
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a 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 together with the accompanying Form of Acceptance to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the provisions of which form part of the terms of the Offer.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying 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 accompanying Form of Acceptance.

**Galaxyway Investments 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 THE MANDATORY UNCONDITIONAL CASH OFFER BY
ANGLO CHINESE CORPORATE FINANCE, LIMITED
ON BEHALF OF
GALAXYWAY INVESTMENTS LIMITED
TO ACQUIRE ALL THE SHARES IN THE ISSUED CAPITAL OF
ITC CORPORATION LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
GALAXYWAY INVESTMENTS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

Financial Adviser to Galaxyway Investments Limited

ANGLO CHINESE
CORPORATE FINANCE, LIMITED

Independent Financial Adviser to the Independent Board Committee of ITC Corporation Limited



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 Anglo Chinese containing, among other things, the details of the terms and conditions of the Offer is set out on pages 4 to 8 of this Composite Document. A letter from the Board is set out on pages 9 to 11 of this Composite Document. A letter from the Independent Board Committee to the Offer Shareholders containing its recommendation in respect of the Offer is set out on page 12 of this Composite Document. A letter from the Independent Financial Adviser to the Independent Board Committee containing its advice in respect of the Offer is set out on pages 13 to 27 of this Composite Document.

The procedures for acceptance and settlement of the Offer are set out on pages I-1 to I-5 in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer must be received by the Registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:00 p.m. on Monday, 1 June 2015, or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

Any 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 section headed "Important Notices" contained in 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 and compliance of the laws and regulations 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 and the payment of any transfer or other taxes due or other required payments in respect of such jurisdiction. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer.

* For identification purpose only

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EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company as and when appropriate.

Event	2015
Despatch date of this Composite Document and the Form of Acceptance and commencement date of the Offer (<i>Note 1</i>)	Monday, 11 May
Latest time and date for acceptance of the Offer (<i>Notes 2, 4 and 5</i>)	4:00 p.m. on Monday, 1 June
Closing Date (<i>Notes 2 and 5</i>)	Monday, 1 June
Announcement of the results of the Offer to be posted on the website of the Stock Exchange (<i>Notes 2 and 5</i>)	no later than 7:00 p.m. on Monday, 1 June
Latest date for posting of remittances in respect of valid acceptances received under the Offer (<i>Notes 3 and 5</i>)	Wednesday, 10 June

Notes:

1. The Offer, which is unconditional, is made on Monday, 11 May 2015, being the date of posting of this Composite Document, and is capable of acceptance on and from that date until the Closing Date.
2. The latest time and date for acceptance will be at 4:00 p.m. on Monday, 1 June 2015 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror and the Company will jointly issue an announcement through the website of the Stock Exchange no later than 7:00 p.m. on Monday, 1 June 2015 stating whether the Offer has been extended, revised or has closed for acceptance. In the event that the Offeror decides to extend the Offer, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Offer Shareholders who have not accepted the Offer.

Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the section headed "6. Right of withdrawal" in Appendix I to this Composite Document.

3. Remittances in respect of the consideration payable for the Offer Shares accepted under the Offer (after deducting the seller's ad valorem stamp duty) will be despatched to the accepting Offer Shareholders (to the addresses specified on the Forms of Acceptance) by ordinary post at their own risk as soon as possible, but in any event within 7 Business Days after the date of receipt by the Registrar of the duly completed Forms of Acceptance and all relevant documents of title to render the acceptances under the Offer complete and valid in accordance with the Takeovers Code.
4. 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 (as 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.
5. If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning, in force in Hong Kong at any local time between 9:00 a.m. and 4:00 p.m. on the latest date for acceptance of the Offer or the latest date for posting of remittances for the consideration payable under the Offer in respect of valid acceptances, 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.

All time and date references contained in this Composite Document and the accompanying Form of Acceptance are to Hong Kong times and dates.

IMPORTANT NOTICES

NOTICE TO OVERSEAS SHAREHOLDERS

The making of the Offer to persons not resident in Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions in which they reside. Overseas Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of any Overseas Shareholder who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance and compliance 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 and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction. The Offeror, Anglo Chinese and any other persons involved in the Offer shall be fully indemnified and held harmless by the Overseas Shareholders for any taxes as they may be required to pay. Please see sub-section headed “(e) Overseas Shareholders” under section headed “B. The Offer” in the “Letter from Anglo Chinese” in this Composite Document.

DEFINITIONS

In this Composite Document, the following expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Anglo Chinese”	Anglo Chinese Corporate Finance, Limited, a registered institution under the SFO, registered to conduct 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 and the financial adviser to Dr. Chan and the Offeror in relation to the Offer
“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
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	1 June 2015 or any subsequent closing date as may be announced by the Offeror in accordance with the Takeovers Code
“Company”	ITC Corporation Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 372)
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company in relation to the Offer in accordance with the Takeovers Code
“Concert Parties”	parties acting in concert as defined under the Takeovers Code
“Despatch Date”	11 May 2015
“Director(s)”	the director(s) of the Company
“Dr. Chan”	Dr. Chan Kwok Keung, Charles, an executive Director and the chairman of the Board, the sole director of the Offeror, and who indirectly owns the entire issued share capital of the Offeror
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any of his delegates
“Form of Acceptance”	the form of acceptance in respect of the Offer accompanying this Composite Document
“Group”	the Company and its subsidiaries from time to time
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an 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> , formed to advise the Offer Shareholders in respect of the Offer

DEFINITIONS

“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser appointed to advise the Independent Board Committee in respect of the Offer
“Joint Announcement”	the announcement dated 24 April 2015 jointly issued by the Offeror and the Company in relation to the Offer
“Last Trading Day”	21 April 2015
“Latest Practicable Date”	8 May 2015, being the latest practicable date for the purpose of ascertaining certain information contained in this Composite Document prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	the mandatory unconditional cash offer to be made by Anglo Chinese, for and on behalf of the Offeror, to acquire all of the Offer Shares in accordance with the terms and conditions set out in this Composite Document
“Offer Period”	has the meaning ascribed to it under the Takeovers Code
“Offer Price”	HK\$0.73 per Offer Share
“Offer Share(s)”	the 656,460,575 Shares that are subject to the Offer
“Offer Shareholder(s)”	holder(s) of the Share(s), other than the Offeror and its Concert Parties
“Offeror”	Galaxyway Investments Limited, a company incorporated in the British Virgin Islands with limited liability, which is indirectly wholly-owned by Dr. Chan
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) as stated in the register of members of the Company is/are outside Hong Kong
“Registrar”	Tricor Secretaries Limited, the Hong Kong branch share registrar and transfer office of the Company at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period from 24 October 2014, being the date falling six months prior to 24 April 2015, up to and including the Latest Practicable Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share Acquisition”	the acquisition of the 229,962,089 Shares by Dr. Chan on 23 April 2015 through a securities broker
“Share(s)”	ordinary share(s) of par value HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Takeovers Code”	The Hong Kong Codes on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

1. Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments.
2. The singular includes the plural and vice versa, unless the context otherwise requires.
3. References to any Appendices, sections, paragraphs and sub-paragraphs are references to the Appendices to, and sections, paragraphs and sub-paragraphs of, this Composite Document respectively.
4. References to any statute or statutory provision include a statute or statutory provision which amends, consolidates or replaces the same whether before or after the date of this Composite Document.
5. Reference to one gender is a reference to all or any genders.

LETTER FROM ANGLO CHINESE

ANGLO CHINESE

CORPORATE FINANCE, LIMITED

40th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong
www.anglochinesegroup.com

財務顧問有限公司
英高

11 May 2015

To the Offer Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
ANGLO CHINESE CORPORATE FINANCE, LIMITED
ON BEHALF OF
GALAXYWAY INVESTMENTS LIMITED
TO ACQUIRE ALL THE SHARES IN THE ISSUED CAPITAL OF
ITC CORPORATION LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
GALAXYWAY INVESTMENTS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

A. INTRODUCTION

Reference is made to the Joint Announcement. On 23 April 2015, Dr. Chan, acquired a total of 229,962,089 Shares for an aggregate consideration of HK\$167,872,325. The Share Acquisition was made off market through a securities broker with several sellers by way of bought and sold notes. The sellers are all independent third parties of the Offeror and its Concert Parties. As a result of the Share Acquisition, the number of Shares held by Dr. Chan, directly and indirectly, has increased from 547,348,410 Shares to 777,310,499 Shares, representing a change from approximately 38.2% to approximately 54.2% of the total issued share capital of the Company as at the Latest Practicable Date. Dr. Chan remains as the controlling shareholder (as defined in the Listing Rules) of the Company.

As a result of the Share Acquisition, Dr. Chan is required to make a mandatory unconditional cash offer to acquire all the Offer Shares pursuant to Rule 26.1 of the Takeovers Code.

The purposes of this letter are to provide you with, inter alia, information on the Offer, the Offeror, and the intention of the Offeror in relation to the Group. The terms of the Offer and the procedures of acceptance are set out in this letter, Appendix I – “Further terms of the Offer” to this Composite Document and the Form of Acceptance.

Your attention is also drawn to the letter from the Board on pages 9 to 11, the letter from the Independent Board Committee on page 12 and the letter from the Independent Financial Adviser on pages 13 to 27 of this Composite Document.

B. THE OFFER

Anglo Chinese is, on behalf of the Offeror and in compliance with the Takeovers Code, making the Offer on the terms set out in this Composite Document on the following basis:

For each Offer Share HK\$0.73 in cash

The Offer Price of HK\$0.73 per Offer Share equals to the purchase price per Share paid by Dr. Chan under the Share Acquisition.

By accepting the Offer, the accepting Offer Shareholders will sell to the Offeror their respective Shares free from all liens, charges, options, equities encumbrances and all other third party rights of any nature and together with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and distributions declared, made or paid, if any, on or after the date of this Composite Document.

Save for the 1,433,771,074 Shares in issue, the Company did not have any other outstanding securities, including options, warrants or derivatives or convertible rights affecting the Shares as at the Latest Practicable Date.

LETTER FROM ANGLO CHINESE

(a) Comparison of value

The Offer Price of HK\$0.73 per Offer Share:

- (i) represents a premium of approximately 1.4% over the closing price of HK\$0.72 per Share as quoted on the Stock Exchange on 21 April 2015, being the Last Trading Day;
- (ii) represents a discount of approximately 1.4% to the average closing price of approximately HK\$0.74 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) equals to the average closing price of approximately HK\$0.73 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) represents a premium of approximately 2.8% over the average closing price of approximately HK\$0.71 per Share as quoted on the Stock Exchange for the thirty consecutive trading days immediately prior to and including the Last Trading Day;
- (v) represents a discount of approximately 14.1% to the closing price of HK\$0.85 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

(b) Total consideration for the Offer

Based on the Offer Price of HK\$0.73 per Offer Share, 1,433,771,074 Shares in issue and no options, warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares as at the Latest Practicable Date, the entire issued share capital of the Company is valued at approximately HK\$1,046,652,884. The Offer will be made to the Offer Shareholders. Based on the 777,310,499 Shares held by the Offeror and its Concert Parties as at the Latest Practicable Date, the number of Shares subject to the Offer is 656,460,575. In the event that the Offer is accepted in full, the aggregate amount payable by the Offeror to the accepting Offer Shareholders will be approximately HK\$479,216,220.

(c) Confirmation of financial resources

The Offeror will finance the total consideration payable by it in respect of the Offer in the aggregate amount of HK\$479,216,220 from its own financial resources and a loan facility from Get Nice Securities Limited. Anglo Chinese, as the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy full acceptance of the Offer.

The Offeror confirms that payment of interest on, repayment of or security for any liability (contingent or otherwise) in relation to the loan facility referred to above will not depend to any significant extent on the business of the Company.

(d) Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within 7 Business Days following the date of receipt of a duly completed and valid Form of Acceptance form in accordance with the Takeovers Code. Relevant documents evidencing title to the Offer Shares must be received by or on behalf of the Offeror to render such acceptances of the Offer complete and valid in accordance with the Takeovers Code.

(e) Overseas Shareholders

As the making of the Offer to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the sole 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 or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

LETTER FROM ANGLO CHINESE

Any acceptance by any Offer Shareholder will be deemed to constitute a representation and warranty from such Offer Shareholder to the Offeror that the local laws and requirements have been complied with. Shareholders who are in doubt as to the action they should take should consult their stockbrokers, licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

(f) Stamp duty

Seller's ad valorem stamp duty arising in connection with acceptance of the Offer amounting to HK\$1.00 for every HK\$1,000 or part thereof of the amount payable in respect of relevant acceptances by the accepting Offer Shareholders, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the cash amount payable to the Offer Shareholders who accept the Offer. The Offeror will then pay the stamp duty so deducted to the Stamp Office. The Offeror will bear all buyer's ad valorem stamp duty.

C. OFFEROR'S INTERESTS IN SECURITIES OF THE COMPANY

The Offeror confirms that as at the Latest Practicable Date:

- (a) save for 777,310,499 Shares held by the Offeror and its Concert Parties, none of the Offeror and its Concert Parties owned or had control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options of the Company or any derivatives in respect of such securities;
- (b) other than the allotment of 32,982,728 Shares under the scrip dividend scheme of the Company to Dr. Chan and the Offeror on 26 January 2015 and the Share Acquisition on 23 April 2015, none of the Offeror and its Concert Parties had dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities in the six months prior to the date of the Joint Announcement;
- (c) there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares or the shares of the Offeror and which might be material to the Offer;
- (d) there was no agreement or arrangement to which the Offeror and its Concert Parties is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (e) none of the Offeror and its Concert Parties had borrowed or lent any relevant securities of the Company (as defined in Note 4 to Rule 22 of the Takeovers Code);
- (f) none of the Offeror and its Concert Parties had received any irrevocable commitment to accept the Offer; and
- (g) there was no outstanding derivative in respect of the securities in the Company entered into by the Offeror and its Concert Parties.

D. INFORMATION ON THE OFFEROR

The Offeror was incorporated in the British Virgin Islands with limited liability and is indirectly wholly-owned by Dr. Chan. The principal activity of the Offeror is investment holding and the principal asset held by the Offeror is its equity interests in the Company. Dr. Chan is the chairman of the Board and an executive Director.

E. REASONS FOR THE OFFER AND INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

The Offeror intends that the Group will continue to operate its existing business as mentioned in the section headed "D. Information on the Company" in the "Letter from the Board" in this Composite Document. The Offeror is confident about the prospects of the Group and believes that there will be continued growth and development of the Group.

LETTER FROM ANGLO CHINESE

The Offeror has no plan to (i) terminate the employment of any employees or other personnel of the Group; or (ii) introduce any major changes to the existing business including any redeployment of the fixed assets of the Company, in both cases, other than those in its ordinary and usual course of business.

F. PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

If the Offeror acquires the requisite percentage of the Offer Shares to enable it to compulsorily acquire all the Shares, the Offeror does not intend to exercise its right of compulsory acquisition of the remaining Shares.

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, 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,

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

In the event that the Offeror does not effect the compulsory acquisition of the remaining Shares, the Offeror intends the Company to remain listed on the Stock Exchange and the sole director of the Offeror will undertake to the Stock Exchange (and will procure any new director(s) to be appointed to the Board, if any, to undertake to the Stock Exchange) that they will take appropriate steps to ensure that sufficient public float exists in the Shares.

In this connection, it should be noted that upon the close of the Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a sufficient level of public float is attained.

G. ACCEPTANCE AND SETTLEMENT OF THE OFFER

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

H. TAX IMPLICATIONS

None of the Company, the Offeror, their respective Concert Parties, Anglo Chinese, the Registrar or any of their respective directors and professional advisers or any persons involved in the Offer is in a position to advise the Offer Shareholders on their individual tax implications. The Offer Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptances of the Offer. It is emphasised that none of the Company, the Offeror, their respective Concert Parties, Anglo Chinese, the Registrar or any of their respective directors and professional advisers or any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance of the Offer.

I. GENERAL

All documents and remittances to be sent to the Offer Shareholders will be sent to them at their respective addresses specified in their Forms of Acceptance by ordinary post at their own risk. The Offeror, its beneficial owner and Concert Parties, the Company, Anglo Chinese, the Registrar and their respective directors and professional advisers and all other parties involved in the Offer and their respective agents will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

Acceptance of the Offer by an Offer Shareholder will be deemed to constitute a warranty by such Offer Shareholder to the Offeror that his/her/its Offer Shares to be sold under the Offer are free from all liens, claims, charges, options, equities encumbrances and all other third party rights of any nature and together with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and distributions declared, made or paid, if any, on or after the date of this Composite Document.

LETTER FROM ANGLO CHINESE

J. ADDITIONAL INFORMATION ABOUT THE OFFER

Your attention is drawn to the letter from the Board on pages 9 to 11 of this Composite Document, the letter from the Independent Board Committee on page 12 of this Composite Document and the letter from the Independent Financial Adviser on pages 13 to 27 of this Composite Document in relation to their respective recommendations and advice with respect to the Offer.

Your attention is also drawn to the additional information set out in the Appendices to this Composite Document.

Yours faithfully,
For and on behalf of
Anglo Chinese Corporate Finance, Limited
Stuart Wong
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:

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

11 May 2015

To the Offer Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
ANGLO CHINESE CORPORATE FINANCE, LIMITED
ON BEHALF OF
GALAXYWAY INVESTMENTS LIMITED
TO ACQUIRE ALL THE SHARES IN THE ISSUED CAPITAL OF
ITC CORPORATION LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
GALAXYWAY INVESTMENTS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

A. INTRODUCTION

Reference is made to the Joint Announcement. On 23 April 2015, Dr. Chan, an executive Director and the chairman of the Board, acquired a total of 229,962,089 Shares for an aggregate consideration of HK\$167,872,325. The Share Acquisition was made off market through a securities broker with several sellers by way of bought and sold notes. The sellers are all independent third parties of the Offeror and its Concert Parties. As a result of the Share Acquisition, the number of Shares held by Dr. Chan, directly and indirectly, increased from 547,348,410 Shares to 777,310,499 Shares, representing a change from approximately 38.2% to approximately 54.2% of the total issued share capital of the Company as at the Latest Practicable Date. Dr. Chan remains as the controlling shareholder (as defined in the Listing Rules) of the Company.

On 24 April 2015, the Offeror and the Company jointly announced that Anglo Chinese would, on behalf of the Offeror, make the Offer to acquire all the Offer Shares.

The Independent Board Committee, which comprise all the non-executive Directors, namely Mr. Chuck, Winston Calptor, Mr. Lee Kit Wah and Hon. Shek Lai Him, Abraham, *GBS, JP*^{Note 1}, has been established by the Board to make a recommendation to the Offer Shareholders as to whether the Offer is, or is not, fair and reasonable and as to the acceptance of the Offer. The Independent Board Committee has approved and appointed the Independent Financial Adviser to advise the Independent Board Committee as to whether the Offer is, or is not, fair and reasonable and as to the acceptance of the Offer.

Note 1: Hon. Shek Lai Him, Abraham, *GBS, JP* is also the vice chairman and independent non-executive director of ITC Properties Group Limited, a company of which the Company is indirectly interested in approximately 32.6% of its entire issued share capital as at the Latest Practicable Date.

* For identification purpose only

LETTER FROM THE BOARD

The purpose of this Composite Document of which this letter forms part is to provide you with, among other matters, the terms of the Offer, information relating to the Group and the Offeror as well as to set out (i) the letter from the Independent Board Committee containing its recommendations to the Offer Shareholders in respect of the Offer; and (ii) the letter from Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer.

B. THE OFFER

As mentioned in the “Letter from Anglo Chinese” in this Composite Document, Anglo Chinese is, on behalf of the Offeror, making the Offer on the following basis:

For each Offer Share HK\$0.73 in cash

The Offer is extended to all Offer Shareholders in accordance with the Takeovers Code. The Offer Shares to be sold under the Offer shall be fully paid and free from all liens, claims, charges, options, equities encumbrances and all other third party rights of any nature and together with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and distributions declared, made or paid, if any, on or after the date of this Composite Document.

C. TOTAL CONSIDERATION FOR THE OFFER

Your attention is drawn to the sub-section headed “(b) Total consideration for the Offer” under the section headed “B. The Offer” in the “Letter from Anglo Chinese” in this Composite Document which sets out the total consideration for the Offer.

D. INFORMATION ON THE COMPANY

The Company is a company incorporated in Bermuda with limited liability, whose Shares are listed and traded on the Main Board of the Stock Exchange (stock code: 372).

The Company is an investment holding company which directly and indirectly holds strategic investments in a number of listed companies. The principal activities of the Group comprise investment holding, the provision of finance, property investment and treasury investment.

E. SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately prior to the Share Acquisition; and (ii) as at the Latest Practicable Date:

	Immediately prior to the Share Acquisition		As at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Dr. Chan (other than his shareholdings through the Offeror)	308,839,174	21.6	538,801,263	37.6
the Offeror	<u>238,509,236</u>	<u>16.6</u>	<u>238,509,236</u>	<u>16.6</u>
Sub-total of the Offeror and its Concert Parties	547,348,410	38.2	777,310,499	54.2
Public Shareholders	<u>886,422,664</u>	<u>61.8</u>	<u>656,460,575</u>	<u>45.8</u>
	<u><u>1,433,771,074</u></u>	<u><u>100.0</u></u>	<u><u>1,433,771,074</u></u>	<u><u>100.0</u></u>

LETTER FROM THE BOARD

F. INFORMATION ON AND INTENTION OF THE OFFEROR

Your attention is drawn to the sections headed “D. Information on the Offeror” and “E. Reasons for the Offer and intention of the Offeror in relation to the Group” in the “Letter from Anglo Chinese” in this Composite Document. The Board is aware of the Offeror’s intention in relation to the Group and its employees as mentioned therein, and is willing to render co-operation with the Offeror and will continue to act in the best interests of the Group and the Shareholders as a whole.

G. PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

As stated in the section headed “F. Public float and maintaining the listing status of the Company” in the “Letter from Anglo Chinese” in this Composite Document, the Offeror intends the Company to remain listed on the Stock Exchange. If the Offeror acquires the requisite percentage of the Offer Shares to enable it to compulsorily acquire all the Shares, the Offeror does not intend to exercise its right of compulsory acquisition of the remaining Shares.

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:

- 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,

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

In the event that the Offeror does not effect the compulsory acquisition of the remaining Shares, the Offeror intends the Company to remain listed on the Stock Exchange and the sole director of the Offeror will undertake to the Stock Exchange (and will procure any new directors to be appointed to the Board, if any, to undertake to the Stock Exchange) that they will take appropriate steps to ensure that sufficient public float exists in the Shares.

In this connection, it should be noted that upon the close of the Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a sufficient level of public float is attained.

H. RECOMMENDATIONS

Your attention is drawn to (i) the “Letter from the Independent Board Committee” on page 12 of this Composite Document, which sets out its recommendations to the Offer Shareholders in relation to the Offer; and (ii) the “Letter from the Independent Financial Adviser” on pages 13 to 27 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 in arriving at its advice.

You are also advised to read the “Letter from Anglo Chinese” on pages 4 to 8 of this Composite Document, the Appendices to this Composite Document and the accompanying Form of Acceptance in respect of the terms and acceptance and settlement procedures of the Offer.

The Offer Shareholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Offer.

Yours faithfully,
For and on behalf of
ITC Corporation Limited
Ms. Chau Mei Wah, Rosanna
*Deputy Chairman
and Managing Director*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



ITC CORPORATION LIMITED

德祥企業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 372)

11 May 2015

To the Offer Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
ANGLO CHINESE CORPORATE FINANCE, LIMITED
ON BEHALF OF
GALAXYWAY INVESTMENTS LIMITED
TO ACQUIRE ALL THE SHARES IN THE ISSUED CAPITAL OF
ITC CORPORATION LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
GALAXYWAY INVESTMENTS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

We refer to the Composite Document dated 11 May 2015 jointly issued by the Company and the Offeror, of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in this Composite Document.

We have been appointed to constitute the Independent Board Committee to consider the terms of the Offer and to advise you (i.e. the Offer Shareholders) as to whether or not 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 to advise us in respect of whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. Details of the Independent Financial Adviser's advice, together with the principal factors and reasons it has considered before arriving at such advice, are set out in the "Letter from the Independent Financial Adviser" on pages 13 to 27 of this Composite Document.

We also wish to draw your attention to the "Letter from the Board" on pages 9 to 11 of this Composite Document, the "Letter from Anglo Chinese" on pages 4 to 8 of this Composite Document and the additional information set out in the Appendices to this Composite Document.

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

The Offer Shareholders are recommended to read the full text of the "Letter from the Independent Financial Adviser" on pages 13 to 27 of this Composite Document. Notwithstanding our recommendation, the Offer Shareholders are strongly advised that the decision to realise or to hold your investment in the Offer Shares is subject to individual circumstances and investment objectives and you should consider carefully the terms of the Offer.

Yours faithfully,
For and on behalf of the 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*

* For identification purpose only

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the letter of advice received from Somerley, 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

11 May 2015

To: the Independent Board Committee

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER BY
ANGLO CHINESE CORPORATE FINANCE, LIMITED
ON BEHALF OF GALAXYWAY INVESTMENTS LIMITED
TO ACQUIRE ALL THE SHARES IN THE ISSUED CAPITAL OF
ITC CORPORATION LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
GALAXYWAY INVESTMENTS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee in connection with the mandatory unconditional cash offer by Anglo Chinese on behalf of the Offeror for all the Shares in the issued capital of the Company (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it). Details of the Offer are set out in the Composite Document dated 11 May 2015, 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.

Dr. Chan has acquired a total of 229,962,089 Shares through a securities broker for an aggregate consideration of approximately HK\$167,872,325 (equivalent to HK\$0.73 per Share (the “**Transfer Price**”)). As a result of the Share Acquisition, the number of Shares held by Dr. Chan, directly and indirectly, has increased from 547,348,410 Shares to 777,310,499 Shares, representing a change from approximately 38.2% to approximately 54.2% of the total issued share capital of the Company as at the Latest Practicable Date. Dr. Chan will remain as the controlling shareholder (as defined in the Listing Rules) of the Company. As a result of the Share Acquisition, Dr. Chan is required to make a mandatory unconditional cash offer pursuant to Rule 26.1 of the Takeovers Code for all the issued Shares not already owned or agreed to be acquired by him and parties acting in concert with him. Save for 1,433,771,074 Shares in issue, the Company did not have any other outstanding securities including options, warrants or derivatives or convertible rights affecting the Shares as at the Latest Practicable Date.

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 advise the Offer Shareholders as to whether the Offer is, or is not, fair and reasonable; and as to acceptance of the Offer. The Independent Board Committee has approved our appointment as the Independent Financial Adviser to advise it in this regard.

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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 2014 (the “**2015 Interim Report**”), its annual report for the year ended 31 March 2014 (the “**2014 Annual Report**”), its circular dated 10 November 2014 (the “**Disposal Circular**”) regarding the disposal (the “**Disposal**”) of 29.76% interest in Rosedale Hotel Holdings Limited (“**Rosedale**”) and its announcement dated 7 January 2015 regarding the acquisition of 1.57% interest in ITC Properties, 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.

We have not considered the tax and regulatory implications on the Offer Shareholders, of acceptance or non-acceptance of the Offer since these depend on their individual circumstances. In particular, the Offer 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

Anglo Chinese, on behalf of the Offeror, is making the Offer in compliance with the Takeovers Code on the following terms:

The Offer

For each Offer Share HK\$0.73 in cash

The Offer Price of HK\$0.73 per Offer Share is equal to the Transfer Price. The Shares to be sold under the Offer shall be fully paid and free from all liens, charges, options, equities encumbrances and all other third party rights of any nature and together with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and distributions declared, made or paid, if any, on or after the date of the Composite Document.

Acceptance of the Offer tendered by the Offer Shareholders shall be irrevocable and not capable of being withdrawn, except 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 Anglo Chinese”, “Letter from the Board”, Appendix I to the Composite Document and the Form of Acceptance. Offer 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

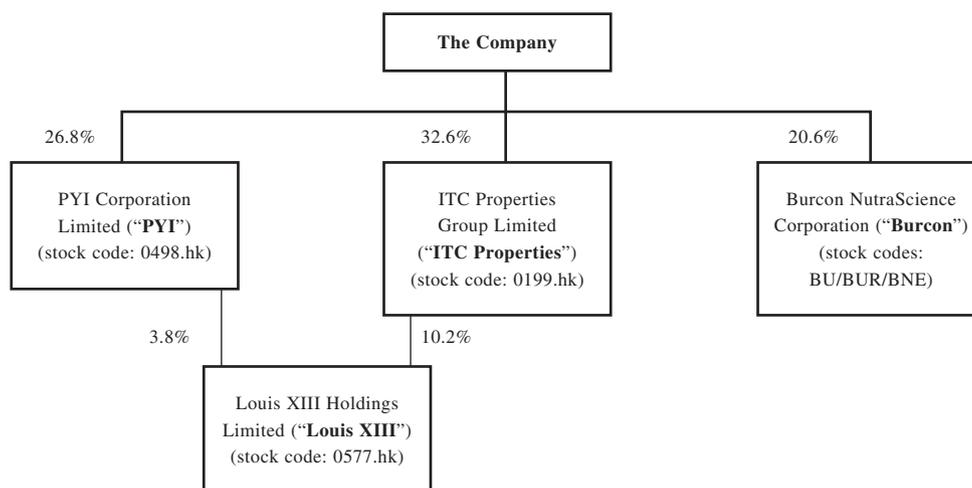
In formulating our opinion and recommendation with regard to the Offer, we have taken into account the following principal factors and reasons:

1. Background to the Offer

On 24 April 2015, the Company announced that it was informed by its controlling shareholder, Dr. Chan, an executive Director and the chairman of the Board, that on 23 April 2015, he has acquired a total of 229,962,089 Shares through a securities broker with several sellers by way of bought and sold notes for an aggregate consideration of approximately HK\$167,872,325. As stated in the “Letter from Anglo Chinese” in the Composite Document, the sellers are all independent third parties of the Offeror and its Concert Parties. As a result of the Share Acquisition, the number of Shares held by Dr. Chan, directly and indirectly, has increased from 547,348,410 Shares to 777,310,499 Shares, representing a change from approximately 38.2% to approximately 54.2% of the total issued share capital of the Company as at the Latest Practicable Date. Dr. Chan remains as the controlling shareholder (as defined in the Listing Rules) of the Company. Accordingly, Dr. Chan is required to make a mandatory unconditional cash offer pursuant to Rule 26.1 of the Takeovers Code for all the issued Shares not already owned or agreed to be acquired by him and parties acting in concert with him. Save for 1,433,771,074 Shares in issue, the Company did not have any other outstanding securities including options, warrants or derivatives or convertible rights affecting the Shares as at the Latest Practicable Date.

2. Information on the Group

The Company is an investment holding company which directly and indirectly holds strategic investments in a number of listed companies. The principal activities of the Group comprise investment holding, the provision of finance, property investment and treasury investment. As at the Latest Practicable Date, the corporate chart of the Company and its listed associates is set out below:



ITC Properties, a company listed on the main board of the Stock Exchange, is principally engaged in property development and investment in the Macau Special Administrative Region (“Macau”), the People’s Republic of China (the “PRC”) and Hong Kong. ITC Properties is also engaged in the development, investments and operations of hotels and resorts, securities investments and the provision of loan financing services.

PYI, a company listed on the main board of the Stock Exchange, focuses on ports and infrastructure development and investment, and the operation of ports and logistics facilities, in the Yangtze River region of the PRC. It also engages in land and property development and investment in association with ports and infrastructure development. In addition, PYI provides comprehensive engineering and property related services through Paul Y. Engineering Group Limited.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Burcon is a leader in developing functionally and nutritionally valuable plant-based proteins. Its shares are listed on the Toronto Stock Exchange, the NASDAQ Global Market and the Frankfurt Stock Exchange. 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.

Louis XIII, a company listed on the main board of the Stock Exchange, is developing a parcel of land situated on the Cotai Strip, Macau on which an exclusively luxury hotel and entertainment destination is being built. Through its 51% owned subsidiary, Paul Y. Engineering Group Limited, it is also engaged in international engineering services in Hong Kong, PRC, Macau and Singapore.

3. Financial information and prospects of the Group

(a) Financial performance of the Group

The following is a summary of the Group's financial performance for the six months ended 30 September 2013 and 2014, and the two years ended 31 March 2013 and 2014, as extracted from the 2015 Interim Report and the 2014 Annual Report. Further details of the results and other financial information of the Group are set out in Appendix II to the Composite Document.

	For the six months ended		For the year ended	
	30 September		31 March	
	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Share of results of associates:				
ITC Properties	196	42	134	234
PYI	19	18	23	70
Rosedale	–	(48)	254	(43)
Burcon	(13)	–	–	(4)
	<u>202</u>	<u>12</u>	<u>411</u>	<u>257</u>
Net gain/(loss) from changes in interests in associates	8	(90)	(127)	(3)
Impairment loss on interest in Rosedale	–	–	(126)	–
Net loss from other investments and operations	(17)	(20)	(48)	(40)
	<u>(17)</u>	<u>(20)</u>	<u>(48)</u>	<u>(40)</u>
Profit/(loss) attributable to the Shareholders	<u>193</u>	<u>(98)</u>	<u>110</u>	<u>214</u>
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Basic earnings/(loss) per Share	<u>15.20</u>	<u>(9.40)</u>	<u>9.49</u>	<u>27.12</u>
Dividend per Share	<u>1.0⁽¹⁾</u>	<u>1.0</u>	<u>4.0⁽¹⁾⁽²⁾</u>	<u>4.0⁽²⁾</u>

Notes:

(1) The figures exclude special dividend of HK\$0.03 for each of the year ended 31 March 2014 and the 6 months ended 30 September 2014, as the declarations of such special dividend are considered to be non-recurring events.

(2) The figures include both interim and final dividends for the respective financial year.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(i) Profit/(loss) attributable to the Shareholders

For the year ended 31 March 2014, the Group reported a profit of HK\$110 million attributable to Shareholders and basic earnings per Share of HK\$9.49 cents as compared with HK\$214 million and HK\$27.12 cents respectively for last year. The decrease is mainly attributable to (i) the net loss of HK\$127 million mainly due to the deemed disposal loss from the net decrease in the Group's interest in ITC Properties from 37.3% as at 31 March 2013 to 30.5% as at 31 March 2014, as discussed in the sub-section headed "(v) Net gain/(loss) on the net change in interests in associates" below; and (ii) the impairment loss on interest in Rosedale of HK\$126 million. The Company paid out ordinary dividend of HK\$0.04 for each of the years ended 31 March 2013 and 2014, representing a dividend yield of 5.5% based on the Offer Price.

For the six months ended 30 September 2014, the Group reported a profit of HK\$193 million attributable to Shareholders and basic earnings per Share of HK\$15.20 cents as compared with a loss of HK\$98 million and basic loss per Share of HK\$9.40 cents respectively for the corresponding period in 2013. The significant improvement in results was mainly attributed to the increase in contribution from ITC Properties, and the absence of the deemed disposal loss of HK\$116 million for the corresponding period in 2013 due to the net decrease in the Group's interest in ITC Properties from 37.3% as at 31 March 2013 to 32.8% as at 30 September 2013, as discussed in the sub-section headed "(v) Net gain/(loss) on the net change in interests in associates" below.

(ii) Share of results of ITC Properties

ITC Properties recorded a profit of HK\$387 million attributable to its shareholders for the year ended 31 March 2014 compared with HK\$580 million for last year mainly due to the absence of last year's (i) profit from discontinued operation of HK\$442 million resulted from disposal of its partial interest in Sanya golf and hotel project; (ii) revaluation gain from its investment properties; and (iii) share of profit from associates upon recognition of gain on disposal of a parcel of land; despite this year's recognition of gain on disposal of partial interest in Sanya golf and hotel project and remeasurement of fair value of its remaining interest of HK\$414 million; and gain on disposal of the investment property situated at Nathan Road, Kowloon, Hong Kong. As a result, the Group shared a profit of HK\$134 million from ITC Properties for the year ended 31 March 2014 as compared to a profit of HK\$234 million of last year.

ITC Properties recorded a profit of HK\$629 million attributable to its shareholders for the six months ended 30 September 2014. The increase in profit as compared with HK\$97 million for corresponding period in 2013 was mainly attributable to a considerable increase in share of profits to HK\$699 million from an associate, Empresa De Fomento Industrial E Commercial Concordia, S.A., in which ITC Properties has 35.5% effective interest, upon gradual handover of the physical units for the residential project in Cotai South, Macau, named "One Oasis" to the end buyers. As a result, the Group shared a profit of HK\$196 million from ITC Properties for the interim period.

(iii) Share of results of PYI

PYI recorded a profit of HK\$86 million for the year ended 31 March 2014 compared with HK\$262 million for last year mainly due to the absence of last year's non-recurring substantial gain on deemed disposal of Louis XIII of HK\$170 million. As a result, the profit contributed by PYI decreased from HK\$70 million last year to HK\$23 million for the year ended 31 March 2014.

PYI recorded a profit attributable to shareholders of HK\$71 million for the six months ended 30 September 2014 as compared with HK\$69 million for the corresponding period in 2013. As a result, the profit contributed by PYI increased to HK\$19 million for the six months ended 30 September 2014.

(iv) Share of results of Rosedale

Rosedale recorded a profit of HK\$382 million attributable to its shareholders for the year ended 31 December 2013 as compared to a loss of HK\$143 million for the year ended 31 December 2012. The improvement in result was mainly attributable to the gain before tax and minority interest of HK\$782 million on deemed disposal of partial interests and fair value gain on the remaining interest in Rosedale Hotel Beijing Co., Ltd. ("**Rosedale Beijing**") such that Rosedale's effective interest in Rosedale Beijing reduced from 88.7% to 17.7% accordingly.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In addition to the aforesaid profit, the Group also shared a gain on Rosedale's disposal of 60% interest and the fair value gain on the remaining interest in Rosedale Hotel Kowloon at Tai Kok Tsui, Kowloon, Hong Kong which was completed in March 2014. Accordingly, the Group shared a profit of HK\$254 million for the year ended 31 March 2014 as compared to a loss of HK\$43 million of last year.

(v) *Net gain/(loss) on the net change in interests in associates*

In April 2013, the Group and Ms. Ng Yuen Lan, Macy (spouse of Dr. Chan) converted the convertible notes of ITC Properties (the "ITCP Notes") in the principal amounts of HK\$54.4 million and HK\$297 million at the conversion price of HK\$2.102 per share, respectively. In order to benefit from the continual return from ITC Properties, the Group invested HK\$41.8 million in acquiring approximately 12.7 million shares of ITC Properties in the open market and HK\$55.1 million in acquiring the ITCP Notes in an aggregate principal amount of HK\$43.85 million in April 2013. Such HK\$43.85 million ITCP Notes was also converted by the Group into the shares of ITC Properties at the conversion price of HK\$2.102 per share in August 2013. Coupling with others' conversions of their ITCP Notes and exercises of share options and the issuance of scrip dividend shares by ITC Properties, the Group's interest in ITC Properties decreased from 37.3% as at 31 March 2013 to 32.8% as at 30 September 2013 and 30.6% as at 31 March 2014. As a result, the Group recorded a net loss on the above net change in interest in ITC Properties of approximately HK\$90 million for the six months ended 30 September 2013 and approximately HK\$127 million for the year ended 31 March 2014.

(vi) *Impairment loss on interest in Rosedale*

For the year ended 31 March 2014, the Group recorded an impairment loss on interest in Rosedale of HK\$126 million due to the Group's proposed disposal of Rosedale. In April 2014, the Group entered into a sale and purchase agreement with a subsidiary of Hanny Holdings Limited whereby the Group conditionally agreed to sell its subsidiaries, which owned approximately 195.7 million Rosedale shares, at an aggregate consideration of HK\$575 million. As part and parcel of the Disposal, the Group should place and/or donate 47.2 million Rosedale shares to independent third party(ies) and/or charitable organisation(s) before the completion of the Disposal. Taking into account the estimated proceeds from placement of the 47.2 million Rosedale shares, the proceeds from the Disposal, net of transaction costs, special dividend of HK\$0.1 per Rosedale share declared by the board of directors of Rosedale, and the Group's interests in Rosedale in applying equity method based on the published financial information of Rosedale for the year ended 31 December 2013 adjusted for the effect of the significant transaction that occurred between 1 January 2014 and 31 March 2014, the carrying amount of the Group's interest in Rosedale has been written down to its value in use of HK\$602,924,000, and an impairment loss amount to HK\$126,131,000 has been included in profit or loss for the year ended 31 March 2014. Pursuant to the terms of the Disposal, the Group placed out 47.2 million Rosedale shares at a consideration of HK\$26.9 million before completion of the Disposal which was taken place on 22 December 2014.

(b) *Financial position of the Group*

The following is a summary of the Group's financial positions as at 30 September 2014, 31 March 2014 and 31 March 2013, as extracted from the 2015 Interim Report and the 2014 Annual Report. Further details of the consolidated financial position and other financial information of the Group are set out in Appendix II to the Composite Document.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 30 September 2014 <i>HK\$'million</i> (Unaudited)	As at 31 March 2014 <i>HK\$'million</i> (Audited)	As at 31 March 2013 <i>HK\$'million</i> (Audited)
Non-current assets	3,180	3,072	2,888
Current assets	82	43	125
Total assets	3,262	3,115	3,013
Current liabilities	244	109	158
Non-current liability	1	1	1
Total liabilities	245	110	159
Equity attributable to the Shareholders ("NAV")	3,017	3,005	2,854
NAV per Share⁽¹⁾	HK\$2.375	HK\$2.366	HK\$3.077
NAV (net of dividends proposed)	2,962	2,929	2,827
NAV (net of dividends proposed) per Share⁽¹⁾	HK\$2.332	HK\$2.306	HK\$3.047

Note:

(1) The NAV per Share is calculated based on the Shares in issue as at the respective period/year end.

(i) *Non-current assets*

The Group's non-current assets mainly comprised the interests in associates of HK\$2,785 million, HK\$3,045 million and HK\$3,152 million as at 31 March 2013 and 2014 and 30 September 2014 respectively. The increase in the Group's share of results of associates during the review period have been discussed in the section headed "3. Financial information and prospects of the Group – (a) Financial performance of the Group" above.

(ii) *Current assets*

During the year ended 31 March 2014, the Group invested an aggregate of HK\$97 million in acquiring the ITC Notes in the principal amount of HK\$43.85 million and 12.7 million shares of ITC Properties. As a result, the Group's current assets were reduced to HK\$43 million as at 31 March 2014 as compared with HK\$125 million as at 31 March 2013.

As at 30 September 2014, current assets increased to HK\$82 million as the Group's short-term bank deposits, bank balances and cash increased from HK\$32 million as at 31 March 2014 to HK\$78 million as at 30 September 2014, mainly attributable to the deposit of HK\$100 million received for the Disposal, offset by (i) the net cash used in operating activities of HK\$24 million; and (ii) the repayment of margin account payable of HK\$19 million.

(iii) *Current liabilities*

During the year ended 31 March 2014, the holders of the convertible notes of the Company (the "Convertible Notes") converted all of the outstanding Convertible Notes in the principal amount of HK\$99 million into approximately 330 million Shares at the conversion price of HK\$0.30 per Share, therefore the Group's current liabilities were reduced to HK\$109 million as at 31 March 2014 as compared with HK\$158 million as at 31 March 2013.

As at 30 September 2014, current liabilities increased to HK\$244 million which included the deposit of HK\$100 million for the Disposal and the Company's dividend payable of HK\$76 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(iv) NAV

The Group's NAV has been increased over the review period from HK\$2,854 million as at 31 March 2013 to HK\$3,005 million and HK\$3,017 million as at 31 March 2014 and 30 September 2014 respectively. Such increases were mostly in line with the increase in the Group's interests in associates as discussed above.

(c) Prospects of the Group

Based on the Disposal Circular, approximately 78% of the Group's total assets is attributable to its interests in associates as at 31 March 2014, of which over 99% of the Group's interests in associates is derived from PYI and ITC Properties as at 31 March 2014. PYI's and ITC Properties' assets mainly comprise of properties located in the PRC, Hong Kong and Macau.

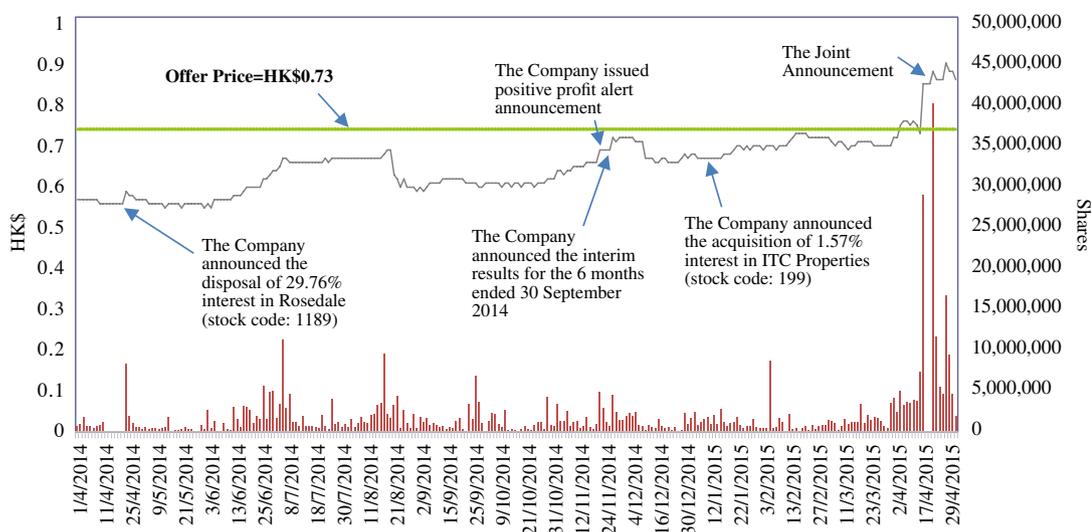
According to National Bureau of Statistics of the PRC, the growth in investment in fixed assets in the PRC has shown a decreasing trend since 2011 from a growth rate of around 25.1% in 2011 to 14.8% in 2014. The investment in real estate also showed a slowdown from a growth of 27.9% in 2011 to 10.5% in 2014 due to the decrease in the property sales. The residential property sales recorded a compound annual growth rate of 8.9% during 2011 to 2014 with the negative year-on-year growth in 2014 of 6.3%. According to the Hong Kong Property Review issued by the Rating and Valuation Department, the total sale and purchase of residential property transactions dropped significantly in 2013 to 50,676 as compared to 84,462 in 2011 after the Government rolled out further demand-side management measures in late February 2013 and rebounded to 63,807 in 2014, driven by the developers by offering incentives and rebates to prospective buyers. According to the Mission of the Statistics and Census Service of the Government of Macao Special Administrative Region, the total number of sale and purchase of property transactions dropped gradually from 20,647 in 2011 to 9,568 in 2014, representing a negative compound annual growth rate of 22.6%, due to substantial increase in property prices.

Despite the pickup of the Hong Kong property transaction volume in 2014 and the substantial increase in property prices in Macau in the past years, the outlook of the Group seems to be moderate due to the slowdown in investment in the PRC, in particular the real estate sector as a result of the poor property sales in 2014 and the significant drop in the number of property transactions in Macau.

4. 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 during the period from 1 April 2014 to the Latest Practicable Date (the "Review Period"):



Source: Website of the Stock Exchange

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The Shares closed below the Offer Price most of the time during the Review Period.

As shown above, the Shares closed between HK\$0.50 and HK\$0.70 commencing from the beginning of the Review Period until 10 April 2015, shortly before the Joint Announcement. The Company announced the disposal of 29.76% interest in Rosedale in April 2014, which was completed in December 2014. Following the publication of the Company's interim results for the six months ended 30 September 2014, the Share price edged higher and closed near HK\$0.70 level.

Immediately before the Joint Announcement, the closing Share price slightly increased to above the Offer Price and reached its 12-month high of HK\$0.84 on 22 April 2015. Trading in the Shares was suspended at 2:34 p.m. on 22 April 2015 at the request of the Company. The average closing Share price for 180 trading days up to and including the Last Trading Day was HK\$0.66 (the "**180-day Average Closing Price**").

The Shares resumed trading on 27 April 2015 and closed at HK\$0.87. As at the Latest Practicable Date, the price of the Shares closed at HK\$0.85 per Share.

(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 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 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>
2014			
April	19,230,085	1.5%	2.9%
May	7,095,591	0.6%	1.1%
June	35,399,339	2.8%	5.4%
July	44,453,171	3.5%	6.8%
August	43,871,192	3.5%	6.7%
September	30,046,262	2.4%	4.6%
October	19,715,582	1.4%	3.0%
November	30,639,598	2.2%	4.7%
December	19,987,264	1.5%	3.0%
2015			
January	26,520,829	1.8%	4.0%
February	19,346,501	1.3%	2.9%
March	25,599,235	1.8%	3.9%
April	129,639,530	9.0%	19.7%
From 1 May 2015 to the Latest Practicable Date	33,426,279	2.3%	5.1%

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 issued share capital of the Company 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*

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Based on the above table, the liquidity of the Shares, in our view, was generally thin during the Review Period. The increase in the trading volume after the Joint Announcement is in our view related to the Offer, and may not continue 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 Offer 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\$0.73 is equal to the Transfer Price, 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\$0.72	1.4%
(ii) Average closing price of the Shares for the 5 consecutive trading days up to and including the Last Trading Day	HK\$0.74	(1.4)%
(iii) Average closing price of the Shares for the 10 consecutive trading days up to and including the Last Trading Day	HK\$0.73	0%
(iv) Average closing price of the Shares for the 30 consecutive trading days up to and including the Last Trading Day	HK\$0.71	2.8%
(v) Closing price of the Shares on the Latest Practicable Date	HK\$0.85	(14.1)%
(vi) The Company's unaudited consolidated NAV attributable to the Shareholders (net of dividend payable) as at 30 September 2014 (based on the number of Shares in issue as at the Latest Practicable Date)	HK\$2.07	(64.7)%

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 64.7% to the Company's unaudited consolidated NAV attributable to the Shareholders per Share as at 30 September 2014 and a discount of 14.1% to the Share closing price as at the Latest Practicable Date, the Offer Price represented a premium of approximately 10.6% over the 180-day Average Closing Price, which we consider reasonable to the Offer Shareholders, considering the Group's layered investment holding restricts the attractiveness of the Shares due to lack of direct control over the assets and operations of its associates.

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

Because of the high proportion of the Group's assets which are listed, we have performed a calculation of the valuation of the Group based on the sum of (i) the market value of the shares in its listed associates; and (ii) book value of other assets/liabilities of the Group (excluding all of the Group's interests in the above listed associates) as at 31 March 2014. 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 2014 except for, amongst others, the disposal of 29.76% interest in Rosedale. The Group's financial position as stated in the 2015 Interim Report has not yet reflected such disposal as the completion took place in December 2014 and therefore the unaudited proforma consolidated statement of financial position of the Group immediately after such completion as set out in the Disposal Circular is used in our analysis.

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(HK\$ million)	As at the Latest Practicable Date ⁽¹⁾
Market value of the shares of the associates	
– PYI	274.0
– ITC Properties	1,080.3
– Burcon	136.3
Book value of other assets and liabilities of the Group (excluding all of the Group's interests in the above listed associates) ⁽²⁾	559.8
Market Price-related Value (as defined below)	2,050.4
Per Share (HK\$)	1.43

- (1) *Market values based on the respective average closing prices as quoted on the relevant stock exchanges for the 30 consecutive trading days up to and including the Latest Practicable Date multiplied by the number of shares of each of the associates held by the Group as at the Latest Practicable Date, except for Burcon which 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 Group as at the Latest Practicable Date, due to time zone difference.*
- (2) *Book value of the Group's interests in associates as at 31 March 2014 (as referenced from the unaudited proforma consolidated statement of financial position of the Group as set out in the Disposal Circular).*

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 31 March 2014, the aggregate market value (the “**Market Price-related Value**”) of the Group as at the Latest Practicable Date was HK\$2,050.4 million, equivalent to HK\$1.43 per Share. The Offer Price represents a 49% discount to the Market Price-related Value. The Market Price-related Value provides the Offer Shareholders with a useful cross-check to the realizable value of the Company while the Market Price-related Value assumes such factors or values of the listed associates will be broadly reflected in the market price of the relevant shares.

6. Peer comparison

The combination of businesses/assets of the Group and the way they are held involving listed associates 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 Company can be classified as an asset-back business with a focus on property as over half of its assets (other than cash) are properties on a see-through basis having taken into account the assets mix of its listed associates. In such circumstances and in order to assess the Offer Price, we have identified the companies listed on the Stock Exchange (the “**Comparable Entities**”) which are principally engaged in property development and property investments in the PRC and Hong Kong with net asset values between HK\$1,000 million and HK\$5,000 million (as compared to the Group's HK\$3,017 million as at 30 September 2014) 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 is, in our view, the appropriate benchmark for valuing companies engaged in property investment and development whose values lie in the value of their underlying assets rather than their profits which may be affected by the timing of the launch of development projects. Therefore, in assessing the fairness of the Offer Price, it is appropriate to compare the ratio of the Offer Price to the underlying net asset value of the Shares against the price-to-book ratio of other relevant property companies. The Comparable Entities are set out in the table below:

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Name of entities	Principal business	Market capitalisation as at the Latest Practicable Date (A) (HK\$ million)	NAV attributable to shareholders as at the latest year/period end ⁽¹⁾ (B) (HK\$ million)	Price to book multiple ("P/B") ⁽²⁾ (A/B) (times)
Wing Lee Property Investments Ltd (stock code: 864)	Business of property investment, principally, the leasing of completed commercial and residential properties in Hong Kong	501.4	1,000.1	0.50
Rykadan Capital Ltd (stock code: 2288)	Property development and manufacturing of interior decorative materials	641.2	1,080.9	0.59
Termbray Industries International Holdings Ltd (stock code: 93)	Property investment and development	1,435.0	1,261.7	1.14
Landsea Green Properties Co Ltd (stock code: 106)	Property investment, property development and trading, securities investment and trading	2,253.8	1,669.6 ⁽³⁾	1.35
Lifestyle Properties Development Ltd (stock code: 2183)	Property development and property investment	912.4	1,692.6	0.54
Easyknit International Holdings Ltd (stock code: 1218)	Property investments, property development, investment in securities, loan financing and garment sourcing and exporting	358.2	2,830.8	0.13
Chinney Investments Ltd (stock code: 216)	Property development and investment, manufacturing and trading of garments	816.8	3,733.3	0.22
Lippo China Resources Ltd (stock code: 156)	Investment holding, property investment, property development, food business, property management, mineral exploration, securities investment, treasury investment, money lending, banking and other related financial services	2,956.7	4,075.5	0.73
Pioneer Global Group Ltd (stock code: 224)	Property investment and hotel operation, and other investments	1,482.6	4,276.6	0.35

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Name of entities	Principal business	Market capitalisation as at the Latest Practicable Date	NAV attributable to shareholders as at the latest year/period end ⁽¹⁾	Price to book multiple (“P/B”) ⁽²⁾
		(A) (HK\$ million)	(B) (HK\$ million)	(A/B) (times)
Multifield International Holdings Ltd (stock code: 898)	Property investment, provision of service apartment and property management services, trading of securities and investment holding	1,696.5	4,813.9	0.35
Cheuk Nang Holdings Ltd (stock code: 131)	Property development and investment and the provision of property management and related services	3,197.1	4,897.2	0.65
			Mean	0.59
			Maximum	1.35
			Minimum	0.13
The Offer		1,046.7⁽⁴⁾	3,017.1⁽¹⁾	0.35
		1,046.7⁽⁴⁾	2,050.4⁽⁵⁾	0.51

Source: Bloomberg and website of the Stock Exchange

Notes:

- (1) The NAV attributable to the respective shareholders of the Company and the Comparable Entities is extracted from their latest published financial statements.
- (2) The average closing prices 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 NAV attributable to the shareholders of Landsea Green Properties Co Ltd as at 31 December 2014 was approximately RMB1,335,685,000. The amount is converted into HK\$ by using the exchange rate 1 RMB = HK\$1.25.
- (4) The market capitalisation of the Company is calculated based on the Offer Price of HK\$0.73 per Share.
- (5) It refers to the Market Price-related Value as set out in the section headed “5. 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 ranged from approximately 0.13 times to 1.35 times, with the mean of 0.59 times. The P/Bs, as calculated based on the Offer Price divided by the Company’s NAV and the Market Price-related Value, of approximately 0.35 and 0.51, respectively, are both within the range of the Comparable Entities. On the basis that the Group’s layered investment holding restricts the attractiveness of the Shares due to lack of direct control over the assets and operations of its associates, we consider the Offer Price reasonable as compared to the Comparable Entities.

7. Information on the Offeror

The Offeror was incorporated in the British Virgin Islands with limited liability and is indirectly wholly-owned by Dr. Chan. The principal activity of the Offeror is investment holding and the principal asset held by the Offeror is its equity interests in the Company. Dr. Chan is the chairman of the Board and an executive Director.

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8. Intention of the Offeror regarding the Group

Operational matters, employees and senior management

The Offeror intends that the Group will continue to operate its existing business which is investment holding, the provision of finance, property investment and treasury investment. The Offeror is confident about the prospects of the Group and believes that there will be continued growth and development of the Group. The Offeror has no plan to (i) terminate the employment of any employees or other personnel of the Group; or (ii) introduce any major changes to the existing business including any redeployment of the fixed assets of the Company, in both cases, other than those in its ordinary and usual course of business.

Maintenance of the listing status of the Company

If the Offeror acquires the requisite percentage of the Offer Shares to enable it to compulsorily acquire all the Shares, the Offeror does not intend to exercise its right of compulsory acquisition of the remaining Shares.

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, 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,

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

In the event that the Offeror does not effect the compulsory acquisition of the remaining Shares, the Offeror intends the Company to remain listed on the Stock Exchange and the sole director of the Offeror will undertake to the Stock Exchange (and will procure any new directors to be appointed to the Board, if any, to undertake to the Stock Exchange) that they will take appropriate steps to ensure that sufficient public float exists in the Shares.

In this connection, it should be noted that upon the close of the Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a sufficient level of public float is attained.

DISCUSSION AND ANALYSIS

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

The Offer gives the Offer Shareholders the chance to exit at a fixed cash price of HK\$0.73 per Share as it represents:

- a premium of approximately 10.6% over the 180-day Average Closing Price; and
- discounts to NAV as at 30 September 2014 and to the Market Price-related Value of approximately 64.7% and approximately 49.0% respectively, within the range of the Comparable Entities we have identified.

Although the Share price has increased since the Joint Announcement, the Shares closed lower than the Offer Price in 253 out of 260 trading days before the Joint Announcement under the Review Period. The closing prices of the Shares were seen generally higher than the Offer Price in 8 trading days before the Joint Announcement. Share prices are determined in the marketplace depending on various factors but the fundamentals of the Company, such as profits or losses, ability to pay dividends and net asset values, in our view, will set the Share price in the long run. Given the Shares have been traded consistently about 70% to 80% below its NAV which may be due to the lack of direct control over its listed associates (account for 78% of its total assets as at 31 March 2014 based on the Disposal Circular), the Market Price-related Value, which is, in our view, useful to assess the value of the Shares, has been arrived at based on the market value of the shares of the listed associated associates held by the Group and the book value of other assets and liabilities not held by its listed associates as at 31 March 2014. The Offer Price represents about 49% discount to the Market Price-related Value, close to the mean of those Comparable Entities. The 180-day Average Closing Price, in our view,

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reflects the fundamental valuation of the Company. The Offer Price represents a premium of approximately 10.6% over the 180-day Average Closing Price.

(ii) An investment without attracting much investors' interests

The Group's majority assets are held through separately listed companies, which decreases the level of control and its accessibility. These factors may restrict investors' interest and contribute to the about 68% discount to NAV (based on the 180-day Average Closing Price and the NAV per Share (net of dividend payable) as at 30 September 2014) at which the Shares have traded with the low liquidity. The liquidity of the Shares was generally thin before the Joint 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 Joint Announcement is, in our view, related to 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 Offer Shareholders to dispose of their holding in the Shares at a fixed cash price without disturbing the market price.

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

Based on the Disposal Circular, over 99% of the Group's interests in associates, which in turn account for 78% of the Group's total assets as at 31 March 2014, is derived from PYI and ITC Properties as at 31 March 2014. PYI's and ITC Properties' assets mainly comprise of properties located in the PRC, Hong Kong and Macau. Despite the pickup of the Hong Kong property transaction volume in 2014 and the substantial increase in property prices in Macau in the past years, the outlook of the Group seems to be moderate due to the slowdown in investment in the PRC, in particular the real estate sector as a result of the poor property sales in 2014 and the significant drop in the number of property transactions in Macau.

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 Offer Shareholders are concerned and recommend the Independent Board Committee to advise, and we ourselves advise, the Offer Shareholders to accept the Offer. However, as the market price of the Shares has exceeded the Offer Price since the Joint Announcement, closing at HK\$0.85 as at the Latest Practicable Date, it is advisable for the Offer Shareholders to consider selling their Shares in the open market if the market price of the Shares exceeds the Offer Price during the period when the Offer are open and the sales proceeds, net of transaction costs, from disposal of the Shares exceed the amount receivable under the Offer. The Offer Shareholders should also monitor the overall trading volume of the Shares, as they may or may not be able to dispose of their Shares in the market at prices higher than the Offer Price.

However, the Offer 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 Shares.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED

Kenneth Chow
Managing Director

Jenny Leung
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.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms and conditions 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 Shares is/are in your name, and you wish to accept the Offer, 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 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, in any event not 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 and 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 any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked "ITC Corporation Limited Offer" the duly completed and signed Form of Acceptance 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) to the Registrar; or
 - ii. arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked "ITC Corporation Limited Offer" the duly completed and signed Form of Acceptance 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) to the Registrar; 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 to accept the Offer on your behalf on or before the deadline set by HKSCC. In order to meet the deadline set by HKSCC, 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 stock account maintained with CCASS, authorise your instruction via the CCASS phone system or CCASS internet system no later than the deadline set by HKSCC.
- (c) 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 in an envelope marked "ITC Corporation Limited Offer" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an authority to the Offeror and/or Anglo Chinese or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the Form of Acceptance.

- (d) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares is/are not readily available or is/are lost, as the case may be, 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 in an envelope marked "ITC Corporation Limited Offer" 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 in respect of your Shares or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they 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, you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (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 and announce with the consent of the Executive and in accordance with the Takeovers Code), and the Registrar has recorded that the Form of Acceptance and all relevant documents required under paragraph (f) below have been so received.
- (f) Acceptance of the Offer may not be counted as valid unless the Form of Acceptance is duly completed and signed 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) 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 documents in order to establish your right to become the registered holder of the relevant Shares; or
 - ii. inserted in the Form of Acceptance, the total number of Shares equal to that represented by the shares certificate(s) tendered for acceptance under the Offer. If no number is inserted or the number inserted is greater than that represented by the shares certificate(s) tendered for acceptance under the Offer, the Form of Acceptance will be returned to you for correction and resubmission. Any corrected Form of Acceptance must be resubmitted and received by the Registrar on or before the latest time of acceptance of the Offer; or
 - iii. from an Offer Shareholder or his/her 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 (f)); or
 - iv. certified by the Registrar or the Stock Exchange.
- If the Form of Acceptance is executed by a person other than the registered Offer Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.
- (g) 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.
- (h) Subject to the terms of the Takeovers Code, acceptance(s) of the Offer may, at the discretion of the Offeror, be treated as valid even if not entirely in order or not accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of the relevant Share(s) (and/or any satisfactory indemnity or indemnities required in respect thereof), but, in such cases, the consideration payable will not be despatched until 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) has/have been received by the Registrar.

2. SETTLEMENT

- (a) If you accept the Offer, settlement of the consideration, less seller's ad valorem stamp duty, will be made by cheque as soon as possible, but in any event within 7 Business Days following the date of receipt of a duly completed and valid Form of Acceptance and all relevant documents evidencing title to the Offer Shares accepted under the Offer. Such cheque will be despatched to you by ordinary post to the address specified on the relevant Form of Acceptance at your own risk.
- (b) No fractions of a cent will be payable and the amount of cash consideration payable to an Offer Shareholder who accepts the Offer will be rounded up to the nearest cent.

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) The Offer is made on 11 May 2015, namely the date of despatch of this Composite Document, and is capable of acceptance on and from such date.
- (b) Unless the Offer has previously been revised or extended with the consent of the Executive and in accordance with the Takeovers Code, to be valid, the Form of Acceptance must be received by the Registrar by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the Form of Acceptance and the Offer will close on the Closing Date.
- (c) If the Offer is extended or revised, an announcement of such extension or revision will state the next Closing Date, or a statement that the Offer will remain open until further notice. If, in the course of the Offer, the Offeror revises the terms of the Offer, all Offer Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the revised offer document(s) is/are posted.
- (d) If the Closing Date is extended, any references in this Composite Document and 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.

4. ANNOUNCEMENT

- (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 on the Stock Exchange's website by 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 total number of Shares:

- i. for which acceptances of the Offer have been received;
- ii. held, controlled or directed by the Offeror or its Concert Parties before the Offer Period; and
- iii. acquired or agreed to be acquired by the Offeror and its Concert Parties during the Offer Period.

The announcement will also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any of its Concert Parties has borrowed or lent, save for any borrowed securities which have been either on-lent or sold.

The announcement will also specify the percentages of the issued share capital of the Company, and the percentages of voting rights, represented by these numbers.

In computing the total number of Shares represented by acceptances, only valid acceptances that are complete, in good order and fulfil the acceptance conditions set out in this Appendix I, 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.

- (b) As required under the Takeovers Code, all announcements in relation to the Offer which the Executive and the Stock Exchange have confirmed that they have no further comments thereon will be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

5. NOMINEE REGISTRATION

To ensure equality of treatment to all Offer Shareholders, those Offer Shareholders who hold Shares as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. In order for the beneficial owners of Shares, whose investments are registered in the names of nominees, to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their nominees.

6. RIGHT OF WITHDRAWAL

Acceptance of the Offer tendered by the Offer Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in this paragraph.

If the Offeror is unable to comply with any of the requirements of making announcements relating to the Offer as described under the paragraph headed "4. Announcement" above, the Executive may require that the accepting Offer Shareholders be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements are met.

In such case, if the Offer Shareholders withdraw their acceptances, 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 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 relevant Forms of Acceptance to the respective Offer Shareholders.

7. GENERAL

- (a) All communications, notices, the 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 be delivered by or sent to or from the Offer Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. Such communications, notices, documents and remittances will be sent to the Offer Shareholders at their addresses specified on the relevant Form of Acceptance. None of the Offeror, Anglo Chinese, the Company, the Registrar, or any of their respective directors or agents, or any other persons involved in the Offer, accepts any liability for any loss or delay in transmission or 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 and conditions of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or 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) Due execution of the Form of Acceptance will constitute an irrevocable authority to any director of the Offeror and/or the Anglo Chinese (or such person or persons as the Offeror and/or the Anglo Chinese may direct) to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror (or such person or persons as it may direct) the Shares in respect of which such person or persons has/have accepted the Offer.
- (e) Acceptance of the Offer by the Offer Shareholders will be deemed to constitute a warranty by such persons to the Offeror that their Shares sold to the Offeror under the Offer are free from all liens, claims, charges, equities and encumbrances and all other third party rights of any nature and together with all rights and benefits at any time accruing and attached to them, including the right to receive in full all dividends (whether final or interim) and other distributions, if any, declared, made or paid on or after the date of this Composite Document.
- (f) References to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (g) The Seller's ad valorem stamp duty for the Shares arising in connection with the acceptance of the Offer will be payable by the Offer Shareholders at the rate of HK\$1.00 for every HK\$1,000 or part thereof of the consideration payable by the Offeror for each of their Shares or the market value of such Shares, whichever is the higher, and will be deducted from the cash amount payable to each of them 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 Offer Shareholders in respect of the Shares accepted under the Offer.

- (h) Any Offer Shareholder accepting the Offer will be responsible for payment of any other transfer or cancellation or other taxes or duties payable in respect of the relevant jurisdiction due by him/her/it.
- (i) Settlement of the consideration to which any Offer 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 Offer Shareholder.
- (j) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares it has indicated in the Form of Acceptance is the aggregate number of Shares for which such nominee has received authorisation from the beneficial owner(s) to accept the Offer on his/her/its behalf.
- (k) The English text of this Composite Document and of the Form of Acceptance shall prevail over the Chinese text for the purpose of interpretation.
- (l) In making their decision, the Offer Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, the Company, Anglo Chinese, or their respective professional advisers. The Offer Shareholders should consult their own professional advisers for professional advice.
- (m) This Composite Document has 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.
- (n) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.

I. FINANCIAL SUMMARY

Set out below is a summary of the financial information of the Group for the three financial years ended 31 March 2012, 2013 and 2014 and the six months ended 30 September 2014, 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 2012, 2013 and 2014 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 2014. The annual report in respect of the Group's audited consolidated financial statements for the three financial years ended 31 March 2012, 2013 and 2014 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 2012, 2013 and 2014 and the six months ended 30 September 2014.

	For the six months ended 30 September 2014	Year ended 31 March		
	<i>HK\$'000</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Turnover	2,551	7,121	17,798	19,548
Profit before taxation	193,028	109,710	214,136	434,334
Taxation	–	(122)	(8)	–
Profit attributable to owners of the Company	193,028	109,588	214,128	434,334
Total comprehensive income attributable to owners of the Company	87,568	98,691	231,373	424,755
Dividend attributable to owners of the Company	54,683	88,916	45,404	31,281
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Dividend per share				
– interim	1	1	1	1
– final	N/A	3	3	3
– special	3	3	–	–
	4	7	4	4
Earning per share				
– basic	15.20	9.49	27.12	55.90
– diluted	N/A	8.98	13.47	35.37

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 2014 as set forth in the annual report of the Company for the year ended 31 March 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March, 2014

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue	5	<u>7,121</u>	<u>17,798</u>
Management and other related service income		4,217	3,828
Interest income		1,527	12,567
Property rental income		1,063	1,089
Other income		1,098	975
Gain on conversion options embedded in convertible notes		–	9,702
Gain on change in fair value of investment property		975	66
Administrative expenses		(50,071)	(53,960)
Finance costs	7	(7,280)	(14,382)
Net loss on net decrease in interests in associates	8	(153,204)	(35,330)
Share of results of associates			
– share of results		411,089	257,178
– gain on acquisitions of additional interests in associates	16	<u>26,427</u>	<u>32,403</u>
Profit before taxation and impairment loss on interest in an associate		235,841	214,136
Impairment loss on interest in an associate	16	<u>(126,131)</u>	<u>–</u>
Profit before taxation	9	109,710	214,136
Taxation	10	<u>(122)</u>	<u>(8)</u>
Profit for the year		<u>109,588</u>	<u>214,128</u>
Other comprehensive (expenses) income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(2,199)	(395)
Share of other comprehensive (expenses) income of associates		(6,380)	17,965
Reclassification adjustment on reserves released on net decrease in interests in associates		(2,528)	(416)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Gain on revaluation of land and buildings		240	104
Deferred tax arising on revaluation of land and buildings		<u>(30)</u>	<u>(13)</u>
Other comprehensive (expenses) income for the year		<u>(10,897)</u>	<u>17,245</u>
Total comprehensive income for the year		<u>98,691</u>	<u>231,373</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	12		
Basic		<u>9.49</u>	<u>27.12</u>
Diluted		<u>8.98</u>	<u>13.47</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st March, 2014

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	<i>13</i>	4,650	7,637
Investment property	<i>14</i>	21,150	21,966
Intangible assets	<i>15</i>	1,641	1,825
Interests in associates	<i>16</i>	3,045,256	2,785,380
Debt portion of convertible notes	<i>17</i>	–	52,741
Conversion options embedded in convertible notes	<i>17</i>	–	18,634
		<u>3,072,697</u>	<u>2,888,183</u>
Current assets			
Inventories		–	29
Debtors, deposits and prepayments	<i>18</i>	9,355	3,641
Note receivable from an associate	<i>19(a)</i>	–	50,000
Amounts due from associates	<i>19(b)</i>	1,857	4,244
Loans receivable	<i>20</i>	–	28,000
Short-term bank deposits, bank balances and cash	<i>21</i>	31,726	39,635
		<u>42,938</u>	<u>125,549</u>
Current liabilities			
Creditors and accrued expenses	<i>22</i>	27,018	9,898
Margin account payable	<i>23(a)</i>	19,596	–
Bank overdrafts	<i>23(b)</i>	62,653	52,555
Convertible notes payable	<i>24</i>	–	95,852
		<u>109,267</u>	<u>158,305</u>
Net current liabilities		<u>(66,329)</u>	<u>(32,756)</u>
Total assets less current liabilities		<u>3,006,368</u>	<u>2,855,427</u>
Non-current liability			
Deferred tax liabilities	<i>25</i>	1,187	1,035
Net assets		<u><u>3,005,181</u></u>	<u><u>2,854,392</u></u>
Capital and reserves			
Share capital	<i>26</i>	12,702	9,276
Share premium and reserves		2,992,479	2,845,116
Total equity		<u><u>3,005,181</u></u>	<u><u>2,854,392</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2014

	Attributable to owners of the Company											Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000 (Note a)	Reserve on acquisition HK\$'000 (Note b)	Capital redemption reserve HK\$'000	Other reserve HK\$'000 (Note c)	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Convertible notes reserve HK\$'000	Accumulated profits HK\$'000	
At 1st April, 2012	7,770	577,765	196,676	(24,890)	908	11,559	2,346	(779)	167,246	17,255	1,657,404	2,613,260
Profit for the year	-	-	-	-	-	-	-	-	-	-	214,128	214,128
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	(395)	-	-	(395)
Share of other comprehensive income of associates	-	-	-	-	-	-	-	17,796	169	-	-	17,965
Reserves released on net decrease in interests in associates	-	-	-	120	-	(83)	-	(25)	(428)	-	-	(416)
Gain on revaluation of land and buildings	-	-	-	-	-	-	104	-	-	-	-	104
Deferred tax arising on revaluation of land and buildings	-	-	-	-	-	-	(13)	-	-	-	-	(13)
Total comprehensive income (expenses) for the year	-	-	-	120	-	(83)	91	17,771	(654)	-	214,128	231,373
Issue of shares												
- conversion of convertible notes	1,467	46,278	-	-	-	-	-	-	-	(5,309)	-	42,436
- scrip dividend	39	1,717	-	-	-	-	-	-	-	-	-	1,756
Transaction costs on issue of shares	-	(55)	-	-	-	-	-	-	-	-	-	(55)
Dividend paid (note 11)	-	(1,756)	-	-	-	-	-	-	-	-	(29,631)	(31,387)
Decrease in associates' equity attributable to the Group's interests arising on equity transaction of the associates	-	-	-	(317)	-	(1,861)	-	-	-	-	(813)	(2,991)
At 31st March, 2013	9,276	623,949	196,676	(25,087)	908	9,615	2,437	16,992	166,592	11,946	1,841,088	2,854,392

	Attributable to owners of the Company											Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000 (Note a)	Reserve on acquisition HK\$'000 (Note b)	Capital redemption reserve HK\$'000	Other reserve HK\$'000 (Note c)	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Convertible notes reserve HK\$'000	Accumulated profits HK\$'000	
At 1st April, 2013	9,276	623,949	196,676	(25,087)	908	9,615	2,437	16,992	166,592	11,946	1,841,088	2,854,392
Profit for the year	-	-	-	-	-	-	-	-	-	-	109,588	109,588
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	(2,199)	-	-	(2,199)
Share of other comprehensive income (expenses) of associates	-	-	-	-	-	-	-	23,957	(30,337)	-	-	(6,380)
Reserves released on net decrease in interest in an associate	-	-	-	91	-	-	-	(2,082)	(537)	-	-	(2,528)
Gain on revaluation of land and buildings	-	-	-	-	-	-	240	-	-	-	-	240
Deferred tax arising on revaluation of land and buildings	-	-	-	-	-	-	(30)	-	-	-	-	(30)
Total comprehensive income (expenses) for the year	-	-	-	91	-	-	210	21,875	(33,073)	-	109,588	98,691
Issue of shares												
- conversion of convertible notes	3,300	106,262	-	-	-	-	-	-	-	(11,946)	-	97,616
- scrip dividend	126	6,272	-	-	-	-	-	-	-	-	-	6,398
Transaction costs on issue of shares	-	(26)	-	-	-	-	-	-	-	-	-	(26)
Dividend paid (note 11)	-	(6,398)	-	-	-	-	-	-	-	-	(43,832)	(50,230)
Decrease in associates' equity attributable to the Group's interests arising on equity transactions of the associates	-	-	-	-	-	(1,264)	-	-	-	-	(396)	(1,660)
At 31st March, 2014	12,702	730,059	196,676	(24,996)	908	8,351	2,647	38,867	133,519	-	1,906,448	3,005,181

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, 2014 is the Group's share of reserves of its associates, representing (i) 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\$21,865,000 (2013: HK\$20,331,000); and (ii) share of the deficit of a reserve arising from increases in interests in subsidiaries that is already controlled by an associate of HK\$13,514,000 (2013: HK\$10,716,000).

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 increase 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, 2014*

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
OPERATING ACTIVITIES		
Profit before taxation	109,710	214,136
Adjustments for:		
Amortisation of intangible assets	184	161
Depreciation of property, plant and equipment	1,903	5,098
Gain on disposal of property, plant and equipment	(659)	(519)
Interest income	(1,527)	(12,567)
Interest expenses	7,280	14,382
Gain on:		
– change in fair value of investment property	(975)	(66)
– conversion options embedded in convertible notes	–	(9,702)
Net loss on net decrease in interests in associates	153,204	35,330
Share of results of associates	(437,516)	(289,581)
Impairment loss on interest in an associate	126,131	–
	<hr/>	<hr/>
Operating cash flows before movements in working capital	(42,265)	(43,328)
Decrease in inventories	29	3
Increase in debtors, deposits and prepayments	(7,158)	(589)
Decrease in amounts due from associates	2,387	968
Decrease (increase) in loans receivable	28,000	(18,000)
Increase (decrease) in creditors and accrued expenses	19,255	(732)
	<hr/>	<hr/>
Cash from (used in) operations	248	(61,678)
Dividends received from associates	56,591	41,149
Interest received	2,727	7,483
	<hr/>	<hr/>
NET CASH FROM (USED IN) OPERATING ACTIVITIES	59,566	(13,046)
	<hr/>	<hr/>
INVESTING ACTIVITIES		
Acquisition of convertible notes	(55,152)	(11,085)
Acquisition of additional interests in associates	(41,862)	(11,611)
Additions to property, plant and equipment	(412)	(1,097)
Transaction costs on conversion of associate's convertible notes	(300)	–
Repayment of note receivable from an associate	50,000	50,000
Proceeds from disposal of property, plant and equipment	2,125	529
Additions to intangible assets	–	(337)
	<hr/>	<hr/>
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(45,601)	26,399
	<hr/>	<hr/>

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
FINANCING ACTIVITIES		
Dividends paid	(43,832)	(29,631)
Interest paid	(7,017)	(8,317)
Repayment of margin account payable	(937)	–
Transaction costs on issue of shares	(26)	(55)
Increase in margin account payable	20,000	–
NET CASH USED IN FINANCING ACTIVITIES	<u>(31,812)</u>	<u>(38,003)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(17,847)	(24,650)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	(12,920)	11,684
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>(160)</u>	<u>46</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u><u>(30,927)</u></u>	<u><u>(12,920)</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Short-term bank deposits, bank balances and cash	31,726	39,635
Bank overdrafts	<u>(62,653)</u>	<u>(52,555)</u>
	<u><u>(30,927)</u></u>	<u><u>(12,920)</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the year ended 31st March, 2014***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 address of the principal place of business of the Company is 30/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars (“HKD”), 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 38 and 16, 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 or revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are relevant for the preparation of the Group’s consolidated financial statements:

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these consolidated financial statements as it deals only with separate financial statements. The directors of the Company made an assessment as at the date of initial application of these new and revised standards (i.e. 1st April, 2013) and concluded that the application of these new and revised standards has had no impact to the Group.

HKFRS 13 “Fair Value Measurement”

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for “fair value” and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

The directors of the Company considered that the application of HKFRS 13 has had no material effect on the amounts recognised in these consolidated financial statements.

Amendments to HKAS 1 “Presentation of Items of Other Comprehensive Income”

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Except as described above, the application of the other new or revised 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:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle ²
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁵
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁵
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ²
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ¹
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets ¹
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting ¹
HKFRS 9	Financial Instruments ³
HK(IFRIC) – Int 21	Levies ¹

¹ Effective for annual periods beginning on or after 1st January, 2014, with earlier application permitted

² Effective for annual periods beginning on or after 1st July, 2014. Early application is permitted

³ Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

⁴ Effective for annual periods beginning on or after 1st July, 2014, with limited exceptions

⁵ Effective for annual periods beginning on or after 1st January, 2016

Amendments to HKAS 36 “Recoverable Amount Disclosures for Non-Financial Assets”

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (“CGU”) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The directors of the Company do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the consolidated financial statements of the Group.

HKFRS 9 “Financial Instruments”

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held-for-trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 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 fair value through profit or loss was presented in profit or loss.

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 of the Company anticipate that the adoption of HKFRS 9 in the future may have an impact on the amounts reported in respect of the Group’s financial assets. 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.

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.

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 HKAS 39, 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 increase arising on revaluation of land and buildings is 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 difference between the carrying amount and the fair value of that item at the date of transfer is 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 term.

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 term 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 "Impairment of Assets" 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 HKAS 39. 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

The Group's financial assets are classified into financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset 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 financial asset, 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 other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at FVTPL

Financial assets at FVTPL have two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes interest but excludes dividend earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including note receivable from an associate, debtors, amounts due from associates, loans receivable, debt portion of convertible notes, cash held by securities brokers, short-term bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Convertible notes held by the Group are separately presented as a debt portion and conversion option embedded in convertible notes. On initial recognition, the debt portion represents the residual between the fair value of the convertible notes and the fair value of the embedded conversion option. The debt portion is classified as loans and receivables and is subsequently measured at amortised cost using the effective interest method.

Impairment of financial assets

Financial assets, other than those at FVTPL, 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 loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- 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 assets, 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 and 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, note receivable from an associate, amounts due from associates and loans 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 aforesaid 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 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.

Convertible notes payable

Convertible notes payable issued by the Company that contain both the liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible notes payable and the fair value assigned to the liability component, representing the conversion option for the holder to convert the notes into equity, is included in equity (convertible notes reserve).

In subsequent periods, the liability component of the convertible notes payable is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible notes reserve until the embedded option is exercised (in which case the balance stated in convertible notes reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible notes reserve will be released to accumulated profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible notes payable are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible notes payable using the effective interest method.

Other financial liabilities

Other financial liabilities (including creditors, margin account payable and bank overdrafts) are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

Derivatives that do not qualify for hedge accounting are deemed as financial assets held for trading. Such derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are separated from the relevant host contracts and deemed as held for trading when they meet the definition of a derivative, their characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

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.

On derecognition of a financial asset in its entirety, 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 is recognised in profit or loss.

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.

Inventories

Inventories represent finished goods which are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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 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 right 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.

Rental income under operating leases is recognised on a straight-line basis over the terms of the relevant lease.

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 expenses 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 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 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 (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, 2014, 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 amount of approximately HK\$1,974 million (2013: HK\$1,967 million). Management has assessed the recoverable amounts of the Group's interest in associates. This assessment involves significant assumptions about fair value of 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 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 as set out above.

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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Management and other related service income	4,217	3,828
Interest income from investments	1,527	12,567
Property rental income	1,063	1,089
Others	314	314
	<u>7,121</u>	<u>17,798</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 – investment in investments such as convertible notes issued by the associates
- Other investment – investment in available-for-sale investments 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, 2014

	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	760	701	5,660	7,121	–	7,121
Inter-segment sales	3,717	–	–	3,717	(3,717)	–
Total	<u>4,477</u>	<u>701</u>	<u>5,660</u>	<u>10,838</u>	<u>(3,717)</u>	<u>7,121</u>
RESULT						
Segment result	<u>2,424</u>	<u>582</u>	<u>1,639</u>	<u>4,645</u>	<u>–</u>	4,645
Central administration costs						(45,836)
Finance costs						(7,280)
Net loss on net decrease in interest in an associate						(153,204)
Share of results of associates						411,089
– share of results						26,427
– gain on acquisitions of additional interests in an associate						<u>26,427</u>
Profit before taxation and impairment loss on interest in an associate						235,841
Impairment loss on interest in an associate						<u>(126,131)</u>
Profit before taxation						<u>109,710</u>

For the year ended 31st March, 2013

	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	5,386	7,155	5,257	17,798	–	17,798
Inter-segment sales	1,794	–	–	1,794	(1,794)	–
Total	<u>7,180</u>	<u>7,155</u>	<u>5,257</u>	<u>19,592</u>	<u>(1,794)</u>	<u>17,798</u>
RESULT						
Segment result	<u>7,088</u>	<u>16,645</u>	<u>87</u>	<u>23,820</u>	<u>–</u>	23,820
Central administration costs						(49,553)
Finance costs						(14,382)
Net loss on net decrease in interests in associates						(35,330)
Share of results of associates						257,178
– share of results						32,403
– gain on acquisitions of additional interests in associates						<u>32,403</u>
Profit before taxation						<u>214,136</u>

Inter-segment sales are charged at prevailing market rate 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, 2013 and 2014, there was no activity in other investment segment.

Segment assets and liabilities

As at 31st March, 2014

	Finance HK\$'000	Long-term investment HK\$'000	Other investment HK\$'000	Others HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Total HK\$'000
SEGMENT ASSETS							
Segment assets	-	-	14	22,060	22,074	-	22,074
Interests in associates	-	-	-	-	-	3,045,256	3,045,256
Unallocated corporate assets	-	-	-	-	-	48,305	48,305
Total assets	-	-	14	22,060	22,074	3,093,561	3,115,635

As at 31st March, 2013

	Finance HK\$'000	Long-term investment HK\$'000	Other investment HK\$'000	Others HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Total HK\$'000
SEGMENT ASSETS							
Segment assets	80,479	73,042	16	23,036	176,573	-	176,573
Interests in associates	-	-	-	-	-	2,785,380	2,785,380
Unallocated corporate assets	-	-	-	-	-	51,779	51,779
Total assets	80,479	73,042	16	23,036	176,573	2,837,159	3,013,732

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, property, plant and equipment, 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 Company 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, 2014**

	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 measure of segment result:					
Interest income	760	701	–	66	1,527
Gain on change in fair value of investment property	–	–	–	975	975
	<u>760</u>	<u>701</u>	<u>–</u>	<u>975</u>	<u>1,527</u>

For the year ended 31st March, 2013

	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 measure of segment result:					
Interest income	5,386	7,155	–	26	12,567
Gain on:					
– conversion options embedded in convertible notes	–	9,702	–	–	9,702
– change in fair value of investment property	–	–	–	66	66
	<u>5,386</u>	<u>7,155</u>	<u>–</u>	<u>66</u>	<u>12,567</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	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Hong Kong	1,828	12,874	3,043,055	2,786,226
Canada	5,293	4,924	29,642	30,582
	<u>7,121</u>	<u>17,798</u>	<u>3,072,697</u>	<u>2,816,808</u>

Non-current assets excluded debt portion of convertible notes and conversion options embedded in convertible notes.

Information about major customers

There was no single customer who accounted for over 10% of the Group's total revenue for the year ended 31st March, 2014. During the year ended 31st March, 2013, the Group recognised interest income from the convertible notes issued by an associate which contributed over 10% of the total revenue of the Group amounted to HK\$7,155,000. The interest income is included in the long-term investment segment.

Major revenue by services and investments

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

6. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

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

(a) Directors' emoluments

	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>
2014					
Chan Kwok Keung, Charles	10	3,840	384	10,000	14,234
Chau Mei Wah, Rosanna	10	3,840	384	4,000	8,234
Chan Kwok Chuen, Augustine	10	2,040	102	1,200	3,352
Chan Fut Yan	10	600	60	–	670
Chan Yiu Lun, Alan	10	1,560	15	3,000	4,585
Chuck, Winston Calptor	200	–	–	–	200
Lee Kit Wah	200	–	–	–	200
Shek Lai Him, Abraham	200	–	–	–	200
Total	<u>650</u>	<u>11,880</u>	<u>945</u>	<u>18,200</u>	<u>31,675</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>
2013					
Chan Kwok Keung, Charles	10	3,600	360	4,000	7,970
Chau Mei Wah, Rosanna	10	3,600	360	3,000	6,970
Chan Kwok Chuen, Augustine	10	1,932	64	2,500	4,506
Chan Fut Yan	10	600	60	–	670
Chan Yiu Lun, Alan	10	1,440	15	2,000	3,465
Chuck, Winston Calptor	200	–	–	–	200
Lee Kit Wah	200	–	–	–	200
Shek Lai Him, Abraham	200	–	–	–	200
Total	<u>650</u>	<u>11,172</u>	<u>859</u>	<u>11,500</u>	<u>24,181</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.

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, four (2013: four) were directors and the chief executive of the Company whose emoluments were included in note (a) above. The emoluments of the remaining one (2013: one) individual was as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Salaries and other benefits	2,033	1,536
Discretionary bonus	750	384
Retirement benefit scheme contributions	15	15
	<u>2,798</u>	<u>1,935</u>

The emoluments of the above individual were within the band of HK\$2,500,001 to HK\$3,000,000 (2013: HK\$1,500,001 to HK\$2,000,000).

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. FINANCE COSTS

	2014 HK\$'000	2013 HK\$'000
Interest on:		
Bank borrowings wholly repayable within five years	2,012	401
Convertible notes payable wholly repayable within five years	3,405	13,981
Margin account payable	1,863	–
	<u>7,280</u>	<u>14,382</u>

8. NET LOSS ON NET DECREASE IN INTERESTS IN ASSOCIATES

	2014 HK\$'000	2013 HK\$'000
The net loss comprises of the following:		
Loss on deemed disposals of partial interests in associates (<i>Note (a)</i>)	66,787	35,330
Net loss on acquisitions and deemed disposals of interest in an associate resulted on the conversion of convertible notes by the Group and outside parties concurrently (<i>Note (b)</i>)	86,417	–
	<u>153,204</u>	<u>35,330</u>

Notes:

(a) Loss on deemed disposals of partial interests in associates:

Such loss for the year ended 31st March, 2014 was mainly resulted from the deemed disposals of partial interest in an associate which was resulted from the dilution effect of exercise of share options and conversion of convertible notes issued by the associate by parties other than the Group and Ms. Ng Yuen Lan, Macy ("Ms. Ng"), spouse of Dr. Chan Kwok Keung, Charles, the Chairman and an Executive Director of the Company, and the issuance of scrip dividends by that associate.

Such loss for the year ended 31st March, 2013 was mainly resulted from the deemed disposal of partial interests in associates which arose from the dilution effect of conversion of convertible notes issued by an associate by parties other than the Group and the distribution of scrip dividend by an associate to its shareholders while the Group selected cash dividend and exercise of share options by outside parties during the year.

- (b) Net loss on acquisitions and deemed disposals of interest in an associate resulted on the conversion of convertible notes by the Group and outside parties concurrently:
- (i) On 11th April, 2013, the Group and Ms. Ng converted ITCP Notes (as defined in note 17) with principal amounts of approximately HK\$54.4 million and HK\$297 million, respectively, into approximately 25.9 million and 141.3 million shares of ITC Properties Group Limited (“ITC Properties”, an associate of the Group) at the conversion price of HK\$2.102 per share (the “April Conversion”). The Group’s interest in ITC Properties decreased by 6.39% from 37.37% to 30.98% as a result of the April Conversion by both the Group and Ms. Ng concurrently. A net loss of HK\$112,511,000 was recognised in the profit or loss, which was determined as the aggregate of the net reduction in the share of net assets of ITC Properties and its subsidiaries (“ITC Properties Group”) at the date of the April Conversion and the carrying values of the debt portion of the ITCP Notes held by the Group and the related embedded conversion options at the date of the April Conversion.
- (ii) On 22nd August, 2013, the Group further converted the entire ITCP Notes held with principal amount of HK\$43.85 million into approximately 20.9 million shares of ITC Properties. Certain holders of the ITCP Notes also converted the ITCP Notes on the same date concurrently with the Group. As a result, the interest in ITC Properties held by the Group increased from 31.99% to 33.75%. A net gain of HK\$26,094,000 was recognised in the profit or loss, which was determined as the difference of the net increase in the share of fair values of the identifiable assets and liabilities attributable to the Group’s interests in ITC Properties Group on 22nd August, 2013, and the carrying values of the debt portion of the ITCP Notes held by the Group and the related embedded conversion options at the date of the conversion.

9. PROFIT BEFORE TAXATION

	2014 HK\$'000	2013 HK\$'000
Profit before taxation has been arrived at after charging:		
Staff costs, including directors’ emoluments:		
Salaries and other benefits	30,799	28,644
Retirement benefit scheme contributions	1,296	1,352
	32,095	29,996
Auditor’s remuneration	1,605	1,589
Depreciation of property, plant and equipment	1,903	5,098
Amortisation of intangible assets	184	161
Minimum lease payments under operating leases in respect of rented premises	3,203	3,269
and after crediting:		
Net foreign exchange gain	16	11
Gain on disposal of property, plant and equipment	659	519
Rental income under operating leases in respect of rented premises, net of negligible outgoings	1,063	1,089
	<u>1,063</u>	<u>1,089</u>

10. 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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit before taxation	109,710	214,136
Tax at Hong Kong Profits Tax rate of 16.5%	18,102	35,332
Tax effect of expenses not deductible for tax purposes	49,880	9,922
Tax effect of income not taxable for tax purposes	(2,690)	(3,761)
Tax effect of tax losses not recognised	7,019	6,296
Tax effect of share of results of associates	(72,189)	(47,781)
Taxation for the year	122	8

11. DISTRIBUTIONS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Dividends recognised as distributions to owners of the Company during the year:		
– Final dividend for 2013 – HK3.0 cents (2013: HK3.0 cents for 2012) per share	37,528	23,511
– Interim dividend for 2014 – HK1.0 cent (2013: HK1.0 cent for 2013) per share	12,702	7,876
	<u>50,230</u>	<u>31,387</u>
Dividends proposed in respect of the current year:		
– Final dividend for 2014 – HK3.0 cents (2013: HK3.0 cents) per share	38,107	27,828
– Special dividend for 2014 – HK3.0 cents (2013: Nil) per share	38,107	–
	<u>76,214</u>	<u>27,828</u>

The directors of the Company have resolved to recommend the payment of a final dividend of HK3.0 cents per share (2013: HK3.0 cents) and a special dividend of HK3.0 cents per share (2013: Nil) for the year ended 31st March, 2014, which will be payable in cash, with an option to elect scrip dividend of shares, in respect of part or all of such dividends.

The aggregate amount of the final dividend for 2013 declared and approved during the current year amounted to HK\$37,528,000 representing cash dividend of HK\$31,130,000 and scrip dividend of HK\$6,398,000 (2013: cash dividend of HK\$21,755,000 and scrip dividend of HK\$1,756,000).

12. EARNINGS PER SHARE

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Earnings for the year attributable to the owners of the Company for the purpose of basic earnings per share	109,588	214,128
Effects of dilutive potential shares:		
Adjustment to the share of result of an associate based on dilution of its earnings per share	–	(51,773)
Adjustment of the interest income on the convertible notes issued by an associate	–	(7,155)
Adjustment of finance costs on convertible notes payable	3,405	13,981
Earnings for the purpose of diluted earnings per share	<u>112,993</u>	<u>169,181</u>
	Number of shares	
	2014	2013
Weighted average number of shares for the purpose of basic earnings per share	1,154,396,674	789,558,877
Effect of dilutive potential shares of convertible notes payable	<u>103,771,689</u>	<u>466,136,986</u>
Weighted average number of shares for the purpose of diluted earnings per share	<u>1,258,168,363</u>	<u>1,255,695,863</u>

The potential ordinary shares attributable to the convertible notes of an associate had anti-dilutive effect for the year ended 31st March, 2014 as the assumed conversion would result in an increase in earnings per share.

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings <i>HK\$'000</i>	Plant, machinery and office equipment <i>HK\$'000</i>	Yacht and motor vehicles <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST OR VALUATION					
At 1st April, 2012	3,374	4,023	36,103	2,945	46,445
Translation adjustments	(61)	(5)	(18)	(26)	(110)
Additions	–	179	913	5	1,097
Disposals	–	(397)	(4,396)	(21)	(4,814)
Revaluation increase	10	–	–	–	10
At 31st March, 2013	3,323	3,800	32,602	2,903	42,628
Translation adjustments	(270)	(20)	(85)	(112)	(487)
Additions	–	403	–	9	412
Disposals	–	(204)	(4,396)	(9)	(4,609)
Revaluation increase	147	–	–	–	147
At 31st March, 2014	3,200	3,979	28,121	2,791	38,091
Comprising:					
At cost	–	3,979	28,121	2,791	34,891
At valuation – 2014	3,200	–	–	–	3,200
	3,200	3,979	28,121	2,791	38,091
DEPRECIATION					
At 1st April, 2012	–	3,535	28,782	2,522	34,839
Translation adjustments	(1)	(4)	(18)	(25)	(48)
Provided for the year	95	298	4,444	261	5,098
Eliminated on disposals	–	(388)	(4,396)	(20)	(4,804)
Reversal on revaluation	(94)	–	–	–	(94)
At 31st March, 2013	–	3,441	28,812	2,738	34,991
Translation adjustments	(4)	(17)	(85)	(111)	(217)
Provided for the year	97	237	1,443	126	1,903
Eliminated on disposals	–	(203)	(2,931)	(9)	(3,143)
Reversal on revaluation	(93)	–	–	–	(93)
At 31st March, 2014	–	3,458	27,239	2,744	33,441
CARRYING VALUES					
At 31st March, 2014	3,200	521	882	47	4,650
At 31st March, 2013	3,323	359	3,790	165	7,637

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 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\$1,008,000 (2013: HK\$1,119,000).

14. INVESTMENT PROPERTY

	<i>HK\$'000</i>
FAIR VALUE	
At 1st April, 2012	22,303
Translation adjustments	(403)
Increase in fair value recognised in profit or loss, unrealised	66
	<hr/>
At 31st March, 2013	21,966
Translation adjustments	(1,791)
Increase in fair value recognised in profit or loss, unrealised	975
	<hr/>
At 31st March, 2014	<u>21,150</u>

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

The fair value measurement for the Group's 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, discounts of approximately 20% for difference in floor levels, 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 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 property in Canada and was held to earn rental and for capital appreciation purposes is measured using the fair value model and is classified and accounted for as investment property.

15. INTANGIBLE ASSETS

	<i>HK\$'000</i>
COST	
At 1st April, 2012	2,931
Additions	337
	<hr/>
At 31st March, 2013 and 2014	3,268
	<hr/>
AMORTISATION AND IMPAIRMENT	
At 1st April, 2012	(1,282)
Provided for the year	(161)
	<hr/>
At 31st March, 2013	(1,443)
Provided for the year	(184)
	<hr/>
At 31st March, 2014	(1,627)
	<hr/>
CARRYING VALUES	
At 31st March, 2014	1,641
	<hr/> <hr/>
At 31st March, 2013	1,825
	<hr/> <hr/>

Intangible assets represent club memberships in Hong Kong and the PRC. Other than club memberships of HK\$525,000 (2013: HK\$709,000), which were acquired with membership periods of 3 to 11 years, the remaining club memberships have indefinite life. The directors have reviewed the carrying amounts of the intangible assets and considered that, under the current market conditions, no impairment loss has been recognised in profit or loss for both years.

16. INTERESTS IN ASSOCIATES

(a) Investments in associates

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Share of consolidated net assets of associates:		
Listed in Hong Kong	3,038,786	2,778,910
Listed overseas	–	–
Goodwill	6,470	6,470
	<hr/>	<hr/>
	3,045,256	2,785,380
	<hr/> <hr/>	<hr/> <hr/>
Market value of listed securities:		
Hong Kong	1,066,034	813,146
Overseas	189,525	153,881
	<hr/>	<hr/>
	1,255,559	967,027
	<hr/> <hr/>	<hr/> <hr/>

(b) Particulars of the Group's associates at 31st March, 2014 and 2013

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
				2014 %	2013 %	
ITC Properties	Hong Kong	Bermuda	Hong Kong	30.65	37.37	Investment holding in companies engaged in property development and investment in Macau, the PRC and Hong Kong, development and investment of golf resort and leisure operations in the PRC, securities investment and the provision of loan financing services
PYI Corporation Limited ("PYI")	Hong Kong	Bermuda	Hong Kong	26.81	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
Rosedale Hotel Holdings Limited ("Rosedale")	Hong Kong	Bermuda	Hong Kong	29.76	29.76	Investment holding in companies engaged in hotel operation in the PRC and Hong Kong and trading of securities
Burcon NutraScience Corporation ("Burcon")	Canada, United States and Germany	Canada	Canada	20.88	20.88	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

	2014			2013		
	ITC Properties HK\$'000 (Note (i))	PYI HK\$'000 (Note (ii))	Rosedale HK\$'000 (Note (iii))	ITC Properties HK\$'000 (restated) (Note (i))	PYI HK\$'000 (Note (ii))	Rosedale HK\$'000 (Note (iii))
<i>Financial information of consolidated statement of profit or loss and other comprehensive income</i>						
Revenue	35,274	998,652	447,220	33,551	6,497,590	429,466
Profit (loss) for the year, attributable to the owners of the associates						
– from continuing operations	386,853	85,586	851,966	137,561	262,343	(143,188)
– from discontinued operation	–	–	–	442,040	–	–
Other comprehensive income (expenses) for the year, attributable to the owners of the associates	45,710	37,509	(101,397)	19,486	34,369	5,822
Total comprehensive income (expenses) for the year, attributable to the owners of the associates	<u>432,563</u>	<u>123,095</u>	<u>750,569</u>	<u>599,087</u>	<u>296,712</u>	<u>(137,366)</u>
Dividends declared by the associates during the year, attributable to the Group	<u>44,321</u>	<u>12,270</u>	<u>–</u>	<u>22,744</u>	<u>18,405</u>	<u>–</u>
<i>Financial information of consolidated statement of financial position</i>						
Property, plant and equipment	230,107	1,585,828	576,679	232,339	1,517,924	2,202,407
Investment properties	382,000	859,327	299,000	1,001,000	975,658	324,000
Project under development	–	256,064	–	–	637,648	–
Interests in associates and joint ventures	1,216,933	1,776,605	460,627	771,303	1,641,352	17,054
Other non-current assets	723,480	1,194,806	361,158	795,837	1,092,986	158,877
Stock of properties	1,157,755	1,723,474	–	1,156,705	1,130,558	–
Other current assets	1,688,944	1,701,078	1,703,802	1,652,862	2,629,202	427,804
Other current liabilities	(1,661,043)	(2,044,004)	(401,869)	(2,379,657)	(2,773,974)	(608,408)
Other non-current liabilities	(1,578)	(1,546,568)	(310,804)	(383,219)	(1,479,005)	(631,976)
Net assets of the associates	<u>3,736,598</u>	<u>5,506,610</u>	<u>2,688,593</u>	<u>2,847,170</u>	<u>5,372,349</u>	<u>1,889,758</u>

	2014			2013		
	ITC			ITC		
	Properties HK\$'000 (Note (i))	PYI HK\$'000 (Note (ii))	Rosedale HK\$'000 (Note (iii))	Properties HK\$'000 (restated) (Note (i))	PYI HK\$'000 (Note (ii))	Rosedale HK\$'000 (Note (iii))
<i>Reconciliation to the carrying amounts of interest in the associates:</i>						
Net assets of the associates	3,736,598	5,506,610	2,688,593	2,847,170	5,372,349	1,889,758
Less:						
Attributable to holders of						
– convertible notes/share options issued by the associates	(4,258)	–	–	(124,242)	–	–
– non-controlling interests	1,293	(583,936)	(242,439)	196	(531,174)	(184,771)
Net assets attributable to the owners of the associates	3,733,633	4,922,674	2,446,154	2,723,124	4,841,175	1,704,987
Net assets attributable to the Group's interest in the associates	1,139,539	1,296,323	729,055	997,076	1,274,477	507,357
Goodwill	–	1,177	–	–	1,177	–
Impairment loss on interest in an associate	–	–	(126,131)	–	–	–
Carrying amount of the Group's interest in the associates	1,139,539	1,297,500	602,924	997,076	1,275,654	507,357
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	730,240	208,585	127,209	497,343	230,671	85,132

Other associate

	2014 HK\$'000	2013 HK\$'000
The Group's share of:		
Loss for the year	–	(4,098)
Other comprehensive income	–	80
Total comprehensive expenses	–	(4,018)
Aggregate carrying amount of the Group's interests in the associate	5,293	5,293

Notes:

(i) ITC Properties

During the year ended 31st March, 2014, the Group acquired shares of ITC Properties in the open market for an aggregate consideration of approximately HK\$41.8 million, and converted ITCP Notes (defined in note 17; see notes 8 and 17 for details). A gain on acquisition of additional interest in ITC Properties of approximately HK\$26.4 million was recognised in the profit or loss.

During the year ended 31st March, 2013, the Group converted ITCP Notes with a principal amount of HK\$26.5 million into approximately 12 million shares in ITC Properties at a conversion price of HK\$2.2 per share. A gain on acquisition of the additional interest in ITC Properties of approximately HK\$21.4 million was recognised as a result of the conversion in the profit or loss (see note 17 for details).

(ii) PYI

During the year ended 31st March, 2013, the Group acquired from the open market an aggregate of approximately 13.4 million shares of PYI, representing approximately 0.3% equity interest in PYI, for an aggregate cash consideration of HK\$2.3 million. As a result of the acquisition, a gain of approximately HK\$11 million, determined by comparing the fair value of the identifiable assets and liabilities of PYI on the dates of acquisition attributable to the additional interest acquired by the Group with the cost of acquisition of the additional interest, was recognised in the profit or loss.

(iii) Rosedale

Rosedale is a company listed on the Hong Kong Stock Exchange and its financial year end is 31st December. As such, the Group has equity accounted for this associate using published financial information of Rosedale. For the Group's financial years ended 31st March, 2013 and 2014, the Group has used the consolidated financial statements of Rosedale for the financial years ended 31st December, 2012 and 2013 respectively in applying the equity method of accounting in respect of the interests in the equity shares of Rosedale held by the Group. Adjustments are made for the effects of the significant transactions or events that occur between 1st January and 31st March of 2013 and 2014 respectively, when applying the equity method for the years ended 31st March, 2013 and 2014 respectively.

The Group's share of net assets and interests of Rosedale at 31st March, 2014 is calculated based on the net assets of Rosedale at 31st December, 2013 and the results up to 31st December, 2013, respectively, as stated in Rosedale's consolidated financial statements for the year ended 31st December, 2013, and adjusted for the effects of a significant transaction that occurred between 1st January, 2014 and 31st March, 2014, being the disposal of 60% equity interest in and corresponding shareholder's loan due by More Star Limited, a then wholly-owned subsidiary of Rosedale, whose principal asset is the ownership of a hotel property in Hong Kong. Further details are set out in the announcements and circular of Rosedale dated 10th November, 2013, 18th February, 2014 and 14th March, 2014.

There were no significant transactions occurred between 1st January, 2013 and 31st March, 2013.

(iv) Assessment for impairment of associates

During the years ended 31st March, 2014 and 31st March, 2013, the directors of the Company have assessed the recoverable amounts of interests in associates using value in use calculation for assessment of impairment on interests in associates listed in Hong Kong as the carrying values of each of the interest in associates are higher than the market values of the listed securities. Except for the Group's interest in Rosedale as at 31st March, 2014 (see below for details), the value in use as at 31st March, 2014 and 2013 was higher than the carrying value for each of the interest in associates and hence no impairment loss was recognised on any of the interests in associates for both years.

On 11th April, 2014, the Group entered into a sale and purchase agreement (the “Agreement”) with Hanny Investment Group Limited, a wholly-owned subsidiary of Hanny Holdings Limited, to dispose of its entire equity interest in Leaptop Investments Limited, a wholly-owned subsidiary of the Company, which indirectly holds 195,706,000 Rosedale shares at the date of the Agreement at a total consideration of HK\$575,000,000 (the “Disposal”). As part and parcel of the Disposal, the Group required to place and/or donate 47,200,000 Rosedale shares to independent third party(ies) and/or charitable organisation(s) before the completion of the Disposal such that upon completion of the Disposal (i) the purchaser and parties acting in concert (as defined under the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong) will not hold in aggregate 30% or more of the voting rights of Rosedale and (ii) the Company and its subsidiaries will cease to hold any shares of Rosedale. Any net proceeds from the placement will, according to the Agreement, be attributable to the Group. Other conditions precedent and further details of the Disposal are set out in the announcements of the Company dated 23rd April, 2014 and 9th May, 2014.

Taking into account of the estimated proceeds from placement of the 47,200,000 Rosedale shares, the proceeds from the Disposal, net of transaction costs, special dividend of HK\$0.1 per Rosedale share declared by the board of directors of Rosedale (which is subject to completion of any one of the transactions announced by Rosedale on 23rd April, 2014), and the Group’s interests in Rosedale in applying equity method based on the published financial information of Rosedale for the year ended 31st December, 2013 adjusted for the effect of the significant transaction that occurred between 1st January, 2014 and 31st March, 2014 as disclosed above, the carrying amount of the Group’s interest in Rosedale has been written down to its value in use of HK\$602,924,000, and an impairment loss amounting to HK\$126,131,000, has been included in profit or loss.

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 investments in the associates at the end of the reporting period, including its cash flows from the operations of the associates and the proceeds from the ultimate disposal of the relevant interests 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.

(v) Unrecognised share of losses of an associate

The Group has discontinued recognition of its share of loss of an associate, the amounts of unrecognised share of the associate, extracted from the relevant audited financial statements of the associate, for the year and cumulatively are as follows:

	2014 HK\$'000	2013 HK\$'000
Unrecognised share of loss of the associate for the year	<u>7,086</u>	<u>2,888</u>
Accumulated unrecognised share of loss of the associate	<u>13,372</u>	<u>6,286</u>

17. DEBT PORTION OF CONVERTIBLE NOTES AND CONVERSION OPTIONS EMBEDDED IN CONVERTIBLE NOTES

In April 2012, the Group converted the 3.25% convertible notes issued by ITC Properties (the “ITCP Notes”) with a principal amount of HK\$26,500,000 into 12,045,454 shares of ITC Properties at the conversion price of HK\$2.2 per share and the equity interest held by the Group in ITC Properties increased by 1.96% as a result of the conversion. A gain on acquisition of the additional interest in ITC Properties of HK\$21,355,000 was recognised in the profit or loss, which was determined by comparing the fair value of the identifiable assets and liabilities of ITC Properties on the date of acquisition attributable to the additional interest acquired by the Group with the total of the carrying amount of the debt portion of the ITCP Notes and the fair value of the embedded conversion option on the date of the conversion.

In August 2012, the Group acquired additional ITCP Notes from an independent third party with a principal amount of HK\$10,500,000 for a consideration of HK\$11,085,000 (including transaction cost).

As at 1st April, 2013, the Group held ITCP Notes with a principal amount of HK\$54,400,000 and initial conversion price of HK\$2.102. As disclosed in note 8(b)(i), these ITCP Notes were fully converted into 25,880,113 shares in ITC Properties on 11th April, 2013.

On 19th April, 2013, the Group acquired ITCP Notes in an aggregate principal amount of HK\$43,850,000 at a consideration of HK\$55,150,000 including the transaction costs, of which HK\$44,710,000 is included as debt portion of convertible notes and HK\$10,440,000 is included as conversion options embedded in convertible notes. These newly acquired ITCP Notes were fully converted into 20,861,082 shares of ITC Properties on 22nd August, 2013, as set out in note 8(b)(ii). The Group did not hold any ITCP Notes since then or at the end of the reporting period.

The Group classified the debt portion of the convertible notes as loans and receivables and the embedded conversion option is deemed as held for trading and recognised at fair value on initial recognition. Upon conversion by the Group, the amount of additional shares of ITC Properties acquired would form part of the interests in associate and accordingly, the debt portion of the convertible notes held by the Group, together with the conversion options embedded in convertible notes are classified as non-current assets on the consolidated statement of financial position.

The fair values of the conversion options embedded in convertible notes on initial recognition and as at 31st March, 2013 were determined by the directors of the Company with reference to the valuation performed by independent professional valuers not connected with the Group using Black-Scholes Option Pricing Model. Details of the method and assumptions used in the Black-Scholes Option Pricing Model in the valuation of the conversion options embedded in convertible notes as at 31st March, 2013 are as follows:

	2013
ITCP Notes	
Adjusted stock price (HK\$)	2.82
Conversion price (HK\$)	2.102
Volatility	22.00%
Dividend yield	5.03%
Option life (Year(s))	0.65
Risk free rate	0.099%

The effective interest rates of the debt portion of convertible notes ranged from 15.76% to 18.10% per annum for the year ended 31st March, 2013.

18. DEBTORS, DEPOSITS AND PREPAYMENTS

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade debtors	604	2,101
Cash held by securities brokers	7,703	16
Other debtors, deposits and prepayments	2,392	2,868
Less: Allowance for doubtful debts	(1,344)	(1,344)
	<u>8,751</u>	<u>1,540</u>
	<u>9,355</u>	<u>3,641</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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade debtors		
0 – 30 days	603	2,099
31 – 60 days	1	2
	<u>604</u>	<u>2,101</u>

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

As at 31st March, 2014 and 2013, the entire trade debtors balance was neither past due nor impaired. In the opinion of the directors of the Company, all trade receivables that are neither past due nor impaired have good credit quality at the end of the reporting period with reference to past settlement history.

The balance of allowance for other debtors as at 1st April, 2012, 31st March, 2013 and 2014 were HK\$1,344,000, representing individually impaired debtors which had been in severe financial difficulties. The Group did not hold any collateral over these balances.

19. NOTE RECEIVABLE FROM AN ASSOCIATE/AMOUNTS DUE FROM ASSOCIATES

(a) Note receivable from an associate

As a result of the disposal of Top Precise Investments Limited and its subsidiary (collectively be referred to as the "Top Precise Group") in prior years, the Group received a 2-year loan note with a principal amount of HK\$100,000,000 issued by a subsidiary of ITC Properties on 16th November, 2011 as part of the settlement of the consideration on the disposal of the Top Precise Group. Loan note with principal amount of HK\$50,000,000 was repaid during the year ended 31st March, 2013 and the remaining HK\$50,000,000 has been settled in full during the current year.

The loan note carried interest at HKD best lending rate quoted by The Hongkong and Shanghai Banking Corporation Limited (the "Best Lending Rate") plus 1% per annum, with effective interest rate of 6% per annum.

(b) Amounts due from associates

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

20. LOANS RECEIVABLE

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Unsecured	1,898	29,898
Less: Impairment loss recognised	(1,898)	(1,898)
	<u>–</u>	<u>28,000</u>

The amounts as at 31st March, 2013 were unsecured, repayable within one year and carried interest ranging from Best Lending Rate to Best Lending Rate plus 1% per annum with the range of effective interest rate of 5% to 6% per annum.

Before approving any loans to new borrowers, the Group has assessed the potential borrower's credit quality and defined credit limits individually. Limits attributed to borrowers are reviewed twice a year. The directors continuously assess the recoverability of the loans receivable. In the opinion of the directors, the borrowers have sound financial background and there has not been any significant change in credit quality. An aggregate amount of HK\$28,000,000 has been settled during the year.

The allowance for doubtful debts of HK\$1,898,000 at 31st March, 2014 and 2013 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. There is no movement on the allowance for loans receivable for the both years.

21. SHORT-TERM BANK DEPOSITS AND BANK BALANCES

The short-term bank deposits and bank balances carry interest at prevailing market rates ranging from 0.01% to 3.5% (2013: 0.01% to 3.5%) per annum.

22. CREDITORS AND ACCRUED EXPENSES

Included in creditors and accrued expenses are trade creditors of HK\$495,000 (2013: HK\$2,613,000) and their aged analysis presented based on the invoice date at the end of the reporting period is as follows:

	2014 HK\$'000	2013 HK\$'000
Trade creditors		
0 – 30 days	485	2,601
31 – 60 days	10	12
	<u>495</u>	<u>2,613</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.

23. MARGIN ACCOUNT PAYABLE/BANK OVERDRAFTS

(a) Margin account payable

Margin account payable as at 31st March, 2014 are secured by certain listed shares of an associate held by the Group and carries interest at prevailing market rate at 11.25% per annum.

(b) Bank overdrafts

Bank overdrafts as at 31st March, 2014 and 2013 are unsecured and carry interest at prevailing market rates which range from 4.00% to 5.75% (2013: 4.00% to 5.75%) per annum.

24. CONVERTIBLE NOTES PAYABLE

	2014 HK\$'000	2013 HK\$'000
Liability component:		
At the beginning of the year	95,852	131,299
Interest charge	3,405	13,981
Interest paid	(1,641)	(6,992)
Conversion during the year	(97,616)	(42,436)
	<u>–</u>	<u>95,852</u>

On 2nd November, 2009, the Company issued 5% convertible notes which were unsecured, at par value of HK\$200,000,000 (the "Convertible Notes"). Interest was payable semi-annually. The Convertible Notes were denominated in HKD and entitled the holders to convert it into ordinary shares of the Company at any time between the period commencing on and including the 7th day after the date of issue of the Convertible Notes up to and including the date which was 7 days prior to the maturity date on 2nd November, 2011 at an initial conversion price of HK\$0.50 per conversion share (subject to anti-dilutive adjustments), which was subsequently adjusted to HK\$0.30. If the Convertible Notes had not been converted, they would be redeemed on 2nd November, 2011 at 100% of the outstanding principal amount. The Company was entitled to purchase the Convertible Notes at any time and any price agreed by the holders. The effective interest rate of the liability component was 11.52% per annum.

On 29th September, 2011, the Company extended the maturity date of the then remaining outstanding Convertible Notes of an aggregate principal amount of HK\$143,000,000 for two years from 2nd November, 2011 to 2nd November, 2013 (see circular dated 14th September, 2011 issued by the Company for details). All the other terms and conditions of the Convertible Notes remain unchanged. The effective interest rate of the liability component is changed to 12.33% per annum.

During the year ended 31st March, 2013, the Convertible Notes with an aggregate principal amount of HK\$44,000,000 were converted into 146,666,662 shares of the Company at the conversion price of HK\$0.30 per share.

During the year ended 31st March, 2014, the remaining aggregate outstanding principal amount of the Convertible Notes of HK\$99,000,000 were fully converted into 329,999,992 shares of the Company at the conversion price of HK\$0.30 per share.

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, 2012	1,681	553	(1,220)	1,014
(Credit) charge to profit or loss	(495)	8	495	8
Charge to other comprehensive income	–	13	–	13
At 31st March, 2013	1,186	574	(725)	1,035
(Credit) charge to profit or loss	(297)	122	297	122
Charge to other comprehensive income	–	30	–	30
At 31st March, 2014	<u>889</u>	<u>726</u>	<u>(428)</u>	<u>1,187</u>

At 31st March, 2014, the Group has unused tax losses of HK\$670,655,000 (2013: HK\$629,925,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$2,591,000 (2013: HK\$4,399,000) of such losses. No deferred tax asset in respect of the remaining tax losses of HK\$668,064,000 (2013: HK\$625,526,000) has been recognised due to the unpredictability of future profit streams. 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, 2012, 31st March, 2013 and 31st March, 2014	102,800,000,000	1,028,000
Issued and fully paid:		
At 1st April, 2012	777,028,676	7,770
Conversion of the Convertible Notes (<i>Note (a)</i>)	146,666,662	1,467
Issue of shares (<i>Note (b)</i>)	3,904,762	39
At 31st March, 2013	927,600,100	9,276
Conversion of the Convertible Notes (<i>Note (c)</i>)	329,999,992	3,300
Issue of shares (<i>Note (d)</i>)	12,629,897	126
At 31st March, 2014	1,270,229,989	12,702

Notes:

- (a) 146,666,662 shares of HK\$0.01 each were issued upon the conversion of the Convertible Notes with an aggregate principal amount of HK\$44,000,000 on 18th July, 2012, 22nd February, 2013, 13th March, 2013, 14th March, 2013, 20th March, 2013 and 27th March, 2013 at a conversion price of HK\$0.30 per share.
- (b) 3,904,762 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, 2012 on 26th September, 2012 at HK\$0.4496 per share.
- (c) 329,999,992 shares of HK\$0.01 each were issued by the Company upon the conversion of the Convertible Notes with the aggregate principal amount of HK\$99,000,000 on 4th July, 2013, 10th July, 2013, 15th July, 2013, 1st August, 2013, 8th August, 2013, 12th August, 2013, 20th August, 2013, 21st August, 2013 and 29th August, 2013 at a conversion price of HK\$0.30 per share.
- (d) 12,629,897 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, 2013 on 4th October, 2013 at HK\$0.5066 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 ("2011 Scheme") was adopted at the annual general meeting of the Company on 19th August, 2011 (the "Adoption Date").

The purpose of the 2011 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 2011 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 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 2011 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 2011 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 2011 Scheme. As at the date of these consolidated financial statements authorised for issuance, the total number of shares available for issue under the 2011 Scheme is 111,760,009 shares (2013: 77,702,867), which represented approximately 9% (2013: 8%) of the issued share capital of the Company as at the date of 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 2011 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 2011 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 2011 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 2011 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 2011 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 2011 Scheme, the 2011 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, 2013 and 2014, there were no outstanding share options granted by the Company pursuant to the 2011 Scheme. No share options were granted, exercised, cancelled or lapsed during the year and prior year.

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

	2014 HK\$'000	2013 HK\$'000
Financial assets		
FVTPL		
– Conversion options embedded in convertible notes	–	18,634
Loans and receivables (including cash and cash equivalents)	42,179	176,829
Financial liabilities		
Amortised cost	<u>105,695</u>	<u>153,877</u>

(b) Financial risk management objectives and policies

The Group's financial instruments include trade and other debtors, loans receivable, short-term bank deposits, bank balances and cash, amounts due from associates, debt portion of convertible notes, conversion options embedded in convertible notes, note receivable from an associate, trade and other creditors, margin account payable, bank overdrafts and convertible notes payable. 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.

The 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 market risks or the manner in which it manages and measures the risk.

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 include HK\$29,466,000 (2013: HK\$23,703,000), which is denominated in Canadian dollars ("CAD"). 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 by HK\$1,230,000 for the year (2013: HK\$990,000) where CAD strengthens/weakens against HKD by 5%. Management has closely monitored foreign exchange exposure to mitigate the foreign currency risk.

(ii) *Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to fixed-rate debt element of convertible notes and fixed-rate convertible notes payable issued by the Group.

The Group is also exposed to cash flow interest rate risk in relation to cash held by securities brokers, bank deposits and balances, loans receivable, note receivable from an associate, margin account payable 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, note receivable from an associate 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 rate. The analysis is prepared assuming the amount of assets and liabilities outstanding at the end of the reporting period was 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 other financial assets and financial liabilities set out above 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, (2013: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year will be decreased/increased by HK\$285,000 (2013: increased/decreased by HK\$253,000).

(iii) Other price risk

The Group was exposed to equity price risk through the Group's conversion options embedded in convertible notes as at 31st March, 2013. Management closely monitors the exposure to price risk. The Group's equity price risk is mainly concentrated on the underlying equity instruments quoted on the Hong Kong Stock Exchange for the embedded conversion options.

The conversion options embedded in convertible notes held by the Group is required to be recognised at fair value at the end of the reporting period. Changes in fair value are recognised in profit or loss as long as the convertible notes are outstanding. The fair value change will be affected either positively or negatively, amongst others, by the changes in share price volatility of the convertible notes issuer.

Sensitivity analysis

The sensitivity analysis on conversion options embedded in convertible notes for the year ended 31st March, 2013 set out as below have been determined based on the exposure to the change of share price of the convertible notes issuers at the end of the reporting period with other variable remained constant.

If the share prices of those convertible notes issuers are 5% higher/lower and all other variables are held constant, the Group's post-tax profit for the year will be increased/decreased by HK\$2,161,000/HK\$2,183,000 for the year ended 31st March, 2013, as a result of changes in fair value of conversion option embedded in the convertible notes.

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 and convertible notes receivable 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.

The Group had significant concentration of credit risk on note receivable from an associate and loans receivable amounting to approximately HK\$50 million and HK\$28 million, respectively, at 31st March, 2013. In addition, the Group also had significant concentration of credit risk on convertible notes receivable issued by an associate amounting to HK\$53 million as at 31st March, 2013. As the debtors or issuers of the convertible notes have good payment record in the past, the directors of the Company consider that the Group's credit risk to these counterparties is not significant. Other than the above, the Group had no significant concentration of credit risk. As at 31st March, 2014, the Group does not have significant concentration of credit risk.

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.

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity and going concern of the Group in light of the Group's current liabilities exceed its current assets by approximately HK\$66 million as at 31st March, 2014. The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into consideration that there are available borrowing facilities, the future plan of the Group and that there are assets available to pledge for obtaining further banking facilities.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayable terms. The table has been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity tables

	Weighted average interest rate %	Less than 3 months HK\$'000	3 months to 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
2014					
Non-derivative financial liabilities					
Creditors	–	23,446	–	23,446	23,446
Margin account payable	11.25	19,780	–	19,780	19,596
Bank overdrafts	4.95	62,913	–	62,913	62,653
		<u>106,139</u>	<u>–</u>	<u>106,139</u>	<u>105,695</u>
2013					
Non-derivative financial liabilities					
Creditors	–	5,470	–	5,470	5,470
Bank overdrafts	5.00	52,773	–	52,773	52,555
Convertible notes payable	5.00	1,198	99,446	100,644	95,852
		<u>59,441</u>	<u>99,446</u>	<u>158,887</u>	<u>153,877</u>

(c) Fair value measurements of financial instruments

(i) Fair value of financial instruments that are measured at fair value on a recurring basis

Conversion options embedded in convertible notes (see note 17) were measured at fair value as at 31st March, 2013. The fair value of the conversion options embedded in convertible notes were determined based on option pricing models whose fair value measurements were categorised as level 3 as set out in note 3.

Reconciliation of level 3 fair value measurements of financial asset:

	Conversion options embedded in convertible notes <i>HK\$'000</i>
At 1st April, 2012	11,421
On initial recognition	1,810
Conversion	(4,299)
Gain for the year recognised in profit or loss	9,702
	<hr/>
At 31st March, 2013	18,634
Addition	10,436
Conversion	(29,070)
	<hr/>
At 31st March, 2014	<hr/> <hr/> <hr/> –

(ii) Fair value of 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 affect the fair value of the Group's financial instruments.

30. MAJOR NON-CASH TRANSACTIONS

As detailed in note 17, during the year, the Group converted ITCP Notes in an aggregate principal amount of HK\$98,250,000 (2013: HK\$26,500,000) to 46,741,195 (2013: 12,045,454) shares of ITC Properties shares.

As detailed in note 26, during the year, the Group issued 329,999,992 (2013: 146,666,662) shares upon the conversion of the Convertible Notes in an aggregate principal amount of HK\$99,000,000 (2013: HK\$44,000,000) to the holders of the Convertible Notes.

31. RETIREMENT BENEFIT SCHEMES

The Group operates a defined contribution scheme which is registered under the Occupational Retirement Scheme Ordinance for qualifying employees. The assets of the scheme is 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 Scheme 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. CONTINGENT LIABILITIES

On disposal of subsidiaries in previous years, the Group had given indemnities relating to unrecorded taxation liabilities, if any, and the affairs and business of the subsidiaries up to the date of disposal to the purchasers. The Group will be released from the indemnities in November 2014.

33. 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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within one year	2,206	2,641
In the second to fifth year inclusive	106	1,570
	<u>2,312</u>	<u>4,211</u>

Leases are negotiated, and monthly rentals are fixed, for an average term of two years (2013: two years).

Included in the sums above is an amount of HK\$1,570,000 (2013: HK\$4,081,000) 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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within one year	353	981
In the second to fifth year inclusive	–	385
	<u>353</u>	<u>1,366</u>

The investment property held has committed tenant for the next one year (2013: two years).

34. PLEDGE OF ASSETS

At the end of the reporting period, the following assets were pledged by the Group to secure banking and other financing facilities:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Land and buildings	3,200	3,323
Investment property	21,150	21,966
Interest in an associate	588,131	–
	<u>612,481</u>	<u>25,289</u>

35. CAPITAL COMMITMENTS

During the year, the Group entered into a standby commitment agreement, *inter alia*, with an associate pursuant to which the Group has 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 CAD1,341,000 (equivalent to HK\$9,413,000) if the subscription of the rights shares by other shareholders fall short of the pre-determined level. The rights offering of the associate has been completed subsequent to 31st March, 2014 and the subscriptions of the rights shares by other shareholders were in excess of the pre-determined level. The Group has therefore been released from the standby purchase commitment.

36. 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	2014	2013
		HK\$'000	HK\$'000
Associates of the Group	Rentals and related building management fee charged by the Group	684	764
	Rentals and related building management fee paid by the Group	2,702	2,702
	Service fees charged by the Group	305	359
	Interest income received and receivable by the Group	816	11,357
A director	Interest expenses paid and payable by the Group in respect of the Convertible Notes	587	128

(b) Non-trade balances

Details of the Group's non-trade balances with related parties are set out on the consolidated statement of financial position and in notes 17 and 19.

(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 remuneration committee having regard to the performance of individuals and market trends.

37. FINANCIAL INFORMATION OF THE COMPANY

	2014 HK\$'000	2013 HK\$'000
Assets		
Investments in subsidiaries	–	–
Other receivables	263	230
Amounts due from subsidiaries	1,869,002	1,928,201
Bank balances and cash	10,009	4,762
	<u>1,879,274</u>	<u>1,933,193</u>
Liabilities		
Other payables	1,427	3,570
Bank overdrafts	9,947	9,918
Convertible notes payable	–	95,852
	<u>11,374</u>	<u>109,340</u>
	<u>1,867,900</u>	<u>1,823,853</u>
Capital and reserves		
Share capital	12,702	9,276
Share premium and reserves	1,855,198	1,814,577
	<u>1,867,900</u>	<u>1,823,853</u>
Total equity (<i>Note</i>)	<u>1,867,900</u>	<u>1,823,853</u>

Note: Details of movements of 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	Convertible notes reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1st April, 2012	7,770	577,765	222,435	908	17,255	1,005,190	1,831,323
Loss and total comprehensive expenses for the year	–	–	–	–	–	(20,220)	(20,220)
Issue of shares							
– conversion of convertible notes	1,467	46,278	–	–	(5,309)	–	42,436
– scrip dividend	39	1,717	–	–	–	–	1,756
Transaction costs on issue of shares	–	(55)	–	–	–	–	(55)
Dividend paid	–	(1,756)	–	–	–	(29,631)	(31,387)
	<u>9,276</u>	<u>623,949</u>	<u>222,435</u>	<u>908</u>	<u>11,946</u>	<u>955,339</u>	<u>1,823,853</u>
At 31st March, 2013	9,276	623,949	222,435	908	11,946	955,339	1,823,853
Loss and total comprehensive expenses for the year	–	–	–	–	–	(9,711)	(9,711)
Issue of shares							
– conversion of convertible notes	3,300	106,262	–	–	(11,946)	–	97,616
– scrip dividend	126	6,272	–	–	–	–	6,398
Transaction costs on issue of shares	–	(26)	–	–	–	–	(26)
Dividend paid	–	(6,398)	–	–	–	(43,832)	(50,230)
	<u>12,702</u>	<u>730,059</u>	<u>222,435</u>	<u>908</u>	<u>–</u>	<u>901,796</u>	<u>1,867,900</u>
At 31st March, 2014	<u>12,702</u>	<u>730,059</u>	<u>222,435</u>	<u>908</u>	<u>–</u>	<u>901,796</u>	<u>1,867,900</u>

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31st March, 2014 and 2013 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		
			2014	2013	2014	2013	
			%	%	%	%	
<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	CAD1,000 class A common share	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.

39. EVENT AFTER THE REPORTING PERIOD

As set out in note 16(c)(iv), certain condition precedents set forth in the Agreement have not yet been fulfilled or waived, as appropriate, and the Disposal has not yet been completed up to the date the consolidated financial statements were authorised for issuance.

III. UNAUDITED 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 2014 as set forth in the interim report of the Company for the six months ended 30 September 2014.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30th September, 2014

		(Unaudited)	
		Six months ended	
	<i>Notes</i>	30.9.2014	30.9.2013
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	<u>2,551</u>	<u>4,194</u>
Management and other related service income		1,826	2,224
Property rental income		539	542
Interest income		29	1,271
Other income		723	282
Administrative expenses		(19,573)	(19,431)
Finance costs		(301)	(5,103)
Net loss on net decrease in interest in an associate	4	–	(116,186)
Share of results of associates			
– share of results		201,527	12,246
– gain on acquisitions of additional interest in an associate		8,258	26,427
Profit (loss) for the period	6	<u>193,028</u>	<u>(97,728)</u>
Other comprehensive (expenses) income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(213)	(424)
Share of other comprehensive (expenses) income of associates		(105,247)	5,524
Reclassification adjustment on reserves released on net decrease in interest in an associate		–	(2,191)
Other comprehensive (expenses) income for the period		<u>(105,460)</u>	<u>2,909</u>
Total comprehensive income (expenses) for the period		<u>87,568</u>	<u>(94,819)</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings (loss) per share	8		
– Basic		<u>15.20</u>	<u>(9.40)</u>
– Diluted		<u>N/A</u>	<u>(9.40)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th September, 2014

	<i>Notes</i>	(Unaudited) 30.9.2014 <i>HK\$'000</i>	(Audited) 31.3.2014 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	9	5,641	4,650
Investment property	9	20,981	21,150
Intangible assets		1,247	1,641
Interests in associates	10	3,151,877	3,045,256
		<u>3,179,746</u>	<u>3,072,697</u>
Current assets			
Debtors, deposits and prepayments	11	2,081	9,355
Amounts due from associates		1,742	1,857
Short-term bank deposits, bank balances and cash		78,368	31,726
		<u>82,191</u>	<u>42,938</u>
Current liabilities			
Creditors and accrued expenses	12	5,036	27,018
Deposit received from disposal of an associate	13	100,000	–
Margin account payable		–	19,596
Dividends payable		76,214	–
Bank overdrafts		62,422	62,653
		<u>243,672</u>	<u>109,267</u>
Net current liabilities		<u>(161,481)</u>	<u>(66,329)</u>
Total assets less current liabilities		<u>3,018,265</u>	<u>3,006,368</u>
Non-current liability			
Deferred tax liabilities		1,187	1,187
Net assets		<u><u>3,017,078</u></u>	<u><u>3,005,181</u></u>
Capital and reserves			
Share capital	14	12,702	12,702
Share premium and reserves		3,004,376	2,992,479
Total equity		<u><u>3,017,078</u></u>	<u><u>3,005,181</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September, 2014

	Attributable to the owners of the Company											Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Reserve on acquisition HK\$'000	Capital redemption reserve HK\$'000	Other reserve HK\$'000	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Convertible note reserve HK\$'000	Accumulated profits HK\$'000	
At 1st April, 2014	12,702	730,059	196,676	(24,996)	908	8,351	2,647	38,867	133,519	-	1,906,448	3,005,181
Profit for the period	-	-	-	-	-	-	-	-	-	-	193,028	193,028
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	(213)	-	-	(213)
Share of other comprehensive (expenses) income of associates	-	-	-	-	-	-	-	(106,842)	1,595	-	-	(105,247)
Total comprehensive (expenses) income for the period	-	-	-	-	-	-	-	(106,842)	1,382	-	193,028	87,568
Decrease in an associate's equity attributable to the Group's interests arising on equity transactions of the associate	-	-	-	-	-	663	-	-	-	-	(120)	543
Final and special dividends for the year ended 31st March, 2014 (note 7)	-	-	-	-	-	-	-	-	-	-	(76,214)	(76,214)
At 30th September, 2014	<u>12,702</u>	<u>730,059</u>	<u>196,676</u>	<u>(24,996)</u>	<u>908</u>	<u>9,014</u>	<u>2,647</u>	<u>(67,975)</u>	<u>134,901</u>	<u>-</u>	<u>2,023,142</u>	<u>3,017,078</u>
At 1st April, 2013	9,276	623,949	196,676	(25,087)	908	9,615	2,437	16,992	166,592	11,946	1,841,088	2,854,392
Loss for the period	-	-	-	-	-	-	-	-	-	-	(97,728)	(97,728)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	(424)	-	-	(424)
Share of other comprehensive (expenses) income of associates	-	-	-	-	-	-	-	(12,931)	18,455	-	-	5,524
Reserves released on net decrease in interest in an associate	-	-	-	73	-	-	-	(1,928)	(336)	-	-	(2,191)
Total comprehensive income (expenses) for the period	-	-	-	73	-	-	-	(14,859)	17,695	-	(97,728)	(94,819)
Issue of shares - conversion of convertible notes	3,300	106,262	-	-	-	-	-	-	-	(11,946)	-	97,616
Decrease in associates' equity attributable to the Group's interests arising on equity transactions of the associates	-	-	-	-	-	(2,187)	-	-	-	-	(196)	(2,383)
Final dividend for the year ended 31st March, 2013 (note 7)	-	-	-	-	-	-	-	-	-	-	(37,528)	(37,528)
At 30th September, 2013	<u>12,576</u>	<u>730,211</u>	<u>196,676</u>	<u>(25,014)</u>	<u>908</u>	<u>7,428</u>	<u>2,437</u>	<u>2,133</u>	<u>184,287</u>	<u>-</u>	<u>1,705,636</u>	<u>2,817,278</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30th September, 2014*

	(Unaudited)	
	Six months ended	
	30.9.2014	30.9.2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash (used in) from operating activities	(24,241)	42,498
Net cash from (used in) investing activities		
Deposit received from disposal of an associate	100,000	–
Acquisitions of additional interest in an associate	(7,675)	(41,862)
Acquisition of convertible notes	–	(55,152)
Repayment of note receivable from an associate	–	50,000
Others	(1,296)	(483)
	<u>91,029</u>	<u>(47,497)</u>
Net cash (used in) from financing activities		
Repayment of margin account payable	(19,063)	–
Interest paid	(834)	(5,355)
Increase in margin account payable	–	20,000
	<u>(19,897)</u>	<u>14,645</u>
Net increase in cash and cash equivalents	46,891	9,646
Cash and cash equivalents at beginning of the period	(30,927)	(12,920)
Effect of foreign exchange rate changes	(18)	(19)
Cash and cash equivalents at end of the period	<u>15,946</u>	<u>(3,293)</u>
Analysis of the balances of cash and cash equivalents		
Short-term bank deposits, bank balances and cash	78,368	49,117
Bank overdrafts	(62,422)	(52,410)
	<u>15,946</u>	<u>(3,293)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 30th September, 2014***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 on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity and going concern of the Group in light of the Group’s current liabilities exceed its current assets by approximately HK\$161 million as at 30th September, 2014. The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into consideration that there are available borrowing facilities, the future plan of the Group and that there are assets available to pledge for obtaining further banking facilities.

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, 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31st March, 2014.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of the new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these 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 resources allocation and performance assessment are as follows:

Finance	–	loan financing services
Long-term investment	–	investment in investments such as convertible notes issued by the associates
Other investment	–	investment in available-for-sale investments 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 period under review:

Six months ended 30th September, 2014

	Finance HK\$'000	Long-term investment HK\$'000	Others HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE						
External sales	-	-	2,551	2,551	-	2,551
Inter-segment sales	1,834	-	-	1,834	(1,834)	-
Total	<u>1,834</u>	<u>-</u>	<u>2,551</u>	<u>4,385</u>	<u>(1,834)</u>	<u>2,551</u>
RESULT						
Segment result	<u>1,767</u>	<u>(47)</u>	<u>61</u>	<u>1,781</u>	<u>-</u>	<u>1,781</u>
Central administration costs						(18,237)
Finance costs						(301)
Share of results of associates						201,527
- share of results						
- gain on acquisitions of additional interest in an associate						8,258
Profit for the period						<u>193,028</u>

Six months ended 30th September, 2013

	Finance HK\$'000	Long-term investment HK\$'000	Others HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE						
External sales	558	701	2,935	4,194	-	4,194
Inter-segment sales	912	-	-	912	(912)	-
Total	<u>1,470</u>	<u>701</u>	<u>2,935</u>	<u>5,106</u>	<u>(912)</u>	<u>4,194</u>
RESULT						
Segment result	<u>1,419</u>	<u>596</u>	<u>433</u>	<u>2,448</u>	<u>-</u>	<u>2,448</u>
Central administration costs						(17,560)
Finance costs						(5,103)
Net loss on net decrease in interest in an associate						(116,186)
Share of results of associates						12,246
- share of results						
- gain on acquisitions of additional interest in an associate						26,427
Loss for the period						<u>(97,728)</u>

Inter-segment sales are charged at prevailing market rate 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. There was no activity in other investment segment during the six months ended 30th September, 2014 and 2013.

4. NET LOSS ON NET DECREASE IN INTEREST IN AN ASSOCIATE

The net loss comprises of the following:

	Six months ended	
	30.9.2014	30.9.2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss on deemed disposals of partial interest in an associate (<i>Note (a)</i>)	–	29,769
Net loss on acquisitions and deemed disposals of interest in an associate resulted on the conversion of convertible notes by the Group and outside parties concurrently (<i>Note (b)</i>)	–	86,417
	<u>–</u>	<u>116,186</u>
	<u><u>–</u></u>	<u><u>116,186</u></u>

Notes:

- (a) Loss on deemed disposals of partial interest in an associate

The loss for the six months ended 30th September, 2013 was mainly resulted from the deemed disposals of partial interest in an associate which was resulted from the dilution effect of exercise of share options and conversion of convertible notes issued by the associate by parties other than the Group and Ms. Ng Yuen Lan, Macy (“Ms. Ng”), spouse of Dr. Chan Kwok Keung, Charles, the Chairman and an Executive Director of the Company, and the issuance of scrip dividends by that associate.

- (b) Net loss on acquisitions and deemed disposals of interest in an associate resulted on the conversion of convertible notes by the Group and outside parties concurrently:

- (i) On 11th April, 2013, the Group and Ms. Ng converted the convertible notes issued by ITC Properties Group Limited (“ITC Properties”, an associate of the Group) (the “ITCP Notes”) with principal amounts of HK\$54.4 million and HK\$297 million, respectively, into approximately 25.9 million and 141.3 million shares of ITC Properties at the conversion price of HK\$2.102 per share (the “April Conversion”). The Group’s interest in ITC Properties decreased by 6.39% from 37.37% to 30.98% as a result of the April Conversion by both the Group and Ms. Ng concurrently. A net loss of HK\$112,511,000 was recognised in the profit or loss, which was determined as the aggregate of the net reduction in the share of net assets of ITC Properties and its subsidiaries (“ITC Properties Group”) at the date of the April Conversion and the carrying values of the debt portion of the ITCP Notes held by the Group and the related embedded conversion options at the date of the April Conversion.
- (ii) On 22nd August, 2013, the Group further converted the remaining ITCP Notes with principal amount of HK\$43.85 million into approximately 20.9 million shares of ITC Properties. Certain holders of the ITCP Notes also converted the ITCP Notes on the same date concurrently with the Group. As a result, the interest in ITC Properties held by the Group increased from 31.99% to 33.75%. A net gain of HK\$26,094,000 was recognised in the profit or loss, which was determined as the difference of the net increase in the share of fair values of the identifiable assets and liabilities attributable to the Group’s interests in ITC Properties Group on 22nd August, 2013, and the carrying values of the debt portion of the ITCP Notes held by the Group and the related embedded conversion options at the date of the conversion.

5. TAXATION

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

6. PROFIT (LOSS) FOR THE PERIOD

	Six months ended	
	30.9.2014	30.9.2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (loss) for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	549	1,047
Amortisation of intangible assets	88	92
Loss on disposals of intangible assets	306	–
Minimum lease payments under operating leases in respect of rented premises	1,629	1,665
and after crediting:		
Gain on disposals of property, plant and equipment	<u>268</u>	<u>3</u>

7. DISTRIBUTIONS

During the current period, a final dividend of HK3.0 cents per share (six months ended 30th September, 2013: a final dividend of HK3.0 cents per share) and a special dividend of HK3.0 cents per share (six months ended 30th September, 2013: Nil), each with an option to elect scrip dividend of shares in respect of the year ended 31st March, 2014 was declared and approved for distribution to shareholders of the Company. The aggregate amount of the final and special dividends declared and approved in the current interim period amounted to HK\$76,214,000, representing cash dividend of HK\$21,319,000 and scrip dividend of HK\$54,895,000 (six months ended 30th September, 2013: cash dividend of HK\$31,130,000 and scrip dividend of HK\$6,398,000). The dividends were paid subsequent to the end of the reporting period.

Subsequent to the end of the interim period, the directors have determined that an interim dividend of HK1.0 cent per share and a special dividend of HK3.0 cents per share, being HK\$54,683,000 in total with reference to the issued shares as at the date of this report which will be payable in cash, with an option to elect scrip dividend of shares, in respect of part or all of such dividends (six months ended 30th September, 2013: interim dividend of HK1.0 cent per share, total being HK\$12,702,000 payable in cash), to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on 17th December, 2014.

8. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

	Six months ended	
	30.9.2014	30.9.2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings (loss) for the period attributable to the owners of the Company for the purpose of basic and diluted earnings (loss) per share	<u>193,028</u>	<u>(97,728)</u>
	Number of shares	Number of shares
Weighted average number of shares for the purpose of basic and diluted earnings (loss) per share	<u>1,270,229,989</u>	<u>1,039,403,374</u>

The potential ordinary shares attributable to the Company's outstanding convertible notes payable during the period ended 30th September, 2013 had anti-dilutive effect as assumed conversion would result in a decrease in loss per share.

No diluted earnings per share has been presented for the period ended 30th September, 2014 as the Company did not have any dilutive potential ordinary shares outstanding during the period.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the period, the Group spent HK\$1,586,000 (six months ended 30th September, 2013: HK\$185,000) on acquisition of property, plant and equipment.

At 30th September, 2014, the directors of the Company considered the carrying amount of the Group's leasehold land and buildings classified as property, plant and equipment and investment property carried at revalued amounts and fair value, respectively, do not differ significantly from that which would be determined using fair values at the end of the reporting period.

10. INTERESTS IN ASSOCIATES

	(Unaudited) 30.9.2014 HK\$'000	(Audited) 31.3.2014 HK\$'000
Share of consolidated net assets of associates:		
Listed in Hong Kong	3,150,700	3,038,786
Listed overseas	–	–
Goodwill	1,177	6,470
	<u>3,151,877</u>	<u>3,045,256</u>
Market value of listed securities:		
Hong Kong	1,238,257	1,066,034
Overseas	155,753	189,525
	<u>1,394,010</u>	<u>1,255,559</u>

11. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade debtors of HK\$320,000 (31.3.2014: HK\$604,000) and their aged analysis based on the invoice date at the end of the reporting period is as follows:

	(Unaudited) 30.9.2014 HK\$'000	(Audited) 31.3.2014 HK\$'000
Trade debtors		
0 – 30 days	320	603
31 – 60 days	–	1
	<u>320</u>	<u>604</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.

12. CREDITORS AND ACCRUED EXPENSES

Included in creditors and accrued expenses are trade payables of HK\$256,000 (31.3.2014: HK\$495,000) and their aged analysis based on the invoice date at the end of the reporting period is as follows:

	(Unaudited) 30.9.2014 HK\$'000	(Audited) 31.3.2014 HK\$'000
Trade creditors		
0 – 30 days	246	485
31 – 60 days	10	10
	<u>256</u>	<u>495</u>

13. DEPOSIT RECEIVED FROM DISPOSAL OF AN ASSOCIATE

On 11th April, 2014, the Group entered into a sale and purchase agreement with a subsidiary of Hanny Holdings Limited in which the Group conditionally agreed to dispose of its entire interest in a wholly-owned subsidiary, which indirectly own approximately 195.7 million shares of Rosedale Hotel Holdings Limited, an associate of the Group, at a consideration of HK\$575,000,000. A deposit of HK\$100,000,000 was received upon signing of the aforesaid sale and purchase agreement. As at the date of this interim report, such disposal has not yet been completed.

14. SHARE CAPITAL

	Number of shares		Value	
	Six months ended		Six months ended	
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
			HK\$'000	HK\$'000
Ordinary shares of HK\$0.01 each:				
Authorised:				
As at 1st April and 30th September	102,800,000,000	102,800,000,000	1,028,000	1,028,000
Issued and fully paid:				
As at 1st April	1,270,229,989	927,600,100	12,702	9,276
Conversion of convertible notes (<i>note</i>)	–	329,999,992	–	3,300
As at 30th September	1,270,229,989	1,257,600,092	12,702	12,576

Note: 329,999,992 shares of HK\$0.01 each were issued by the Company upon the conversion of the convertible notes issued by the Company with the aggregate principal amount of HK\$99,000,000 during the six months ended 30th September, 2013 at a conversion price of HK\$0.30 per share.

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

15. RELATED PARTY TRANSACTIONS

(i) 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	
		30.9.2014 HK\$'000	30.9.2013 HK\$'000
Associates of the Group	Rentals and related building management fee charged by the Group	358	345
	Rentals and related building management fee paid by the Group	1,351	1,351
	Service fees charged by the Group	144	172
	Interest income received and receivable by the Group	–	328
A director	Interest expenses paid and payable by the Group in respect of the convertible notes issued by the Company	–	587
		–	587

(ii) Compensation of key management personnel

	Six months ended	
	30.9.2014 HK\$'000	30.9.2013 HK\$'000
Fees	325	325
Salaries and other emoluments	6,777	6,738
	7,102	7,063

IV. STATEMENT OF INDEBTEDNESS

(1) Borrowings

As at 31 March 2015, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had an aggregate outstanding unsecured and unguaranteed bank borrowings of approximately HK\$10 million.

(2) Debt securities

As at 31 March 2015, the Company did not have any outstanding debt securities.

(3) Contingent liabilities

As at 31 March 2015, the Group had no contingent liabilities.

(4) Pledge of assets

As at 31 March 2015, properties with an aggregate carrying value of approximately HK\$22 million were pledged to a bank to secure a general facility granted to the Group. As at 31 March 2015, no balance has been drawn from the relevant facility.

(5) Disclaimers

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, as at 31 March 2015, 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 acceptance 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 2014 (being the date to which the latest audited account of the Company were 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 2014, in particular the significant improvement of results mainly attributable to:
 - (1) the increase in contribution from ITC Properties Group Limited (“ITC Properties”); and
 - (2) the absence of the deemed disposal loss of HK\$116 million for the corresponding period in 2013 due to the net decrease in the Group’s interest in ITC Properties from 37.3% as at 31 March 2013 to 32.8% as at 30 September 2013;
- (b) the Group disposed of its subsidiaries which owned 195.7 million shares of Rosedale Hotel Holdings Limited (“Rosedale”) to a subsidiary of Hanny Holdings Limited (“Hanny”) in December 2014, at a consideration of HK\$575 million. For the settlement of the aforesaid consideration, Hanny issued a promissory note of HK\$300 million and paid HK\$275 million to the Group. Pursuant to the terms of the disposal, the Group placed out 47.2 million shares of Rosedale at a consideration of HK\$26.9 million before completion of the disposal; and
- (c) the Group acquired on-market 12 million shares of ITC Properties in January 2015 at an aggregate cash consideration of HK\$45.7 million (equivalent to an average price of approximately HK\$3.80 per acquired share, with the highest price being HK\$3.80 per acquired share).

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Offer, the Offeror and the Group.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group), and confirms, 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) 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror and its Concert Parties), 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 its Concert Parties) 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. CORPORATE INFORMATION ON THE GROUP

The Company is an investment holding company which directly and indirectly holds strategic investments in a number of listed companies. The principal activities of the Group comprise investment holding, the provision of finance, property investment and treasury investment.

The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the head office and principal place of business of the Company in Hong Kong is 30th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

3. SHARE CAPITAL OF THE COMPANY

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

Authorised share capital:	<i>HK\$</i>
102,800,000,000 Shares	1,028,000,000
Issued and fully paid share capital:	
1,433,771,074 Shares	14,337,710.74

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

As at the Latest Practicable Date, there were 1,433,771,074 Shares, of which the Offeror and its Concert Parties held 777,310,499 Shares, representing approximately 54.2% of the entire issued share capital of the Company.

Other than the Shares, the Company has no other outstanding Shares, options, warrants, derivative or other securities that are convertible or exchangeable into Shares or other types of equity interest in issue.

Since 31 March 2014, being the end of the last financial year of the Company, and up to the Latest Practicable Date, 163,541,085 new Shares have been issued.

4. MARKET PRICES

The table below shows the closing price per Share on the Stock Exchange on the last trading day of each of the calendar months during the period commencing six months immediately preceding the Last Trading Day up to and including the Latest Practicable Date:

Date	Closing price per Share HK\$
31 October 2014	0.61
28 November 2014	0.71
31 December 2014	0.66
30 January 2015	0.68
27 February 2015	0.71
31 March 2015	0.69
30 April 2015	0.85

The closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day was HK\$0.72 per Share.

The closing price of the Shares as quoted on the Stock Exchange on the Latest Practicable Date was HK\$0.85 per Share.

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.89 and HK\$0.59 per Share on 4 May 2015 and 27 October 2014, respectively.

5. DISCLOSURE OF INTERESTS

(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 to be notified to the Company and the Stock Exchange, were as follows:

(i) Interests and short positions in Shares, underlying Shares and debentures of the Company

Name of Director	Capacity	Long position/ Short position	Number of Shares held	Approximate percentage of the issued share capital of the Company
Dr. Chan	Beneficial owner	Long position	538,801,263 (Note)	37.58%
Dr. Chan	Interest of controlled corporation (Note)	Long position	238,509,236 (Note)	16.63%

Note:

The Offeror is a wholly-owned subsidiary of Chinaview International Limited which is, in turn, wholly-owned by Dr. Chan. Dr. Chan was deemed to be interested in 238,509,236 Shares held by the Offeror. Dr. Chan personally held 538,801,263 Shares.

(ii) Interests and short positions in shares, underlying shares and debentures of ITC Properties Group Limited (“ITC Properties”)

Name of Director	Capacity	Long position/ Short position	Number of shares of ITC Properties held	Number of underlying shares of ITC Properties held	Approximate percentage of the issued share capital of ITC Properties
Dr. Chan	Interest of controlled corporation (Note 1)	Long position	260,856,514 (Note 1)	–	32.61%
Dr. Chan	Beneficial owner	Long position	7,224,882	–	0.90%
Dr. Chan	Interest of spouse (Note 1)	Long position	168,276,510 (Note 1)	–	21.04%
Chau Mei Wah, Rosanna	Beneficial owner	Long position	11,928,722	–	1.49%
Chau Mei Wah, Rosanna	Beneficial owner	Long position	–	550,000 (Note 2)	0.07%
Chan Fut Yan	Beneficial owner	Long position	2,808,028	–	0.35%
Chan Fut Yan	Beneficial owner	Long position	–	1,050,000 (Note 2)	0.13%
Chan Yiu Lun, Alan	Beneficial owner	Long position	2,435,913	–	0.30%
Chan Yiu Lun, Alan	Beneficial owner	Long position	–	750,000 (Note 2)	0.09%
Shek Lai Him, Abraham	Beneficial owner	Long position	196,032	–	0.02%
Shek Lai Him, Abraham	Beneficial owner	Long position	–	185,000 (Note 2)	0.02%

Notes:

- An indirect wholly-owned subsidiary of the Company held 260,856,514 shares of ITC Properties. By virtue of his direct and deemed interests in approximately 54.21% of the entire issued share capital of the Company, Dr. Chan was deemed to be interested in these shares of ITC Properties held by the indirect wholly-owned subsidiary of the Company.

Fortune Crystal Holdings Limited, a company indirectly wholly-owned by Ms. Ng Yuen Lan, Macy (the spouse of Dr. Chan), held 168,276,510 shares of ITC Properties. Dr. Chan was deemed to be interested in these shares of ITC Properties held by Fortune Crystal Holdings Limited.

2. Details of the outstanding share options (unlisted equity derivatives) granted to the Directors by ITC Properties as at 31 March 2015 were as follows:

Name of optionholder	Date of grant	Option period*	Number of share options	Exercise price per share of ITC Properties (subject to adjustments)
Chau Mei Wah, Rosanna	17.10.2013	17.10.2014 to 16.10.2017	550,000	3.00
Chan Fut Yan	17.10.2013	17.10.2014 to 16.10.2017	1,050,000	3.00
Chan Yiu Lun, Alan	17.10.2013	17.10.2014 to 16.10.2017	750,000	3.00
Shek Lai Him, Abraham	17.10.2013	17.10.2014 to 16.10.2017	185,000	3.00

* According to the terms of grant of options, the above share options shall be exercisable at any time during the option period provided that up to a maximum of 50% of the share options granted shall be exercisable during the period commencing from 17 October 2014 to 16 October 2015 and the balance of the share options granted but not yet exercised may be exercised during the period commencing from 17 October 2015 to 16 October 2017.

(iii) **Interests and short positions in shares, underlying shares and debentures of PYI Corporation Limited (“PYI”)**

Name of Director	Capacity	Long position/ Short position	Number of shares of PYI held	Approximate percentage of the issued share capital of PYI
Dr. Chan	Interest of controlled corporation (<i>Note</i>)	Long position	1,226,971,695	26.81%
Dr. Chan	Beneficial owner	Long position	35,936,031	0.79%
Shek Lai Him, Abraham	Beneficial owner	Long position	6,000	0.00%

Note:

An indirect wholly-owned subsidiary of the Company held 1,226,971,695 shares of PYI. By virtue of his direct and deemed interests in approximately 54.21% of the entire issued share capital of the Company, Dr. Chan was deemed to be interested in these shares of PYI held by the indirect wholly-owned subsidiary of the Company.

(iv) Interests and short positions in shares, underlying shares and debentures of Burcon NutraScience Corporation (“Burcon”)

Name of Director	Capacity	Long position/ Short position	Number of shares of Burcon held	Number of underlying shares (in respect of the share options (unlisted equity derivatives)) of Burcon held	Approximate percentage of the issued share capital of Burcon
Chau Mei Wah, Rosanna	Beneficial owner	Long position	448,634	–	1.26%
Chau Mei Wah, Rosanna	Beneficial owner	Long position	–	100,000	0.28%
Chan Yiu Lun, Alan	Beneficial owner	Long position	–	145,000	0.41%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Director 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 to be notified to the Company and the Stock Exchange.

(b) Disclosure of interests of the Offeror and its Concert Parties and other 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:

Interest in Shares

Name	Capacity	Long position/ Short position	Number of Shares held	Approximate percentage of the issued share capital of the Company
Dr. Chan	Beneficial owner (Note)	Long position	538,801,263	37.58%
Dr. Chan	Interest of controlled corporation (Note)	Long position	238,509,236 (Note)	16.63%
Chinaview International Limited	Interest of controlled corporation (Note)	Long position	238,509,236 (Note)	16.63%
the Offeror	Beneficial owner	Long position	238,509,236 (Note)	16.63%
Ng Yuen Lan, Macy	Interest of spouse (Note)	Long position	777,310,499 (Note)	54.21%

Note:

The Offeror, which held 238,509,236 Shares, is a wholly-owned subsidiary of Chinaview International Limited which is, in turn, wholly-owned by Dr. Chan. Ms. Ng Yuen Lan, Macy is the spouse of Dr. Chan. Chinaview International Limited, Dr. Chan and Ms. Ng Yuen Lan, Macy were deemed to be interested in these Shares held by the Offeror. Dr. Chan held 538,801,263 Shares. Ms. Ng Yuen Lan, Macy was deemed to be interested in the Shares held by Dr. Chan. Dr. Chan is the sole director of the Offeror.

Save as disclosed above, 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.

Save as disclosed above, as at the Latest Practicable Date, no other person had any interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

- (c) 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 any fund managers (other than exempt fund managers) connected with the Company.
- (d) 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.
- (e) As at the Latest Practicable Date, neither the Offeror nor any of its Concert Parties had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (f) Save as disclosed above, as at the Latest Practicable Date, none of the director of the Offeror and any of the Concert Parties of the Offeror owned, controlled or had direction over any Shares, options, warrants, derivatives or convertible securities in the Company.
- (g) 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 (but excluding exempted principal traders) owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (h) As at the Latest Practicable Date, no persons 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) and (4) of the definition of “associate” under the Takeovers Code.

6. DEALINGS IN SECURITIES

(a) During the Relevant Period:

- (i) save for the allotment of 32,982,728 Shares under scrip dividend scheme of the Company to Dr. Chan and the Offeror on 26 January 2015 at scrip price of HK\$0.6238 per Share and the Share Acquisition on 23 April 2015, none of the Directors had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (ii) 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
- (iii) no person who had any arrangements of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or its Concert Parties had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

Save as disclosed herein, none of the Offeror, its director and the Concert Parties of the Offeror (other than those with exempt principal trader status) had dealt for value in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights in the Shares during the Relevant Period.

(b) 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) 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) and (4) of the definition of “associate” under the Takeovers Code 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.

7. 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 in force which (i) (including both continuous and fixed term contracts) has been entered into or amended within six months before the commencement of the Offer Period; (ii) is a continuous contract with a notice period of 12 months or more; or (iii) is a fixed term contract with more than 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.

8. MATERIAL CONTRACTS

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

- (1) an agreement for the sale and purchase dated 11 April 2014 between ITC Investment Holdings Limited (“IIHL”), a wholly-owned subsidiary of the Company, as vendor and Hanny Investment Group Limited (“HIGL”) as purchaser, the Company, as IIHL’s guarantor and Hanny Holdings Limited (“Hanny”) as HIGL’s guarantor whereby IIHL conditionally agreed to sell and HIGL conditionally agreed to purchase the entire issued share capital of Leaptop Investments Limited (“Leaptop”), an indirect wholly-owned subsidiary of the Company, and the related shareholder’s loan at an aggregate consideration of HK\$575 million (the “S&P Agreement”);
- (2) a supplemental agreement dated 23 September 2014 between the same parties to the S&P Agreement in relation to the extension of the long stop date from 10 October 2014 to 29 December 2014 or such other date as the parties to the S&P Agreement might agree in writing;
- (3) a placing agreement between Get Nice Securities Limited and Asia Will Limited, an indirect wholly-owned subsidiary of the Company, dated 2 December 2014 in respect of placing of 47,200,000 shares in Rosedale Hotel Holdings Limited at a placing price of HK\$0.57 each; and
- (4) the contract note dated 7 January 2015 in relation to the acquisition by Selective Choice Investments Limited, an indirect wholly-owned subsidiary of the Company, of a total of 12,039,000 shares of ITC Properties for an aggregate consideration of approximately HK\$45.7 million on 7 January 2015.

9. 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. INTERESTS IN THE COMPANY AND THE OFFEROR AND OTHER ARRANGEMENTS IN CONNECTION WITH THE OFFER

- (a) As at the Latest Practicable Date, the Directors (other than Dr. Chan) did not hold any beneficial interests in the Shares.
- (b) As at the Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or its Concert Parties 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.
- (c) As at the Latest Practicable Date, there was no agreement or arrangement to which the Offeror or any of its Concert Parties 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.
- (d) The Offeror will finance the total consideration payable by it in respect of the Offer in the aggregate amount of HK\$479,216,220 from its own financial resources and a loan facility from Get Nice Securities Limited, which has been secured by (i) all the Shares held by the Offeror and Dr. Chan as at 23 April 2015; and (ii) if the Offeror uses the aforesaid loan facility to acquire additional Shares under the Offer, such additional Shares so acquired. The payment of interest on, repayment of or security for the facilities (contingent or otherwise) will not depend to any significant extent on the business of the Group. As at the Latest Practicable Date, save for the above, there was no agreement, arrangement or understanding that any securities of the Company acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons.
- (e) As at the Latest Practicable Date, Anglo Chinese, being the agent of the Offeror to make the Offer, did not hold any Shares.
- (f) As at the Latest Practicable Date, none of the Offeror, its Concert Parties and associate of the Offeror had entered into any arrangements of the kind (whether by way of option, indemnity, or otherwise) as referred to in Note 8 to Rule 22 of the Takeovers Code with any other person.
- (g) As at the Latest Practicable Date, neither the Company nor 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, had any arrangement with any other person of the kind referred to in Note 8 to Rule 22 of the Takeovers Code.
- (h) Save as disclosed above, 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.
- (i) Save for the loan facility from Get Nice Securities Limited mentioned in 10(d) above, as at the Latest Practicable Date, there were no material contracts entered into by the Offeror in which any of the Directors has a material personal interest.
- (j) 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.

11. QUALIFICATION AND CONSENT OF EXPERTS

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

Name	Qualification
Anglo Chinese	a corporation licensed by the SFC to carry on 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 and the financial adviser to the Offeror in respect of the Offer

Somerley a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee in respect of the Offer

Each of Anglo Chinese and the Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its letter and reference to its name, in the form and context in which they respectively appear.

12. GENERAL

- (a) The registered office of the Offeror is situated at P. O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. The correspondence address of the Offeror is at 30/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.
- (b) The sole director of the Offeror is Dr. Chan.
- (c) The correspondence address of Dr. Chan is situated at 30/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.
- (d) The Offeror is wholly-owned by Chinaview International Limited, which is wholly-owned and controlled by Dr. Chan. The sole director of Chinaview International Limited is Dr. Chan.
- (e) The registered office of Chinaview International Limited is situated at P. O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.
- (f) The principal place of business of Anglo Chinese is at 40th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

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 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the office of Iu, Lai & Li at Rooms 2201, 2201A & 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 at (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 the amended and restated bye-laws of the Company;
- (b) the memorandum and the articles of association of the Offeror;
- (c) the annual reports of the Company for the two financial years ended 31 March 2013 and 2014;
- (d) the interim report of the Company for the six months ended 30 September 2014;
- (e) the letter from Anglo Chinese, 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 from the Independent Financial Adviser, the text of which is set out in this Composite Document;
- (i) the written consents referred to in the paragraph headed “11. Qualification and consent of experts” in this Appendix; and
- (j) the material contracts referred to in the paragraph headed “8. Material contracts” in this Appendix.