
Comprising:					
At cost	–	4,280	29,117	3,134	36,531
At valuation – 2016	2,899	–	–	–	2,899
	2,899	4,280	29,117	3,134	39,430
DEPRECIATION					
At 1st April, 2014	–	3,458	27,239	2,744	33,441
Translation adjustments	(11)	(33)	(118)	(164)	(326)
Provided for the year	103	289	636	42	1,070
Eliminated on disposals	–	(122)	(315)	(13)	(450)
Reversal on revaluation	(92)	–	–	–	(92)
At 31st March, 2015	–	3,592	27,442	2,609	33,643
Translation adjustments	1	(6)	(19)	(24)	(48)
Provided for the year	99	310	761	107	1,277
Eliminated on disposals	–	(126)	(2,445)	–	(2,571)
Reversal on revaluation	(100)	–	–	–	(100)
At 31st March, 2016	–	3,770	25,739	2,692	32,201
CARRYING VALUES					
At 31st March, 2016	2,899	510	3,378	442	7,229
At 31st March, 2015	2,838	565	1,955	502	5,860

The above items of property, plant and equipment are depreciated on a straight line basis at the following rates per annum:

Freehold land	Nil
Buildings	4%
Plant, machinery and office equipment	20% – 33 $\frac{1}{3}$ %
Yacht and motor vehicles	20%
Furniture and fixtures	20%

The carrying value of land and buildings held by the Group as at the end of the reporting period represented freehold land and property in Canada.

If the land and building had not been revalued, they would have been included in these consolidated financial statements at historical cost less accumulated depreciation of HK\$732,000 (2015: HK\$862,000). Details of the fair value measurements of the Group's land and buildings are set out in note 15.

15. INVESTMENT PROPERTY

	<i>HK\$'000</i>
FAIR VALUE	
At 1st April, 2014	21,150
Translation adjustments	(2,710)
Increase in fair value recognised in profit or loss, unrealised	319
	<hr/>
At 31st March, 2015	18,759
Translation adjustments	(432)
Transfer from property, plant and equipment (<i>Note 14</i>)	312
Increase in fair value recognised in profit or loss, unrealised	3,327
	<hr/>
At 31st March, 2016	<u>21,966</u>

The fair value of the Group's investment property at the end of the reporting period has been arrived on the basis of a valuation carried out on that date by RHL Appraisal Limited.

The fair value measurements for the Group's land and buildings (included in property, plant and equipment) and investment property is categorised as Level 3 (see note 3). The fair value was determined based on the direct comparison method, which makes reference to the recent transactions for similar properties in the proximity and adjusted for a number of unobservable inputs, including discounts of 5% – 10% for the spread between the ask prices and transaction prices of the properties, etc., between the comparable properties and the subject matters. A slight change in any of the unobservable inputs above holding all other factors constant would have no significant effect to the fair value of the land and buildings and the investment property. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique or level of fair value hierarchy during the year.

The Group's investment property represented a property in Canada held to earn rental and for capital appreciation purposes, which is measured using the fair value model and is classified and accounted for as an investment property.

16. INTANGIBLE ASSETS

	<i>HK\$'000</i>
COST	
At 1st April, 2014	3,268
Disposals	(532)
	<u> </u>
At 31st March, 2015 and 31st March, 2016	<u>2,736</u>
AMORTISATION AND IMPAIRMENT	
At 1st April, 2014	1,627
Eliminated on disposal	(226)
Provided for the year	146
	<u> </u>
At 31st March, 2015	1,547
Provided for the year	69
	<u> </u>
At 31st March, 2016	<u>1,616</u>
CARRYING VALUES	
At 31st March, 2016	<u>1,120</u>
At 31st March, 2015	<u>1,189</u>

Intangible assets represented club memberships in Hong Kong and the PRC. Other than a club membership with a carrying value of HK\$4,000 (2015: club memberships with carrying values of HK\$73,000) that was/were acquired with membership periods of 3 to 4 years, the remaining club memberships had indefinite lives. The directors of the Company have reviewed the carrying amounts of the intangible assets and considered that, under the current market conditions, no impairment loss would be recognised in profit or loss for both years.

17. INTERESTS IN ASSOCIATES

(a) Investments in associates

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of consolidated net assets of associates		
– listed in Hong Kong	3,053,228	2,641,097
– listed overseas	–	–
Goodwill	1,177	1,177
	<u>3,054,405</u>	<u>2,642,274</u>
Market value of listed securities:		
– Hong Kong	1,142,788	1,246,031
– Overseas	149,728	128,335
	<u>1,292,516</u>	<u>1,374,366</u>

(b) Particulars of the Group's associates at 31st March, 2016 and 2015

Name of associate	Place of listing	Place of incorporation/ registration	Principal place of operations	Percentage of issued share capital and voting rights held indirectly by the Company		Principal activities
				2016 %	2015 %	
ITC Properties Group Limited ("ITC Properties")	Hong Kong	Bermuda	Hong Kong	33.61	32.62	Investment holding in companies engaged in property development and investment in Macau, the PRC, Hong Kong and Canada, development, investment and operation of hotel and leisure business in the PRC and Hong Kong, securities investment and the provision of loan financing services
PYI Corporation Limited ("PYI")	Hong Kong	Bermuda	Hong Kong	28.52	26.81	Investment holding in companies engaged in port and infrastructure development and investment, and the operation of ports and logistics facilities, land and property development and investment in association with ports and infrastructure development and provision of comprehensive engineering and property-related services
Burcon NutraScience Corporation ("Burcon")	Canada, United States and Germany	Canada	Canada	20.87	20.48	Investment holding in company engaged in the development of commercial plant protein

(c) Summarised consolidated financial information of associates

Summarised consolidated financial information in respect of each of the Group's material associates is set out below. The other associate invested by the Group is not individually material. The summarised consolidated financial information below represents amounts shown in the associates' consolidated financial statements prepared in accordance with HKFRSs and adjusted for the effects of the significant transactions or events that occur between the date of which the associate's consolidated financial statements are prepared and that of the Group's consolidated financial statements where applicable.

All of these associates are accounted for using the equity method in these consolidated financial statements.

Material associates

	2016		2015	
	ITC Properties HK\$'000 (Note (i))	PYI HK\$'000 (Note (ii))	ITC Properties HK\$'000 (Note (i))	PYI HK\$'000 (Note (ii))
Financial information of consolidated statement of profit or loss and other comprehensive income				
Revenue	143,402	488,052	59,610	523,557
Profit (loss) for the year, attributable to the owners of the associates	1,460,094	(297,902)	803,550	86,028
Other comprehensive expenses for the year, attributable to the owners of the associates	(93,477)	(249,132)	(321,687)	(184,975)
Total comprehensive income (expenses) for the year, attributable to the owners of the associates	<u>1,366,617</u>	<u>(547,034)</u>	<u>481,863</u>	<u>(98,947)</u>
Dividends declared by the associates during the year, attributable to the Group	<u>79,633</u>	<u>6,466</u>	<u>149,270</u>	<u>12,270</u>
Financial information of consolidated statement of financial position				
Property, plant and equipment	215,212	1,522,323	222,219	1,590,300
Investment properties	1,254,000	1,137,733	465,000	1,340,016
Project under development	–	180,269	–	188,146
Interests in associates and joint ventures	3,005,993	1,872,406	2,148,202	1,834,746
Other non-current assets	879,946	959,262	788,580	1,069,672
Stock of properties	400,256	1,528,231	183,356	1,791,947
Other current assets	1,923,723	1,225,589	2,399,088	1,617,096
Other current liabilities	(1,913,998)	(1,697,489)	(1,417,847)	(2,074,979)
Other non-current liabilities	(250,234)	(1,605,169)	(594,811)	(1,804,371)
Net assets of the associates	<u>5,514,898</u>	<u>5,123,155</u>	<u>4,193,787</u>	<u>5,552,573</u>
Reconciliation to the carrying amounts of interests in the associates:				
Net assets of the associates	5,514,898	5,123,155	4,193,787	5,552,573
Less:				
Attributable to:				
– holders of share options granted by the associates	(2,928)	(4,970)	(4,667)	(2,068)
– non-controlling interests	1,851	(823,579)	283	(708,539)
Net assets attributable to the owners of the associates	<u>5,513,821</u>	<u>4,294,606</u>	<u>4,189,403</u>	<u>4,841,966</u>
Net assets attributable to the Group's interests in the associates	1,853,242	1,199,986	1,366,408	1,274,689
Goodwill	–	1,177	–	1,177
Carrying amount of the Group's interests in the associates	<u>1,853,242</u>	<u>1,201,163</u>	<u>1,366,408</u>	<u>1,275,866</u>
Fair value of listed associates, valued based on the quoted prices in active markets for the identical asset directly, and categorised as Level 1 of the fair value hierarchy	<u>907,832</u>	<u>234,956</u>	<u>1,046,035</u>	<u>199,996</u>

Other associate

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
The Group's share of:		
Loss and total comprehensive expenses for the year	<u>(7,949)</u>	<u>(5,398)</u>
Aggregate carrying amount of the Group's interests in the associate	<u>–</u>	<u>–</u>

Notes:

(i) ITC Properties

During the year ended 31st March, 2016, the Group elected scrip shares of ITC Properties for the final dividend for the year ended 31st March, 2015 (2015: final and special dividends for the year ended 31st March, 2014) and for the interim dividend for the six months ended 30th September, 2015 (2015: interim and special dividends for the six months ended 30th September, 2014). Furthermore, the Group acquired shares of ITC Properties in the open market for an aggregate consideration of approximately HK\$18.2 million (2015: HK\$45.7 million). A gain on acquisition of the additional interests in ITC Properties of HK\$27.7 million (2015: HK\$27.4 million) was recognised in the profit or loss.

(ii) PYI

During the year ended 31st March, 2016, the Group acquired shares of PYI in the open market for an aggregate consideration of approximately HK\$13.6 million (2015: nil). A gain on acquisition of the additional interests in PYI of HK\$62.7 million (2015: nil) was recognised in the profit or loss.

(iii) Assessment for impairment of associates

During the years ended 31st March, 2016 and 2015, the directors of the Company have assessed the recoverable amounts of interests in associates using value in use calculations for the assessment of impairment on interests in associates listed in Hong Kong as the carrying value of each of the interest in associate is higher than the respective market value of the listed securities.

In determining the estimated value in use of the above interests in associates, the directors of the Company estimated the Group's share of the present value of the estimated future cash flows expected to be generated by each of its investment in associate at the end of the reporting period, including the cash flows from the operations of the associate and the proceeds from the ultimate disposal of the relevant interest by the Group. The key assumptions for the value in use calculations represent the estimated fair values of the underlying assets and liabilities of the associates.

(iv) Unrecognised share of losses of an associate

The Group has discontinued recognition of its share of losses of an associate. The amount of the cumulative unrecognised share of the associate, extracted from the relevant audited consolidated financial statements of the associate is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Accumulated unrecognised share of losses of the associate	<u>6,655</u>	<u>6,279</u>

18. EQUITY INVESTMENTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current:		
Listed equity securities in Hong Kong	50,830	–
Non-current:		
Unlisted equity securities in Hong Kong	40,600	–
	<u>91,430</u>	<u>–</u>

The fair value measurement of listed equity securities is categorised as Level 1 (see note 3) as the fair values of the investments were determined by quoted bid prices in an active market.

The unlisted equity securities represented the investment in an unlisted entity that indirectly holds an equity investment listed in Hong Kong. The fair value measurement of unlisted equity securities is categorised as Level 2 (see note 3). The fair value is determined and adjusted with reference to the quoted bid price of the listed equity investment in an active market.

19. DEBTORS, DEPOSITS AND PREPAYMENTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade debtors	3,319	4,525
Other debtors, deposits and prepayments	264,289	13,331
Less: Allowance for doubtful debts	(1,344)	(1,744)
	<u>262,945</u>	<u>11,587</u>
	<u>266,264</u>	<u>16,112</u>

Trade debtors arising from leasing of investment property business are payable monthly in advance and the credit terms granted by the Group to other trade debtors normally ranged from 30 days to 90 days. For interest receivable, there are no credit terms granted by the Group.

The following is an aged analysis of trade debtors presented based on the invoice date at the end of the reporting period:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade debtors		
0 – 30 days	2,412	4,524
31 – 60 days	–	1
Over 90 days	907	–
	<u>3,319</u>	<u>4,525</u>

Before accepting any new customer, the Group will assess the potential customer's credit quality. The directors of the Company will continuously assess the recoverability of the receivables.

As at 31st March, 2016, the trade debtors of HK\$907,000 aged over 90 days was past due but not impaired (2015: nil). In the opinion of the directors of the Company, all trade debtors that are neither past due nor impaired have good credit quality at the end of the reporting period with reference to past settlement history.

As at 31st March, 2016, included in other debtors was a refundable earnest money of Canadian Dollar ("C\$") 40,500,000 (equivalent to approximately HK\$242,000,000) (2015: nil) paid by the Company for entering into a memorandum of understanding with an independent third party in October 2015 (the "MOU") in order to facilitate a continued exclusive negotiation in respect of a possible acquisition of 25% to 33% indirect interest in a reputable hotel located in Vancouver, British Columbia, Canada. The expiry date of the MOU was subsequently extended to 31st May, 2016. On 31st May, 2016, the MOU was terminated and the earnest money was refunded to the Company accordingly.

Movement in the allowance for other debtors are as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Balance at the beginning of the year	1,744	1,344
Written off	(400)	–
Impairment losses recognised	–	400
	<u>1,344</u>	<u>1,744</u>
Balance at the end of the year	<u><u>1,344</u></u>	<u><u>1,744</u></u>

The above balance of allowance for doubtful debts on other debtors represented individually impaired debtors which had been in severe financial difficulties. The Group did not hold any collateral over these balances.

20. LOANS RECEIVABLE

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Unsecured	111,898	1,898
Less: Impairment loss recognised	(1,898)	(1,898)
	<u>110,000</u>	<u>–</u>
	<u><u>110,000</u></u>	<u><u>–</u></u>

The impairment loss of HK\$1,898,000 at 31st March, 2016 and 2015 related to an individually impaired loan receivable for which the debtor was in severe financial difficulties. The Group did not hold any collateral over this balance.

As at 31st March, 2016, the unimpaired loans receivable were unsecured and repayable on demand. They carried interests at contractual rates ranging from the best lending rate of HKD quoted by The Hongkong and Shanghai Banking Corporation Limited (the "Best Lending Rate") minus 2.75% to the Best Lending Rate plus 2% per annum with the effective interest rates ranging from 2.25% to 7% per annum.

Before approving any loans to new borrowers, the Group will assess the potential borrower's credit quality and defines credit limits individually. Limits attributed to borrowers are reviewed at the end of each year. The directors of the Company will continuously assess the recoverability of the loans receivable. In the opinion of the directors of the Company, the borrowers have sound financial background and there has not been a significant change in credit quality. As a result, the amounts were considered to be recoverable.

21. PROMISSORY NOTE RECEIVABLE

As at 31st March, 2015, the amount represented a promissory note in the principal amount of HK\$300,000,000, which carried interest of 5% per annum and had maturity in December 2015, issued by Hanny Holdings Limited (“Hanny”), as part of the consideration for its acquisition of the Group’s interests in a then associate, Rosedale Hotel Holdings Limited (“Rosedale”). The promissory note was initially recognised at fair value and subsequently measured at amortised cost, and had been fully settled during the year ended 31st March, 2016.

22. SHORT-TERM BANK DEPOSITS, BANK BALANCES AND CASH

The short-term bank deposits and bank balances carried interests at prevailing market rates ranging from 0.01% to 2.00% (2015: 0.01% to 3.25%) per annum.

23. CREDITORS AND ACCRUED EXPENSES

Included in creditors and accrued expenses were trade creditors of HK\$1,029,000 (2015: HK\$416,000) and their aged analysis presented based on the invoice date at the end of the reporting period is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade creditors		
0 – 30 days	1,019	403
31 – 60 days	10	13
	<u>1,029</u>	<u>416</u>

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

24. BANK OVERDRAFTS

Bank overdrafts as at 31st March, 2016 and 2015 were unsecured and carried interest at prevailing market rates ranging from 4.00% to 4.88% (2015: at 4.88%) per annum.

25. DEFERRED TAX LIABILITIES

The following table summarises the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation <i>HK\$'000</i>	Revaluation of properties <i>HK\$'000</i>	Tax losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April, 2014	889	726	(428)	1,187
Charge (credit) to profit or loss	176	40	(176)	40
Charge to other comprehensive income	–	17	–	17
	<u>1,065</u>	<u>783</u>	<u>(604)</u>	<u>1,244</u>
At 31st March, 2015	1,065	783	(604)	1,244
Charge (credit) to profit or loss	202	416	(202)	416
Charge to other comprehensive income	–	67	–	67
	<u>1,267</u>	<u>1,266</u>	<u>(806)</u>	<u>1,727</u>
At 31st March, 2016	<u>1,267</u>	<u>1,266</u>	<u>(806)</u>	<u>1,727</u>

At 31st March, 2016, the Group has unused tax losses of HK\$763,649,000 (2015: HK\$722,614,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$4,884,000 (2015: HK\$3,655,000) of such losses. No deferred tax asset in respect of the remaining tax losses of HK\$758,765,000 (2015: HK\$718,959,000) has been recognised due to the unpredictability of future profit streams. Other than tax losses of HK\$3,184,000 (2015: HK\$3,260,000) that will expire throughout the years from 2028 to 2035, other tax losses may be carried forward indefinitely.

26. SHARE CAPITAL

	Number of shares	Value HK\$'000
Ordinary shares of HK\$0.01 each:		
Authorised:		
At 1st April, 2014, 31st March, 2015 and 31st March, 2016	102,800,000,000	1,028,000
Issued and fully paid:		
At 1st April, 2014	1,270,229,989	12,702
Issue of shares (<i>Note (a)</i>)	163,541,085	1,636
At 31st March, 2015	1,433,771,074	14,338
Issue of shares – on placing of shares (<i>Note (b)</i>)	120,000,000	1,200
Issue of shares – scrip dividend (<i>Note (c)</i>)	113,883,719	1,139
At 31st March, 2016	1,667,654,793	16,677

Notes:

- (a) 96,849,608 shares of HK\$0.01 each were issued by the Company to the shareholders who had elected to receive scrip dividend in respect of the final and special dividends for the year ended 31st March, 2014 on 6th October, 2014 at HK\$0.5668 per share and 66,691,477 shares of HK\$0.01 each were issued by the Company to the shareholders who had elected to receive scrip dividend in respect of the interim and special dividends for the six months ended 30th September, 2014 on 26th January, 2015 at HK\$0.6238 per share.
- (b) On 10th June, 2015, the Company completed a placement, through a placing agent, of 120,000,000 new shares of the Company at a price of HK\$0.88 per share to certain independent third parties.
- (c) 73,298,347 shares of HK\$0.01 each were issued by the Company to the shareholders who had elected to receive scrip dividend in respect of the final dividend for the year ended 31st March, 2015 on 5th October, 2015 at HK\$0.6681 per share and 40,585,372 shares at HK\$0.01 each were issued by the Company to the shareholders who had elected to receive scrip dividend in respect of the interim dividend for the six months ended 30th September, 2015 on 27th January, 2016 at HK\$0.6428 per share.

These shares rank *pari passu* with the then existing shares of the Company in all respects.

27. SHARE OPTIONS

The Company's existing share option scheme (the "Share Option Scheme") was adopted at the annual general meeting of the Company on 19th August, 2011 (the "Adoption Date").

The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, the Company and its subsidiaries and/or any invested entity(ies) and its subsidiaries.

The Board of Directors of the Company may in its absolute discretion, subject to the terms of the Share Option Scheme, grant options to, inter alia, employees or executives, including executive directors of the Company, the controlling shareholder of the Company and any invested entity and their respective subsidiaries, non-executive directors of the Company and any invested entity and their respective subsidiaries, supplier, advisor, agent, consultant or contractor for the provision of goods or services to any member of the Group or any invested entity and its subsidiaries and any vendor, customer or celebrity of any member of the Group or any invested entity and its subsidiaries or any person or entity that provides research, development or other technological support to the Group and any invested entity and its subsidiaries.

At the time of adoption by the Company of the Share Option Scheme on 19th August, 2011, the aggregate number of shares which may be issued upon the exercise of all options to be granted by the Company under the Share Option Scheme and any other share option scheme(s) adopted by the Company must not exceed 10% of the total number of issued shares of the Company as at the date of shareholders' approval of the Share Option Scheme. The Company may refresh such limit by an ordinary resolution of its shareholders at a general meeting provided that the limit so refreshed does not exceed 10% of the then total number of issued shares of the Company as at the date(s) of the shareholders' approvals. Share options previously granted under any share option scheme(s) (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 limit as refreshed. As at the date of which these consolidated financial statements authorised for issuance, the total number of shares available for issue under the Share Option Scheme is 155,377,107 (2015: 127,022,998) shares, which represented approximately 9% (2015: 9%) of the number of shares in issue of the Company as at the date of which these consolidated financial statements authorised for issuance. Notwithstanding the foregoing, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company must not, in aggregate, exceed 30% of the total number of issued shares of the Company from time to time.

Unless approved by the shareholders of the Company in general meeting, the total number of shares of the Company issued and to be issued upon exercise of the options granted and to be granted (whether exercised, cancelled or outstanding) under the Share Option Scheme and any other share option scheme(s) of the Company to any eligible person in any 12-month period up to and including the date of further grant shall not exceed 1% of the total number of the Company's shares in issue from time to time. Options granted to a substantial shareholder and/or an independent non-executive director of the Company or any of their respective associates (as defined in the Listing Rules) in any 12-month period in excess of 0.1% of the total number of shares of the Company in issue and having an aggregate value exceeding HK\$5 million must be approved by the shareholders of the Company in general meeting in advance.

The period within which the options may be exercised under the Share Option Scheme will be determined by the directors of the Company at the time of grant. This period must expire in any event not later than the day falling 10 years after the date on which the offer relating to such option is duly approved by the Board of Directors. The Share Option Scheme does not provide for any minimum period for which an option must be held before it can be exercised. Options may be granted at an initial payment of HK\$1.00 for each acceptance of grant of option(s). The directors of the Company shall specify a date, being a date not later than 30 days after (i) the date on which the offer of the options is issued, or (ii) the date on which the conditions for the offer are satisfied, by which the eligible person must accept the offer or be deemed to have declined it.

The exercise price of the options will be determined by the directors of the Company (subject to adjustments as provided in the rules of the Share Option Scheme) which shall not be lower than the nominal value of the shares of the Company and shall be at least the higher of (i) the closing price of the shares of the Company as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of the offer, which must be a business day; and (ii) the average of the closing prices of the shares of the Company as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer.

Subject to early termination in accordance with the provisions of the Share Option Scheme, the Share Option Scheme is valid and effective for a period of ten years commencing after the Adoption Date, after which period no further options shall be granted.

As at 31st March, 2016 and 2015, there were no outstanding share options granted by the Company pursuant to the Share Option Scheme. No share options were granted, exercised, cancelled or lapsed during the current year and prior years.

28. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners of the Company through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, accumulated profits and other reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

29. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2016 HK\$'000	2015 HK\$'000
Financial assets		
FVTPL	91,430	–
Amortised cost (including cash and cash equivalents)	429,163	456,609
Financial liabilities		
Amortised cost	<u>66,060</u>	<u>13,283</u>

(b) Financial risk management objectives and policies

The Group's financial instruments include equity investments, trade and other debtors, amounts due from associates, loans receivable, promissory note receivable, short-term bank deposits, bank balances and cash, trade and other creditors and bank overdrafts. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner. There has been no significant change to the Group's exposure to these risks or the manner in which it manages and measures the risks.

Market risks

(i) Currency risk

At the end of the reporting period, the carrying amount of the Group's net monetary assets and advances to foreign operations within the Group denominated in currencies other than the respective functional currencies of the relevant group entities amounted to HK\$260,632,000 (2015: HK\$18,995,000), which was denominated in C\$. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

On this basis, there will be an increase/decrease in post-tax profit for the year by HK\$10,881,000 (2015: HK\$793,000) where C\$ strengthens/weakens against HKD by 5%. Management has closely monitored foreign exchange exposure to mitigate the foreign currency risk.

(ii) Interest rate risk

As at 31st March, 2015, the Group was exposed to fair value interest rate risk in relation to fixed-rate promissory note issued by Hanny. There was no exposure to such risk as at 31st March, 2016.

The Group is exposed to cash flow interest rate risk in relation to loans receivable, short-term bank deposits and bank balances and bank overdrafts which are mainly arranged at floating rates.

Management has employed a treasury team to closely monitor interest rate movement and manage the potential risk. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate change exposure and will consider hedging significant interest rate change exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the Best Lending Rate arising from the Group's HKD-denominated loans receivable and bank overdrafts.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for the financial instruments at the end of the reporting period which carried floating market interest rates. The analysis is prepared assuming the assets and liabilities outstanding at the end of the reporting period were outstanding for the whole year. A 10 basis points increase or decrease for short-term bank deposits and bank balances and 50 basis points for loans receivable and bank overdrafts are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 10 or 50 basis points, as appropriate, higher/lower and all other variables were held constant, the Group's post-tax profit for the year would increase/decrease by HK\$244,000 (2015: HK\$74,000).

(iii) Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities. Management manages this exposure by maintaining a portfolio of investments with different risks. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period.

If prices of the respective equity instruments had been 5% higher/lower, post-tax profit for the year would increase/decrease by HK\$4,152,000 as a result of the changes in fair value of equity investments.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to discharge their obligations at the end of the reporting period in relation to each class of recognised financial assets are the amounts stated in the consolidated statement of financial position. In order to minimise the credit risk, management of the Group has determined credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and loan debtor at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

As at 31st March, 2016, the Group had concentration of credit risk as the earnest money as disclosed in note 19 was paid to a single counterparty. As at 31st March, 2015, the Group had concentration of credit risk as the entire amount of the promissory note receivable was due from a single counterparty.

The credit risk on liquid fund is limited because the counterparties are banks and other financial institutions with high credit ratings. The Group does not have significant concentration of credit risk on liquid fund.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The remaining contractual maturity for all of the Group's financial liabilities, based on the agreed repayment terms, are on demand or less than 3 months.

(c) Fair value measurements of financial instruments

The fair value measurements of the Group's equity investments are disclosed in note 18.

For financial instruments that are recorded at amortised cost, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values at the end of the reporting period. There were no significant changes in the business or economic circumstances that would affect the fair value of the Group's financial instruments.

30. MAJOR NON-CASH TRANSACTION

As set out in note 21, during the year ended 31st March, 2015, the Group received a promissory note in the principal amount of HK\$300,000,000 as part of the consideration for its disposal of the Group's interests in Rosedale.

31. RETIREMENT BENEFIT SCHEMES

The Group operates a defined contribution scheme which is registered under the Occupational Retirement Schemes Ordinance for qualifying employees. The assets of the scheme are separately held in funds under the control of trustees.

The cost charged to profit or loss represents contributions paid and payable to the funds by the Group at rates specified in the rules of the scheme. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

At the end of the reporting period, there were no significant forfeited contributions which arose upon employees leaving the scheme prior to their interests in the Group's contributions becoming fully vested and which are available to reduce the contributions payable by the Group in future years.

The Group also joined a Mandatory Provident Fund Scheme ("MPF Scheme"). The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the MPF Scheme. No forfeited contributions are available to reduce the contributions payable in future years.

32. OPERATING LEASE ARRANGEMENTS/COMMITMENTS**(a) The Group as a lessee**

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within one year	3,120	3,100
In the second to fifth year inclusive	3,081	6,122
	<u>6,201</u>	<u>9,222</u>

Leases are negotiated, and monthly rentals are fixed, for an average term of three to five years (2015: three to five years).

Included in the sums above is an amount of HK\$4,232,000 (2015: HK\$6,836,000) where the counterparty is an associate of the Group.

(b) The Group as a lessor

At the end of the reporting period, the Group had contracted with a tenant for future minimum lease payments which fall due as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within one year	516	528
In the second to fifth year inclusive	1,290	1,892
	<u>1,806</u>	<u>2,420</u>

The investment property held has committed tenant for the next three years (2015: four years).

33. PLEDGE OF ASSETS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Land and buildings	–	2,838
Investment properties	–	18,759
	<u>–</u>	<u>21,597</u>

As at 31st March, 2015, the above assets were pledged by the Group to secure banking and other financing facilities. As at 31st March, 2016, the pledge had been released upon discharge of such facilities during the year.

34. CAPITAL COMMITMENTS

During the year ended 31st March, 2016, the Group entered into a shareholders' agreement with an investee, pursuant to which the Group had agreed to provide funding to the investee to subscribe for new shares to be issued upon the issuance of funding notice by the investee up to the funding commitment of HK\$18,000,000 (2015: nil).

During the year ended 31st March, 2015, the Group had entered into standby commitment agreements, inter alia, with an associate pursuant to which the Group had agreed to subscribe for certain number of rights shares in the rights offering of the relevant associate for an aggregate amount of no more than C\$1,794,000 (equivalent to HK\$10,974,000) if the subscription of the rights shares by other shareholders fall short of the pre-determined levels. The rights offerings of the associate had been completed during the year ended 31st March, 2016, and the subscriptions of the rights shares by other shareholders were in excess of the pre-determined levels. The Group had therefore been released from the standby purchase commitments.

35. RELATED PARTY DISCLOSURES**(a) Related party transactions**

During the year, the Group had transactions with related parties, details of which are as follows:

Class of related party	Nature of transactions	2016 HK\$'000	2015 HK\$'000
Associates of the Group	Rentals and related building management fee charged by the Group	678	698
	Rentals and related building management fee paid by the Group (<i>Note</i>)	2,794	2,737
	Service fees charged by the Group	<u>134</u>	<u>263</u>

Note: The transaction represented rentals and related building management fee paid by the Group to Great Intelligence Limited, an indirectly wholly-owned subsidiary of ITC Properties. During the year ended 31st March, 2016, the transaction constituted a continuing connected transaction as defined in Chapter 14A of the Listing Rules. The details of this continuing connected transaction, which were subject to the reporting requirements set out in Chapter 14A of the Listing Rules, were disclosed under the "Connected Transactions" section of the Directors' Report.

(b) Non-trade balances

The amounts due from associates are unsecured, non-interest bearing and are repayable upon request for repayment. These amounts are neither past due nor impaired and have no loan default history.

(c) Compensation of key management personnel

Only the directors and chief executive are considered to be the key management personnel of the Group. The remuneration of directors and the chief executive is disclosed in note 6. The remuneration of directors is determined by the Board of Directors of the Company and its remuneration committee having regard to the performance of individuals and market trends.

36. FINANCIAL INFORMATION OF THE COMPANY

	2016 HK\$'000	2015 HK\$'000
Assets		
Investments in subsidiaries	–	–
Other receivables	242,365	265
Amounts due from subsidiaries	1,666,493	1,828,202
Bank balances and cash	10,010	10,064
	<u>1,918,868</u>	<u>1,838,531</u>
Liabilities		
Other payables	2,120	1,468
Bank overdraft	9,948	9,997
	<u>12,068</u>	<u>11,465</u>
	<u>1,906,800</u>	<u>1,827,066</u>
Capital and reserves		
Share capital	16,677	14,338
Share premium and reserves	1,890,123	1,812,728
	<u>1,906,800</u>	<u>1,827,066</u>
Total equity (<i>Note</i>)	<u>1,906,800</u>	<u>1,827,066</u>

Note: Details of movements in the Company's share capital, share premium and reserves are as follows:

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1st April, 2014	12,702	730,059	222,435	908	901,796	1,867,900
Loss and total comprehensive expenses for the year	–	–	–	–	(6,326)	(6,326)
Issue of shares – scrip dividend	1,636	94,861	–	–	–	96,497
Transaction costs on issue of shares	–	(108)	–	–	–	(108)
Dividend paid	–	(96,497)	–	–	(34,400)	(130,897)
	<u>14,338</u>	<u>728,315</u>	<u>222,435</u>	<u>908</u>	<u>861,070</u>	<u>1,827,066</u>
At 31st March, 2015	14,338	728,315	222,435	908	861,070	1,827,066
Loss and total comprehensive expenses for the year	–	–	–	–	(3,422)	(3,422)
Issue of shares						
– on placing of shares	1,200	104,400	–	–	–	105,600
– scrip dividend	1,139	73,920	–	–	–	75,059
Transaction costs on issue of shares	–	(2,811)	–	–	–	(2,811)
Dividend paid	–	(75,059)	–	–	(19,633)	(94,692)
	<u>16,677</u>	<u>828,765</u>	<u>222,435</u>	<u>908</u>	<u>838,015</u>	<u>1,906,800</u>
At 31st March, 2016	<u>16,677</u>	<u>828,765</u>	<u>222,435</u>	<u>908</u>	<u>838,015</u>	<u>1,906,800</u>

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31st March, 2016 and 2015 are as follows:

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid share capital	Percentage of issued share capital				Principal activities
			held by the Company		attributable to the Group		
			2016 %	2015 %	2016 %	2015 %	
<i>Directly owned</i>							
All Combine Investments Limited	British Virgin Islands	US\$1 ordinary share	100	100	100	100	Investment holding
Great Intelligence Limited	British Virgin Islands	US\$1 ordinary share	100	100	100	100	Investment holding
ITC Investment Holdings Limited	British Virgin Islands	US\$1 ordinary share	100	100	100	100	Investment holding
ITC Management Group Limited	British Virgin Islands	US\$2 ordinary shares	100	100	100	100	Investment holding
Large Scale Investments Limited	British Virgin Islands	US\$1 ordinary share	100	100	100	100	Investment holding
<i>Indirectly owned</i>							
Burcon Group Limited	Canada	C\$1,000 class A common shares	100	100	100	100	Investment and property holding
Great Intelligence Holdings Limited	Hong Kong	HK\$2 ordinary shares	100	100	100	100	Securities trading and treasury investment
ITC Finance Limited	Hong Kong	HK\$2 ordinary shares	100	100	100	100	Provision of finance
ITC Management Limited	Hong Kong	HK\$2 ordinary shares	100	100	100	100	Provision of management, administration and financial services and treasury investment

None of the subsidiaries had issued any debt securities at the end of the year.

All of the above subsidiaries are limited companies.

Other than Burcon Group Limited which operates in Canada, all of the above subsidiaries have their principal place of operations in Hong Kong.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the Group for the year or formed a substantial portion of the assets of the Group at the end of the year. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

38. EVENTS AFTER THE REPORTING PERIOD

- (a) In April 2016, the Group entered into a convertible note agreement to subscribe for Burcon's 3-year 8% convertible note (the "Note") with a principal amount of C\$2 million. The Note was issued in May 2016 and can be converted at C\$4.01 per share (subject to adjustments) from 1st July, 2016 upto its maturity date.

- (b) As disclosed in note 19, the Company entered into the MOU with an independent third party in October 2015 in respect of a possible acquisition of 25% to 33% indirect interest in a reputable hotel located in Vancouver, British Columbia, Canada, the expiry date of which was extended to 29th April, 2016. In April 2016, the Company entered into a second supplemental memorandum of understanding to further extend the expiry date of the MOU to 31st May, 2016. On 31st May, 2016, the Company entered into a termination agreement to terminate the MOU and the earnest money was refunded to the Company accordingly.

III. UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

The following financial information has been derived from the unaudited interim financial statements of the Group for the six months ended 30 September 2016 as set forth in the interim report of the Company for the six months ended 30 September 2016. Capitalized terms used therein shall have the same meanings as defined in the interim report of the Company for the six months ended 30 September 2016.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended 30th September, 2016

	Notes	(Unaudited)	
		30.9.2016	30.9.2015
		HK\$'000	HK\$'000
Revenue	3	7,002	9,772
Management and other related service income		1,706	1,814
Interest income		1,797	7,113
Property rental income		1,020	474
Other income		5,576	484
Net gain (loss) on equity investments		4,643	(1,178)
Administrative expenses		(23,996)	(21,057)
Finance costs		(406)	(1)
Net loss on net decrease in interest in an associate		(156)	(126)
Share of results of associates			
– share of results		128,618	159,451
– gain on acquisitions of additional interest in an associate		31,816	62,724
Profit for the period	5	150,618	209,698
Other comprehensive (expenses) income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(515)	(1,324)
Share of other comprehensive expenses of associates		(43,837)	(26,755)
Reclassification adjustment on reserves released on net decrease in interest in an associate		3	1
Item that will not be reclassified subsequently to profit or loss:			
Share of other comprehensive income (expenses) of associates		19,668	(34,851)
Other comprehensive expenses for the period		(24,681)	(62,929)
Total comprehensive income for the period		125,937	146,769
		HK cents	HK cents
Earnings per share	7		
Basic		9.03	13.91
Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th September, 2016

	<i>Notes</i>	(Unaudited) 30.9.2016 <i>HK\$'000</i>	(Audited) 31.3.2016 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	8	6,489	7,229
Investment properties	8	40,361	21,966
Intangible assets		1,116	1,120
Interests in associates	9	3,182,080	3,054,405
Convertible note		12,499	–
Equity investments		–	40,600
		<u>3,242,545</u>	<u>3,125,320</u>
Current assets			
Debtors, deposits and prepayments	10	27,166	266,264
Amounts due from associates		7,124	1,691
Loans receivable		111,000	110,000
Equity investments		134,720	50,830
Short-term bank deposits, bank balances and cash		154,637	51,886
		<u>434,647</u>	<u>480,671</u>
Current liabilities			
Creditors and accrued expenses	11	7,024	8,483
Dividends payable		50,030	–
Bank borrowings		197	61,918
		<u>57,251</u>	<u>70,401</u>
Net current assets		<u>377,396</u>	<u>410,270</u>
Total assets less current liabilities		<u>3,619,941</u>	<u>3,535,590</u>
Non-current liabilities			
Bank borrowings		7,140	–
Deferred tax liabilities		1,727	1,727
		<u>8,867</u>	<u>1,727</u>
Net assets		<u>3,611,074</u>	<u>3,533,863</u>
Capital and reserves			
Share capital	12	16,677	16,677
Share premium and reserves		3,594,397	3,517,186
Total equity		<u><u>3,611,074</u></u>	<u><u>3,533,863</u></u>

APPENDIX II
**FINANCIAL INFORMATION OF THE GROUP AND UNAUDITED
PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30th September, 2016

	Attributable to the owners of the Company										
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Reserve on acquisition <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Property revaluation reserve <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April, 2016	16,677	828,765	196,676	(24,992)	908	22,750	3,242	(127,238)	78,501	2,538,574	3,533,863
Profit for the period	-	-	-	-	-	-	-	-	-	150,618	150,618
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	(515)	-	(515)
Share of other comprehensive income (expenses) of associates	-	-	-	-	-	-	-	19,668	(43,837)	-	(24,169)
Reserves released on net decrease in interest in an associate	-	-	-	-	-	-	-	13	3	(13)	3
Total comprehensive income (expenses) for the period	-	-	-	-	-	-	-	19,681	(44,349)	150,605	125,937
Decrease in an associates' equity attributable to the Group's interests arising on equity transactions of the associates	-	-	-	-	-	1,690	-	-	-	(386)	1,304
Final dividend for the year ended 31st March, 2016 (<i>Note 6</i>)	-	-	-	-	-	-	-	-	-	(50,030)	(50,030)
At 30th September, 2016	16,677	828,765	196,676	(24,992)	908	24,440	3,242	(107,557)	34,152	2,638,763	3,611,074

APPENDIX II
**FINANCIAL INFORMATION OF THE GROUP AND UNAUDITED
PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**

	Attributable to the owners of the Company										
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Reserve on acquisition <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Property revaluation reserve <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April, 2015	14,338	728,315	196,676	(24,993)	908	21,895	2,770	(78,235)	128,182	2,117,679	3,107,535
Profit for the period	-	-	-	-	-	-	-	-	-	209,698	209,698
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	(1,324)	-	(1,324)
Share of other comprehensive expenses of associates	-	-	-	-	-	-	-	(34,460)	(26,755)	(391)	(61,606)
Reserves released on net decrease in interest in an associate	-	-	-	-	-	-	-	19	1	(19)	1
Total comprehensive (expenses) income for the period	-	-	-	-	-	-	-	(34,441)	(28,078)	209,288	146,769
Issue of shares on placement of shares	1,200	101,656	-	-	-	-	-	-	-	-	102,856
Decrease in an associate's equity attributable to the Group's interests arising on equity transactions of the associate	-	-	-	-	-	451	-	-	-	(152)	299
Final dividend for the year ended 31st March, 2015 (<i>Note 6</i>)	-	-	-	-	-	-	-	-	-	(62,151)	(62,151)
At 30th September, 2015	15,538	829,971	196,676	(24,993)	908	22,346	2,770	(112,676)	100,104	2,264,664	3,295,308

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30th September, 2016*

	(Unaudited)	
	Six months ended	
	30.9.2016	30.9.2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash used in operating activities	(89,219)	(134,175)
Net cash from investing activities		
Refund of earnest money	247,293	–
Proceeds from disposal of equity investment	34,000	–
Acquisition of investment properties	(18,880)	–
Acquisition of convertible note	(12,127)	–
Acquisitions of additional interests in associates	(3,296)	(19,070)
Repayment of promissory note receivable	–	200,000
Others	(18)	(1,406)
	<u>246,972</u>	<u>179,524</u>
Net cash from financing activities		
New borrowings raised	7,408	–
Interest paid	(406)	–
Gross proceeds from issue of shares	–	105,600
Payment of transaction costs attributable to issue of shares	–	(2,744)
	<u>7,002</u>	<u>102,856</u>
Net increase in cash and cash equivalents	164,755	148,205
Cash and cash equivalents at beginning of the period	(10,032)	128,694
Effect of foreign exchange rate changes	(86)	(100)
Cash and cash equivalents at end of the period, represented by short-term bank deposits, bank balances and cash	<u><u>154,637</u></u>	<u><u>276,799</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 30th September, 2016***1. BASIS OF PREPARATION**

The condensed consolidated financial statements of ITC Corporation Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) and with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical costs basis, except for certain properties and financial instruments, which are measured at revalued amounts or fair values as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th September, 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31st March, 2016.

In the current interim period, the Group has applied, for the first time, the following new amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the current interim period:

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle

The application of the new amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in the condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable from outside customers for the period.

Segment information

The Group’s operating segments, based on information reported to the chief operating decision maker, being the executive Directors of the Company, for the purposes of resource allocation and performance assessment are as follows:

Finance	–	loan financing services
Long-term investment	–	investments including convertible notes issued by the associates and other long-term equity investments
Other investment	–	investment in other financial assets and trading of securities
Others	–	leasing of investment properties, leasing of motor vehicles and management services

Information regarding the above operating segments, which are also reportable segments of the Group, is reported below.

APPENDIX II
**FINANCIAL INFORMATION OF THE GROUP AND UNAUDITED
PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**

The following is an analysis of the Group's revenue and results by operating and reportable segment for the period under review:

Six months ended 30th September, 2016

	Finance <i>HK\$'000</i>	Long-term investment <i>HK\$'000</i>	Other investment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
SEGMENT REVENUE							
External sales	1,373	377	2,303	2,949	7,002	–	7,002
Inter-segment sales	2,068	–	–	–	2,068	(2,068)	–
	<u>3,441</u>	<u>377</u>	<u>2,303</u>	<u>2,949</u>	<u>9,070</u>	<u>(2,068)</u>	<u>7,002</u>
Total	<u>3,441</u>	<u>377</u>	<u>2,303</u>	<u>2,949</u>	<u>9,070</u>	<u>(2,068)</u>	<u>7,002</u>
RESULT							
Segment result	<u>3,003</u>	<u>(6,257)</u>	<u>11,444</u>	<u>365</u>	<u>8,555</u>	<u>–</u>	8,555
Central administration costs							(17,809)
Finance costs							(406)
Net loss on net decrease in interest in an associate							(156)
Share of results of associates							128,618
– share of results							128,618
– gain on acquisitions of additional interest in an associate							<u>31,816</u>
Profit for the period							<u>150,618</u>

APPENDIX II
**FINANCIAL INFORMATION OF THE GROUP AND UNAUDITED
PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**

Six months ended 30th September, 2015

	Finance <i>HK\$'000</i>	Long-term investment <i>HK\$'000</i>	Other investment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
SEGMENT REVENUE							
External sales	6,981	–	210	2,581	9,772	–	9,772
Inter-segment sales	1,955	–	–	–	1,955	(1,955)	–
Total	<u>8,936</u>	<u>–</u>	<u>210</u>	<u>2,581</u>	<u>11,727</u>	<u>(1,955)</u>	<u>9,772</u>
RESULT							
Segment result	<u>8,849</u>	<u>(6)</u>	<u>(1,178)</u>	<u>527</u>	<u>8,192</u>	<u>–</u>	8,192
Central administration costs							(20,542)
Finance costs							(1)
Net loss on net decrease in interest in an associate							(126)
Share of results of associates							159,451
– share of results							159,451
– gain on acquisitions of additional interest in an associate							<u>62,724</u>
Profit for the period							<u>209,698</u>

Inter-segment sales are charged at prevailing market rates or at terms determined and agreed by both parties.

Segment result represents the result of each segment without allocation of central administration costs, including directors' salaries, finance costs and items related to interests in associates.

4. TAXATION

No provision for Hong Kong Profits Tax has been made as the entities within the Group had no assessable profits for both periods.

5. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2016	30.9.2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	714	584
Amortisation of intangible assets	4	44
Minimum lease payments under operating leases in respect of rented premises	1,586	1,597
and after crediting:		
Gain on disposals of property, plant and equipment	<u>–</u>	<u>323</u>

6. DISTRIBUTIONS

Dividends recognised as distributions to owners of the Company during the period:

	Six months ended	
	30.9.2016 HK\$'000	30.9.2015 HK\$'000
Final dividend for 2016 – HK3.0 cents (2015: HK4.0 cents for 2015) per share	50,030	62,151
Dividends in form of:		
– Cash	38,468	13,180
– Scrip	11,562	48,971
	50,030	62,151

Conditional Special Dividend by way of Distribution in Specie of shares in ITC Properties:

The Company has sought guidance from the Hong Kong Stock Exchange in relation to Rule 13.24 of the Listing Rules. Conditional on such guidance, the Board has proposed a conditional special dividend in the form of distribution in specie of all shares of ITC Properties held by the Group (approximately 306 million shares of ITC Properties as at 23rd November, 2016) to the shareholders of the Company (the “Conditional Distribution”). ITC Properties is a company incorporated in Bermuda with limited liability, whose issued shares are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 199). The Conditional Distribution will also be subject to the approval of the shareholders of the Company. Further details of the Conditional Distribution will be announced as soon as practicable.

In last interim period, the directors of the Company had resolved that an interim dividend of HK2.0 cents per share, amounted to HK\$32,541,000, for the period ended 30th September, 2015.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended	
	30.9.2016 HK\$'000	30.9.2015 HK\$'000
Earnings for the period attributable to the owners of the Company for the purpose of basic earnings per share	150,618	209,698
	Number of shares	
Weighted average number of shares for the purpose of basic earnings per share	1,667,654,793	1,507,869,435

No diluted earnings per share has been presented for the periods ended 30th September, 2016 and 2015 as the Company did not have any dilutive potential ordinary shares outstanding during both periods.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the period, the Group spent HK\$18,000 (six months ended 30th September, 2015: HK\$1,729,000) and HK\$18,880,000 (six months ended 30th September, 2015: nil) on acquisition of property, plant and equipment and investment properties, respectively.

At 30th September, 2016, the directors of the Company consider that the carrying amounts of the Group's leasehold land and buildings classified as property, plant and equipment and investment properties carried at revalued amounts and fair values, respectively, do not differ significantly from those which would be determined using fair values at the end of the interim period.

9. INTERESTS IN ASSOCIATES

	(Unaudited) 30.9.2016 <i>HK\$'000</i>	(Audited) 31.3.2016 <i>HK\$'000</i>
Share of consolidated net assets of associates:		
– listed in Hong Kong	3,180,903	3,053,228
– listed overseas	–	–
Goodwill	1,177	1,177
	<u>3,182,080</u>	<u>3,054,405</u>
Market value of listed securities:		
– Hong Kong	1,048,285	1,142,788
– Overseas	143,266	149,728
	<u>1,191,551</u>	<u>1,292,516</u>

10. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade debtors of HK\$2,298,000 (31.3.2016: HK\$3,319,000) and their aged analysis based on the invoice date at the end of the reporting period is as follows:

	(Unaudited) 30.9.2016 <i>HK\$'000</i>	(Audited) 31.3.2016 <i>HK\$'000</i>
Trade debtors		
– 0 – 30 days	1,708	2,412
– 31 – 60 days	4	–
– 61 – 90 days	586	–
– Over 90 days	–	907
	<u>2,298</u>	<u>3,319</u>

Trade debtors arising from leasing of investment properties business are payable monthly in advance and the credit terms granted by the Group to other trade debtors normally ranged from 30 days to 90 days. For interest receivable, there is no credit terms granted by the Group.

In the current interim period, an earnest money of Canadian Dollar 40,500,000 (equivalent to approximately HK\$247,293,000) included in other debtors as at 31st March, 2016 was refunded to the Group.

11. CREDITORS AND ACCRUED EXPENSES

Included in creditors and accrued expenses are trade creditors of HK\$1,066,000 (31.3.2016: HK\$1,029,000) and their aged analysis based on the invoice date at the end of the reporting period is as follows:

	(Unaudited) 30.9.2016 HK\$'000	(Audited) 31.3.2016 HK\$'000
Trade creditors		
0 – 30 days	470	1,019
31 – 60 days	9	10
61 – 90 days	587	–
	<u>1,066</u>	<u>1,029</u>

12. SHARE CAPITAL

	Number of shares		Value	
	Six months ended 30.9.2016	30.9.2015	Six months ended 30.9.2016 HK\$'000	30.9.2015 HK\$'000
Ordinary shares of HK\$0.01 each				
Authorised:				
As at 1st April and 30th September	<u>102,800,000,000</u>	<u>102,800,000,000</u>	<u>1,028,000</u>	<u>1,028,000</u>
Issued and fully paid:				
As at 1st April	1,667,654,793	1,433,771,074	16,677	14,338
Issue of shares (<i>Note</i>)	<u>–</u>	<u>120,000,000</u>	<u>–</u>	<u>1,200</u>
As at 30th September	<u>1,667,654,793</u>	<u>1,553,771,074</u>	<u>16,677</u>	<u>15,538</u>

Note: On 10th June, 2015, the Company completed a placement, through a placing agent, of 120,000,000 new shares of the Company at a price of HK\$0.88 per share to certain independent third parties. There is no share issue during the current interim period.

These shares rank pari passu with the then existing shares of the Company in all respects.

13. RELATED PARTY TRANSACTIONS**(a) Related party transactions**

During the period, the Group had transactions with the following related parties, details of which are as follows:

Class of related party	Nature of transactions	Six months ended	
		30.9.2016 HK\$'000	30.9.2015 HK\$'000
Associates of the Group	Rentals and related building management fee charged by the Group	370	342
	Rentals and related building management fee paid by the Group	1,397	1,397
	Service fees charged by the Group	24	114
	Interest income receivable by the Group	377	–
		377	–

(b) Compensation of key management personnel

	Six months ended	
	30.9.2016 HK\$'000	30.9.2015 HK\$'000
Fees	325	325
Salaries and other emoluments	7,080	7,080
	7,405	7,405

14. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1: fair value measurements are derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	(Unaudited) 30.9.2016 <i>HK\$'000</i>	(Audited) 31.3.2016 <i>HK\$'000</i>		
Equity investments	134,720	50,830	Level 1	Quoted closing prices in an active market
– Listed equity securities				
Equity investments	–	40,600	Level 2	Adjusted quoted closing prices in an active market
– Unlisted equity securities				
Convertible note – Unlisted convertible note	12,499	–	Level 3	Option pricing model that uses current stock price and stock price volatility of the issuer, conversion price and conversion period of the convertible note, and the risk-free rate as valuation inputs. The major significant unobservable input used is the expected volatility of the stock price of the issuer.

There were no transfers into and out of Levels 1, 2 and 3 during the current and prior periods.

Reconciliation of Level 3 fair value measurements of financial asset

	Convertible note <i>HK\$'000</i>
As at 1st April, 2016	–
Purchases	12,127
Interest income recognised in profit or loss	377
Exchange loss recognised in profit or loss	(5)
	<hr/>
As at 30th September, 2016	<u>12,499</u>

Except the above financial assets that are measured at fair value on a recurring basis, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate their fair values.

Fair value measurements and valuation processes

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the executive Directors of the Company are responsible for the determination of the appropriate valuation techniques and inputs for fair value measurements. The executive Directors review the findings of the valuation and assess the cause of fluctuations in the fair value of the assets.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed above.

IV. STATEMENT OF INDEBTEDNESS**(1) Borrowings**

As at 31 January 2017, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had outstanding bank borrowing of approximately HK\$7 million, representing the secured and guaranteed bank borrowing.

The secured bank borrowing was secured by certain investment properties.

(2) Debt securities

As at 31 January 2017, the Company did not have outstanding debt securities.

(3) Contingent liabilities

As at 31 January 2017, the Group had no contingent liabilities.

(4) Pledge of assets

As at 31 January, 2017, certain properties were pledged to a bank to secure a general facility granted to the Group.

(5) Disclaimers

Save as aforesaid and apart from intra-group liabilities, as at 31 January 2017, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

V. MATERIAL CHANGE

The Directors confirm that save for the following matters, there has been no material change in the financial or trading position or outlook of the Group subsequent to 31 March 2016 (being the date to which the latest audited account of the Company was made up) up to and including the Latest Practicable Date:

- (a) change in the financial position and business updates as disclosed in the interim report of the Company for the six months ended 30 September 2016, in particular the decrease in profit as compared with last corresponding period in 2015 was mainly attributable to the decrease in contribution from ITC Properties and the absence of gain on acquisitions of additional interest in PYI Corporation Limited; and
- (b) the special dividend distributed by the Company in the form of a distribution in specie of all the shares of ITC Properties held by the Group, being 306,180,916 shares of ITC Properties, to the qualifying Shareholders in proportion to their respective shareholdings in the Company, details of which were set out in the circular of the Company dated 23 December 2016.

VI. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**Basis of preparation of the unaudited pro forma financial information of the Remaining Group**

The unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group have been prepared, with the basis consistent with the accounting policies of the Group for the year ended 31 March 2016, to illustrate the effect of the Special Dividend as if it had been completed on 30 September 2016 for the unaudited pro forma consolidated statement of financial position and on 1 April 2015 for the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows.

The preparation of the unaudited pro forma consolidated statement of financial position of the Remaining Group is based on the consolidated statement of financial position of the Group as at 30 September 2016, which has been extracted from the published interim report of the Group for the six months ended 30 September 2016. The preparation of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 March 2016 is based on the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows of the Group for the year ended 31 March 2016, respectively, which have been extracted from the published annual report of the Group for the year ended 31 March 2016. Narrative descriptions of the unaudited pro forma adjustments are directly attributable to the Special Dividend and are factually supportable and are summarised in the accompanying notes.

As the unaudited pro forma financial information is prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position, financial results or cash flows of the Remaining Group had the Special Dividend been completed on 1 April 2015 or 30 September 2016 or at any future dates or for any future periods.

APPENDIX II

FINANCIAL INFORMATION OF THE GROUP AND UNAUDITED
PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Unaudited pro forma consolidated statement of financial position of the Remaining Group

	The Group as at 30 September 2016 <i>HK\$'000</i>	Pro forma Adjustment <i>HK\$'000</i> <i>Note (a)</i>	Pro forma Adjustment <i>HK\$'000</i> <i>Note (b)</i>	Pro forma Adjustment <i>HK\$'000</i> <i>Note (c)</i>	Pro forma Remaining Group <i>HK\$'000</i>
Non-current assets					
Property, plant and equipment	6,489	–	–	–	6,489
Investment properties	40,361	–	–	–	40,361
Intangible assets	1,116	–	–	–	1,116
Convertible note	12,499	–	–	–	12,499
Interests in associates	3,182,080	–	(1,971,058)	(39,418)	1,171,604
	<u>3,242,545</u>	<u>–</u>	<u>(1,971,058)</u>	<u>(39,418)</u>	<u>1,232,069</u>
Current assets					
Debtors, deposits and prepayments	27,166	7,098	–	–	34,264
Amounts due from associates	7,124	(7,098)	–	–	26
Loans receivable	111,000	–	–	–	111,000
Equity investments	134,720	–	–	–	134,720
Short-term bank deposits, bank balances and cash	154,637	–	–	16,689	171,326
	<u>434,647</u>	<u>–</u>	<u>–</u>	<u>16,689</u>	<u>451,336</u>
Current liabilities					
Creditors and accrued expenses	7,024	–	–	–	7,024
Dividends payable	50,030	–	–	–	50,030
Bank borrowings	197	–	–	–	197
	<u>57,251</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>57,251</u>
Net current assets	<u>377,396</u>	<u>–</u>	<u>–</u>	<u>16,689</u>	<u>394,085</u>
Total assets less current liabilities	<u>3,619,941</u>	<u>–</u>	<u>(1,971,058)</u>	<u>(22,729)</u>	<u>1,626,154</u>
Non-current liabilities					
Bank borrowings	7,140	–	–	–	7,140
Deferred tax liabilities	1,727	–	–	–	1,727
	<u>8,867</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>8,867</u>
Net assets	<u><u>3,611,074</u></u>	<u><u>–</u></u>	<u><u>(1,971,058)</u></u>	<u><u>(22,729)</u></u>	<u><u>1,617,287</u></u>
Capital and reserves					
Share capital	16,677	–	–	–	16,677
Share premium and reserves	3,594,397	–	(1,971,058)	(22,729)	1,600,610
Total equity	<u><u>3,611,074</u></u>	<u><u>–</u></u>	<u><u>(1,971,058)</u></u>	<u><u>(22,729)</u></u>	<u><u>1,617,287</u></u>

Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of
the Remaining Group

	The Group for the year ended 31 March 2016 HK\$'000	Pro forma Adjustment HK\$'000 Note (d)	Pro forma Adjustment HK\$'000 Note (e)	Pro forma Adjustment HK\$'000 Note (f)	Pro forma Adjustment HK\$'000 Note (g)	Pro forma Remaining Group HK\$'000
Revenue	15,027	-	-	-	-	15,027
Management and other related service income	3,417	-	-	-	-	3,417
Interest income	9,667	-	-	-	-	9,667
Property rental income	926	-	-	-	-	926
Other income	4,866	-	-	-	-	4,866
Net loss on equity investments	(5,106)	-	-	-	(341)	(5,447)
Gain on change in fair value of investment property	3,327	-	-	-	-	3,327
Loss on assets distributed to shareholders	-	-	(323,105)	(3,477)	-	(326,582)
Administrative expenses	(57,578)	-	-	-	-	(57,578)
Finance costs	(194)	-	-	-	-	(194)
Net loss on net decrease in interests in associates	(3,730)	3,730	-	-	-	-
Share of results of associates - share of results	390,271	(480,041)	-	-	-	(89,770)
- gain on acquisitions of additional interests in associates	90,468	(27,744)	-	-	-	62,724
Profit (loss) for the year	436,334	(504,055)	(323,105)	(3,477)	(341)	(394,644)
Taxation	(416)	-	-	-	-	(416)
Profit (loss) for the year	435,918	(504,055)	(323,105)	(3,477)	(341)	(395,060)

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**FINANCIAL INFORMATION OF THE GROUP AND UNAUDITED
PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**

	The Group for the year ended 31 March 2016 <i>HK\$'000</i>	Pro forma Adjustment <i>HK\$'000</i> <i>Note (d)</i>	Pro forma Adjustment <i>HK\$'000</i> <i>Note (e)</i>	Pro forma Adjustment <i>HK\$'000</i> <i>Note (f)</i>	Pro forma Adjustment <i>HK\$'000</i> <i>Note (g)</i>	Pro forma Remaining Group <i>HK\$'000</i>
Other comprehensive (expenses) income:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences arising on translation of foreign operations	(528)	–	–	–	–	(528)
Share of other comprehensive expenses of associates	(49,209)	6,079	–	–	–	(43,130)
Reclassification adjustment on reserves released on assets distributed to shareholders	–	–	3,562	38	–	3,600
Reclassification adjustment on reserves released on net decrease in interests in associates	57	(57)	–	–	–	–
<i>Items that will not be reclassified subsequently to profit or loss:</i>						
Gain on revaluation of land and buildings	539	–	–	–	–	539
Share of other comprehensive expenses of associates	(49,949)	24,433	–	–	–	(25,516)
Deferred tax arising on revaluation of land and buildings	(67)	–	–	–	–	(67)
Other comprehensive expenses for the year	<u>(99,157)</u>	<u>30,455</u>	<u>3,562</u>	<u>38</u>	<u>–</u>	<u>(65,102)</u>
Total comprehensive income (expenses) for the year	<u><u>336,761</u></u>	<u><u>(473,600)</u></u>	<u><u>(319,543)</u></u>	<u><u>(3,439)</u></u>	<u><u>(341)</u></u>	<u><u>(460,162)</u></u>

Unaudited pro forma consolidated statement of cash flows of the Remaining Group

	The Group for the year ended 31 March 2016 HK\$'000	Pro forma Adjustment HK\$'000 Note (d)	Pro forma Adjustment HK\$'000 Note (e)	Pro forma Adjustment HK\$'000 Note (f)	Pro forma Adjustment HK\$'000 Note (g)	Pro forma Adjustment HK\$'000 Note (h)	Pro forma Remaining Group HK\$'000
OPERATING ACTIVITIES							
Profit before taxation	436,334	(504,055)	(323,105)	(3,477)	(341)	–	(394,644)
Adjustments for:							
Amortisation of intangible assets	69	–	–	–	–	–	69
Depreciation of property, plant and equipment	1,277	–	–	–	–	–	1,277
Gain on change in fair value of investment property	(3,327)	–	–	–	–	–	(3,327)
Gain on disposals of property, plant and equipment	(525)	–	–	–	–	–	(525)
Interest income	(9,667)	–	–	–	–	–	(9,667)
Interest expenses	194	–	–	–	–	–	194
Net loss on equity investments	5,106	–	–	–	341	–	5,447
Net loss on net decrease in interests in associates	3,730	(3,730)	–	–	–	–	–
Share of results of associates	(480,739)	507,785	–	–	–	–	27,046
Loss on assets distributed to shareholders	–	–	323,105	3,477	–	–	326,582
Unrealised exchange gain on earnest money	(4,010)	–	–	–	–	–	(4,010)
Operating cash flows before movements in working capital	(51,558)	–	–	–	–	–	(51,558)
Increase in debtors, deposits and prepayments	(9,980)	–	–	–	–	–	(9,980)
Decrease in amounts due from associates	1,021	–	–	–	–	–	1,021
Increase in loans receivable	(110,000)	–	–	–	–	–	(110,000)
Increase in equity investments	(61,023)	–	–	–	(18,252)	–	(79,275)
Increase in creditors and accrued expenses	1,684	–	–	–	–	–	1,684
Cash used in operations	(229,856)	–	–	–	(18,252)	–	(248,108)
Dividends received from equity investments	210	–	–	–	–	–	210
Dividends received from associates	11,484	–	–	–	–	(5,017)	6,467
Interest received	11,554	–	–	–	–	–	11,554
NET CASH USED IN OPERATING ACTIVITIES	(206,608)	–	–	–	(18,252)	(5,017)	(229,877)

APPENDIX II
**FINANCIAL INFORMATION OF THE GROUP AND UNAUDITED
PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**

	The Group for the year ended 31 March 2016 HK\$'000	Pro forma Adjustment HK\$'000 Note (d)	Pro forma Adjustment HK\$'000 Note (e)	Pro forma Adjustment HK\$'000 Note (f)	Pro forma Adjustment HK\$'000 Note (g)	Pro forma Adjustment HK\$'000 Note (h)	Pro forma Remaining Group HK\$'000
INVESTING ACTIVITIES							
Payment of earnest money	(238,059)	-	-	-	-	-	(238,059)
Acquisition of additional interests in associates	(39,296)	-	-	-	18,252	-	(21,044)
Acquisition of equity investments	(35,723)	-	-	-	-	-	(35,723)
Additions to property, plant and equipment	(2,615)	-	-	-	-	-	(2,615)
Repayment of promissory note receivable	300,000	-	-	-	-	-	300,000
Disposal of equity investments	-	-	-	11,111	-	-	11,111
Proceeds from disposals of property, plant and equipment	641	-	-	-	-	-	641
	(15,052)	-	-	11,111	18,252	-	14,311
NET CASH (USED IN) FROM INVESTING ACTIVITIES							
FINANCING ACTIVITIES							
Proceeds from placing of shares	105,600	-	-	-	-	-	105,600
Dividends paid	(19,633)	-	-	-	-	-	(19,633)
Transaction costs on issue of shares	(2,811)	-	-	-	-	-	(2,811)
Interest paid	(194)	-	-	-	-	-	(194)
	82,962	-	-	-	-	-	82,962
NET CASH FROM FINANCING ACTIVITIES							
NET DECREASE IN CASH AND CASH EQUIVALENTS	(138,698)	-	-	11,111	-	(5,017)	(132,604)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	128,694	-	-	-	-	-	128,694
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(28)	-	-	-	-	-	(28)
	(10,032)	-	-	11,111	-	(5,017)	(3,938)
CASH AND CASH EQUIVALENTS CARRIED FORWARD							
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS							
Short-term bank deposits, bank balances and cash	51,886	-	-	11,111	-	(5,017)	57,980
Bank overdrafts	(61,918)	-	-	-	-	-	(61,918)
	(10,032)	-	-	11,111	-	(5,017)	(3,938)

Notes:

- (a) The adjustment reflects the reclassification of amount due from ITC Properties from amount due from associates to other receivables.
- (b) The adjustment reflects the Special Dividend on the basis of 9 shares of ITC Properties for every 50 Shares held by the Qualifying Shareholders and based on the issued share capital of 1,667,654,793 Shares as at 30 September 2016, assuming the Special Dividend was completed on 30 September 2016. Therefore, the Group would have distributed 300,177,855 shares of ITC Properties as at 30 September 2016. On the date of declaration of the Special Dividend, the Group re-measured the shares of ITC Properties to be distributed at their fair values, derecognised the shares of ITC Properties to be distributed from interests in associates and recognised in equity as dividend distribution, with the difference arising from the fair value re-measurement of shares of ITC Properties recognised in profit or loss. The reserve adjustment represents the net effect of dividend distribution, the difference arising from the fair value re-measurement and the reclassification adjustment on reserves released on assets distributed to the Shareholders.
- (c) The adjustment reflects the recognition of the disposal of remaining undistributed 6,003,061 shares of ITC Properties at their fair values, amounting to approximately HK\$16,689,000, based on its market price of HK\$2.78 per share of ITC Properties as at 30 September 2016 with its carrying value of approximately HK\$39,418,000, assuming the Special Dividend was completed on 30 September 2016.
- (d) The adjustment reflects the reversal of the equity accounting for the results of ITC Properties, including net loss on net decrease in interest in ITC Properties of approximately HK\$3,730,000, share of profit of approximately HK\$480,041,000, gain on acquisitions of additional interest in ITC Properties of approximately HK\$27,744,000 and share of other comprehensive income of approximately HK\$30,455,000, assuming the Special Dividend was completed on 1 April 2015.
- (e) The adjustment reflects the recognition of the loss on the Special Dividend on the basis of 9 shares of ITC Properties for every 50 Shares held by the Qualifying Shareholders and based on the issued share capital of 1,433,771,074 Shares as at 1 April 2015, assuming the Special Dividend was completed as at 1 April 2015. Therefore, the Group would have distributed 258,078,789 shares of ITC Properties as at 1 April 2015.

The loss on assets distributed to shareholders of approximately HK\$323,105,000 is calculated as the difference between the carrying value of the Group's interest in ITC Properties as an associate as at 1 April 2015 of approximately HK\$1,351,858,000 and the fair value of the 258,078,789 shares of ITC Properties held by the Group of approximately HK\$1,032,315,000 which is calculated based on the market price of HK\$4.00 per share of ITC Properties as at 1 April 2015, less the effect on the release of ITC Properties's other comprehensive income accumulated debit reserves shared by the Group at 1 April 2015 of approximately HK\$3,562,000.

The reclassification adjustment on reserves released on assets distributed to shareholders represents the release of accumulated share of translation reserve of ITC Properties of the 258,078,789 shares of ITC Properties as at 1 April 2015.

- (f) The adjustment represents the recognition of the loss due to disposal of the remaining shares of ITC Properties held by the Group based on market price of HK\$4.00 per share of ITC Properties as at 1 April 2015, assuming the Special Dividend was completed as at 1 April 2015.

The loss on disposal of approximately HK\$3,477,000 is calculated as the difference between the carrying value of the Group's interest in ITC Properties as an associate as at 1 April 2015 of approximately HK\$14,550,000 and the fair value of the 2,777,725 shares of ITC Properties held by the Group of approximately HK\$11,111,000 which is calculated based on the market price of HK\$4.00 per share of ITC Properties as at 1 April 2015, less the effect on the release of ITC Properties's other comprehensive income accumulated debit reserves shared by the Group at 1 April 2015 of approximately HK\$38,000.

The reclassification adjustment on reserves released on assets distributed to shareholders represents the accumulated share of translation reserve of ITC Properties of the 2,777,725 shares of ITC Properties as at 1 April 2015.

- (g) The adjustment represents the fair value changes on the shares of ITC Properties acquired during the year ended 31 March 2016, accounting for equity investments at fair value through profit or loss, assuming the Special Dividend was completed as at 1 April 2015.

The adjustment on unaudited pro forma consolidated statement of cash flows of the Remaining Group represented the reclassification of cash flows from acquisition of additional interests in associates in investing activities to operating activities.

- (h) The adjustment represents the reversal of the dividends received from ITC Properties with regard to the final dividends for the year ended 31 March 2015 and the interim dividends for the six months ended 30 September 2015 amounting to HK\$5,017,000 in aggregate, assuming the Special Dividend was completed as at 1 April 2015.
- (i) All the above pro forma adjustments to the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows are not expected to have a continuing effect on the Remaining Group.

**VII. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following is the text of a report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Corporate Document.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF ITC CORPORATION LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of ITC Corporation Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 September 2016, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2016, the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2016 and related notes as set out on pages II-63 to II-69 in Appendix II of the composite document of the Company dated 7 March 2017 issued in connection with the mandatory unconditional cash offer jointly made by Get Nice Securities Limited and Octal Capital Limited for and on behalf of Ace Pride Holdings Limited to acquire all the issued shares of the Company (other than those already owned or agreed to be acquired by Ace Pride Holdings Limited) (the "Offer") (the "Composite Document"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-63 to II-69 in Appendix II of the Composite Document.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the distribution of special dividend by way of distribution in specie of all shares in ITC Properties Group Limited held by the Group (the "Special Dividend") on the Group's financial position as at 30 September 2016 and the Group's financial performance and cash flows for the year ended 31 March 2016 as if the Special Dividend had taken place at 30 September 2016 and 1 April 2015, respectively. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's consolidated statement of financial position as at 30 September 2016, on which a review conclusion has been published, and information about the Group's financial performance and cash flows has been extracted by the Directors from the Group's consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended 31 March 2016, respectively, on which an auditor's report has been published.

The unaudited pro forma financial information is also regarded as a profit forecast under Rule 10 of the Code on Takeovers and Mergers issued by the Securities and Future Commission (the "Takeover Code").

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as relevant requirements under Rule 10 of the Takeover Code.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We are also required to report to you on the accounting policies and calculations of the unaudited pro forma financial information under Rule 10 of the Takeover Code. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA and whether, so far as the accounting policies and calculations are concerned, the Directors have properly compiled the unaudited pro forma financial information on the basis of preparation on pages II-63 to II-69 in Appendix II described in the Composite Document.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2016 or 1 April 2015 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis of assumptions as stated on pages II-63 to II-69 in Appendix II in the Composite Document;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

In connection with reporting under Rule 10 of the Takeover Code, so far as the accounting policies and calculations are concerned, the unaudited pro forma financial information has been properly compiled in accordance with the basis adopted by the Directors as stated on pages II-63 to II-69 in Appendix II in the Composite Document, in particular, the unaudited pro forma consolidated statement of financial position as at 30 September 2016 is prepared in accordance with the accounting policies adopted by the Group as set out in the interim financial report of the Company for six months ended 30 September 2016, and the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2016 and the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2016 are prepared in accordance with the accounting policies adopted by the Group as set out in the annual report of the Company for the year ended 31 March 2016.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 7 March 2017

VIII. REPORT FROM INDEPENDENT FINANCIAL ADVISER

The following is the text of a report received from Somerley Capital Limited for the purpose of incorporation in this Composite Document.

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

7 March 2017

Dear Sirs,

We refer to the composite offer and response document (the “**Composite Document**”) jointly issued by ITC Corporation Limited (the “**Company**”) and Ace Pride Holdings Limited (the “**Offeror**”) dated 7 March 2017 in respect of, amongst others, the mandatory unconditional cash offer jointly made by Get Nice Securities Limited and Octal Capital Limited for and on behalf of the Offeror to acquire all the issued shares of the Company (other than those already owned or agreed to be acquired by the Offeror). Unless otherwise specified, capitalized terms used in this letter shall have the same meanings as defined in the Composite Document.

We refer to the unaudited pro forma consolidated loss of the Remaining Group for the year ended 31 March 2016 (the “**Pro Forma Loss**”) set forth in the section headed “VI. Unaudited Pro Forma Financial Information of the Remaining Group” in Appendix II to the Composite Document, for which the Directors are solely responsible. The Pro Forma Loss is regarded as a profit forecast under Rule 10 of the Takeovers Code and is therefore required to be reported on pursuant to that rule.

We have discussed with the Directors and the senior management of the Company the basis of assumptions as stated on pages II-63 to II-69 in Appendix II in the Composite Document, on which the Pro Forma Loss was prepared, which is based on the consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 March 2016 as extracted from the published annual report of the Group for the year ended 31 March 2016, and we rely on their representations to us. In addition, we have considered the report on the compilation of unaudited pro forma financial information issued by Deloitte Touche Tohmatsu, the reporting accountants of the Company, the text of which is set out in the section headed “VII. Independent Reporting Accountants’ Assurance Report on the Compilation of Unaudited Pro Forma Financial Information” in Appendix II to the Composite Document, which stated that so far as the accounting policies and calculations are concerned, the unaudited pro forma financial information has been properly compiled in accordance with the basis adopted by the Directors as stated on pages II-63 to II-69 in Appendix II in the Composite Document.

Based on the above, we are satisfied that the Pro Forma Loss, for which the Directors are solely responsible, has been prepared with due care and consideration by the Directors.

Yours faithfully,
For and on behalf of
Somerley Capital Limited
Kenneth Chow **Jenny Leung**
Managing Director *Director*

APPENDIX III GENERAL INFORMATION RELATING TO THE OFFEROR

1. RESPONSIBILITY STATEMENT

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Group, the Vendor, Galaxyway and parties acting in concert with them (excluding the Offeror and parties acting in concert with it)) and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the Group and the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. DISCLOSURE OF INTERESTS IN THE COMPANY

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities of the Company held or controlled by the Offeror and parties acting in concert with it were as follows:

Name	Type of Interest	Capacity	Number of Shares held	Approximate % of interest of issued share capital of the Company
The Offeror (<i>Note</i>)	Long position	Beneficial owner	1,147,366,967	67.96%
Ace Way Global Limited	Long position	Interest of controlled corporation	1,147,366,967	67.96%
Mr. Suen	Long position	Interest of controlled corporation	1,147,366,967	67.96%

Note: The Offeror is wholly owned by Ace Way Global Limited, a company incorporated in the BVI with limited liability, which in turn is wholly owned by Mr. Suen, who is the sole director of the Offeror. Ace Way Global Limited and Mr. Suen are deemed to be interested in the 1,147,366,967 Shares in which the Offeror has interests by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror or any parties acting in concert with it had any interest in the relevant securities of the Company.

The Offeror intends to finance the consideration payable (i.e. HK\$281,276,247.20) by the Offeror under the Offer by internal resources and a credit facility provided by GN Securities. For the purpose of making the Offer, GN Securities has granted the Offeror a credit facility in the amount of HK\$260,000,000, which is to be used to finance part of the cash required for the Offer.

3. DISCLOSURE OF OTHER INTERESTS AND DEALINGS IN SECURITIES

As at the Latest Practicable Date:

- (i) save for 1,147,366,967 Shares (representing approximately 67.96% of the entire issued share capital of the Company) owned by the Offeror or any parties acting in concert with it, none of the Offeror or any parties acting in concert with it held other relevant securities of the Company;
- (ii) save for the credit facility granted to the Offeror by GN Securities, there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons;
- (iii) none of the Offeror or any parties acting in concert with it has received any irrevocable commitment to accept the Offer;
- (iv) no benefit (other than statutory compensation) was or would be given to any Director as compensation for his/her loss of office or otherwise in connection with the Offer;
- (v) there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (vi) there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any parties acting in concert with it on one hand and any Directors, recent Directors, Shareholders or recent Shareholders on the other hand, having any connection with or dependence upon the Offer;
- (vii) save for the credit facility granted to the Offeror by GN Securities, there is no other arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer; and
- (viii) none of the Offeror or any parties acting in concert with it has borrowed or lent any relevant securities in the Company.

4. MARKET PRICES

- (a) The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.7200 per Share (on 21 February 2017) and HK\$0.2470 per Share (on 13 September 2016) after adjustment due to commencement of dealings in the Shares on an ex-entitlement basis for the Special Dividend), respectively.

APPENDIX III GENERAL INFORMATION RELATING TO THE OFFEROR

- (b) The table below sets out the closing prices per Share as quoted on the Stock Exchange on (i) the last trading day of each of the calendar months during the Relevant Period (after adjustment due to commencement of dealings in the Shares on an ex-entitlement basis for the Special Dividend, as appropriate); (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

	Closing prices per Share <i>(HK\$)</i>
29 July 2016	0.2640
31 August 2016	0.2560
30 September 2016	0.2560
31 October 2016	0.2820
30 November 2016	0.3550
30 December 2016	0.4120
23 January 2017 (Last Trading Day)	0.5600
27 January 2017	0.5600
28 February 2017	0.6500
3 March 2017 (Latest Practicable Date)	0.6000

5. QUALIFICATION AND CONSENT OF EXPERTS

The following are the qualification of the experts who have given opinion or advice contained in this Composite Document.

Name	Qualifications
GN Securities	a licensed corporation permitted to carry out business in Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being one of the joint agents making the Offer on behalf of the Offeror and the financier of the Offeror
Octal Capital	a licensed corporation permitted to carry out business in Type 1 (dealing in securities relating to corporate finance) and Type 6 (advising on corporate finance) of the regulated activities under the SFO, being one of the joint agents making the Offer on behalf of the Offeror and the financial adviser to the Offeror

Each of GN Securities and Octal Capital has given and has not withdrawn its respective written consent to the issue of this Composite Document with the inclusion of its letter and references to its name in the form and context in which they appear respectively.

6. INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the BVI with limited liability on 3 January 2017. The Offeror is wholly owned by Ace Way Global Limited (“**Ace Way**”), a company incorporated in the BVI with limited liability, which in turn is wholly owned by Mr. Suen. The sole director of each of the Offeror and Ace Way is Mr. Suen.

Mr. Suen, aged 55, holds a Master of Business Administration degree from the University of South Australia. Mr. Suen is an executive director and the chairman of, and a substantial shareholder indirectly holding approximately 29.28% of the issued share capital in, Enviro Energy International Holdings Limited (stock code: 1102) (“**Enviro Energy**”); an executive director and the chairman of, and a controlling shareholder indirectly holding approximately 58.05% of the issued share capital in, EPI (Holdings) Limited (stock code: 689) (“**EPI**”) and a controlling shareholder indirectly holding approximately 60.78% of the issued share capital of Birmingham International Holdings Limited (stock code: 2309) (“**Birmingham International**”). Mr. Suen is also indirectly holding approximately 9.89% of the issued share capital of China Strategic Holdings Limited (stock code: 235) (“**China Strategic**”). The shares of Enviro Energy, EPI, Birmingham International and China Strategic are listed on the Main Board of the Stock Exchange. Mr. Suen is also indirectly holding approximately 19.08% of the issued share capital of Courage Marine Group Limited (stock code: 1145), the shares of which are primarily listed on the Main Board of the Stock Exchange and secondarily listed on the Singapore Exchange Securities Trading Limited (Singapore stock code: ATL.SI).

7. GENERAL

As at the Latest Practicable Date:

- (i) the registered office and correspondence address of the Offeror was OMC Chambers, Wickhams Cay 1, Road Town, Tortola, BVI and Suite 1501, 15/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong, respectively;
- (ii) the correspondence address of Mr. Suen was c/o Suite 1501, 15/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong;
- (iii) the registered office of GN Securities was situated at 10/F, Cosco Tower, Grand Millennium Plaza, 183 Queen’s Road Central, Hong Kong;
- (iv) the registered office of Octal Capital was situated at Rooms 802–805, 8th Floor, Nan Fung Tower, 88 Connaught Road Central, Hong Kong; and
- (v) in the event of inconsistency, the English texts of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this Composite Document (other than the information relating to the Offeror and parties acting in concert with it, the terms of the Offer and the Offeror's intention on the Group), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

	<i>HK\$</i>
<i>Authorised Share Capital:</i>	
102,800,000,000 Shares	1,028,000,000
<i>Issued and Fully Paid-up Share Capital:</i>	
1,688,282,827 Shares	16,882,828.27

All the Shares in issue rank pari passu in all respects with each other, including the rights in respect of capital, dividends and voting.

Since 31 March 2016, the date to which the latest audited consolidated financial statements of the Company were made up, and up to the Latest Practicable Date, 20,628,034 new Shares have been issued. Neither the Company nor any of its subsidiaries has made any repurchase of the Shares since the last financial year ended 31 March 2016.

Other than the Shares in issue, as at the Latest Practicable Date, there were no convertible securities, warrants, options, derivatives or other securities issued by the Company that are convertible or exchangeable into Shares or other types of equity interest in issue.

APPENDIX IV GENERAL INFORMATION RELATING TO THE GROUP

3. INTERESTS AND SHORT POSITIONS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

(a) Interests and short positions of the Directors and chief executives in the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules which had been notified to the Company and the Stock Exchange, were as follows:

(i) PYI Corporation Limited (“PYI”)

Name of Director	Type of Interests	Capacity	Number of PYI shares held	Approximate % of the issued share capital of PYI
Dr. Chan Kwok Keung, Charles	Long position	Beneficial owner	35,936,031	0.79%
Shek Lai Him, Abraham	Long position	Beneficial owner	6,000	0.00%

(ii) Burcon NutraScience Corporation (“Burcon”)

Name of Director	Type of Interests	Capacity	Number of Burcon shares held	Number of underlying Burcon shares (in respect of the share options (unlisted equity derivatives)) held	Approximate % of the issued share capital of Burcon
Chau Mei Wah, Rosanna	Long position	Beneficial owner	448,634	–	1.19%
Chau Mei Wah, Rosanna	Long position	Beneficial owner	–	145,844	0.39%
Chan Yiu Lun, Alan	Long position	Beneficial owner	–	190,844	0.50%

APPENDIX IV GENERAL INFORMATION RELATING TO THE GROUP

As at the Latest Practicable Date, PYI and Burcon were associated corporations of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules which have been notified to the Company and the Stock Exchange.

(b) Disclosure of interests of substantial Shareholders

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as is known to the Directors, the persons or entities who had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital were as follows:

Name	Type of Interest	Capacity	Number of Shares held	Approximate % of issued share capital of the Company
The Offeror <i>(Note)</i>	Long position	Beneficial owner	1,147,366,967	67.96%
Ace Way Global Limited	Long position	Interest of controlled corporation <i>(Note)</i>	1,147,366,967	67.96%
Mr. Suen	Long position	Interest of controlled corporation <i>(Note)</i>	1,147,366,967	67.96%

Note: The Offeror was a wholly owned subsidiary of Ace Way Global Limited which was, in turn, wholly owned by Mr. Suen. Ace Way Global Limited and Mr. Suen were deemed to be interested in 1,147,366,967 Shares held by the Offeror. Mr. Suen was also the sole director of Ace Way Global Limited and the Offeror.

Save as disclosed in this sub-section 3(b) headed “Disclosure of interests of substantial Shareholders”, so far as is known to the Directors, as at the Latest Practicable Date, no person had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital.

4. OTHER DISCLOSURES

- (a) As at the Latest Practicable Date, none of the Directors owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (b) As at the Latest Practicable Date, none of the subsidiaries of the Company, any pension funds of the Group and any adviser to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code (other than exempt principal traders) owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (c) As at the Latest Practicable Date, there were no persons who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of “associate” under the Takeovers Code.
- (d) As at the Latest Practicable Date, no Shares or any convertible securities, warrants, options or derivatives in respect of any Shares were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company.
- (e) As at the Latest Practicable Date, neither the Company nor any of the Directors had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (f) As at the Latest Practicable Date, neither the Company nor any of the Directors was interested in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror.
- (g) As at the Latest Practicable Date, save for the Share Purchase Agreement (which had already completed), there were no material contracts entered into by the Offeror in which any of the Directors had a material personal interest.
- (h) As at the Latest Practicable Date, there was no agreement or arrangement between any of the Directors and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.

5. DEALINGS IN THE SHARES

- (a) During the Relevant Period, save for the share transfer pursuant to the Share Purchase Agreement and the acquisitions of Shares by the Vendor and Galaxyway of an aggregate of 123,042,584 Shares from the period between 1 December 2016 and 13 January 2017 at the daily average prices (before adjustment due to commencement of dealings in the Shares on an ex-entitlement basis for the Special Dividend) ranging from HK\$0.834 to HK\$0.980 per Share, none of the Directors had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (b) During the Relevant Period, neither the Company nor any of the Directors had dealt for value in the shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror; and
- (c) During the period from the commencement of the Offer Period to the Latest Practicable Date:
 - (i) none of the subsidiaries of the Company, any pension funds of the Group and any adviser to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders) had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
 - (ii) there were no persons who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of “associate” under the Takeovers Code and therefore there were no such persons who had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares; and
 - (iii) no fund managers (other than exempt fund managers) connected with the Company who managed funds on a discretionary basis had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

6. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any other member of the Group save for those expiring or determinable by the relevant employer within one year without payment of any compensation (other than statutory compensation).

As at the Latest Practicable Date, none of the Directors had entered into a service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) has been entered into or amended within six (6) months before the commencement of the Offer Period; (ii) is a continuous contract with a notice period of twelve (12) months or more; or (iii) is a fixed term contract with more than twelve (12) months to run irrespective of the notice period.

None of the Directors will be or has been given any benefits (save for any statutory compensation required under appropriate laws) as compensation for loss of office or otherwise in connection with the Offer.

7. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Group) during the period within the two years before the commencement of the Offer Period i.e. 26 January 2017 and up to the Latest Practicable Date:

- (1) the placing agreement dated 3 June 2015 entered into between the Company and GN Securities pursuant to which GN Securities, as a placing agent of the Company, agreed to place, on a best efforts basis, a maximum of 120,000,000 new Shares at a price of HK\$0.88 per Share, particulars of which were set out in the announcements of the Company dated 3 June 2015 and 10 June 2015;
- (2) the contract notes in relation to acquisition by Hollyfield Group Limited, an indirect wholly-owned subsidiary of the Company, of an aggregate of 78,340,000 shares in PYI for the aggregate consideration of approximately HK\$13.6 million during the period from 24 August 2015 to 22 September 2015, particulars of such transaction up to 17 September 2015 were set out in the announcement of the Company dated 17 September 2015; and
- (3) the contract note in relation to acquisition by Great Intelligence Holdings Limited, an indirect wholly-owned subsidiary of the Company, of certain guaranteed notes in the principal amount of US\$1.8 million issued by a wholly-owned subsidiary of ITC Properties for a consideration of approximately US\$1.78 million on 11 October 2016, particulars of which were set out in the announcement of the Company dated 14 October 2016.

8. QUALIFICATION AND CONSENT OF EXPERTS

The following are the names and qualifications of the professional advisers whose advices, letters or opinions are contained in this Composite Document:

Name	Qualifications
Deloitte Touche Tohmatsu	certified public accountants
Somerley Capital Limited	a corporation licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the Independent Financial Adviser to the Independent Board Committee in respect of the Offer

Each of Deloitte Touche Tohmatsu and Somerley Capital Limited has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its letter and references to its name in the form and context in which they appear respectively.

9. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or arbitration of material importance known to the Directors to be pending or threatened by or against any member of the Group.

10. MISCELLANEOUS

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its head office and principal place of business in Hong Kong is 30/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.
- (b) The principal share registrar of the Company in Bermuda is MUFG Fund Services (Bermuda) Limited, whose office is situated at The Belvedere Building, 69 Pitts Bay Road, Pembroke HM 08, Bermuda.
- (c) The Registrar in Hong Kong is Tricor Secretaries Limited, whose office is situated at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The registered office of Somerley Capital Limited is situated at 20/F, China Building, 29 Queen's Road Central, Hong Kong.
- (e) In the event of inconsistency, the English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours from 9:00 a.m. to 5:30 p.m. (other than Saturdays, Sundays and public holidays) at the office of Iu, Lai & Li at Rooms 2201, 2201A and 2202, 22nd Floor, Tower I, Admiralty Centre, No. 18 Harcourt Road, Hong Kong; (ii) on the website of the SFC (www.sfc.hk); and (iii) on the website of the Company (www.itc.com.hk) from the date of this Composite Document onwards for so long as the Offer remains open for acceptance:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the memorandum and articles of association of the Offeror;
- (c) the annual reports of the Company for the two (2) financial years ended 31 March 2015 and 2016;
- (d) the interim report of the Company for the six (6) months ended 30 September 2016;
- (e) the letter from GN Securities and Octal Capital, the text of which is set out in this Composite Document;
- (f) the letter from the Board, the text of which is set out in this Composite Document;
- (g) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;
- (h) the letter and report from the Independent Financial Adviser, the text of which are set out in this Composite Document;
- (i) the independent reporting accountants' assurance report on the compilation of unaudited pro forma financial information of the Remaining Group, the text of which is set out in this Composite Document;
- (j) the circular of the Company dated 23 December 2016;
- (k) the written consent(s) referred to in the paragraph headed "Qualification and consent of experts" in each of Appendices III and IV to this Composite Document;
- (l) the material contracts referred to in the paragraph headed "Material contracts" in Appendix IV to this Composite Document; and
- (m) this Composite Document and the accompanying Form of Acceptance.