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

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

This circular appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for shares.



ITC CORPORATION LIMITED

德祥企業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 372)

**SPECIAL DIVIDEND BY WAY OF
DISTRIBUTION IN SPECIE OF SHARES IN
ITC PROPERTIES GROUP LIMITED**

Capitalised terms used on this cover shall have the same meanings as those defined in this circular, unless the content requires otherwise.

A letter from the Board is set out on pages 3 to 11 of this circular.

A notice convening the SGM to be held at Dynasty I of Dynasty Club at 7th Floor of South West Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong on Monday, 16 January 2017 at 11:00 a.m. is set out on pages 38 and 39 of this circular. If you do not intend to attend the SGM or any adjournment thereof, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time for holding the SGM or any adjourned SGM, as the case may be, to the principal place of business of the Company in Hong Kong at 30th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong. Completion and return of the form of proxy shall not preclude you from attending the SGM or any adjournment thereof and voting in person should you so desire.

* For identification purpose only

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DEFINITIONS

In this circular (other than in the Notice of the SGM), unless the context otherwise requires, the following terms have the meanings set out below:

| | |
|------------------------------|--|
| “Board” | the board of Directors |
| “Burcon” | Burcon NutraScience Corporation, a company incorporated in the Yukon Territory, Canada with its common shares listed and publicly traded on the Toronto Stock Exchange, the NASDAQ Stock Exchange and Frankfurt Stock Exchange |
| “C\$” | Canadian dollars, the lawful currency of Canada |
| “CCASS” | the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited |
| “CCASS Investor Participant” | a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation |
| “CCASS Participant(s)” | any person(s) admitted to participate in CCASS as a direct clearing participant, a general clearing participant, a custodian participant, or any CCASS Investor Participant |
| “Company” | ITC Corporation Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 372) |
| “Director(s)” | the director(s) of the Company |
| “Distribution in Specie” | the proposed distribution of a special dividend by the Company in the form of a distribution in specie of all the ITCP Shares held by the Group, being 306,180,916 ITCP Shares as at the Latest Practicable Date, to the Qualifying Shareholders in proportion to their respective shareholdings in the Company as at the close of business on the Record Date |
| “Dr. Chan” | Dr. Chan Kwok Keung, Charles, an executive Director, the chairman of the Board and the controlling Shareholder |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “ITCP” | ITC Properties Group Limited, a company incorporated in Bermuda with limited liability, whose issued ITCP Shares are listed on the Main Board of the Stock Exchange (Stock Code: 199) |
| “ITCP Group” | ITCP and its subsidiaries |
| “ITCP Shares” | ordinary share(s) of HK\$0.01 each in the share capital of ITCP |

DEFINITIONS

| | |
|---------------------------------|--|
| “Latest Practicable Date” | 21 December 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Macau” | the Macau Special Administrative Region of the People’s Republic of China |
| “Model Code” | the Model Code for Securities Transacting by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules |
| “Ms. Ng” | Ms. Ng Yuen Lan, Macy, the spouse of Dr. Chan, who indirectly holds 209,757,748 ITCP Shares, representing approximately 23.70% of the total number of issued ITCP Shares as at the Latest Practicable Date |
| “Non-Qualifying Shareholder(s)” | Shareholder(s) holding 50 Shares or more and whose respective addresses as shown on the register of members of the Company as at the close of business on the Record Date are in place(s) outside Hong Kong and, to whom the relevant ITCP Shares will not be transferred under the Distribution in Specie |
| “Notice of the SGM” | the notice of the SGM as set out on pages 38 and 39 of this circular |
| “PYY” | PYY Corporation Limited, a company incorporated in Bermuda with limited liability, whose issued shares are listed on the Main Board of the Stock Exchange (Stock Code: 498) |
| “Qualifying Shareholder(s)” | Shareholder(s) whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholders and the Shareholder(s) holding less than 50 Shares as at the close of business on the Record Date |
| “Record Date” | Friday, 20 January 2017, being the date for determining the Shareholders’ entitlements to the Distribution in Specie |
| “Remaining Group” | the Group after the implementation of the Distribution in Specie |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “SGM” | the special general meeting of the Company to be held at Dynasty I of Dynasty Club at 7th Floor of South West Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong on Monday, 16 January 2017 at 11:00 a.m. to consider and, if thought fit, approve the Distribution in Specie |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “United States” | the United States of America |
| “%” | per cent. |

LETTER FROM THE BOARD



ITC CORPORATION LIMITED

德祥企業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 372)

Executive Directors:

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

Independent non-executive Directors:

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

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Principal place of business
in Hong Kong:*

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

23 December 2016

To the Shareholders

Dear Sir or Madam,

SPECIAL DIVIDEND BY WAY OF DISTRIBUTION IN SPECIE OF SHARES IN ITC PROPERTIES GROUP LIMITED

INTRODUCTION

On 23 November 2016, the Company announced the Board's approval of the distribution of a special dividend in the form of a distribution in specie of all the ITCP Shares held by the Group, being 306,180,916 ITCP Shares as at the Latest Practicable Date, to the Qualifying Shareholders in proportion to their respective shareholdings in the Company as at the close of business on the Record Date on the basis of 9 ITCP Shares for every 50 Shares held by the Qualifying Shareholders.

The purpose of this circular is to provide you with, among other things, information on the Distribution in Specie and the Notice of the SGM.

* For identification purpose only

LETTER FROM THE BOARD

SPECIAL DIVIDEND BY WAY OF DISTRIBUTION IN SPECIE

Basis of entitlement

On 23 November 2016, the Board approved the distribution of a special dividend in the form of a distribution in specie of all the ITCP Shares held by the Group, being 306,180,916 ITCP Shares as at the Latest Practicable Date, to the Qualifying Shareholders in proportion to their then respective shareholdings in the Company as at the close of business on the Record Date on the following basis:

for every 50 Shares held. 9 ITCP Shares

A Qualifying Shareholder holding less than an integral multiple of 50 Shares will be entitled to a pro-rata number of ITCP Shares, being rounded down to the nearest whole number of ITCP Shares. For the avoidance of doubt, Shareholder holding less than 50 Shares as at the close of business on the Record Date will not be entitled to any ITCP Shares.

No fraction of an ITCP Share will be distributed. Fractional entitlements to ITCP Shares and any ITCP Shares left undistributed (other than any ITCP Shares sold for the benefit of the Non-Qualifying Shareholders as set out in the sub-section headed “**Arrangements for Non-Qualifying Shareholders**” below) will be sold in the market as far as practicable and the net proceeds of such sale will be retained for the benefit of the Company. If any calculation of a Qualifying Shareholder’s entitlement to ITCP Shares would result in a fraction of an ITCP Share, such entitlement will be rounded down to the nearest whole number of ITCP Shares.

Shareholders’ approval

The Distribution in Specie is subject to the approval of the Shareholders at the SGM.

The ITCP Shares

As at the Latest Practicable Date, the Group held 306,180,916 ITCP Shares, representing approximately 34.60% of the total number of issued ITCP Shares. They are recorded in the Group as an investment in an associate with a carrying amount of approximately HK\$2,010 million as at 30 September 2016. The ITCP Shares are listed on the Main Board of the Stock Exchange (Stock Code: 199).

Book closure and Record Date

The register of members of the Company will be closed on Friday, 20 January 2017, during the day no transfer of Shares will be registered. In order to qualify for the Distribution in Specie, any document in respect of the transfer of Shares and accompanying share certificates must be lodged for registration with Tricor Secretaries Limited, the branch share registrar and the transfer office of the Company in Hong Kong, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:30 p.m. on Thursday, 19 January 2017. The last day for trading in Shares with entitlements to the Distribution in Specie is expected to be Tuesday, 17 January 2017.

The Record Date for determining the Shareholders’ entitlements to the Distribution in Specie is Friday, 20 January 2017.

LETTER FROM THE BOARD

Despatch of share certificates and CCASS settlement

Subject to the passing of the relevant resolution approving the Distribution in Specie at the SGM, it is expected that share certificates for the relevant ITCP Shares will be despatched by ordinary post at the risk of the Qualifying Shareholders to their respective addresses shown on the register of members of the Company as at the close of business on the Record Date.

In the case of a joint holding of Shares, the share certificate(s) for the ITCP Shares will be posted to the address of the person whose name stands first on the register of members of the Company in respect of such Shares as at the close of business on the Record Date.

Investors holding Shares through CCASS Participants are expected to receive the ITCP Shares through their respective stockbrokers or custodians or through their CCASS Investor Participant stock accounts following the despatch of the share certificates of the ITCP Shares. Such investors should seek the advice of their respective stockbrokers or other professional advisers in case of doubt.

Odd lot matching service for the ITCP Shares

The Company has, at its own costs, appointed Get Nice Securities Limited to provide matching service for sale and purchase of odd lots of the ITCP Shares, on a best effort basis, to those Qualifying Shareholders entitled to the Distribution in Specie who wish to acquire odd lots of the ITCP Shares to make up a full board lot, or to dispose of their odd lots of the ITCP Shares.

Qualifying Shareholders who wish to utilise the service should contact Mr. Larry Ng of Get Nice Securities Limited at 10th Floor, Cosco Tower, Grand Millennium Plaza, 183 Queen's Road Central, Hong Kong during the period from 9:00 a.m. on Wednesday, 1 February 2017 to 4:00 p.m. on Thursday, 16 February 2017, both days inclusive. Holders of odd lots of the ITCP Shares should note that successful matching of such sale and purchase is not guaranteed.

Qualifying Shareholders and Non-Qualifying Shareholders

The Distribution in Specie will be available to the Qualifying Shareholders, but will not be extended to any Non-Qualifying Shareholders and the Shareholders holding less than 50 Shares as at the close of business on the Record Date.

Shareholders with registered addresses outside Hong Kong

Based on the register of members of the Company as at the Latest Practicable Date, there was only one Shareholder holding 2,000 Shares whose address as shown on the register of members of the Company was located in Canada, representing very minor percentage of the total number of issued Shares as at the close of business on the Latest Practicable Date.

The Company had engaged legal counsel to ascertain whether or not there are any legal or regulatory requirements or restrictions in Canada which would make extending the Distribution in Specie to the said Shareholder administratively prohibitive or inexpedient. Having considered such advice provided by the legal counsel, the Directors are of the view that it is expedient and beneficial to the Company and the Shareholders as a whole to exclude the Shareholder whose address as shown on the register of members of the Company as at the close of business on the Record Date is in Canada from receiving the ITCP Shares and to regard such Shareholder as Non-Qualifying Shareholder as the Company has been advised that there are applicable legal or regulatory requirements or restrictions in Canada and additional time and resources are required to ascertain the satisfaction of the relevant requirements or exemptions.

LETTER FROM THE BOARD

Notwithstanding the arrangements with regard to the Shareholder(s) whose registered address(es) is/are outside Hong Kong as described above, the Board reserves the ultimate right to exclude any Shareholder from the Distribution in Specie if it believes that the transfer of the ITCP Shares to such Shareholder may violate any applicable legal and/or regulatory requirements in any jurisdiction.

Arrangements for Non-Qualifying Shareholders

As the Distribution in Specie will not be extended to any Non-Qualifying Shareholders, arrangements will be made for the ITCP Shares which would otherwise have been transferred to the Non-Qualifying Shareholders to be sold in the market as soon as practicable by broker on behalf of the Non-Qualifying Shareholders, on or after the date of posting of the share certificates for the ITCP Shares (which date is currently expected to be on or about Friday, 27 January 2017), and any proceeds of sale, after deduction of expenses and duties, will be distributed in Hong Kong dollars to the relevant Non-Qualifying Shareholders at their own risk, except that net proceeds less than HK\$100 will be retained for the benefit of the Company.

Cheques representing the net proceeds of the sale of such ITCP Shares, if any, will be sent to the Non-Qualifying Shareholders at their own risk, within fourteen (14) days after the sale of all such ITCP Shares. In the absence of bad faith or willful default, none of the Company or any broker or agent appointed by the Company to effect the sale shall have any liability of any loss whatsoever arising as a result of the timing or the terms of any such sale.

Financial effects of the Distribution in Specie on the Remaining Group

Following completion of the Distribution in Specie, the Group will hold no ITCP Shares and ITCP will no longer be accounted for as an associate in the consolidated financial statements of the Company. The financial effects of the Distribution in Specie on the Remaining Group are as follows:

Assets and liabilities

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix II to this circular, assuming completion of the Distribution in Specie had taken place on 30 September 2016, the unaudited pro forma consolidated total assets is reduced by approximately HK\$1,993 million being the carrying amount of all the ITCP Shares held by the Group of approximately HK\$2,010 million off-setting by the disposal proceeds of the undistributed ITCP Shares of approximately HK\$17 million. The Distribution in Specie will not have any financial impact on the liabilities of the Remaining Group.

Profit

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix II to this circular, assuming completion of the Distribution in Specie had taken place on 1 April 2015, the unaudited pro forma consolidated profit or loss of the Remaining Group for the year ended 31 March 2016 is changed from profit for the year of approximately HK\$436 million to loss for the year of approximately HK\$395 million, which is mainly attributable to (i) reversal of equity accounting for the results of ITCP for the year ended 31 March 2016 of approximately HK\$504 million; and (ii) an estimated one-time loss on assets to be distributed of approximately HK\$327 million as a result of the Distribution in Specie.

The profit and loss implications on the Group as a result of the Distribution in Specie may only be determined following completion of the Distribution in Specie. Such estimated one-time loss on assets to be distributed would be approximately HK\$1,038 million as a result of the Distribution in Specie which is calculated based on the difference between the aggregate of (i) the carrying value of the Group's interests in ITCP as an associate as at 30 September 2016 of approximately HK\$2,010 million, and (ii) the effect on the release of ITCP's other comprehensive income accumulated in reserves shared by the Group of approximately HK\$23 million and the fair value of the 306,180,916 ITCP Shares held by the Group of approximately HK\$995 million based on the market price of HK\$3.25 per ITCP Share as at the Latest Practicable Date. Such loss is subject to change depending on the price of the ITCP Shares and the carrying value of interests in ITCP as an associate on the date of completion of the Distribution in Specie as required by the applicable Hong Kong Financial Reporting Standards and subject to audit and may only be ascertained after completion of the Distribution in Specie.

LETTER FROM THE BOARD

Reasons and benefits for the Distribution in Specie

The Directors have satisfied themselves that the Distribution in Specie is in the interests of the Company and its Shareholders as a whole after taking into consideration of the following:

- (i) on 4 November 2016, ITCP announced a profit warning for its interim results for the six months ended 30 September 2016. During the period, ITCP expected to record a decline in its profitability of 40% to 50%. The decrease in profit was mainly attributable to a significant decrease in the share of profits of an associate which develops residential property in Macau, as a result of fewer presold units handed over to the end buyers during the period. Taking this into consideration, the near term prospects of Macau, the profitability of ITCP going forward may adjust to a reduced level until new projects can be developed and the share price history of the ITCP Shares, the Company is of the view that this may be a good time to unlock the value of the ITCP Shares in the Company's accounts and return value to its Shareholders;
- (ii) notwithstanding the carrying value, the average cost of investment to the Company on cash flow basis for its holdings of ITCP Shares is approximately HK\$2.94 per ITCP Share (excluding dividends received), which was close to the market price of the Shares during the end of October 2016, when the Directors considered that the Distribution in Specie would allow the Company to have a realisation of its investment in ITCP at around its breakeven cost;
- (iii) over the last five years, the trading price of the ITCP Shares have risen from around HK\$2.00 per ITCP Share to peaked in June 2015 at around HK\$4.80 per ITCP Share. Since June 2015, the trading price of ITCP Shares has steadily declined;
- (iv) if the ITCP Shares were to be disposed of by placing, it would generally require a discount to the market price, and given the large block of ITCP Shares to be disposed of, there is no assurance that placees can be found to acquire the entire stake. Also, there are costs associated with engaging a placing agent which would affect the breakeven analysis;
- (v) if the ITCP Shares were to be disposed of on-market, it would require the obtaining of a specific mandate from the Shareholders to approve the transaction, and assuming that the disposal mandate is approved, it would be very difficult to dispose of the large stake on-market. Further, the share price of the ITCP Shares would be expected to fall given the large volume to be disposed of;
- (vi) the Distribution in Specie would allow the Company to realise its entire interests in the ITCP Shares at a market price which is unaffected by selling pressure created from a large disposal, and would avoid the execution risk to complete the realisation; and
- (vii) under the Distribution in Specie, the Qualifying Shareholders will be entitled to 9 ITCP Shares for every 50 Shares held. Based on the closing prices of the shares of ITC and ITCP on the trading day prior to the announcement of the Company in relation to Distribution in Specie on 30 November 2016, each Share, on average, will be entitled to a distribution of approximately HK\$0.59 in value, which is substantial compared to the closing price of HK\$0.68 per Share on the date of the interim result announcement of the Company for the six months ended 30 September 2016.

Pursuant to the Distribution in Specie, the Qualifying Shareholders will be entitled to receive their proportional interest in the ITCP Shares and they may either hold or realise the value on market, where the ITCP Shares trade at less of a discount to its net asset value compared to the Shares. The Distribution in Specie will more efficiently and effectively distribute this value in comparison to a disposal of the ITCP Shares by the Company followed by a special cash dividend. Hence, the Directors consider that the Distribution in Specie is in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

The Board is of the view that the Distribution in Specie will provide the Qualifying Shareholders with an opportunity to directly participate in the investment of, and enjoy returns from, the ITCP Shares, and with the flexibility to determine the level of their participation in investing in ITCP at their own discretion.

Prospects of the Remaining Group

Notwithstanding the implementation of the Distribution in Specie, the Group's main operation will not be affected and will continue as before. As shown in the interim report of the Company for the six months ended 30 September 2016, the Group has net current assets of approximately HK\$377 million which will not be materially affected by the implementation of the Distribution in Specie. Based on the interim report of the Company for the six months ended 30 September 2016, the Group has demonstrated growth in some of its segments as follows: –

- (i) “Others” – including leasing of investment properties. The Group invested in certain investment properties consist of a commercial building and certain hotel rooms located in Vancouver, Canada which had provided a steady stream of recurring rental income to the Group. During the period ended 30 September 2016, the Group has expanded its properties portfolio from HK\$22.0 million as at 31 March 2016 to HK\$40.4 million as at 30 September 2016 by acquiring certain hotel rooms as mentioned above. The Group will continue to identify suitable property investments with reasonable returns and positive growth in both Hong Kong and Vancouver, Canada, and other global markets to enrich its properties portfolio;
- (ii) “Long term investment” – including convertible notes and other equity investment which classified as non-current assets. The Group invested in those financial assets which had provided stable return to the Group as long term investments. As at 30 September 2016, the investment consisted of an unlisted convertible note issued by an associate, Burcon. Although decrease was noted for the “Long term investment” from HK\$40.6 million as at 31 March 2016 to HK\$12.5 million as at 30 September 2016, the Company will continue to seek suitable long term investments, including investment in companies that the Group are familiar with, as demonstrated by the Group's acquisition of 4.75 per cent senior guaranteed notes issued by Treasure Generator Limited, a wholly-owned subsidiary of ITCP, for approximately HK\$13.8 million in October 2016;
- (iii) “Loan” – loan financing services. According to the Group's treasury management policy, the Group provides loan financing services when there are surplus fund in the Group. Currently, the Group provides loan financing to corporate clients and high net worth individuals to generate steady interest income. Besides, the provision of finance to a designated group of customers can minimise the potential credit and default risks in the Group's loans portfolio and is easier for management. The Group's loans portfolio had remained relatively stable from HK\$110.0 million as at 31 March 2016 to HK\$111.0 million as at 30 September 2016; and
- (iv) “Other investment” – investment in other financial assets and trading of securities which classified as equity investments under current assets. These investments, which mainly consisted of equity securities listed on the Stock Exchange, increased from HK\$50.8 million as at 31 March 2016 to HK\$134.7 million as at 30 September 2016. The Group will continue to seek suitable investment opportunities in both equities and bonds markets with growth potential which can provide positive capital yield to the Group.

The Company intends to continue to hold its interests in other associates, namely PYI and Burcon, and will continue to engage in strategic investments in the future. The details of the investment in PYI and Burcon are as follows:

- (i) The Company has held interests in PYI since 1997. PYI is principally engaged in ports and infrastructure development and investment, the operation of ports and logistics facilities, in the Yangtze River region of China, land and property development and investment in association with ports and infrastructure development, treasury investment and provision of comprehensive engineering and property-related services through Paul Y. Engineering Group Limited. Over the

LETTER FROM THE BOARD

past six years ended 31 March 2015, with respect to the Company's investment in PYI, PYI has made a consistent contribution to the Company's results. For the year ended 31 March 2016, PYI reported a loss. The loss was mainly due to a provision for stock of properties, investment properties and unrealised exchange loss on Renminbi denominated monetary assets. For the six months ended 30 September 2016, PYI has shown signs of recovery. With a view that the China economy will continue to grow in the long term, the Directors are confident with the prospects of PYI.

- (ii) The Company has held interests in Burcon since 1998. Burcon is a leader in developing functionally and nutritionally valuable plant-based proteins. 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. On 8 November 2016, Burcon announced that Archer Daniels Midland Company (stock code: ADM. NYSE) ("ADM"), Burcon's license and production partner for CLARISOY™, has fully commissioned the first large scale CLARISOY™ production facility. This is a milestone event for Burcon which is resulted from the culmination of years of effort. The Company was an early investor of Burcon during its years of research and development. With the recent developments which have commercialised Burcon's intellectual property rights, the Directors believe that the Company's years of commitment to Burcon will bring positive impact to the Group in the near future.

Note: CLARISOY™, a trademark of ADM, is under license to Burcon from ADM.

The implementation of the Distribution in Specie does not preclude that the Remaining Group may invest in the ITCP Shares in the future when opportunity arises. The Company's strategy and mission statement has been and continues to be "Harvest, Sharing, Deliver Value". As at the Latest Practicable Date, the Group does not have any plan, arrangement, understanding, intention, negotiation (either concluded or in process) on any potential acquisition of assets or businesses, or disposal or scale down of existing assets or businesses of the Group.

Tentative timetable for the Distribution in Specie

The tentative timetable for the implementation of the Distribution in Specie is as follows:

| | |
|--|---|
| Date of the SGM | Monday , 16 January 2017 |
| Last day of dealing in the Shares on a cum-entitlement basis | Tuesday , 17 January 2017 |
| Commencement of dealing in the Shares on an ex-entitlement basis | Wednesday , 18 January 2017 |
| Latest time for lodging transfer of the Shares in order to qualify for the Distribution in Specie | 4:30 p.m. on Thursday , 19 January 2017 |
| Closure of register of members of the Company | Friday , 20 January 2017 |
| Record Date | Friday , 20 January 2017 |
| Register of members of the Company re-opens | Monday , 23 January 2017 |
| Despatch of physical share certificates for the ITCP Shares on or about | Friday , 27 January 2017 |

Note: All references to time and date in this circular refer to Hong Kong local time and date. Should there be any change to the above expected timetable, further announcement(s) will be made by the Company as and when necessary.

LETTER FROM THE BOARD

INFORMATION ON THE COMPANY

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.

INFORMATION ON ITCP

ITCP is an investment holding company and its subsidiaries are principally engaged in property development and investment in Macau, the People's Republic of China, Hong Kong and Canada. The ITCP Group is also engaged in the development, investment and operation of hotels and leisure business in the People's Republic of China and Hong Kong, securities investments and the provision of loan financing services.

Set out below is a summary of the consolidated profit before and after taxation for ITCP for the years ended 31 March 2015 and 2016:

| | Year ended 31 March | |
|------------------------|----------------------------|----------------------------|
| | 2016 | 2015 |
| | HK\$' million (audited) | HK\$' million (audited) |
| Profit before taxation | <u>1,467.8</u> | <u>823.7</u> |
| Profit after taxation | <u>1,458.6</u> | <u>801.1</u> |

GENERAL

As at the Latest Practicable Date, Dr. Chan held directly and indirectly 1,078,324,383 Shares, representing approximately 63.87% of the total number of issued Shares and Dr. Chan and Ms. Ng directly/indirectly in aggregate held 225,643,318 ITCP Shares, representing approximately 25.50% of the total number of issued ITCP Shares.

Mr. Chan Kwok Chuen, Augustine and Mr. Chan Yiu Lun, Alan are the younger brother and the son of Dr. Chan respectively. Mr. Chan Fut Yan, Mr. Chan Yiu Lun, Alan and Mr. Shek Lai Him, Abraham are common directors of the Company and ITCP and hold 3,285,267 ITCP Shares, 3,600,390 ITCP Shares and 229,346 ITCP Shares respectively, representing approximately 0.37%, 0.41% and 0.03% respectively of the total number of issued ITCP Shares as at the Latest Practicable Date. Ms. Chau Mei Wah, Rosanna holds 12,952,564 ITCP Shares, representing approximately 1.46% of the total number of issued ITCP Shares as at the Latest Practicable Date. Mr. Chan Kwok Chuen, Augustine, Mr. Chan Yiu Lun, Alan, Mr. Chan Fut Yan, Mr. Shek Lai Him, Abraham and Ms. Chau Mei Wah, Rosanna did not hold any Shares as at the Latest Practicable Date.

SGM

The Notice of the SGM with the relevant resolution approving the Distribution in Specie is set out on pages 38 and 39 of this circular. Shareholders are advised to read the Notice of the SGM and to complete and return the accompanying form of proxy for use at the SGM in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time for holding the SGM or any adjourned SGM, as the case may be, to the principal place of business of the Company in Hong Kong at 30th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong. Completion and return of the form of proxy will not preclude a Shareholder from attending the SGM (or any adjournment thereof) and voting in person at the SGM and, in such event, the appointment of such proxy will be revoked.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders are required to abstain from voting on the proposed resolution approving the Distribution in Specie at the SGM.

LETTER FROM THE BOARD

VOTING AT THE SGM

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

There is no requirement under the Companies Act 1981 of Bermuda that a listed company must count the poll votes or announce the result of a count of poll votes at the general meeting save that a poll demanded for the appointment of a chairman or the adjournment of the general meeting shall be taken forthwith.

RECOMMENDATION

The Directors are of the opinion that, having considered the factors and reasons set out in the sub-sections headed “**Reasons and benefits for the Distribution in Specie**” and “**Prospects of the Remaining Group**”, the Distribution in Specie is in the interests of the Company and the Shareholders as a whole and that the terms of the Distribution in Specie are fair and reasonable so far as the Company and the Shareholders are concerned. The Board would recommend the Shareholders to vote in favour of the proposed resolution approving the Distribution in Specie at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in appendices to this circular and the Notice of the SGM.

Yours faithfully,
For and on behalf of the board of directors of
ITC Corporation Limited
Dr. Chan Kwok Keung, Charles
Chairman

I. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for the three financial years ended 31 March 2014, 2015 and 2016 and six months ended 30 September 2016 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.itc.com.hk), and which can be accessed by the direct hyperlinks below:

- (1) annual report of the Company for the year ended 31 March 2014 published on 4 July 2014 (pages 43 to 134):
<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0704/LTN20140704381.pdf>
- (2) annual report of the Company for the year ended 31 March 2015 published on 14 July 2015 (pages 45 to 134):
<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0714/LTN20150714728.pdf>
- (3) annual report of the Company for the year ended 31 March 2016 published on 13 July 2016 (pages 48 to 134):
<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0713/LTN20160713331.PDF>
- (4) interim report of the Company for the six months ended 30 September 2016 published on 15 December 2016 (pages 19 to 31):
<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/1215/LTN20161215275.PDF>

II. STATEMENT OF INDEBTEDNESS**(1) Borrowing**

As at 31 October 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding bank borrowing of approximately HK\$7 million, representing the secured and guaranteed bank borrowing.

The secured bank borrowing was secured by certain investment properties.

(2) Debt securities

As at 31 October 2016, the Company did not have any outstanding debt securities.

(3) Contingent liabilities

As at 31 October 2016, the Group had no contingent liabilities.

(4) Pledge of assets

As at 31 October 2016, certain properties were pledged to a bank to secure a general facility granted to the Group.

(5) Disclaimers

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, as at 31 October 2016, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

III. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources available to the Group, including the effect of the Distribution in Specie, the available banking facilities and the Group's internally generated funds, the Group has sufficient working capital to satisfy its present requirements for at least the next 12 months following the date of this circular in the absence of unforeseeable circumstances.

IV. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2016, the date to which the latest audited consolidated financial statements of the Company were made up.

V. FINANCIAL AND TRADING PROSPECTS

The Company is prudently optimistic on the business outlook. Despite the depreciation of Renminbi and the slowdown growth in China, the Company remains positive on its mid to long-term prospects and believes that Hong Kong will continue to benefit from the collaboration with China.

On the other hand, the global economy will continue to be affected by the result of the presidential election in the United States and the ongoing development of Brexit. While the market generally expects a rise in budget deficit and the interest rates in the United States and a heightened uncertainty in the United Kingdom, the actual influence and effect on the global economy is yet to be seen.

The Company believes that its investments in PYI and Burcon will continue to bring value to the Group along completion of their projects. For instance, Archer Daniels Midland Company (stock code: ADM. NYSE) ("ADM"), Burcon's license and production partner for CLARISOY™ soy protein, successfully commissioned the first large-scale CLARISOY™ production facility in November 2016. This achievement will definitely enhance the long-term growth of Burcon and bring positive impact to the Group.

Going forward, the Group will continue to adhere to its long-term strategy of exploring diversified investment opportunities with growth potential in a cautious yet proactive approach. The Company believes that the Group is well-poised for the challenges ahead and is determined to bring maximum value to its Shareholders.

Note: CLARISOY™, a trademark of ADM, is under license to Burcon from ADM.

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

I. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group have been prepared to illustrate the effect of the Distribution in Specie as if it had been completed on 30 September 2016 for the unaudited pro forma consolidated statement of financial position and on 1 April 2015 for the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Notes:

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

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

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

- (f) The adjustment represents the recognition of the loss due to disposal of the remaining ITCP Shares held by the Group based on market price of HK\$4.00 per ITCP Share as at 1 April 2015, assuming the Distribution in Specie was completed as at 1 April 2015.

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

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

- (g) The adjustment represents the fair value changes on the ITCP Shares acquired during the year ended 31 March 2016, accounting for equity investments at fair value through profit or loss, assuming the Distribution in Specie was completed as at 1 April 2015.

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

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

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

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

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



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

TO THE DIRECTORS OF ITC CORPORATION LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of ITC Corporation Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 September 2016, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2016, the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2016 and related notes as set out on pages 14 to 20 of the circular issued by the Company dated 23 December 2016 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages 14 to 20 of the Circular.

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

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

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

Our Independence and Quality Control

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

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

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

Reporting Accountants’ Responsibilities

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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

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

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

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

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

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

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

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

Opinion

In our opinion:

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

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 23 December 2016

The following discussion should be read in conjunction with the financial information of the Group and the historical financial information and operating data included in this circular. The financial statements of the Group have been prepared in accordance with the Hong Kong Financial Reporting Standards. The management's discussion and analysis of the Remaining Group is set out below, the Remaining Group will have minimal or no ITCP Shares and ITCP will cease to be its associate.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

(1) For the six months period ended 30 September 2016

Liquidity, financial resources and capital structure

As at 30 September 2016, the Remaining Group had bank deposits, bank balances and cash of HK\$155 million and bank borrowings of HK\$7 million.

The bank borrowings were denominated in Canadian dollars, repayable within five years and at floating interest rates.

The Remaining Group continued to adopt a prudent funding and treasury policy to manage its liquidity needs. The objective is to maintain adequate funds for financing working capital and seizing investment opportunities, as and when they become available.

Review on the performance of investment held

For the six months ended 30 September 2016, the Remaining Group recorded consolidated revenue of approximately HK\$7 million. Loss attributable to Shareholders was approximately HK\$12 million and basic loss per Share was HK0.72 cents for the six months ended 30 September 2016.

PYI recorded a loss attributable to shareholders of HK\$8 million for the six months ended 30 September 2016. The decrease in loss as compared with HK\$231 million for the corresponding period in 2015 was mainly attributable to the absence of (i) a provision made for certain stock of properties under development; and (ii) net fair value loss of certain investment properties. As a result, the Remaining Group shared a loss of HK\$2 million from PYI for the six months ended 30 September 2016.

In July 2016, Archer Daniels Midland Company (stock code: ADM.NYSE) ("ADM"), Burcon's license and production partner for CLARISOY™, demonstrated three products containing CLARISOY™ at the 2016 Institute of Food Technologist Annual Meeting & Food Expo. On 8 November 2016, Burcon announced that ADM had successfully commissioned the first large-scale CLARISOY™ production facility at its North American headquarters in Decatur, Illinois.

In addition, the Remaining Group acquired a Burcon's 3-year 8% convertible note with principal amount of C\$2.0 million in April 2016. For the period ended 30 September 2016, Burcon recorded a loss of HK\$18 million as compared with HK\$20 million for the corresponding period in 2015.

Note: CLARISOY™, a trademark of ADM, is under license to Burcon from ADM.

Comments on segment information

The reportable segments of the Remaining Group are finance, long-term investments, other investment and others. Finance segment represents the provision of loan financing services. For the six months ended 30 September 2016, the Remaining Group recorded a profit on finance segment of approximately HK\$3 million.

Long-term investment segment represents investment including convertible notes issued by the associates and other long-term equity investments. The loss on the result of long-term investment was approximately HK\$6 million for the six months ended 30 September 2016.

Other investment segment includes the activities of investments in other financial assets and trading of securities. The profit on the result of other investment was approximately HK\$11 million for the six months ended 30 September 2016.

Other segment includes the activities of leasing of investment properties, leasing of motor vehicles and management services. For the six months ended 30 September 2016, the Remaining Group recorded profit on other segment of approximately HK\$0.4 million.

Employee and remuneration policy

As at 30 September 2016, the Remaining Group had a total of 60 employees. The Remaining Group's remuneration policy is to ensure that the Remaining Group's remuneration structure is appropriate and aligns with the Remaining Group's goals and objectives. The employees' remuneration is based on the employees' skill, knowledge and involvement in the Company's affairs and is determined by reference to the Company's performance, as well as remuneration benchmark in the industry and the prevailing market conditions. The ultimate objective of the remuneration policy is to ensure that the Remaining Group is able to attract, retain and motivate a high-calibre team which is essential to the success of the Company. The Remaining Group also offers benefits to its employees including discretionary bonus, training, provident funds and medical coverage. The share option scheme of the Company is established for the eligible participants (including employees). No share options were granted during the period and there was no outstanding share option as at 30 September 2016 and as at the Latest Practicable Date.

Gearing ratio

The Remaining Group's gearing ratio was zero as at 30 September 2016. The gearing ratio is calculated on the basis of net borrowings over the equity attributable to Shareholders. Net borrowings is arrived at by deducting bank deposits, bank balances and cash from borrowings.

Exchange rate exposure

Most of the assets and liabilities of the Remaining Group are denominated in Hong Kong dollars, hence the Remaining Group's exposure to fluctuations in foreign exchange rates is minimal and no foreign exchanging hedging instruments are used.

Pledge of assets

As at 30 September 2016, properties with an aggregate carrying value of HK\$19 million were pledged to a bank to secure a general facility granted to the Remaining Group.

Contingent liabilities

As at 30 September 2016, the Remaining Group had no contingent liabilities.

Material acquisitions and disposals

There is no material acquisition and disposal during the six months ended 30 September 2016.

(2) For the year ended 31 March 2016**Liquidity, financial resources and capital structure**

As at 31 March 2016, the Remaining Group had bank deposits, bank balances and cash of HK\$52 million and bank borrowings of HK\$62 million.

All bank borrowings were denominated in Hong Kong dollars, either repayable within one year or on demand and at floating interest rates.

The Remaining Group continued to adopt a prudent funding and treasury policy to manage its liquidity needs. The objective is to maintain adequate funds for financing working capital and seizing investment opportunities, as and when they become available.

Review on the performance of investment held

For the year ended 31 March 2016, the Remaining Group recorded consolidated revenue of approximately HK\$15 million. Loss attributable to Shareholders was approximately HK\$68 million and basic loss per Share was HK4.33 cents for the year ended 31 March 2016.

PYI recorded a loss attributable to shareholders of HK\$298 million for the year ended 31 March 2016, as compared with a profit of HK\$86 million for the year ended 31 March 2015. The loss was mainly attributable to (a) a provision made for certain stock of properties under development situated at Xiao Yangkou of Rudong County, Nantong City, Jiangsu Province, the PRC; (b) the recognition of loss on fair value changes of investment properties situated mainly at Xiao Yangkou and Nantong City; and (c) an unrealised exchange loss arising from Renminbi denominated monetary assets. As a result, the Remaining Group shared a loss of HK\$82 million from PYI for the year.

In July 2015, ADM, Burcon's license and production partner for CLARISOY™, demonstrated three products containing variations of CLARISOY™ at the 2015 Institute of Food Technologist Annual Meeting & Food Expo. Burcon expected ADM's full-scale commercial CLARISOY™ production facility to be operational by mid-2016. Burcon is also making progress on its second major protein technology, Peazazz® pea protein, and is in discussions with potential commercialisation partners.

In April 2015, Burcon completed its rights offering, the Remaining Group had applied additional subscription and totally subscribed for approximately 0.4 million common shares and so the Remaining Group's interest in Burcon increased from approximately 20.4% to approximately 20.6% after the rights offering. In March 2016, the Remaining Group exercised certain share warrants to acquire approximately 0.1 million shares for a total consideration of approximately C\$0.3 million and the Remaining Group's interest in Burcon increased from approximately 20.6% to approximately 20.8% accordingly. For the year ended 31 March 2016, the Remaining Group shared a loss of HK\$8 million.

Comments on segment information

The reportable segments of the Remaining Group are finance, long-term investments, other investment and others. Finance segment represents the provision of loan financing services. For the year ended 31 March 2016, the Remaining Group recorded a profit on finance segment of approximately HK\$13 million.

Long-term investment segment represents investments including convertible notes issued by the associates and other long-term equity investments. The profit on the result of long-term investment was approximately HK\$5 million for the year ended 31 March 2016.

Other investment segment includes the activities of investments in other financial assets and trading of securities. The loss on the result of other investment was approximately HK\$10 million for the year ended 31 March 2016.

Other segment includes the activities of leasing of investment property, leasing of motor vehicles and management services. For the year ended 31 March 2016, the Remaining Group recorded profit on other segment of approximately HK\$4 million.

Employee and remuneration policy

As at 31 March 2016, the Remaining Group had a total of 60 employees. The Remaining Group's remuneration policy is to ensure that the Remaining Group's remuneration structure is appropriate and aligns with the Remaining Group's goals and objectives. The employees' remuneration is based on the employees' skill, knowledge and involvement in the Company's affairs and is determined by reference to the Company's performance, as well as remuneration benchmark in the industry and the prevailing market conditions. The ultimate objective of the remuneration policy is to ensure that the Remaining Group is able to attract, retain and motivate a high-calibre team which is essential to the success of the Company. The Remaining Group also offers benefits to its employees including discretionary bonus, training, provident funds and medical coverage. The share option scheme of the Company is established for the eligible participants (including employees). No share options were granted during the year and there was no outstanding share option as at 31 March 2016.

Gearing ratio

The Remaining Group's gearing ratio was 0.6% as at 31 March 2016. The gearing ratio is calculated on the basis of net borrowings over the equity attributable to Shareholders. Net borrowings is arrived at by deducting bank deposits, bank balances and cash from borrowings.

Exchange rate exposure

Most of the assets and liabilities of the Remaining Group are denominated in Hong Kong dollars, hence the Remaining Group's exposure to fluctuations in foreign exchange rates is minimal and no foreign exchanging hedging instruments are used.

Contingent liabilities

As at 31 March 2016, the Remaining Group had no contingent liabilities.

Material acquisitions and disposals

During the year ended 31 March 2016, the Remaining Group acquired on-market approximately 78 million shares of PYI, at an aggregate cash consideration of approximately HK\$13.6 million. As a result of the acquisition, the Remaining Group's interest in PYI increased from approximately 26.8% to approximately 28.5%.

(3) For the year ended 31 March 2015**Liquidity, financial resources and capital structure**

As at 31 March 2015, the Remaining Group had bank deposits, bank balances and cash of HK\$139 million, bank borrowings of HK\$10 million.

All bank borrowings were denominated in Hong Kong dollars, either repayable within one year or on demand and at floating interest rates.

The Remaining Group continued to adopt a prudent funding and treasury policy to manage its liquidity needs. The objective is to maintain adequate funds for financing working capital and seizing investment opportunities, as and when they become available.

Review on the performance of investment held

For the year ended 31 March 2015, the Remaining Group recorded consolidated revenue of approximately HK\$9 million. Loss attributable to Shareholders was approximately HK\$34 million and basic loss per Share was HK2.58 cents for the year ended 31 March 2015.

The Remaining Group's interest in PYI remained at approximately 26.8% throughout the year. PYI recorded a profit attributable to shareholders of HK\$86 million for the year ended 31 March 2015, as compared with HK\$86 million for the year ended 31 March 2014. As a result, the profit contributed by PYI maintained at HK\$23 million.

In July 2014, ADM, Burcon's license and production partner for CLARISOY™, launched a new CLARISOY™ variant, CLARISOY™ 170, at the 2014 Institute of Food Technologist Annual Meeting & Food Expo. Also, in April 2014, Burcon was granted a key patent for a CLARISOY™ composition of matter patent applications which provides protection over the commercially valuable attributes of CLARISOY™.

In April 2014, Burcon completed its rights offering and the Remaining Group subscribed for approximately 0.4 million common shares under this rights offering to maintain its proportional interest in Burcon. For the year ended 31 March 2015, Burcon recorded a loss of HK\$45 million as compared with HK\$44 million for the corresponding year in 2014. As a result, together with recognising previous unrecognised loss, the Remaining Group shared a loss of HK\$13 million.

Comments on segment information

The reportable segments of the Remaining Group are finance, long-term investments, other investment and others. Finance segment represents the provision of loan financing services. For the year ended 31 March 2015, the Remaining Group recorded a profit on finance segment of approximately HK\$8 million.

Long-term investment segment represents investments in investments such as convertible notes issued by associates. The loss on the result of long-term investment was approximately HK\$0.1 million for the year ended 31 March 2015.

Other investment segment includes the activities of investment in other financial assets and trading of securities. During the year ended 31 March 2015, there was no activity in other investment segment.

Other segment includes the activities of leasing of investment property, leasing of motor vehicles and management services. For the year ended 31 March 2015, the Remaining Group recorded profit on other segment of approximately HK\$0.2 million.

Employee and remuneration policy

As at 31 March 2015, the Remaining Group had a total of 62 employees. The Remaining Group's remuneration policy is to ensure that the Remaining Group's remuneration structure is appropriate and aligns with the Remaining Group's goals and objectives. The employees' remuneration is based on the employees' skill, knowledge and involvement in the Company's affairs and is determined by reference to the Company's performance, as well as remuneration benchmark in the industry and the prevailing market conditions. The ultimate objective of the remuneration policy is to ensure that the Remaining Group is able to attract, retain and motivate a high-calibre team which is essential to the success of the Company. The Remaining Group also offers benefits to its employees including discretionary bonus, training, provident funds and medical coverage. The share option scheme of the Company is established for the eligible participants (including employees) but no share options were granted during the period and there was no outstanding share option as at 31 March 2015.

Gearing ratio

The Remaining Group's gearing ratio was zero as at 31 March 2015. The gearing ratio was calculated on the basis of net borrowings over the equity attributable to Shareholders. Net borrowings is arrived at by deducting bank deposits, bank balances and cash from the borrowings.

Exchange rate exposure

Most of the assets and liabilities of the Remaining Group are denominated in Hong Kong dollars, hence the Remaining Group's exposure to fluctuations in foreign exchange rates is minimal and no foreign exchanging hedging instruments are used.

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 Remaining Group. As at 31 March 2015, no amount had been drawn from the relevant facility.

Contingent liabilities

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

Material acquisitions and disposals

In December 2014, the Remaining Group disposed of its subsidiaries which owned approximately 195.7 million shares in Rosedale Hotel Holdings Limited ("Rosedale") to a subsidiary of Master Glory Group Limited (formerly known as Hanny Holdings Limited), at a consideration of HK\$575 million. As part and parcel of the disposal, the Remaining Group placed out 47.2 million shares in Rosedale at a consideration of HK\$26.9 million before completion of the disposal. Since an impairment loss on interest in Rosedale of HK\$126 million was recognised for the year ended 31 March 2014, the disposal did not have significant profit or loss impact to the Remaining Group for the year ended 31 March 2015.

(4) For the year ended 31 March 2014**Liquidity, financial resources and capital structure**

As at 31 March 2014, the Remaining Group had bank deposits, bank balances and cash of HK\$32 million, bank borrowings of HK\$63 million and margin account payable of HK\$20 million.

All bank borrowings and margin account payable were denominated in Hong Kong dollars, either repayable within one year or on demand and at floating interest rates.

The Remaining Group continued to adopt a prudent funding and treasury policy to manage its liquidity needs. The objective is to maintain adequate funds for financing working capital and seizing investment opportunities, as and when they become available.

Review on the performance of investment held

For the year ended 31 March 2014, the Remaining Group recorded consolidated revenue of approximately HK\$7 million. Profit attributable to Shareholders was approximately HK\$103 million and basic earnings per Share was HK8.91 cents for the year ended 31 March 2014.

PYI recorded a profit attributable to shareholders of approximately HK\$86 million for the year ended 31 March 2014 as compared to approximately HK\$262 million for the year ended 31 March 2013. The decrease was mainly attributable to the absence of any substantial gain on disposal of investment for the year ended 31 March 2014 as compared to a non-recurring substantial gain on deemed disposal of The 13 Holdings Limited (formerly known as Louis XIII Holdings Limited) earned for the year ended 31 March 2013. As a result, the profit contributed by PYI decreased from approximately HK\$70 million to approximately HK\$23 million.

In December 2012, ADM, Burcon's license and production partner for CLARISOY™, notified Burcon of the first commercial sale of CLARISOY™ and in March 2014, Burcon received written notice from ADM that it intended to expand to full-commercial scale production such that ADM could retain its exclusive license. During the year, CLARISOY™ was recognised with the 2013 Food Innovation Award from the Canadian Institute of Food Science and Technology. In July 2013, ADM introduced CLARISOY™ 120, a powdered mix prototype for use in powdered drinks and drink mixes.

In June 2013, Burcon completed the building of a semi-works production facility to produce Peazazz® pea protein. The new plant utilises commercial-scale equipment and will be capable of producing large quantities of Peazazz® required for market development activities. In August 2013, the aforesaid plant became fully commissioned and operational, marking a significant advancement in the commercialisation of Peazazz®. While the new semi-works plant utilises commercial-scale equipment, it will only be used to produce the amounts of Peazazz® needed for targeted market development activities with certain prospective customers. For the year ended 31 March 2014, Burcon recorded a loss of HK\$44 million as compared with HK\$43 million for the corresponding year in 2013.

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 on deemed disposal of partial interests and fair value gain on the remaining interest in Rosedale Hotel Beijing Co., Ltd. and Rosedale Hotel Kowloon at Tai Kok Tsui, Hong Kong. Accordingly, the Remaining Group shared a profit of HK\$254 million for the current year as compared to a loss of HK\$43 million for the year ended 31 March 2013.

Comments on segment information

The reportable segments of the Remaining Group are finance, long-term investments, other investment and others. Finance segment represents the provision of loan financing services. For the year ended 31 March 2014, the Remaining Group recorded a profit on finance segment of approximately HK\$2 million.

Long-term investment segment represents investments in investments such as convertible notes issued by associates. The profit on the result of long-term investment was approximately HK\$1 million for the year ended 31 March 2014.

Other investment segment includes the activities of investment in other financial assets and trading of securities. During the year ended 31 March 2014, there was no activity in other investment segment.

Other segment includes the activities of leasing of investment property, leasing of motor vehicles and management services. For the year ended 31 March 2014, the Remaining Group recorded profit on other segment of approximately HK\$2 million.

Employee and remuneration policy

As at 31 March 2014, the Remaining Group had a total of 64 employees. The Remaining Group's remuneration policy is to ensure that the Remaining Group's remuneration structure is appropriate and aligns with the Remaining Group's goals and objectives. The employees' remuneration is based on the employees' skill, knowledge and involvement in the Company's affairs and is determined by reference to the Company's performance, as well as remuneration benchmark in the industry and the prevailing market conditions. The ultimate objective of the remuneration policy is to ensure that the Remaining Group is able to attract, retain and motivate a high-calibre team which is essential to the success of the Company. The Remaining Group also offers benefits to its employees including discretionary bonus, training, provident funds and medical coverage. The share option scheme of the Company is established for the eligible participants (including employees) but no share options were granted during the year and there was no outstanding share option as at 31 March 2014.

Gearing ratio

The Remaining Group's gearing ratio was 2.7% as at 31 March 2014. The gearing ratio is calculated on the basis of net borrowings over the equity attributable to Shareholders. Net borrowings is arrived at by deducting bank deposits, bank balances and cash from the aggregate of borrowings and margin account payable.

Exchange rate exposure

Most of the assets and liabilities of the Remaining Group are denominated in Hong Kong dollars, hence the Remaining Group's exposure to fluctuations in foreign exchange rates is minimal and no foreign exchanging hedging instruments are used.

Pledge of assets

As at 31 March 2014, certain assets of the Remaining Group with carrying value of approximately HK\$612 million were pledged to financial institutions for credit facilities granted to the Remaining Group.

Contingent liabilities

As at 31 March 2014, the Remaining Group had no contingent liabilities, except that upon disposal of subsidiaries in 2011, the Remaining Group had given an indemnity relating to unrecorded taxation liabilities, if any, and the affairs and business of the subsidiaries up to the date of disposal to the purchaser.

Material acquisitions and disposals

There was no material acquisition and disposal for the year ended 31 March 2014.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives in the shares, underlying shares and debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

(a) 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 existing issued share capital of the Company |
|------------------|--|----------------------------------|-----------------------------|---|
| Dr. Chan | Beneficial owner | Long position | 763,357,578 | 45.21% |
| Dr. Chan | Interest of controlled corporation (Note) | Long position | 314,966,805 (Note) | 18.66% |

Note: Galaxyway Investments Limited was a wholly-owned subsidiary of Chinaview International Limited which was, in turn, wholly-owned by Dr. Chan. Dr. Chan was also the sole director of Chinaview International Limited and Galaxyway Investments Limited. Dr. Chan was deemed to be interested in 314,966,805 Shares held by Galaxyway Investments Limited.

(b) Interests and short positions in shares, underlying shares and debentures of the following associated corporations

(i) ITCP

| Name of Director | Capacity | Long position/ Short position | Number of ITCP Shares held | Number of underlying ITCP Shares held | Approximate percentage of the existing issued share capital of ITCP |
|------------------|---|----------------------------------|----------------------------------|--|--|
| Dr. Chan | Beneficial owner | Long position | 15,885,570 | – | 1.79% |
| Dr. Chan | Interest of controlled corporation (Notes 1 & 4) | Long position | 306,180,916 | – | 34.60% |

| Name of Director | Capacity | Long position/ Short position | Number of ITCP Shares held | Number of underlying ITCP Shares held | Approximate percentage of the existing issued share capital of ITCP |
|--------------------------|-----------------------------------|----------------------------------|----------------------------------|--|--|
| Dr. Chan | Interest of spouse (Note 2) | Long position | 209,757,748 | – | 23.70% |
| Chau Mei Wah, Rosanna | Beneficial owner | Long position | 12,952,564 | – | 1.46% |
| Chan Fut Yan | Beneficial owner | Long position | 3,285,267 | – | 0.37% |
| Chan Fut Yan | Beneficial owner | Long position | – | 1,050,000 (Note 3) | 0.11% |
| Chan Yiu Lun, Alan | Beneficial owner | Long position | 3,600,390 | – | 0.40% |
| Shek Lai Him, Abraham | Beneficial owner | Long position | 229,346 | – | 0.02% |
| Shek Lai Him, Abraham | Beneficial owner | Long position | – | 185,000 (Note 3) | 0.02% |

Notes:

1. An indirect wholly-owned subsidiary of the Company held 306,180,916 ITCP Shares. By virtue of his direct and deemed interests in approximately 63.87% of the issued share capital of the Company, Dr. Chan is deemed to be interested in these ITCP Shares held by the indirect wholly-owned subsidiary of the Company.
2. Fortune Crystal Holdings Limited, a company indirectly wholly-owned by Ms. Ng, held 209,757,748 ITCP Shares. Dr. Chan is deemed to be interested in these ITCP Shares held by Fortune Crystal Holdings Limited.
3. Details of outstanding share options (unlisted equity derivatives) granted to the Directors by ITCP as at the Latest Practicable Date were as follows:

| Name of Director | Date of grant | Exercisable period* | Number of share options | Exercise price per ITCP Share (subject to adjustments) HK\$ |
|--------------------------|---------------|--------------------------|----------------------------|--|
| Chan Fut Yan | 17.10.2013 | 17.10.2014 to 16.10.2017 | 1,050,000 | 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.

4. Dr. Chan, Ms. Ng and an indirect wholly-owned subsidiary of the Company held 4.75 per cent. senior guaranteed notes issued by Treasure Generator Limited, a wholly-owned subsidiary of ITCP, due 2021 (the "ITCP Notes") in the principal amount of US\$1,300,000, US\$4,000,000 and US\$1,800,000 respectively. By virtue of his direct and deemed interests in approximately 63.87% of the issued share capital of the Company, Dr. Chan is deemed to be interested in the ITCP Notes held by an indirect wholly-owned subsidiary of the Company. Dr. Chan is also deemed to be interested in the ITCP Notes held by Ms. Ng.

(ii) PYI

| Name of Director | Capacity | Long position/ Short position | Number of PYI shares held | Approximate percentage of the existing issued share capital of PYI |
|--------------------------|--|----------------------------------|---------------------------------|--|
| Dr. Chan | Interest of controlled corporation (Note) | Long position | 1,305,311,695 (Note) | 28.52% |
| 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 1,305,311,695 PYI shares. By virtue of his direct and deemed interests in approximately 63.87% of the issued share capital of the Company, Dr. Chan is deemed to be interested in these PYI shares held by the indirect wholly-owned subsidiary of the Company.

(iii) Burcon

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

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

Dr. Chan is, by virtue of his direct and deemed interests in approximately 63.87% of the issued share capital of the Company, deemed to be interested in the shares and underlying shares (in respect of equity derivatives), if any, of the associated corporations (within the meaning of Part XV of the SFO) of the Company held by the Group under Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

3. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS AND COMPETING BUSINESSES

- (a) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to or which were proposed to be acquired, disposed of by or leased to any member of the Group, since 31 March 2016, the date to which the latest published audited financial statements of the Group were made up.
- (b) There was no contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date in which any of the Directors was materially interested and which was significant in relation to the business of the Group as a whole.
- (c) As at the Latest Practicable Date, none of the Directors and their respective close associates were interested in any business apart from the Group's businesses which competed or was likely to compete, either directly or indirectly, with the Group's businesses as required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

4. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions contained in this circular:

| Name | Qualification |
|----------------------------------|------------------------------|
| Deloitte Touche Tohmatsu ("DTT") | Certified Public Accountants |

As at the Latest Practicable Date, DTT did not have direct or indirect shareholdings in any member of the Group, or any right to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interests, directly or indirectly, in any assets which had been acquired, disposed of by or leased to or which were proposed to be acquired, disposed of by or leased to the Company or any of its subsidiaries, respectively, since 31 March 2016, the date to which the latest published audited financial statements of the Group were made up.

DTT has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its report or letter and references to its name in the form and context in which it appears.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with the Company or any other members of the Group, save for contracts which would expire or might be terminated by the Company or such other members of the Group within a year without payment of any compensation (other than statutory compensation).

6. LITIGATION

As at the Latest Practicable Date, so far as the Directors were aware, there was no litigation or claims of material importance pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the Latest Practicable Date and which are or may be material:

- (1) 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 ITCP Shares for an aggregate consideration of approximately HK\$45.7 million on 7 January 2015;

- (2) the placing agreement dated 3 June 2015 entered into between the Company and Get Nice pursuant to which Get Nice, as a placing agent of the Company, agreed to place, on a best efforts basis, a maximum of 120,000,000 new Shares at a price of HK\$0.88 per Share;
- (3) the contract notes in relation to acquisition by Hollyfield Group Limited, an indirect wholly-owned subsidiary of the Company, of an aggregate of 78,340,000 shares in PYI for the aggregate consideration of approximately HK\$13.6 million during the period from 24 August 2015 to 22 September 2015; and
- (4) the contract note for acquisition by Great Intelligence Holdings Limited, an indirect wholly-owned subsidiary of the Company, ITCP Notes in the principal amount of US\$1.8 million for a consideration of approximately US\$1.78 million on 11 October 2016.

8. GENERAL

- (a) The secretary of the Company is Ms. Kam Suet Fan, *ACIS, ACS*.
- (b) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the head office and principal place of business of the Company in Hong Kong is at 30th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.
- (c) The principal share registrar and transfer office of the Company is MUFG Fund Services (Bermuda) Limited of The Belvedere Building, 69 Pitts Bay Road, Pembroke HM 08, Bermuda and the branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts for the purpose of interpretation.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (except Saturday 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 from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association and the amended and restated bye-laws of the Company;
- (b) the annual reports of the Company for each of the three financial years ended 31 March 2014, 31 March 2015 and 31 March 2016 and the interim report for the six months ended 30 September 2016;
- (c) the material contracts disclosed in the paragraph headed "Material Contracts" in this Appendix;
- (d) the independent reporting accountant's assurance report on the compilation of unaudited pro forma financial information of the Remaining Group as set out in Appendix II to this circular;
- (e) the letter of consent from DTT referred to in the paragraph headed "Expert and Consent" in this Appendix; and
- (f) this circular.

NOTICE OF THE SGM



ITC CORPORATION LIMITED

德祥企業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 372)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of ITC Corporation Limited (the “**Company**”) will be held at Dynasty I of Dynasty Club at 7th Floor of South West Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong on Monday, 16 January 2017 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments the following as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the payment of a special dividend by the Company in the form of a distribution in specie (the “**Distribution in Specie**”) of all the shares in the issued and paid-up share capital of ITC Properties Group Limited (“**ITCP**”) held by the Company and its wholly-owned subsidiaries to the shareholders of the Company whose names appear on the register of members of the Company as at the close of business on 20 January 2017 on the basis of 9 shares of ITCP for every 50 shares of the Company held and on the terms and subject to the exclusions and/or arrangements as described in the circular of the Company dated 23 December 2016 (a copy of which is produced to the Meeting marked “A” and initialled by the Chairman of the Meeting for the purpose of identification) to be paid and distributed out of the contributed surplus and accumulated profits of the Company, be and is hereby confirmed and approved; and
- (b) the directors of the Company be and are hereby authorised to effect the Distribution in Specie, to do all such acts and things, and to approve, sign and execute all such documents as the directors of the Company may consider necessary, desirable or expedient for the purposes of or incidental to the implementation of the Distribution in Specie and all acts and things done and all documents signed and executed by the directors of the Company or any of them in connection therewith prior to the date hereof be and are hereby approved, ratified and confirmed.”

Yours faithfully,
For and on behalf of
ITC Corporation Limited
Kam Suet Fan
Company Secretary

Hong Kong, 23 December 2016

Head office and principal place of business in Hong Kong:
30th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

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

* For identification purpose only

NOTICE OF THE SGM

Notes:

- (1) The above resolution will be put to vote at the Meeting by way of poll. On voting by poll, each member of the Company shall have one vote for each share of the Company held.
- (2) Any member of the Company entitled to attend and vote at the Meeting (and any adjournment thereof) shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the Meeting (and any adjournment thereof). A proxy needs not be a member of the Company.
- (3) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof, it shall be assumed, unless the contrary is proved, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts. The board of directors of the Company may, nevertheless, require such evidence as it shall deem necessary as to the due execution of the instrument of proxy and the due authorisation of the same.
- (4) A form of proxy for use at the Meeting is enclosed. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, together with such evidence as the board of directors of the Company may require under the bye-laws of the Company shall be delivered to the Company's principal place of business in Hong Kong at 30th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong, as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for the holding of the Meeting or any adjournment thereof (as the case may be) at which the person named in the instrument proposes to vote and, in default, the instrument of proxy shall not be treated as valid.
- (5) Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the Meeting (or any adjournment thereof) or upon the poll concerned and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (6) Where there are joint holders of any shares of the Company, any one of such joint holders may vote, either personally or by proxy, in respect of such shares as if he was solely entitled of the Company thereto; but if more than one of such joint holders are present at the Meeting (and any adjournment thereof), personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (7) For determining entitlement to the Distribution in Specie, the register of members of the Company will be closed on Friday, 20 January 2017 during the day no transfer of shares in the Company will be registered. In order to qualify for the Distribution in Specie, all transfer documents and accompanying share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 19 January 2017.
- (8) The Chinese version of the resolution as set out in the notice of the Meeting is for reference only. In the event of any inconsistency, the English version shall prevail.

As at the date of this notice, the board of directors of the Company are as follows:

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*