

ITC

ITC CORPORATION LIMITED

德祥企業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 372)

Executive Directors:

Dr. Chan Kwok Keung, Charles (*Chairman*)

Ms. Chau Mei Wah, Rosanna

(Deputy Chairman and Managing Director)

Mr. Chan Kwok Chuen, Augustine

Mr. Chan Fut Yan

Mr. Chan Yiu Lun, Alan

Independent non-executive Directors:

Mr. Chuck, Winston Calptor

Mr. Lee Kit Wah

Hon. Shek Lai Him, Abraham, *GBS, JP*

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal place of business in

Hong Kong:

30th Floor

Bank of America Tower

12 Harcourt Road

Central

Hong Kong

7 March 2017

To the Independent Shareholders

Dear Sir or Madam,

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

* *For identification purpose only*

INTRODUCTION

Reference is made to the Joint Announcement.

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

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

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

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

THE OFFER

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

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

For every Offer Share HK\$0.52 in cash

The Offer is unconditional in all respects.

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

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

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

Further details of the Offer

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

INFORMATION ON THE GROUP

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

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

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

Burcon is a leader in developing functionally and nutritionally valuable plant-based proteins. Its shares are listed on the Toronto Stock Exchange (stock code: BU), the NASDAQ Global Market (stock code: BUR) and the Frankfurt Stock Exchange (stock code: BNE). Since 1999, Burcon has developed a portfolio of composition, application, and process patents originating from its core protein extraction and

purification technology. Burcon has developed CLARISOY™, a soy protein which offers clarity and complete nutrition for low pH systems; Peazazz® pea protein which is uniquely soluble with clean flavor characteristics; and Puratein®, Supertein® and Nutratein®, three canola protein isolates with unique functional and nutritional attributes.

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

SHAREHOLDING STRUCTURE OF THE COMPANY

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

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

INTENTION OF THE OFFEROR ON THE GROUP

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

PROPOSED CHANGE OF BOARD COMPOSITION

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

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

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

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

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

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

MAINTAINING THE LISTING STATUS OF THE COMPANY

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

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

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

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

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

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

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

RECOMMENDATION

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

ADDITIONAL INFORMATION

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

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

Yours faithfully,
By order of the Board
ITC Corporation Limited

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Dr. Chan Kwok Keung, Charles
Chairman