THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your securities in **ITC Properties Group Limited** (the "**Company**"), you should at once hand this circular 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.

德祥地產集團有限公司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 199)

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF THE SHARE OF WESTFOUNTAIN CO. LTD. AND SHAREHOLDER'S LOAN OF ITS SUBSIDIARY

* *For identification purpose only*

Hong Kong, 25th September, 2015

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In this circular, unless the context otherwise requires, the following terms have the following meanings:

"Acquisition"	the acquisition of the Sale Share and the Sale Loan pursuant to the terms of the Agreement
"Agreement"	the conditional sale and purchase agreement dated 27th July, 2015 entered into between, inter alia, ITCPHK and the Vendor in relation to the sale and purchase of the Sale Share and the Sale Loan
"associate(s)"	has the same meaning ascribed to it under the Listing Rules
"Bank Loan"	all amounts, including principal and interest, and together with all charges and fees owing by Success Well to China Construction Bank (Asia) Corporation Limited and/or, where applicable, its successors and assigns from time to time
"Board"	the board of the Directors
"Business Day(s)"	a day (excluding Saturday, Sunday, public holidays and any day on which a tropical cyclone warning no. 8 or above or a "black" rainstorm warning signal is hoisted or remains hoisted in Hong Kong between 9:00 a.m. and 5:00 p.m. and is not lowered or discontinued at or before 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business
"BVI"	the British Virgin Islands
"Cheuk Nang Shareholder(s)"	holder(s) of share(s) of Cheuk Nang
"Company"	ITC Properties Group Limited, a company incorporated in Bermuda with limited liability, the issued Shares (Stock Code : 199) of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the sale and purchase of the Sale Share and the Sale Loan under the Agreement

"Completion Accounts"	the consolidated income statement of Westfountain for the period from 1st June, 2015 to the date of Completion and the consolidated statement of financial position of Westfountain as at the date of Completion, in substantially the same format as and prepared on accounting policies consistent with the audited financial statements of Success Well for the year ended 30th June, 2014 (except arising from any change in applicable accounting standards)
"Completion Date"	the date that Completion takes place
"connected person(s)"	has the same meaning ascribed thereto under the Listing Rules
"Consideration"	the aggregate consideration for the Sale Share and the Sale Loan pursuant to the terms of the Agreement
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group immediately after Completion
"Group"	the Company and its subsidiaries
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"ITCPHK"	ITC Properties (Hong Kong) Limited, an indirect wholly-owned subsidiary of the Company, which was incorporated in the BVI with limited liability
"Latest Net Current Assets"	approximately HK$3.3 million, being the Net Current Asset Value calculated based on the unaudited consolidated statement of financial position of Westfountain made up as at the 31st May, 2015 and the unaudited consolidated statement of profit or loss of Westfountain for the period from 1st July, 2014 to 31st May, 2015 as projected to the date of Completion
"Latest Practicable Date"	being 22nd September, 2015, the latest practicable date prior to the printing of this circular for ascertaining certain information herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	23rd October, 2015 or such later date as ITCPHK and the Vendor may agree in writing

"Macau"	the Macau Special Administrative Region of the PRC
"Net Current Asset Value"	at any given time, the aggregate of rental receivables in respect of the Property which are, as at the Completion Date, less than ninety (90) days outstanding, prepayments to utility companies, insurance premium, government rent and rates for the Property and cash at bank and on hand (but excluding, for the avoidance of doubt, receivables in respect of insurance compensation arising from any damage to the Property, investments in securities, deferred tax assets and the Property) of the Westfountain Group less the aggregate of all liabilities (including without limitation, all unpaid fees and expenses incurred by the Westfountain Group in relation to the discharge of the existing encumbrances of the Property but excluding (i) the Sale Loan; (ii) deferred tax liabilities; and (iii) liabilities arising from any building order issued or received after the date of the Agreement)
"PRC"	the People's Republic of China, and for the purpose of this circular, excluding Hong Kong, Macau and Taiwan
"Property"	the 31-storey commercial building together with one mechanical floor and 25 car parks with gross floor area of approximately 55,621 sq. ft. situated at 244–250 Hennessy Road, Hong Kong now known as "*Cheuk Nang Plaza*"
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Loan"	all the shareholder's loan and interest accrued thereon and unpaid owing by Success Well to the Vendor on the date of Completion
"Sale Share"	one (1) ordinary share of US$1 each in the issued share capital of Westfountain representing the entire issued share capital as at the date of the Agreement and on Completion
"SFO"	Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Success Well"	Success Well Investment Limited, a direct wholly-owned subsidiary of Westfountain, which was incorporated in Hong Kong with limited liability
"Vendor" or "Cheuk Nang"	Cheuk Nang (Holdings) Limited, a company incorporated in Hong Kong with limited liability and the issued shares (Stock Code : 131) of which are listed on the Main Board of the Stock Exchange
"Westfountain"	Westfountain Co. Ltd., a direct wholly-owned subsidiary of Cheuk Nang, which was incorporated in the BVI with limited liability
"Westfountain Group"	Westfountain and Success Well
"US$"	United States dollars, the lawful currency of the United States of America
"sq. ft."	square feet
"%"	per cent.

德 祥 地 產 集 團 有 限 公 司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 199)

Executive Directors:
Mr. Cheung Hon Kit *(Chairman)*
Mr. Chan Fut Yan *(Managing Director)*
Mr. Cheung Chi Kit
Mr. Chan Yiu Lun, Alan
Mr. Wong Lai Shun, Benny

Independent non-executive Directors:
Hon. Shek Lai Him, Abraham, GBS, JP *(Vice Chairman)*
Mr. Kwok Ka Lap, Alva
Mr. Chan Pak Cheong Afonso

Registered office:
Clarendon House
Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
Unit 3102, 31st Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

25th September, 2015

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO
THE ACQUISITION OF THE SHARE OF
WESTFOUNTAIN CO. LTD.
AND SHAREHOLDER'S LOAN OF
ITS SUBSIDIARY**

INTRODUCTION

The Company announced that, after trading hours of the Stock Exchange on 27th July, 2015, ITCPHK as purchaser, the Vendor and the Company as purchaser's guarantor entered into the Agreement pursuant to which ITCPHK has conditionally agreed to purchase and accept the assignment of, and the Vendor has conditionally agreed to sell and assign, the Sale Share and the Sale Loan, respectively, at an aggregate consideration of no more than HK$800,000,000. The principal asset of the Westfountain Group is the Property, being Cheuk Nang Plaza situated at 244-250 Hennessy Road, Hong Kong.

* *For identification purpose only*

The purpose of this circular is to provide you with (i) further details of the Agreement; (ii) the information of the Property; (iii) the financial information of the Westfountain Group; (iv) unaudited pro forma financial information of the Enlarged Group; (v) the valuation report on the Property; (vi) further information of the Westfountain Group; and (vii) other information as required under the Listing Rules.

THE AGREEMENT

Set out below are the principal terms of the Agreement.

Date:		27th July, 2015 (after trading hours of the Stock Exchange)
Parties:		
1.	Purchaser:	ITCPHK, an indirect wholly-owned subsidiary of the Company;
2.	Vendor:	Cheuk Nang; and
3.	Purchaser's guarantor:	the Company

The Vendor is an investment holding company and the business activities of its principal operating subsidiaries include property development and investment and provision of property management and related services.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Group and its connected persons and are not connected persons of the Company as at the date of the Agreement.

Interests to be acquired:

The assets to be acquired by ITCPHK pursuant to the Agreement comprise (i) the Sale Share; and (ii) the Sale Loan.

The Sale Share comprises the entire issued share capital of Westfountain as at the date of the Agreement and on Completion and shall be acquired free from all encumbrances, together with all rights and benefits accruing thereto including the right to dividends or distributions made or declared on or after the date of Completion; and the Sale Loan shall be assigned together with all rights, title, benefits and interests thereof and therein and free from all encumbrances and together with all rights attaching thereto on or after the date of Completion. Westfountain owns the entire issued share capital of Success Well which in turn owns the Property.

The Sale Loan shall represent the aggregate amount owing by Success Well to the Vendor as at the Completion Date. It is contemplated that the Vendor will repay the Bank Loan on behalf of Success Well with part of the Consideration prior to Completion. The amount of the

Sale Loan as at 30th June, 2015 was approximately HK$155.2 million (before taking into account of the Bank Loan with a principal amount of approximately HK$315.0 million as at 30th June, 2015).

Consideration and payment terms:

The Consideration shall be determined in accordance with the following formula:

Consideration = HK$790,000,000 + Net Current Asset Value on Completion

of which:

1. the portion of the Consideration attributable to the Sale Loan shall be equal to the face value of the Sale Loan on a dollar-for-dollar basis as at the Completion Date; and

2. the remaining balance of the Consideration shall be attributable to the Sale Share.

The Consideration shall be paid by ITCPHK to the Vendor in cash in the following manner:

(i) a deposit of HK$79.0 million (the "**Deposit**") has been paid upon signing of the Agreement; and

(ii) the balance of the Consideration shall be paid upon Completion as to:

  (a) the amount of the outstanding Bank Loan (including both the principal repayable and interest repayable), provided that the Vendor shall, at least two (2) Business Days before the date of Completion, advise the amount of such outstanding Bank Loan; and

  (b) the net balance in favour of the Vendor or other party or parties as the Vendor may direct in writing at least two (2) Business Days prior to the date of Completion.

The Vendor shall at its own costs, against the payment of the balance of the Consideration by ITCPHK, apply the requisite portion thereof to pay and clear off the Bank Loan to the effect that the existing encumbrances shall be released and discharged in full as of the date of Completion.

As at Completion, the Consideration shall be determined based on the draft Completion Accounts prepared by the Vendor. In the event that the Vendor and ITCPHK are unable to agree on the draft Completion Accounts and such Net Current Asset Value on Completion at least five (5) Business Days prior to the Completion Date, the balance of the Consideration payable on Completion shall be calculated based on the Latest Net Current Assets (instead of the Net Current Asset Value on Completion).

The Vendor and ITCPHK shall cause an audit on the then draft Completion Accounts within forty-five (45) days after the Completion Date. Upon finalisation of the Completion Accounts, the difference between the amount of the Net Current Asset Value shown in the draft Completion Accounts (or the Latest Net Current Assets, if applicable) from the amount of the Net Current Asset Value shown in the Completion Accounts as audited by the auditors shall be ascertained, and any excess of the Consideration paid shall be returned to ITCPHK and any shortfall shall be paid by ITCPHK to the Vendor within ten (10) Business Days after such difference is ascertained, provided in any case, the aggregate of the Consideration shall not exceed HK$800.0 million.

Based on the audited consolidated financial statements of the Westfountain Group as at 30th June, 2015 as set out in Appendix II to this circular, the Net Current Asset Value as at 30th June, 2015 was approximately HK$4.4 million (after excluding investments in securities of approximately HK$7.4 million, the Sale Loan of approximately HK$155.2 million and Bank Loan of approximately HK$315.0 million). Accordingly, the Consideration is estimated at approximately HK$794.4 million.

The Consideration was determined after arm's length negotiation between ITCPHK and the Vendor with reference to, among other things, the unaudited financial information of the Westfountain Group as at 31st May, 2015 and the preliminary valuation of the Property of HK$785.0 million as at 31st May, 2015 by an independent property valuer determined based on market comparison approach.

Conditions precedent:

Completion of the Agreement is conditional upon fulfillment or waiver (as the case may be) of the following conditions:

(a) approval by the Cheuk Nang Shareholders of the Agreement and the transactions contemplated thereunder in compliance with the requirements of the Listing Rules has been obtained;

(b) compliance by Cheuk Nang of all requirements under the Listing Rules or otherwise of the Stock Exchange which require compliance in relation to the Agreement and the transactions contemplated thereunder;

(c) approval by the Shareholders of the Agreement and the transactions contemplated thereunder in compliance with the requirements of the Listing Rules having been obtained;

(d) compliance by the Company of all requirements under the Listing Rules or otherwise of the Stock Exchange which require compliance in relation to the Agreement and the transactions contemplated thereunder;

(e) there being no breach of warranties which is/are outstanding and which breach or breaches in aggregate is material to the transaction contemplated under the Agreement as a whole;

(f) Cheuk Nang having proved Success Well's good title to the Property in accordance with Section 13 and Section 13A of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong);

(g) there being no claim in the form of legal proceedings or a letter before action from a law firm or asserted against any of Westfountain or Success Well that is not disclosed to ITCPHK and is/are outstanding which either alone or in aggregate is material to the transactions contemplated under the Agreement; and

(h) ITCPHK being satisfied with the results of the due diligence review on the Westfountain Group as contemplated under the Agreement.

The Vendor shall use all reasonable endeavours to procure the fulfillment and satisfaction of the conditions (a), (b), (e), (f) and (g) above and ITCPHK shall use all reasonable endeavours to procure the satisfaction of the conditions (c) and (d) above. The Vendor and ITCPHK shall jointly use all reasonable endeavours to procure the fulfillment and satisfaction of the condition (h) above.

ITCPHK shall in any event notify the Vendor in writing within four (4) weeks from the date of the Agreement whether the condition (h) above is satisfied and fulfilled or not satisfied and fulfilled or waived, failing which such condition shall be deemed to have been satisfied and fulfilled.

ITCPHK may at its absolute discretion at any time waive the above conditions (e), (f), (g) and (h) by notice in writing to the Vendor. Neither the Vendor nor ITCPHK may waive the other conditions above.

If condition (h) above is not satisfied and fulfilled or waived by ITCPHK within four (4) weeks from the date of the Agreement or if any of the above conditions (other than (e), (f) and (g), which shall remained fulfilled up to Completion, unless waived by ITCPHK) is not fulfilled or satisfied on or before the Long Stop Date, the rights and obligations of the parties under the Agreement shall automatically lapse and be of no further effect except for antecedent breach of any obligation of the other party under the Agreement. In such event, the Vendor shall within three (3) Business Days thereafter refund to ITCPHK the Deposit without interest and without any costs or compensation.

As at the Latest Practicable Date, except for conditions (a), (c), (f) and (h) above, all other conditions above had not been fulfilled or waived (as the case may be).

Completion:

Subject to the fulfillment or waiver (as the case may be) the conditions above, the Completion shall take place on 30th October, 2015 or such other date as the parties to the Agreement may agree in writing.

Upon Completion, the Westfountain Group will become indirect wholly-owned subsidiaries of the Company which results and assets will be consolidated into the financial statements of the Enlarged Group.

INFORMATION ON THE WESTFOUNTAIN GROUP

Cheuk Nang (being the Vendor) owns the entire issued share capital of Westfountain, which in turn owns the entire issued share capital of Success Well. Success Well is the owner of the Property, namely Cheuk Nang Plaza situated at 244–250, Hennessy Road, Hong Kong. The Property is a 31-storey commercial building with one mechanical floor and 25 car parks held for rental purpose with total gross floor area of approximately 55,621 sq. ft. which currently generates rental income of approximately HK$1.5 million per month to the Westfountain Group (including the rental income from other subsidiaries of Cheuk Nang) based on the information provided by the Vendor. As further advised by the Vendor, the existing occupancy rate is approximately 90%. On the other hand, majority of the existing lease agreements is having a term of two (2) years with no option for early termination by the relevant tenant, and majority of the existing lease agreements will only expire after 2015. Currently, part of the office units and car parks of the Property were occupied by the Vendor for self-use, and it is intended that the Vendor or a wholly-owned subsidiary of the Vendor will enter into a license agreement in respect of certain office units, car parks and car waiting spaces from the Completion Date to 31st December, 2015.

Set out below is the audited consolidated financial information of the Westfountain Group prepared in accordance with the Hong Kong Financial Reporting Standards as extracted from the accountants' report on the Westfountain Group as contained in Appendix II to this circular:

	For the year ended 30th June,		
	2015	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Profit before taxation	149,799	175,403	87,681
Profit after taxation	149,799	175,403	87,679

Included in the profit before and after taxation for the three years ended 30th June, 2013, 2014 and 2015, there was an audited fair value change of the Property of approximately HK$85.0 million, HK$175.2 million and HK$144.8 million, respectively.

As at 30th June, 2015, the Westfountain Group recorded an audited consolidated net asset value of approximately HK$326.7 million, which included amount due to the Vendor, which is interest-bearing with an interest rate of 0.2% per annum, of approximately HK$155.2 million and Bank Loan of approximately HK$315.0 million.

As advised by the Vendor, the Property is currently charged by Success Well in favour of China Construction Bank (Asia) Corporation Limited for a mortgage, and the charge will be released upon repayment of the Bank Loan by the Vendor on Success Well's behalf with part of the Consideration.

Based on the accountants' report on the Westfountain Group as set out in Appendix II to this circular, the net book value of the Property as at 30th June, 2015 was approximately HK$785.0 million. Based on the valuation report on the Property as set out in Appendix IV to this circular, the valuation of the Property, as determined by an independent property valuer based on market comparison approach, was HK$785.0 million as at 30th June, 2015.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company and its subsidiaries are principally engaged in property development and investment in Macau, the PRC and Hong Kong. The Group is also engaged in the development of, investments in and operation of hotels and resorts in the PRC and Hong Kong, securities investments and the provision of loan financing services.

According to the Rating and Valuation Department, both rental and price of grade A, B and C private offices in Hong Kong maintained their growth momentum recently. The increase in rental indices of grade A, B and C private offices in Hong Kong ranged from approximately 5.7% to 12.0% during the period from December 2013 to May 2015; and the increase in price indices of grade A, B and C private offices in Hong Kong ranged from approximately 5.6% to 8.7% during the same period. Furthermore, pursuant to the Hong Kong Property Review 2015 published by the Rating and Valuation Department, as Hong Kong is still holding the world's freest economy, the strategic location for multinational corporations and other foreign businesses to the PRC and is viewed as a stable location with competitive tax rates in the global market, the demand of office remains huge.

Meanwhile, the Company considers that the Acquisition provides a good opportunity for the Group to enlarge its property portfolio, broaden its earnings base and generate stable and recurring rental income to the Enlarged Group. Taking into account of the aforesaid, including the valuation of the Property, the Board considers that the entering into of the Agreement (including the transactions contemplated thereunder) is in the interests of the Company and the Shareholders as a whole and that the terms of the Agreement are fair and reasonable.

It is intended that the payment of the Consideration shall be financed by internal resources and/or borrowings of the Group.

FINANCIAL EFFECTS ON THE GROUP

Assets and liabilities

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, assuming Completion had taken place on 31st March, 2015, (i) the consolidated total assets of the Enlarged Group would be slightly decreased from approximately HK$6,206.4 million to approximately HK$6,204.4 million, as a result of inclusion of the Westfountain Group; (ii) the consolidated total liabilities of the Enlarged Group would be slightly increased from approximately HK$2,012.7 million to approximately HK$2,016.8 million, mainly as a result of the inclusion of the Westfountain Group; and (iii) the consolidated net assets of the Enlarged Group would be slightly decreased from approximately HK$4,193.8 million to approximately HK$4,187.7 million.

Earnings

Based on the audited consolidated profit and loss statement of the Westfountain Group for the three years ended 30th June, 2013, 2014 and 2015 as set out in Appendix II to this circular, the consolidated revenue of the Westfountain Group was approximately HK$12.2 million, HK$16.2 million and HK$20.2 million, respectively, and the net income after tax of the Westfountain Group was approximately HK$87.7 million, HK$175.4 million and HK$149.8 million, respectively, for each of the three years ended 30th June, 2013, 2014 and 2015. As such, it is expected that, after Completion, the Westfountain Group would contribute to the revenue and the results of the Enlarged Group.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition exceed 25% while all applicable percentage ratios are less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the Shareholders' approval requirement under the Listing Rules.

To the best knowledge, information and belief of the Directors, as at the date of the Agreement and as at the Latest Practicable Date, neither the Vendor nor any of its associates held any Shares and therefore no Shareholder was required to abstain from voting on the proposed resolution(s) to approve the Agreement and the transactions contemplated thereunder in general meeting of the Shareholders.

As at the Latest Practicable Date, Selective Choice Investments Limited, an indirect wholly-owned subsidiary of ITC Corporation Limited (Stock Code : 372), and Fortune Crystal Holdings Limited, which is wholly-owned by Ms. Ng Yuen Lan, Macy, held 260,856,514 Shares and 192,038,510 Shares respectively. Dr. Chan Kwok Keung, Charles is the controlling shareholder of ITC Corporation Limited and Ms. Ng Yuen Lan, Macy is the spouse of Dr. Chan Kwok Keung, Charles. The Company has obtained written shareholders' approval from Selective Choice Investments Limited and Fortune Crystal Holdings Limited, which in aggregate held 452,895,024 Shares, representing approximately 56.61% existing issued share capital of the Company as at the Latest Practicable Date, to approve the Agreement and the transactions contemplated thereunder. Pursuant to Rule 14.44(2) of the Listing Rules, the written shareholder's approval from each of Selective Choice Investments Limited and Fortune Crystal Holdings Limited will be accepted in lieu of holding a physical shareholders' meeting for the approval of the Agreement and transactions contemplated thereunder.

GENERAL INFORMATION

Your attention is drawn to the additional information as set out in the appendices to this circular.

Yours faithfully,
For and on behalf of
ITC Properties Group Limited
Cheung Hon Kit
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial information of the Company for each of the three years ended 31st March, 2013, 2014 and 2015 respectively are disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.itcproperties.com) respectively:

— annual report of the Company for the year ended 31st March, 2013 published on 12th July, 2013 (pages 52 to 185);

— annual report of the Company for the year ended 31st March, 2014 published on 15th July, 2014 (pages 57 to 208); and

— annual report of the Company for the year ended 31st March, 2015 published on 15th July, 2015 (pages 60 to 188).

2. INDEBTEDNESS STATEMENT

The Enlarged Group

(a) Borrowings

At the close of business on 31st July, 2015, being the latest practicable date for the purpose of preparing this indebtedness statement, the Enlarged Group had secured and guaranteed bank and other borrowings of approximately HK$907.2 million, unsecured and unguaranteed loan note of approximately HK$181.6 million, unsecured and unguaranteed shareholder's loan of approximately HK$204.2 million and unsecured and unguaranteed amounts due to associates of approximately HK$673.2 million. In addition, the Enlarged Group had outstanding secured and unguaranteed obligations under finance leases of approximately HK$0.3 million as at that date.

The Enlarged Group's bank and other borrowings and obligations under finance leases were secured by legal charges over the following assets of the Enlarged Group:

(i) property, plant and equipment with a carrying value of approximately HK$207.6 million;

(ii) investment properties with a carrying value of approximately HK$917.0 million;

(iii) investment properties under development with a carrying value of approximately HK$377.2 million;

(iv) interest in a joint venture of approximately HK$175.0 million; and

(v) stock of properties with a carrying value of approximately HK$153.6 million.

(b) Contingent liabilities and guarantees

As at 31st July, 2015, the Company has provided a corporate guarantee for loan facilities of HK$625.0 million, representing 100% of the loan facilities granted to certain subsidiaries of a joint venture, in which the Group has a 50% equity interest. The amount disclosed above represents the aggregate amounts that could be required to be paid if the guarantees were called upon in entirety. A 50% counter-indemnity was obtained from the ultimate holding company of the owner of the remaining 50% of the joint ventures in relation to the corporate guarantee provided. In addition, the Company provided corporate guarantee on a several basis to the extent of HK$21.0 million and HK$525.8 million, respectively, in respect of banking facilities granted to two other joint ventures, in which the Group owned an equity interest of 50% and 40% respectively.

Save as disclosed above and otherwise in this circular, and apart from intra-group liabilities, as of 31st July, 2015, the Enlarged Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, debt instruments, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities at the close of business on 31st July, 2015.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account of its presently available financial resources, including funds internally generated from operation, the available banking facilities and the cash flows impact of the Acquisition, the Enlarged Group will have sufficient working capital for its business for the next twelve months from the date of this circular in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial and trading position of the Group since 31st March, 2015, being the date to which the latest published audited accounts of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS

Upon Completion, the Enlarged Group will continue to be engaged in the business of property development and investment in Macau, the PRC and Hong Kong, development of, investments in and operation of hotels and resorts in the PRC and Hong Kong, securities investments and provision of loan financing services.

Global economic outlook remains uncertain with macro-economic policies that vary in scale and intensity across countries. In the United States, there have been positive signs of recovery and the Federal Reserve is tapering its quantitative easing measures, whereas in the Euro zone, the Group has yet to see the impact and effectiveness of their quantitative easing program. In China, reforms led by President Xi continue to take place within the Central Government with the aim to sustain healthy development of the Chinese economy and society.

In Hong Kong, the Group sees significant drop in retail sales and unresolved public dispute and social movements over the future political system. Despite this setting, property prices have been standing at record-high levels. The Hong Kong Government had in February 2015 introduced new tightening measures to cool down the property sector, capping mortgage loan-to-value ratio for properties selling below HK$7.0 million. While these stringent measures may curb short-term and/or foreign demand, housing supply in Hong Kong continues to be lagging behind its population and demographic growth. The Group therefore remains optimistic on local property market and will continue to participate in land sale and tender organised by the Hong Kong Government. The Group believes that the development risks, rewards and lead time for these opportunities are more transparent and certain.

After continuous years of rapid growth, Macau's economy slows down but its unemployment rate remains low at 1.8%. Despite slowdown in the gambling sector, the Group sees solid demand for first-hand properties from local residents as their household income and accumulated wealth grow. The Group remains confident on Macau's property market and is well-positioned to benefit from Concordia's project — One Oasis, with phases 1 and 2 completed and four phases in the pipeline.

As described in details in the paragraphs headed "Reasons for and Benefits of the Acquisition" included in the Letter from the Board, the rental and price of private offices in Hong Kong maintained their growth momentum recently and the demand for offices shall remain huge in Hong Kong. The Acquisition will enable the Enlarged Group to expand its investment property portfolio and generate recurring income to the Enlarged Group.

The Group will continue to look for good opportunities to expand its business and investment property portfolio with a view to strengthen the Shareholders' return and value of the Company.

1. ACCOUNTANTS' REPORT

The following is the text of an accountants' report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong.

Grant Thornton
致同

25th September, 2015

The Board of Directors
ITC Properties Group Limited
Unit 3102, 31/F.
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

Dear Sirs,

Introduction

We set out below our report on the financial information of Westfountain Co. Ltd. ("**Westfountain**"), and its subsidiary (together, the "**Westfountain Group**") which comprises the consolidated and company statements of financial position at 30th June, 2013, 2014 and 2015, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Westfountain Group for each of the years ended 30th June, 2013, 2014 and 2015 (the "**Relevant Periods**"), and a summary of significant accounting policies and other explanatory information (the "**Financial Information**"), for inclusion in the circular of ITC Properties Group Limited (the "**Company**") dated 25th September, 2015 (the "**Circular**") in connection with its proposed acquisition of the 100% equity interest of Westfountain (the "**Acquisition**").

Westfountain was incorporated as a company with limited liability in the British Virgin Islands (the "**BVI**") on 20th September, 1993 under the Company Law of the BVI.

The principal activity of Westfountain is investment holding and the principal activity of its subsidiary is set out in Note 14.

No audited financial statements have been prepared by Westfountain as it is not required to issue any audited financial statements under the statutory requirement in the BVI. The audited financial statements of its subsidiary now comprising the Westfountain Group at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their place of incorporation.

For the purpose of this report, the directors of Westfountain have prepared the Financial Information of the Westfountain Group for the Relevant Periods in accordance with the Hong Kong Financial Reporting Standards (the "**HKFRS**") issued by Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") (the "**Underlying Financial Statements**"). The Underlying Financial Statements have been audited by us in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. The Financial Information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon.

Directors' responsibility for the Financial Information

The directors of Westfountain are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs and for such internal control as the directors determine is necessary to enable the preparation of Financial Information that is free from material misstatement, whether due to fraud or error. The directors of the Company are responsible for the contents of the Circular in which this report is included.

Reporting accountants' responsibility

Our responsibility is to form an independent opinion on the Financial Information and to report our opinion to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

Opinion

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the state of affairs of Westfountain and the Westfountain Group at 30th June, 2013, 2014 and 2015 and of the Westfountain Group's results and cash flows for the Relevant Periods then ended.

Emphasis of matter — material uncertainty regarding the going concern assumption

Without qualifying our opinion, we draw your attention to Note 2.1 of the Financial Information which indicates that as at 30th June, 2015, the Westfountain Group had net current liabilities of approximately HK$458,305,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Westfountain Group's ability to continue as a going concern. The immediate holding company has undertaken to provide the Westfountain Group with the necessary financial support to meet the Westfountain Group's liabilities and commitments as and when they fall due. The Financial Information does not include any adjustments that would result from a failure of the Westfountain Group to operate as a going concern.

(A) FINANCIAL INFORMATION

Consolidated Statements of Profit or Loss and Other Comprehensive Income

		Year ended 30th June,		
		2013	**2014**	**2015**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	*5*	12,242	16,227	20,228
Direct costs		(4,572)	(6,222)	(5,805)
Gross profit		7,670	10,005	14,423
Other income and gains	*6*	2,799	470	2,638
Changes in fair value of investment properties	*12*	85,000	175,200	144,800
Changes in fair value of financial assets at fair value through profit or loss		543	(6)	1,380
Administrative expenses		(4,345)	(5,981)	(7,269)
Finance costs	*7*	(3,986)	(4,285)	(6,173)
Profit before income tax	*8*	87,681	175,403	149,799
Income tax expense	*9*	(2)	—	—
Profit for the year and total comprehensive income for the year, attributable to owners of Westfountain		87,679	175,403	149,799

The notes on pages II-8 to II-32 form part of the Financial Information.

Consolidated Statements of Financial Position

		As at 30th June,		
		2013	**2014**	**2015**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES				
Non-current assets				
Investment properties	*12*	465,000	640,200	785,000
Property, plant and equipment	*13*	14	11	—
		465,014	640,211	785,000
Current assets				
Financial assets at fair value through profit or loss	*15*	12,171	12,165	7,435
Trade and other receivables	*16*	745	606	1,139
Bank balances		1,456	5,035	7,394
		14,372	17,806	15,968
Current liabilities				
Trade and other payables	*17*	3,482	4,047	4,118
Amount due to immediate holding company	*18*	297,235	154,084	155,155
Interest-bearing borrowings	*19*	177,176	322,990	315,000
		477,893	481,121	474,273
Net current liabilities		(463,521)	(463,315)	(458,305)
Net assets		1,493	176,896	326,695
EQUITY				
Share capital	*21*	—	—	—
Retained profits		1,493	176,896	326,695
Total equity		1,493	176,896	326,695

The notes on pages II-8 to II-32 form part of the Financial Information.

Statements of Financial Position

		As at 30th June,		
		2013	**2014**	**2015**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES				
Non-current assets				
Interests in a subsidiary	*14*	—	—	—
Current assets				
Amount due from immediate holding company	*18*	—	—	—
Net assets		—	—	—
EQUITY				
Share capital	*21*	—	—	—
Total equity		—	—	—

The notes on pages II-8 to II-32 form part of the Financial Information.

Consolidated Statements of Cash Flows

	Year ended 30th June,		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Cash flows from operating activities			
Profit before income tax	87,681	175,403	149,799
Adjustments for:			
Depreciation	3	3	2
Dividend income	(477)	(425)	(143)
Written off of property, plant and equipment	—	—	9
Gain on disposal of financial assets at fair value through profit or loss	(2,320)	—	(2,173)
Changes in fair value on financial assets at fair value through profit or loss	(543)	6	(1,380)
Changes in fair value of investment properties	(85,000)	(175,200)	(144,800)
Interest expenses	3,986	4,285	6,173
Operating profit before working capital changes	3,330	4,072	7,487
(Increase)/Decrease in trade and other receivables	(270)	142	(512)
Increase/(Decrease) in trade and other payables	810	418	(22)
Net cash generated from operating activities	3,870	4,632	6,953
Cash flows from investing activities			
Dividend income	498	422	122
Payments to acquire financial assets at fair value through profit or loss	(530)	—	—
Proceeds from sales of financial assets at fair value through profit or loss	17,870	—	8,283
Net cash generated from investing activities	17,838	422	8,405
Cash flows from financing activities			
Repayment of bank loan	(193,094)	(215,140)	(374,987)
New bank loans raised	177,176	360,954	366,997
(Decrease)/Increase in amount due to immediate holding company	(2,349)	(143,151)	1,071
Interest expenses paid	(3,784)	(4,138)	(6,080)
Net cash used in financing activities	(22,051)	(1,475)	(12,999)
Net (decrease)/increase in cash and cash equivalents	(343)	3,579	2,359
Cash and cash equivalents at beginning of year	1,799	1,456	5,035
Cash and cash equivalents at end of year, represented by bank balances	1,456	5,035	7,394

The notes on pages II-8 to II-32 form part of the Financial Information.

Consolidated Statements of Changes in Equity

	Attributable to owners of Westfountain		
	Share capital	**(Accumulated losses)/ Retained profits**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*
Balance at 1st July, 2012	—	(86,186)	(86,186)
Profit for the year and total comprehensive income for the year	—	87,679	87,679
At 30th June, 2013 and 1st July, 2013	—	1,493	1,493
Profit for the year and total comprehensive income for the year	—	175,403	175,403
At 30th June, 2014 and 1st July, 2014	—	176,896	176,896
Profit for the year and total comprehensive income for the year	—	149,799	149,799
Balance at 30th June, 2015	—	326,695	326,695

The notes on pages II-8 to II-32 form part of the Financial Information.

Notes to the Financial Information

1. GENERAL INFORMATION

Westfountain Co. Ltd. ("**Westfountain**") is a limited liability company incorporated and domiciled in the British Virgin Islands (the "**BVI**"). The address of its registered office is Columbus Centre Building, Wickhams Cay, Road Town, Tortola, British Virgin Islands, and the address of its principal place of business is 30/F–35/F., Cheuk Nang Plaza, 250 Hennessy Road, Wanchai, Hong Kong during the Relevant Periods.

Westfountain and its subsidiary (the "**Westfountain Group**") are controlled by Cheuk Nang (Holdings) Limited ("**Cheuk Nang**"), a limited liability company incorporated in Hong Kong. At the reporting date, the directors consider the ultimate parent company of the Westfountain Group is Yan Yin Company Limited ("**Yan Yin**"), which is incorporated in Hong Kong. Dr. Chao Sze-Tsung Cecil, a director of the Westfountain Group, is a director and beneficial owner of Cheuk Nang and Yan Yin.

Westfountain is an investment holding company. The Westfountain Group is principally engaged in property investment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The Financial Information on pages II-3 to II-32 have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The Financial Information also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Hong Kong Companies Ordinance. These policies have been consistently applied throughout the Relevant Periods. The Financial Information have been prepared on the historical cost basis, except for investment properties and financial instruments classified as at fair value through profit or loss, which are stated at fair values. The measurement bases are fully described in the accounting policies below.

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Westfountain Group's Financial Information, if any, are disclosed in Note 3.

In preparing the Financial Information, the directors of the Westfountain Group have given consideration to the future liquidity of the Westfountain Group in light of its net current liabilities of approximately HK$458,305,000 as at 30th June, 2015. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Westfountain Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Financial Information have been prepared on the assumption that the Westfountain Group will continue to operate as a going concern notwithstanding the conditions prevailing at 30th June, 2015 and subsequently thereto up to the date of approval of these Financial Information. The going concern basis has been adopted on the basis that the immediate holding company has undertaken to provide the Westfountain Group with the necessary financial support to meet the Westfountain Group's liabilities and commitments as and when they fall due. The Financial Information does not include any adjustments that would result from a failure of the Westfountain Group to operate as a going concern.

Should the Westfountain Group be unable to continue in business as a going concern, adjustments would have to be made to reduce the value of its assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities to current assets and current liabilities respectively.

It should be noted that accounting estimates and assumptions are used in preparation of the Financial Information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in Note 4.

2.2 Basis of consolidation

The Financial Information incorporate the financial statements of the Westfountain Group made up to 30th June, each year.

Subsidiaries are entities controlled by the Westfountain Group. The Westfountain Group controls an entity when the Westfountain Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Westfountain Group has power over the entity, only substantive rights relating to the entity (held by the Westfountain Group and others) are considered.

The Westfountain Group includes the income and expenses of a subsidiary in the Financial Information from the date it gains control until the date when the Westfountain Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the Financial Information. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Westfountain Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Westfountain Group.

2.3 Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation on property, plant and equipment is provided to write off the cost less their residual value over their estimated useful lives, using the straight-line method, at an annual rate of 10%.

The asset's residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Westfountain Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

2.4 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

When the Westfountain Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease.

Investment properties include completed properties and investment properties under development for continued future use as investment properties. Investment properties are stated in the statement of financial position at fair value. Fair value is determined by external professional valuers, with sufficient experience with respect to both the location and nature of the investment property. The carrying amounts recognised at the reporting date reflect the prevailing market conditions at the reporting date.

Gains or losses arising from either changes in the fair value or the sale of an investment property are included in profit or loss in the period in which they arise.

2.5 Financial assets

Financial assets of the Westfountain Group are classified as financial assets at fair value through profit or loss and loans and receivables.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Westfountain Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met:

— the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or

— the assets are part of a group of financial assets which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy and information about the group of financial assets is provided internally on that basis to the key management personnel; or

— the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to the initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss. Fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses any data from observable market. Fair value gain or loss does not include any dividend or interest earned on these financial assets. Dividend and interest income is recognised in accordance with the Westfountain Group's policies in Note 2.10 to the Financial Information.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Impairment of financial assets

At each reporting date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment. Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Westfountain Group about one or more of the following loss events:

— Significant financial difficulty of the debtor;

— A breach of contract, such as a default or delinquency in interest or principal payments;

— It becoming probable that the debtor will enter bankruptcy or other financial re-organisation;

— Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

Impairment losses of financial assets other than financial assets at fair value through profit or loss and rental receivables that are stated at amortised cost, are written off against the corresponding assets directly. Where the recovery of rental receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Westfountain Group is satisfied that recovery of rental receivables is remote, the amount considered irrecoverable is written off against rental receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.7 Financial liabilities

The Westfountain Group's financial liabilities include interest-bearing borrowings, trade and other payables and amount due to immediate holding company.

Financial liabilities are recognised when the Westfountain Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Westfountain Group's accounting policy for borrowing costs (see Note 2.12).

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Westfountain Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Trade and other payables and amount due to immediate holding company

Trade and other payables and amount due to immediate holding company are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

2.8 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Westfountain Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment of a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Assets leased out under operating leases as the lessor

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income.

Rental income receivable from operating leases is recognised in profit or loss on a straight-line basis over the periods covered by the lease term, except where an alternative basis is more representative of the time pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

2.9 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium reserve (net of any income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

2.10 Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Westfountain Group and the revenue and costs, if applicable, can be measured reliably and on the following bases.

Rental income under operating leases is recognised in the period in which the properties are let out and on the straight-line basis over the lease terms.

Interest income is recognised on an accrual basis using the effective interest method.

Dividend income from investments is recognised when the shareholders' right to receive payment is established.

Management fee income and air-conditioning income is recognised in the period when services are rendered.

2.11 Impairment of non-financial assets

Property, plant and equipment and interest in subsidiary are subject to impairment testing. All such assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Impairment losses is charged pro rata to the other assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to disposal, or value in use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.12 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

2.13 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

For investment property measured using the fair value model in accordance with the accounting policy above, the measurement of the related deferred tax liability or asset reflects the tax consequences of recovering the carrying amount of the investment property entirely through sale, unless the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Westfountain Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Westfountain Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

  (i) the same taxable entity; or

  (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.14 Related parties

For the purpose of these financial statements, a party is considered to be related to the Westfountain Group if:

(a) the party is a person or a close member of that person's family and if that person:

  (i) has control or joint control over the Westfountain Group;

  (ii) has significant influence over the Westfountain Group; or

(iii) is a member of the key management personnel of the Westfountain Group or of a parent of the Westfountain Group.

(b) the party is an entity and if any of the following conditions applies:

(i) the entity and the Westfountain Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Westfountain Group or an entity related to the Westfountain Group. If the Westfountain Group is itself such a plan, the sponsoring employers are also related to the Westfountain Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); or

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. ADOPTION OF NEW OR AMENDED HKFRSS

HKICPA has issued a number of new and revised HKFRSs, amendments and interpretations (the "**new HKFRSs**") which were relevant to the Westfountain Group and became effective during the Relevant Periods. In preparing the Financial Information, the Westfountain Group has adopted all these new and revised HKFRSs, including those are effective for the accounting period beginning on 1st July, 2014, consistently throughout the Relevant Periods.

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Westfountain Group.

HKFRS 9	Financial Instruments[3]
HKFRS 15	Revenue from Contracts with Customers[2]
HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]

1 Effective for annual periods beginning on or after 1st January, 2016
2 Effective for annual periods beginning on or after 1st January, 2017
3 Effective for annual periods beginning on or after 1st January, 2018

The directors anticipate that all the relevant new and amended HKFRSs will be adopted in the Westfountain Group's accounting policy for the first period beginning after the effective date of such standards. The new and amended HKFRSs are not expected to have a material impact on the Westfountain Group's financial position and results of operations.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Westfountain Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimating fair value of investment properties

The best evidence of fair value is current prices in an active market for similar property in same location and condition and subject to lease and other contracts. In making its judgement, the Westfountain Group considers information from a variety of sources including:

(i) the floor areas of the investment properties with respect to the consideration to the receivable from the independent and identified buyer;

(ii) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(iii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iv) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and using discount rate that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of the investment properties stated at fair value as at 30th June, 2013, 2014 and 2015 are HK$465,000,000, HK$640,200,000 and HK$785,000,000 respectively.

5. REVENUE

	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Gross rental income from investment properties	10,810	14,469	18,045
Management fee income	887	1,090	1,356
Air-conditioning fee	545	668	827
	12,242	16,227	20,228

6. OTHER INCOME AND GAINS

	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Gain on sale of financial assets at fair value through profit or loss	2,320	—	2,173
Dividend income from listed equity investments	477	425	143
Sundry income	2	45	322
	2,799	470	2,638

7. FINANCE COSTS

	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
Interest charges on:			
Bank loans wholly repayable within five years	3,360	3,720	5,772
Advance from immediate holding company	597	565	401
Others	29	—	—
	3,986	4,285	6,173

8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging the following:

	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
Auditors' remuneration	—	—	—
Depreciation	3	3	2
Direct outgoings in respect of investment properties that generate rental income	4,572	6,222	5,805

Auditors' remuneration for the years ended 30th June, 2013, 2014 and 2015 were borne by a fellow subsidiary.

9. INCOME TAX EXPENSE

Hong Kong profits tax has not been provided as the Westfountain Group incurred a loss for taxation purpose for the years ended 30th June, 2013, 2014 and 2015.

	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
Deferred tax			
— current year	2	—	—

Reconciliation between tax expense and accounting profit at applicable tax rates:

	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
Profit before income tax	87,681	175,403	149,799
Tax at Hong Kong profits tax rate of 16.5%	14,467	28,942	24,717
Tax effect of non-taxable income	(14,104)	(28,978)	(23,916)
Tax effect of non-deductible expenses	—	173	119
Tax effect of previously unrecognised tax losses recognised in current year	(474)	(399)	(498)
Tax effect of utilisation of unrecognised tax losses	—	—	(442)
Others	113	262	20
Income tax expense	2	—	—

10. PROFIT ATTRIBUTABLE TO THE OWNERS OF WESTFOUNTAIN

Of the consolidated profit attributable to the owners of Westfountain, none has been dealt with in the financial statements of Westfountain for each of the years ended 30th June, 2013, 2014 and 2015.

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

11.1 Directors' emoluments

The aggregate amounts of emoluments received or receivable by the directors of Westfountain are as follows:

	Directors' fees	Salaries, allowances and benefits in kind	Contribution to defined contribution plans	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2013				
Chao Sze Tsung Cecil	—	—	—	—
Ho Sau Fun Connie	—	—	—	—
Yung Philip	—	—	—	—
	—	—	—	—

	Directors' fees	Salaries, allowances and benefits in kind	Contribution to defined contribution plans	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2014				
Chao Sze Tsung Cecil	—	—	—	—
Ho Sau Fun Connie	—	—	—	—
Yung Philip	—	—	—	—
	—	—	—	—

	Directors' fees	Salaries, allowances and benefits in kind	Contribution to defined contribution plans	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2015				
Chao Sze Tsung Cecil	—	—	—	—
Ho Sau Fun Connie	—	—	—	—
Yung Philip	—	—	—	—
	—	—	—	—

No directors have waived or agreed to waive any emoluments during the Relevant Periods.

11.2 Five highest paid individuals

There is no emolument paid to any individuals by the Westfountain Group for the years ended 30th June, 2013, 2014 and 2015.

12. INVESTMENT PROPERTIES

Changes to the carrying amounts presented in the consolidated statement of financial position can be summarised as follows:

	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
At fair value			
Carrying amount at 1st July,	380,000	465,000	640,200
Change in fair value	85,000	175,200	144,800
Carrying amount at 30th June,	465,000	640,200	785,000

All investment properties are situated in Hong Kong and are held under long term lease.

As at 30th June, 2013, 2014 and 2015, the Westfountain Group's investment properties with aggregate carrying values of approximately HK$465,000,000, HK$640,200,000 and HK$785,000,000 respectively were pledged to secure banking facilities granted to the Westfountain Group (Note 26).

Fair value measurement of investment properties

(i) Fair value hierarchy

The following table presents the fair value of the Westfountain Group's investment properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

— Level 3 valuations: Fair value measured using significant unobservable inputs

	2013	
	Level 3	Total
	HK$'000	*HK$'000*
Recurring fair value measurement		
Investment properties:		
Commercial — Hong Kong	465,000	465,000
	465,000	465,000

	2014	
	Level 3	**Total**
	HK$'000	*HK$'000*
Recurring fair value measurement		
Investment properties:		
Commercial — Hong Kong	640,200	640,200
	640,200	640,200

	2015	
	Level 3	**Total**
	HK$'000	*HK$'000*
Recurring fair value measurement		
Investment properties:		
Commercial — Hong Kong	785,000	785,000
	785,000	785,000

During the years ended 30th June, 2013, 2014 and 2015 there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Westfountain Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Investment properties were revalued on 30th June, 2013, 2014 and 2015 by independent and professional qualified valuer, K.T. Liu Surveyors Limited on market value basis on their existing usage and by reference to market evidence of transaction prices for similar properties and locations. The revaluation gains were recognised in profit or loss for the years.

The Westfountain Group's management has discussion with the surveyors on the valuation assumptions when the valuation is performed at each interim and annual reporting date.

(ii) Information about Level 3 fair value measurements

	Valuation technique	**Unobservable input**	**Range**
Investment properties:			
Commercial — Hong Kong	Market comparison approach	Premium on quality, location, view and floor level of the properties	3%

The fair value of investment properties located in Hong Kong are determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a premium or a discount mainly specific to the quality, location, view and floor level of the properties compared to the recent sales. The fair value measurement is positively correlated to the quality, location, view and floor level.

13. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures
	HK$
At 1st July, 2012	
Cost	1,912
Accumulated depreciation	(1,895)
Net book amount	17
Year ended 30th June, 2013	
Opening net book amount	17
Depreciation	(3)
Closing net book amount	14
At 30th June, 2013 and 1st July, 2013	
Cost	1,912
Accumulated depreciation	(1,898)
Net book amount	14
Year ended 30th June, 2014	
Opening net book amount	14
Depreciation	(3)
Closing net book amount	11
At 30th June, 2014 and 1st July, 2014	
Cost	1,912
Accumulated depreciation	(1,901)
Net book amount	11
Year ended 30th June, 2015	
Opening net book amount	11
Written off	(9)
Depreciation	(2)
Closing net book amount	—
At 30th June, 2015	
Cost	—
Accumulated depreciation	—
Net book amount	—

14. INTERESTS IN A SUBSIDIARY

As at 30th June, 2013, 2014 and 2015, the interest in a subsidiary's unlisted shares, at cost, amounted to HK$2, HK$2 and HK$2 respectively.

Particulars of the subsidiary as at 30th June, 2013, 2014 and 2015 are as follows:

Name	Place of incorporation or registration/ operation	Particulars of issued ordinary share capital/ registered capital	Proportion of direct ownership interest	Principal activities
Success Well Investment Limited	Hong Kong	2 shares, HK$2	100%	Property investment

The statutory financial statements of Success Well Investment Limited were audited by Grant Thornton Hong Kong Limited for the years ended 30th June, 2013, 2014 and 2015.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013 *HK$'000*	2014 *HK$'000*	2015 *HK$'000*
Held for trading			
Equity securities listed in Hong Kong	12,171	12,165	7,435

Certain financial assets at fair value through profit or loss of the Westfountain Group with an aggregate carrying value at the reporting date of HK$10,029,800, HK$9,088,600 and Nil for the years ended 30th June, 2013, 2014 and 2015 respectively were pledged to secure banking facilities granted to the Westfountain Group (Note 26).

The fair value of the Westfountain Group's investments in listed securities have been measured as described in Note 23.6.

16. TRADE AND OTHER RECEIVABLES

	2013 *HK$'000*	2014 *HK$'000*	2015 *HK$'000*
Trade receivables			
From third parties	353	248	601
Other receivables			
Prepayments, deposits and other receivables	392	358	538
	745	606	1,139

The trade receivables of the Westfountain Group represent rental and management fee in arrears. Before accepting any new customers, the Westfountain Group performs credit check to assess the potential customer's credit quality and tenants are required to pay deposits. All invoices are due upon presentation.

The directors of the Westfountain Group considered that the fair values of trade and other receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

Based on the debit note or invoice dates, the ageing analysis of the trade receivables is as follows:

	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
0–30 days	301	221	436
31–60 days	26	—	145
61–90 days	14	16	4
Over 90 days	12	11	16
	353	248	601

At each reporting date, the Westfountain Group reviews receivables for evidence of impairment on both an individual and collective basis. No impairment has been recognised on receivables through the provision account for the years ended 30th June, 2013, 2014 and 2015.

Included in the Westfountain Group's trade receivables balance are debtors with a carrying amount of HK$353,000, HK$248,000 and HK$601,000 as at 30th June, 2013, 2014 and 2015 respectively, which are past due as at the reporting date for which the Westfountain Group has not provided. These receivables are related to a number of diversified debtors that has a good track record of credit with the Westfountain Group. Based on the past credit history, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. Except for deposits received from tenants, the Westfountain Group does not hold any collateral over these balances.

No amounts in relation to other receivables were past due as at the reporting date of 30th June, 2013, 2014 and 2015.

17. TRADE AND OTHER PAYABLES

	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
Trade payables			
To third parties	60	69	28
Other payables			
Accrued charges and other payable	534	702	340
Deposits received	2,888	3,276	3,750
	3,422	3,978	4,090
	3,482	4,047	4,118

All amounts are short term and hence the carrying values of trade and other payables are considered to be a reasonable approximation of their fair value.

Based on the invoice dates, the ageing analysis of the trade payables as of the reporting date is as follows:

	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
0–30 days	1	10	28
Over 90 days	59	59	—
	60	69	28

18. AMOUNT DUE FROM/TO IMMEDIATE HOLDING COMPANY

The amount due from immediate holding company of HK$6 for each of the years ended 30th June, 2013, 2014 and 2015 is unsecured, interest-free and repayable on demand. The carrying amount of the balance approximates its fair value.

The amount due to immediate holding company is unsecured, interest-bearing at 0.2% for each of the years ended 30th June, 2013, 2014 and 2015 per annum and repayable on demand. The carrying amount of the balance approximation its fair value. At the reporting date of 30th June, 2013, 2014 and 2015, subordination of the amount due was obtained for securities of the Westfountain Group's bank borrowings (Note 26).

19. INTEREST-BEARING BORROWINGS

The maturity of the above bank borrowings is as follows:

	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Within one year or on demand	177,176	322,990	315,000

All borrowings are interest-bearing at floating rates. The effective interest rate of the bank loans at the reporting date as at 30th June, 2013, 2014 and 2015 is 1.82%, 2.18% and 2.21% respectively.

All of the banking facilities are subject to the fulfillment of covenants that are commonly found in lending arrangements with financial institutions. If the Westfountain Group was to breach the covenants the drawn down facilities would become repayable on demand.

The Westfountain Group regularly monitors its compliance with these covenants, is up to date with the scheduled repayments of the term loans and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Westfountain Group continues to meet these requirements. Further details of the Westfountain Group's management of liquidity risk are set out in Note 23.3. As at 30th June, 2013, 2014 and 2015, none of the covenants relating to drawn down facilities had been breached.

20. DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% for the years ended 30th June, 2013, 2014 and 2015.

The movement during the year in the deferred taxation is as follows:

Deferred tax liabilities

	Accelerated tax depreciation
	HK$'000
At 1st July, 2012	7,541
Charged to profit or loss	477
At 30th June, 2013 and 1st July, 2013	8,018
Charged to profit or loss	399
At 30th June, 2014 and 1st July, 2014	8,417
Charged to profit or loss	498
At 30th June, 2015	8,915

Deferred tax assets

	Tax losses
	HK$'000
At 1st July, 2012	(7,543)
Charged to profit or loss	(475)
At 30th June, 2013 and 1st July, 2013	(8,018)
Charged to profit or loss	(399)
At 30th June, 2014 and 1st July, 2014	(8,417)
Charged to profit or loss	(498)
At 30th June, 2015	(8,915)

The amounts recognised in the consolidated statement of financial position are as follows:

	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Deferred tax assets	(8,018)	(8,417)	(8,915)
Deferred tax liabilities	8,018	8,417	8,915
Net deferred tax assets recognised in the consolidated statement of financial position	—	—	—

Unrecognised tax losses

The Westfountain Group has unrecognised tax losses of approximately HK$17,986,000, HK$18,655,000 and HK$12,957,000 for the years ended 30th June, 2013, 2014 and 2015 respectively due to unpredictability of future profit streams. The tax losses do not expire under current tax legislation.

21. SHARE CAPITAL

	2013	**2014**	**2015**
Authorised:			
50,000 ordinary shares of US$1 each	HK$390,000	HK$390,000	HK$390,000
Issued and fully paid:			
1 ordinary share of US$1	HK$8	HK$8	HK$8

22. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in these Financial Information, during the years, the Westfountain Group had the following material transactions with related parties:

	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
A fellow subsidiary			
Rental income received	3,125	4,741	4,741
Management fee paid	4,324	5,788	7,166
Building management fee paid	120	120	120
The immediate holding company			
Interest paid	597	565	401
Companies in which a director is the beneficial owner			
Architectural and other professional services fee paid	960	960	792
Rental income	281	168	168
Design fee	—	—	665
Commission paid	46	—	—

Related party transactions were conducted based on terms mutually agreed between both parties.

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Westfountain Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including interest risk and other price risk), credit risk and liquidity risk.

The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

23.1 Categories of financial assets and liabilities

The carrying amounts presented in the consolidated statements of financial positions relate to the following categories of financial assets and financial liabilities:

	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
Financial assets			
Loans and receivables:			
Trade and other receivables	568	460	1,116
Bank balances	1,456	5,035	7,394
Financial assets at fair value through profit or loss	12,171	12,165	7,435
	14,195	17,660	15,945

	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
Financial liabilities			
Financial liabilities measured at amortised cost:			
Trade and other payables	3,408	3,954	4,034
Amount due to immediate holding company	297,235	154,084	155,155
Interest-bearing borrowings	177,176	322,990	315,000
	477,819	481,028	474,189

23.2 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Westfountain Group. The Westfountain Group's exposure to credit risk mainly arises from bank balances and trade receivables, primarily rents receivable from tenants.

Bank balances are normally placed at financial institutions that have sound credit rating and the Westfountain Group considers the credit risk to be insignificant.

For rent receivables from tenants, management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Rental deposits are required from tenants prior to the commencement of leases. In addition, the Westfountain Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts.

The Westfountain Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and tenants. Hence, the maximum exposure to credit risk is represented by the carrying amounts of each class of financial assets. The Westfountain Group does not provide any other guarantees which would expose the Westfountain Group to credit risk.

The credit and investment policies have been followed by the Westfountain Group since prior years and are considered to have been effective in limiting the Westfountain Group's exposure to credit risk to a desirable level.

23.3 Liquidity risk

Liquidity risk relates to the risk that the Westfountain Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Westfountain Group is exposed to liquidity risk in respect of settlement of its payables and financing obligations, and also in respect of its cash flow management. The Westfountain Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants by reviewing each operating entity's cash flow forecast, to ensure that the Westfountain Group maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions and related parties to meet its liquidity requirements in the short and longer term. The immediate holding company will also provide the Westfountain Group with the necessary financial support to meet the Westfountain Group's liabilities and commitments as and they fall due.

The liquidity policies have been followed by the Westfountain Group since prior years and are considered to have been effective in managing liquidity risks.

Analysed below is the Westfountain Group's remaining contractual maturities for its financial liabilities as at 30th June, 2013, 2014 and 2015, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date). When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Westfountain Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Westfountain Group is committed to pay.

	Carrying amount	Less than 1 year or on demand	Total undiscounted cash outflows
	HK$'000	*HK$'000*	*HK$'000*
At 30th June, 2013			
Trade and other payables	3,408	3,408	3,408
Amount due to immediate holding company	297,235	297,235	297,235
Interest-bearing borrowings	177,176	177,792	177,792
	477,819	478,435	478,435
At 30th June, 2014			
Trade and other payables	3,954	3,954	3,954
Amount due to immediate holding company	154,084	154,084	154,084
Interest-bearing borrowings	322,990	323,229	323,229
	481,028	481,267	481,267
At 30th June, 2015			
Trade and other payables	4,034	4,034	4,034
Amount due to immediate holding company	155,155	155,155	155,155
Interest-bearing borrowings	315,000	315,571	315,571
	474,189	474,760	474,760

23.4 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. Except for bank balances, the Westfountain Group has no significant interest-bearing assets.

The Westfountain Group's interest rate risk arises primarily from interest receivable from bank balances and interest-bearing borrowings. These arrangements issued at variable rates expose the Westfountain Group to cash flow interest rate risk. In accordance with the terms of the interest-bearing borrowings, the interest rate will be adjusted should the Hong Kong dollar prime rate and Hong Kong Interbank Offer Rate be changed. The Westfountain Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

The policies to manage interest rate risk have been followed by the Westfountain Group since prior year are considered to be effective.

At 30th June, 2013, 2014 and 2015, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Westfountain Group's profit after income tax and retained profits by approximately HK$740,000, HK$1,348,000 and HK$1,315,000 respectively. The 50 basis point increase/decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

23.5 Other price risk

Other price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rates). The Westfountain Group is mainly exposed to change in market prices of listed equity securities in respect of its investments in listed equity classified as financial assets at fair value through profit or loss. The management will monitor the price movements and take appropriate actions when it is required.

The policies to manage other price risk have been followed by the Westfountain Group since prior years and are considered to be effective.

A hypothetical 10% for the years ended 30th June, 2013, 2014 and 2015 change in prices of trading investments would result in an effect to the Westfountain Group's result for the year as follows:

	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Increase in profit for the year as a result of increase in price of investments held for trading	1,217	1,216	743
Decrease in profit for the year as a result of decrease in price of investments held for trading	(1,217)	(1,216)	(743)

23.6 Fair value measurements recognised in the consolidated statement of financial position

The following table presents the fair value of the Westfountain Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

— Level 3 valuations: Fair value measured using significant unobservable inputs

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

At 30th June, 2013	**Level 1**	**Total**
	HK$'000	*HK$'000*
Assets		
Listed equity securities held for trading	12,171	12,171

At 30th June, 2014	**Level 1**	**Total**
	HK$'000	*HK$'000*
Assets		
Listed equity securities held for trading	12,165	12,165

At 30th June, 2015	**Level 1**	**Total**
	HK$'000	*HK$'000*
Assets		
Listed equity securities held for trading	7,435	7,435

There have been no significant transfers between levels 1, 2 and 3 in the reporting period.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

The listed equity securities are denominated in Hong Kong dollars. Fair values have been determined by reference to their quoted bid prices at the reporting date.

24. CAPITAL MANAGEMENT

The Westfountain Group's capital management objectives are to ensure the Westfountain Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods and services commensurately with the level of risk, to procure adequate financial resources from the shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Westfountain Group's overall strategy remains unchanged from prior year.

The Westfountain Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Westfountain Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

Management regards total equity presented on the face of the consolidated statement of financial position as capital for capital management purpose.

25. COMMITMENTS UNDER OPERATING LEASES

At the reporting date, the Westfountain Group had future aggregate minimum lease rental receipts under non-cancellable operating leases in respect of the Westfountain Group's properties as follows:

	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	7,935	7,826	10,727
In the second to fifth years inclusive	4,578	2,843	2,979
	12,513	10,669	13,706

The Westfountain Group leases its investment properties (Note 12) under operating lease arrangements which run for an initial periods of one to three years, with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Westfountain Group and the respective tenants. The terms of the lease generally also require the tenants to pay security deposits. None of the leases include contingent rentals.

26. PLEDGE OF ASSETS

At the reporting date of 30th June, 2013, 2014 and 2015, the Westfountain Group's total bank borrowings of HK$177,176,000, HK$322,990,000 and HK$315,000,000 respectively were secured by the following:

(i) Legal charges on the Westfountain Group's investment properties with carrying value of HK$465,000,000, HK$640,200,000 and HK$785,000,000 respectively;

(ii) Mortgages over the shares of the Westfountain Group;

(iii) Subordination of amount due to Cheuk Nang, the immediate holding company for not less than HK$280,000,000, HK$150,000,000 and HK$120,000,000 respectively;

(iv) Corporate guarantee given by the immediate holding company amounted to HK$255,000,000, HK$350,000,000 and HK$350,000,000 respectively;

(v) Assignment of sale proceeds, insurance proceeds and rental income generated from the pledged properties;

(vi) Legal charges on certain of the Westfountain Group's financial assets at fair value through profit or loss with carrying values of HK$10,029,800, HK$9,088,600 and Nil respectively; and

(vii) Charge over certain bank account balances with carrying value of Nil, HK$375,835 and Nil respectively.

(B) SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Westfountain in respect of any period subsequent to 30th June, 2015.

Yours faithfully,

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road
Wanchai
Hong Kong

Chan Tze Kit
Practising Certificate No.: P05707

2. MANAGEMENT DISCUSSION AND ANALYSIS

Set out below is the management discussion and analysis of the Westfountain Group for the three years ended 30th June, 2013, 2014 and 2015 respectively (the "**Relevant Periods**").

Business review

The principal asset of the Westfountain Group was the Property, namely Cheuk Nang Plaza and the principal business is the leasing of Cheuk Nang Plaza, approximately 20% of which was designated for office use for Cheuk Nang and its subsidiaries (the "**Cheuk Nang Group**") while the remaining approximately 80% was designated for leasing to various tenants during the Relevant Periods.

Financial results

The revenue, principally comprising of rental income, management fee income and air-conditioning fee, for each of the three years ended 30th June, 2013, 2014 and 2015 was approximately HK$12.2 million, HK$16.2 million and HK$20.2 million respectively. The growth in revenue achieved in both 2014 and 2015 was mainly due to the improvements in both occupancy and average rental rate, which is in line with the blooming commercial property market during the Relevant Periods. For the three years ended 30th June, 2013, 2014 and 2015, the occupancy rate were approximately 71%, 77% and 81% respectively and the average rental rate per sq. ft. was approximately HK$24.0, HK$25.0 and HK$26.8 respectively.

The Westfountain Group incurred direct costs of approximately HK$4.6 million, HK$6.2 million and HK$5.8 million respectively for each of the three years ended 30th June, 2013, 2014 and 2015, mainly comprising of building expenses, architectural and other professional services fees, repair and maintenance, government rent and rates.

Due to the continuing booming in property market of Hong Kong during the Relevant Periods, there were substantial gains from change in fair value of the Property of HK$85.0 million, HK$175.2 million and HK$144.8 million respectively for each of the three years ended 30th June, 2013, 2014 and 2015.

Furthermore, the Westfountain Group recorded other income of approximately HK$2.8 million, HK$0.5 million and HK$2.6 million respectively for each of the three years ended 30th June, 2013, 2014 and 2015, principally comprising of gain on sale of listed securities and dividend income derived therefrom.

Administrative expenses amounted to approximately HK$4.3 million, HK$6.0 million and HK$7.3 million respectively mainly represented management fee paid to a fellow subsidiary of Westfountain for services rendered in relation to accounting, leasing, and human resources etc. for each of the three years ended 30th June, 2013, 2014 and 2015 respectively.

The Westfountain Group recorded finance costs of approximately HK$4.0 million, HK$4.3 million and HK$6.2 million respectively for each of the three years ended 30th June, 2013, 2014 and 2015. Such finance costs were principally attributable to the bank borrowings and amount due to immediate holding company.

Principally attributable to the changes in fair value of the Property, the Westfountain Group recorded profit after tax of approximately HK$87.7 million, HK$175.4 million and HK$149.8 million respectively for each of the three years ended 30th June, 2013, 2014 and 2015.

Liquidity and capital resources

Financial position

As at 30th June, 2013, 2014 and 2015, the Westfountain Group had investment properties, representing solely the Property, of HK$465.0 million, HK$640.2 million and HK$785.0 million respectively and financial assets at fair value through profit or loss ("**FVTPL**"), representing equity securities listed in Hong Kong, of approximately HK$12.2 million, HK$12.2 million and HK$7.4 million respectively which were all stated at fair value as at the respective year end.

The Westfountain Group mainly financed its operations by bank borrowings and amount due to Cheuk Nang, an immediate holding company. As at 30th June, 2013, 2014 and 2015, the bank borrowings were secured by the Property and bearing interest at a floating rate which balances were approximately HK$177.2 million, HK$323.0 million and HK$315.0 million respectively; while the loan from Cheuk Nang was unsecured, interest-bearing at 0.2% per annum and repayable on demand with balances of HK$297.2 million, HK$154.1 million and HK$155.2 million respectively. Both of these loans were repayable within one year.

Gearing ratio

As at 30th June, 2013, 2014 and 2015, the gearing ratio of the Westfountain Group, calculated as a percentage of total liabilities of the Westfountain Group to its total assets, were approximately 99.7%, 73.1% and 59.2% respectively. The reductions in the gearing ratio during the Relevant Periods were mainly due to the improvement in the total assets value as a result of the increase in the fair value of the Property.

Securities and guarantee

As at 30th June, 2013, 2014 and 2015, the bank borrowings of the Westfountain Group were secured by pledge of the Property and guarantee granted by Cheuk Nang. In addition, as at 30th June, 2014, charges over certain financial assets at FVTPL and certain bank account balances with aggregate carrying values of approximately HK$9.5 million and as at 30th June, 2013, certain financial assets at FVTPL with carrying value of approximately HK$10.0 million were secured for the bank borrowings of the Westfountain

Group. Apart from the above, the Westfountain Group had not made any pledge of or created any security over assets and had not provided any corporate guarantee as at 30th June, 2013, 2014 and 2015.

Contingent liabilities

As at 30th June, 2013, 2014 and 2015, the Westfountain Group did not have any significant contingent liability.

Exchange rate risk

The majority of the Westfountain Group's assets and liabilities, including the investment properties, the financial assets at FVTPL, the bank borrowings and the amount due to immediate holding company were denominated in Hong Kong dollars. During the Relevant Periods, the Westfountain Group has not entered into any hedging arrangements.

Credit risk

As at 30th June, 2013, 2014 and 2015, the Westfountain Group did not have any significant concentration of credit risk.

Material acquisition and disposal

There was no material acquisition and/or disposal by the Westfountain Group during the Relevant Periods.

Future plan for capital assets

As at 30th June, 2015, the Westfountain Group has no future plan for capital assets.

Staff and remuneration policy

The Westfountain Group had no employee during the Relevant Periods.

The following is the text of a report, prepared for inclusion in this circular, received from Deloitte Touche Tohmatsu, the independent reporting accountants.

Deloitte.
德勤

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

TO THE DIRECTORS OF ITC PROPERTIES GROUP LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of ITC Properties Group 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 31st March, 2015 and related notes as set out on pages III-5 to III-8 of Appendix III to the circular issued by the Company dated 25th September, 2015 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on page III-4 of Appendix III to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of the entire equity interest in Westfountain Co. Ltd. on the Group's financial position as at 31st March, 2015 as if the transaction had taken place at 31st March, 2015. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's consolidated financial statements for the year ended 31st March, 2015, on which an audit 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 ("**HKICPA**").

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 comply with ethical requirements and 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 31st March, 2015 would have been as presented.

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

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

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

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

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

OPINION

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis 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

25th September, 2015

THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

A. Basis of Preparation of the Unaudited Pro Forma Financial Information of the Enlarged Group

The following is an unaudited pro forma consolidated statement of financial position of the Group immediately after the Completion (the "**Enlarged Group**") (the "**Unaudited Pro Forma Consolidated Statement of Financial Position**") which has been prepared in accordance with paragraph 4.29 of the Listing Rules for the purpose of illustrating the effect of the proposed acquisition of the entire equity interest in Westfountain Co. Ltd. (the "**Acquisition**") as if the Acquisition had been completed on 31st March, 2015.

The Unaudited Pro Forma Consolidated Statement of Financial Position is prepared based on (i) the audited consolidated statement of financial position of the Group as at 31st March, 2015 which has been extracted from the published annual report of the Company for the year ended 31st March, 2015; and (ii) the audited consolidated statement of financial position of Westfountain Co. Ltd. as at 30th June, 2015 as extracted from the accountants' report set out in Appendix II to this circular, after making unaudited pro forma adjustments relating to the Acquisition that are (i) directly attributable; and (ii) factually supportable as if the Acquisition had been undertaken as at 31st March, 2015.

The Unaudited Pro Forma Consolidated Statement of Financial Position has been prepared by the Directors based on a number of assumptions, estimates and uncertainties for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of the Enlarged Group upon completion of the Acquisition as at 31st March, 2015 or at any future date.

I. Unaudited Pro Forma Consolidated Statement of Financial Position

	The Group 31/03/2015	The Westfountain Group 30/06/2015	Sub-total	Unaudited pro forma adjustments			The Enlarged Group after Completion 31/03/2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*		*HK$'000*	*HK$'000*
	Note 1	*Note 2*			*Notes*	*Note 5*	
Non-current assets							
Property, plant and equipment	222,219	—	222,219				222,219
Investment properties	465,000	785,000	1,250,000				1,250,000
Equity investments	307,125	—	307,125				307,125
Debt investment	7,629	—	7,629				7,629
Interests in joint ventures	870,310	—	870,310				870,310
Amounts due from joint ventures	385,562	—	385,562				385,562
Interests in associates	1,277,892	—	1,277,892				1,277,892
Other loans receivables	5,000	—	5,000				5,000
Other non-current assets	83,264	—	83,264				83,264
	3,624,001	785,000	4,409,001				4,409,001
Current assets							
Inventories — food, beverages and general stores	524	—	524				524
Deposits paid for acquisition of leasehold land	363,778	—	363,778				363,778
Stock of properties	183,356	—	183,356				183,356
Other loan receivables	255,473	—	255,473				255,473
Debtors, deposits and prepayments	1,021,478	1,139	1,022,617				1,022,617
Equity investments	317,296	7,435	324,731	(7,435)	*4*		317,296
Investment in convertible note	9,694	—	9,694				9,694
Unsecured loan due from an associate	112,482	—	112,482				112,482
Bank balances and cash	318,363	7,394	325,757	(794,415)	*3*	(1,120)	(469,778)
	2,582,444	15,968	2,598,412				1,795,442

	The Group 31/03/2015 *HK$'000* *Note 1*	The Westfountain Group 30/06/2015 *HK$'000* *Note 2*	Sub-total *HK$'000*	Unaudited pro forma adjustments *HK$'000*	*Note*	*HK$'000* *Note 5*	The Enlarged Group after Completion 31/03/2015 *HK$'000*
Current liabilities							
Creditors, deposits and accrued charges	309,592	4,118	313,710				313,710
Tax payables	169,705	—	169,705				169,705
Obligations under finance leases — due within one year	106	—	106				106
Bank and other borrowings — due within one year	393,409	315,000	708,409	(315,000)	4		393,409
Amounts due to associates	545,035	—	545,035				545,035
Amount due to immediate holding company	—	155,155	155,155	(155,155)	4		—
	1,417,847	474,273	1,892,120				1,421,965
Net current assets (liabilities)	1,164,597	(458,305)	706,292				373,477
Total assets less current liabilities	4,788,598	326,695	5,115,293				4,782,478
Non-current liabilities							
Loan notes — due after one year	443,224	—	443,224				443,224
Obligations under finance leases — due after one year	205	—	205				205
Bank and other borrowings — due after one year	150,000	—	150,000				150,000
Deferred tax liabilities	1,382	—	1,382				1,382
	594,811	—	594,811				594,811
	4,193,787	326,695	4,520,482				4,187,667
Capital and reserves							
Share capital	7,998	—	7,998				7,998
Reserves	4,186,072	326,695	4,512,767	(331,695)	4	(1,120)	4,179,952
Equity attributable to owners of the Company	4,194,070	326,695	4,520,765				4,187,950
Non-controlling interests	(283)	—	(283)				(283)
	4,193,787	326,695	4,520,482				4,187,667

II. Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group

1. The figures are extracted from the audited consolidated statement of financial position of the Group as at 31st March, 2015 as set out in the published annual report of the Company for the year ended 31st March, 2015.

2. The figures are extracted from the audited consolidated statement of financial position of the Westfountain Group as at 30th June, 2015 as set out in the Appendix II to the Circular.

3. The adjustment represents the consideration assumed to be paid by the Group in cash with respect to the acquisition of (i) the Sale Share and (ii) acceptance of assignment of Sale Loan, assuming that the completion had taken place on 31st March, 2015. Pursuant to the Agreement, the consideration for the acquisition of the Sale Share and the Sale Loan (the "**Consideration**") shall be determined based on the Completion Accounts of the Westfountain Group as of the completion date of the Acquisition based on the consideration of HK$790,000,000 plus Net Current Asset Value of the Westfountain Group and is assumed to be as follows:

	Unaudited pro forma Consideration at 31st March, 2015
	HK$'000
Consideration	790,000
Less:	
Net current liabilities of the Westfountain Group as at 30th June, 2015#	(458,305)
Equity investments held by the Westfountain Group as at 30th June, 2015#	(7,435)
Add:	
Repayment of outstanding bank loan as at 30th June, 2015*	315,000
Amount due from immediate holding company as at 30th June, 2015	155,155
Pro forma adjusted consideration	794,415

Pursuant to the Agreement, Net Current Asset Value of the Westfountain Group excludes investments in securities.

* Pursuant to the Agreement, the Vendor shall repay the outstanding bank loan in full as of the Completion Date.

Pursuant to the Agreement, the Consideration shall not exceed HK$800,000,000. Given the pro forma adjusted consideration calculated by the above formula using the financial information of the Westfountain Group as at 30th June, 2015 does not exceed HK$800,000,000, for the purpose of preparation of this unaudited pro forma consolidated statement of financial position, the pro forma adjusted consideration is assumed to be HK$794,415,000, which is assumed to be paid out by a combination of (a) bank borrowing and (b) the Group's internal cash resources. The Group has been granted a new banking facility in September 2015. With this premise, the pro forma financial information may be different from the actual results as the Group may incur finance costs arising from bank borrowing.

4. The adjustments represent the (i) elimination of the Sale Loan assigned to the Group of HK$155,155,000, (ii) repayment of the outstanding bank loan of HK$315,000,000, (iii) disposal of equity investments by the Westfountain Group, (iv) elimination of reserves of the Westfountain Group of HK$326,695,000 and (v) excess of the consideration over the net carrying value of the assets and liabilities of the Westfountain Group, amounting to HK$5,001,000 has been recognised in the retained earnings as the investment properties acquired are stated at their fair value as at 30th June, 2015.

5. The adjustment represents the estimated acquisition-related costs, including legal and professional fees and transaction costs of approximately HK$1,120,000 to be paid out by the Group's internal cash resources, which will be recognised in profit or loss upon Completion.

The following is the text of a valuation report prepared for the purpose of inclusion in this circular received from K.T. Liu Surveyors Limited, an independent property valuer, in connection with its valuation as at 30th June, 2015 on the Property.

1. INSTRUCTIONS

We received instructions from Cheuk Nang (Holdings) Limited and ITC Properties (Hong Kong) Limited to assess the market value of the Property as at 30th June, 2015. The valuation shall be used for the purpose of this circular.

2. FINDINGS

2.1. Identification of the Property

2.1.1. Address: Cheuk Nang Plaza, 244–250 Hennessy Road, Wanchai, Hong Kong.

2.1.2. Lot No.: The Remaining Portion of Inland Lot No. 2769 (I.L. 2769 R.P.), The Remaining Portion of Subsection 1 of Section D of Inland Lot No. 2769 (I.L. 2769 s.D. ss 1 R.P.) and The Remaining Portion of Section D of Inland Lot No. 2769 (I.L. 2769 s.D R.P.)

2.2. The Land Grant

I.L. 2769 is held under Government Lease for a term of 99 years commencing 25th May, 1929 renewable for another term of 99 years at re-assessed Government rent. The current Government rent for the whole I.L. 2769 is HK$220 per annum.

2.3. The Building

2.3.1. Standing on site is a 32-storey office building built in 1999 self-contained with carport. The ground floor is taken up as the entrance lobby with three passenger lifts as well as the entrance to the carport with a car lift. The 7th floors upwards are offices.

The 30th to 35th floors have been interlinked by internal spiral staircases.

2.3.2. According to the occupation permit issued on 17th May, 1999, the purposes of the building are as follows:

Ground floor	lift lobby, car waiting space and ancillary accommodation for non-domestic uses
1st to 3rd floors	car parks and ancillary accommodation for non-domestic uses
5th floor	covered carport and ancillary accommodation for non-domestic uses
6th floor	mechanical floor for non-domestic uses
7th to 35th floors	offices and ancillary accommodation on each floor for non-domestic use (inclusive)

NB: The designation of 4th, 14th, 24th and 34th floors are omitted.

According to the information from the approved building plans, each office floor is planned with a single office unit self-contained with lavatories and there are altogether 25 car parking spaces.

By scaling off the plan, the approximate saleable area being the exclusive use area of each unit including wall thickness and self-contained lavatories but excluding common areas are tabulated as follows:

7/F		133.552 m^2
8/F–19/F	137.984 m^2 x 11 floors	1,517.824 m^2
20/F		138.544 m^2
21/F–28/F	143.969 m^2 x 7 floors	1,007.783 m^2
29/F–33/F	145.589 m^2 x 5 floors	727.945 m^2
35/F		130.442 m^2
		3,656.090 m^2

2.4. Situation

The Property is situated off Hennessy Road midway between its junctions with Fleming Road and Johnston Road adjacent to the Hennessy Road Government Primary School in the core-Wanchai district within short walking distance to the MTR (Wanchai) station.

The vicinity has been developed primarily with a mixture of high-rise commercial/office buildings and commercial/residential buildings.

2.5. Ownership

The Property is registered in the name of Success Well Investment Limited, a wholly-owned subsidiary of Cheuk Nang (Holdings) Limited.

2.6. Encumbrance

The Property is held subject to mortgage and assignment of rentals in favour of China Construction Bank (Asia) Corporation Limited.

Note: The encumbrance is not taken into consideration in the valuation.

2.7. Current Statutory User Zone

The Property falls within an area zoned 'Commercial (C)' with height limit of 130 m. Principal Datum in the current Wanchai Outline Zoning Plan, plan No. S/H5/27.

2.8. Site Inspection

Inspection was carried out by the undersigned on 7th July, 2015.

It was found that many office floors have been sub-divided into smaller units. On the whole the building is considered in good decorative conditions.

2.9. Tenancies

According to the information supplied by instructing parties, the monthly rental income from offices as at 30th June, 2015 was in the sum of HK$1,469,718 exclusive of rates and management fees and which represents the leasing of about 90% of the office spaces with the longest lease due to expire on 14th May, 2017. The tenancy agreements are generally typical without option to renew nor special obligation on the landlord. About 20% of the spaces was occupied by Cheuk Nang (Holdings) Limited and its subsidiaries with rental payment but without written tenancy agreement and about 10% of the spaces was vacant.

As at 30th June, 2015, 11 car parking spaces were leased out on monthly basis with a total monthly income of HK$39,600 inclusive of rates and management fees. The other car parking spaces were either owner-occupied or for fee-paying public use on hourly rate.

3. VALUATION

3.1. Basis of Valuation

Our valuation is our opinion of market value which is defined as intended to mean the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgably, prudently and without compulsion.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (as transaction) and without offset for any associated taxes or potential taxes.

3.2. Classification of the Property

The Property is held for investment.

3.3. Method of Valuation

The Property is valued by capitalizing the net rental income derived from the existing tenancies and the reversionary market rent of the Property that is assessed by making reference to comparable leasing in the vicinity. The need to pay revised Government rent upon expiry of the first term of the tenure that is due to expire in 2028 is also taken into consideration.

3.4. Opinion

Taking into consideration of the location and the design, layout, age and condition of the existing building, the statutory user zone, and making reference to the comparable sales of en-block buildings, individual offices and individual car parking spaces in the neighbouring area, we are of the opinion that the market value of the Property subject to existing tenancies but otherwise free of mortgage and other legal and physical encumbrance at existing state was in the sum of HK$785,000,000 (Hong Kong Dollars Seven Hundred and Eighty-Five Million) as at 30th June, 2015.

The valuation complies with the requirements set out in Chapter 5 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

4. CAVEATS

4.1. We have neither carried out the structural survey of the Property nor carried out any tests on the fittings and installations.

4.2. In accordance with our standard practice, we must state that the valuation is for the use only of the party whom it is addressed and no responsibility is accepted to any third party for the whole or any part of the contents.

4.3. Having examined all relevant documents, we have relied to a considerable extent on the information given by the instructing parties, particularly in respect of Government Lease, approved building plans, occupancy status and other related information.

5. QUALIFICATION OF VALUER

The valuation is carried out by LIU KING TONG who is the fellow of the Hong Kong Institute of Surveyors, Fellow of the Royal Institution of Chartered Surveyors and the Registered Professional Surveyor (General Practice). He has about 40 years experience in the valuation of real-properties in Hong Kong. His office address is at Room 1106, 11th Floor, Yu Sung Boon Building, 107–111 Des Voeux Road Central, Hong Kong.

25 September 2015
K. T. LIU SURVEYORS LIMITED

Sr. Liu King Tong
FRICS FHKIS RPS (GP)
Managing Director

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 Company. 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

(a) Interests of the Directors or chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company and/or their respective close associates 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 (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Interests in the Shares

Name of Director	Long position/ Short position	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company *(%)*
Mr. Cheung Hon Kit ("**Mr. Cheung HK**")	Long position	Beneficial owner	46,000,000	5.75
Mr. Chan Fut Yan ("**Mr. Chan FY**")	Long position	Beneficial owner	2,971,938	0.37
Mr. Cheung Chi Kit ("**Mr. Cheung CK**")	Long position	Beneficial owner	2,100,000	0.26
Mr. Chan Yiu Lun, Alan ("**Mr. Chan YL**")	Long position	Beneficial owner	2,507,007	0.31
Mr. Wong Lai Shun, Benny ("**Mr. Benny Wong**")	Long position	Beneficial owner	115,000	0.01
Hon. Shek Lai Him, Abraham, *GBS, JP* ("**Mr. Abraham Shek**")	Long position	Beneficial owner	207,474	0.03
Mr. Kwok Ka Lap, Alva ("**Mr. Alva Kwok**")	Long position	Beneficial owner	493,453	0.06

(ii) Interests in the share options of the Company

Name of Director	Date of grant	Option period	Exercise price per Share *HK$*	Number of share options held	Approximate percentage of the issued share capital of the Company *(%)*
Mr. Cheung HK	17th October, 2013	17th October, 2013 – 16th October, 2017	3.00	1,400,000	0.17
Mr. Chan FY	17th October, 2013	17th October, 2013 – 16th October, 2017	3.00	1,050,000	0.13
Mr. Cheung CK	17th October, 2013	17th October, 2013 – 16th October, 2017	3.00	750,000	0.09
Mr. Chan YL	17th October, 2013	17th October, 2013 – 16th October, 2017	3.00	750,000	0.09
Mr. Benny Wong	17th October, 2013	17th October, 2013 – 16th October, 2017	3.00	115,000	0.01
Mr. Abraham Shek	17th October, 2013	17th October, 2013 – 16th October, 2017	3.00	185,000	0.02
Mr. Alva Kwok	17th October, 2013	17th October, 2013 – 16th October, 2017	3.00	130,000	0.02
				4,380,000	

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company and/or their respective close associates had any interests or 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 (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Interests of Shareholders discloseable pursuant to the SFO

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have, interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or had any option in respect of such capital:

(i) Interests in the Shares

Name of Shareholder	Long position/ Short position	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company (%)
Selective Choice Investments Limited ("**Selective Choice**")	Long position	Beneficial owner	274,619,027 *(Note 1)*	34.33
ITC Investment Holdings Limited ("**ITC Investment**") *(Note 4)*	Long position	Interest of controlled corporation	274,619,027 *(Note 1)*	34.33
ITC Corporation Limited ("**ITCC**") *(Notes 4 and 5)*	Long position	Interest of controlled corporation	274,619,027 *(Note 1)*	34.33
Dr. Chan Kwok Keung, Charles ("**Dr. Chan**")	Long position	Beneficial owner	14,370,499 *(Note 3)*	1.80
	Long position	Interest of controlled corporation	274,619,027 *(Note 3)*	34.33
	Long position	Interest of spouse	203,248,182 *(Note 3)*	25.41
			492,237,708	61.53
Fortune Crystal Holdings Limited ("**Fortune Crystal**")	Long position	Beneficial owner	203,248,182 *(Note 2)*	25.41
Record High Enterprises Limited ("**Record High**")	Long position	Interest of controlled corporation	203,248,182 *(Note 2)*	25.41
Ms. Ng Yuen Lan, Macy ("**Ms. Ng**")	Long position	Interest of controlled corporation	203,248,182 *(Note 2)*	25.41
	Long position	Interest of spouse	288,989,526 *(Note 3)*	36.12
			492,237,708	61.53

Notes:

1. Selective Choice owned 274,619,027 Shares and was a wholly-owned subsidiary of ITC Investment, which in turn was a wholly-owned subsidiary of ITCC. As such, ITC Investment and ITCC were deemed to be interested in 274,619,027 Shares which were held by Selective Choice.

2. Fortune Crystal owned 203,248,182 Shares and was a wholly-owned subsidiary of Record High, which in turn was wholly-owned by Ms. Ng. As such, Record High and Ms. Ng were deemed to be interested in 203,248,182 Shares which were held by Fortune Crystal.

3. Dr. Chan was the controlling shareholder of ITCC. Ms. Ng is the spouse of Dr. Chan. Dr. Chan beneficially owned 14,370,499 Shares and was deemed to be interested in 274,619,027 Shares held by Selective Choice and 203,248,182 Shares held by Fortune Crystal. Ms. Ng was also deemed to be interested in 14,370,499 Shares beneficially held by Dr. Chan and 274,619,027 Shares held by Selective Choice.

4. Mr. Chan FY, the managing Director and an executive Director, is an executive director of ITCC and a director of Selective Choice and ITC Investment.

5. Mr. Chan YL, an executive Director, is an executive director of ITCC and the son of Dr. Chan and Ms. Ng; and Mr. Abraham Shek, the vice chairman of the Company and an independent non-executive Director, is an independent non-executive director of ITCC.

(ii) Other members of the Group

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the other members of the Group:

Name of subsidiary	**Name of shareholder**	**Approximate percentage of the existing issued share capital/ registered capital** *(%)*
Fame State Investment Limited	Le Truong Hien Hoa	20
	Chan Siu Chi	10
Forever Fame Corporation Limited	Le Truong Hien Hoa	20
	Chan Siu Chi	10
New Choice Holdings Limited	Golden Mind Limited	25
廣州德祥尚東投資有限公司 (Guangzhou ITC Top East Investment Co., Ltd.#)	廣東尚東投資控股集團有限公司 (Guangdong Top East Investment Holding Group Co., Ltd.#)	28

\# *For identification purpose only*

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, no other persons (not being a Director or chief executive of the Company) had, or were deemed or taken to have, any interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, nor were there any persons, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or held any option in respect of such capital.

3. COMPETING INTERESTS

As at the Latest Practicable Date, interests of the Directors and their respective close associates in competing businesses of the Group were as follows:

Name of Director	Name of company	Nature of competing business	Nature of interest
Mr. Cheung HK	China Development Limited	Property investment in Hong Kong	As a director and shareholder
	Artnos Limited	Property investment in Hong Kong	As a director and shareholder
	Co-Forward Development Ltd.	Property investment in Hong Kong	As a director and shareholder
	Orient Centre Limited	Property investment in Hong Kong	As a director and shareholder
	Asia City Holdings Ltd.	Property investment in Hong Kong	As a shareholder
	Supreme Best Ltd.	Property investment in Hong Kong	As a director and shareholder
	Orient Holdings Limited	Property investment in Hong Kong	As a director and shareholder
	Cosmo Luck Limited	Property investment in Hong Kong	As a beneficial shareholder
	Ocean Region Limited	Property investment in Hong Kong	As a beneficial shareholder
	Treasure Avenue Limited	Property investment in Hong Kong	As a beneficial shareholder
	Kun Hang Construction Limited	Property investment in Macau	As a director and shareholder

Name of Director	Name of company	Nature of competing business	Nature of interest
Mr. Cheung HK *(continued)*	City Corporation Ltd.	Property investment in Hong Kong	As a beneficial shareholder
	Ready Access Limited	Property investment in Hong Kong	As a beneficial shareholder
	Big Gold Limited	Property investment in Hong Kong	As a director and beneficial shareholder
	Clever Eagle Limited	Property investment in Hong Kong	As a director and beneficial shareholder
	Big Idea Holdings Limited	Property investment in Macau	As a non-voting shareholder
	Harvest Easy Limited	Property investment in Hong Kong	As a director and beneficial shareholder
	Strong Prosper Limited	Property investment in Hong Kong	As a director and shareholder
	Richfield Pacific Limited	Property investment in Hong Kong	As a director and shareholder
	Success Seeker Limited	Property investment in Hong Kong	As a beneficial shareholder
	Super Domain Holdings Limited	Property investment in Hong Kong	As a beneficial shareholder
	Big Country Limited	Property investment in Hong Kong	As a beneficial shareholder
	Rosedale Hotel Guangzhou Co., Ltd.	Hotel ownership and operation in the PRC	As a director
	Rosedale Hotel Management Limited	Hotel management in Hong Kong	As a director and managing director
	Rosedale Hotel Properties Management (Guangzhou) Limited	Hotel properties management in the PRC	As a director
	Rosedale Park Limited	Hotel operation in Hong Kong	As a director
	Rosedale Hotel Shenyang Company Limited	Hotel ownership and operation in the PRC	As a director

Name of Director	Name of company	Nature of competing business	Nature of interest
Mr. Benny Wong	Rosedale Hotel Guangzhou Co., Ltd.	Hotel ownership and operation in the PRC	As a director
	Rosedale Hotel Management Limited	Hotel management in Hong Kong	As a director and deputy managing director
	Rosedale Hotel Properties Management (Guangzhou) Limited	Hotel properties management in the PRC	As a director
	Rosedale Park Limited	Hotel operation in Hong Kong	As a director
	Rosedale Hotel Shenyang Company Limited	Hotel ownership and operation in the PRC	As a director

Mr. Cheung HK is the chairman of the Company and an executive Director who is principally responsible for the Group's overall strategic planning and management of the operations of the Board. His role is clearly separated from that of the managing Director, Mr. Chan FY, who is principally responsible for the Group's operation and business development.

Mr. Benny Wong, an executive Director, is also the managing director of the Group's Rosedale hotel division and is responsible for the overall hotel development, operation and management functions of the Group.

In addition, any significant business decision of the Group is to be determined by the Board. A Director who has interest in the subject matter being resolved will abstain from voting. In view of the above, the Board considers that the interests of Mr. Cheung HK and Mr. Benny Wong in other companies will not prejudice their respective capacity as a Director or compromise the interests of the Enlarged Group and the Shareholders.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Enlarged Group.

4. OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have, since 31st March, 2015 (being the date to which the latest published audited accounts of the Company were made up), been (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. MATERIAL CONTRACTS

The following are contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) entered into by the members of the Group within the two (2) years immediately preceding the Latest Practicable Date and which are or may be material:

(a) the bid confirmation (掛牌出讓成交確認書) dated 6th December, 2013 signed by Pioneer Future Investment Limited ("**Pioneer Future**"), an indirect wholly-owned subsidiary of the Company, with Hainan South Auction Market Limited (海南南部拍賣市場有限公司) confirming the successful acquisition of the land use rights of the land situated inside Cyber Park, Sanya City, Hainan Province, the PRC (the "**Sanya Land**") by Pioneer Future at the consideration of RMB258.8 million (equivalent to approximately HK$332.3 million);

(b) the land grant contract (國有建設用地使用權出讓合同) dated 12th December, 2013 entered into between Sanya Land Resources Bureau (三亞市國土環境資源局) as transferor and 三亞創新產業開發有限公司 (Sanya Innovation Industry Development Co., Ltd.#), a direct wholly-owned subsidiary of Pioneer Future, as transferee in relation to the acquisition of the Sanya Land at the consideration of RMB258.8 million (equivalent to approximately HK$332.3 million);

(c) the agreement dated 18th February, 2014 (the "**Golf Agreement**") entered into among the Company as guarantor of the vendor, ITC Properties (PRC) Limited ("**ITCP (PRC)**"), an indirect wholly-owned subsidiary of the Company, as vendor and Kang Cheng Holdings Limited ("**Kang Cheng**") as purchaser in relation to the disposal of 33.7% of the issued share capital of Sanya Golf & Leisure Group Limited (formerly known as ITC Golf & Leisure Group Limited) ("**Sanya Golf**") at the consideration of HK$200.0 million with (i) a call option (the "**Call Option**") to be exercised at the discretion of Kang Cheng on or before 30th April, 2014 to purchase further 46.3% of the issued share capital of Sanya Golf at the consideration of HK$250.0 million; and (ii) upon the completion of the sale and purchase of the interest under the Call Option, a put option to be granted to and exercisable at the discretion of ITCP (PRC) during the period commencing on the first anniversary date of the Golf Agreement and ending on the second anniversary of the date of the Golf Agreement to sell the remaining 20% of the issued share capital of Sanya Golf to Kang Cheng at the consideration of HK$112.5 million;

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(d) the agreement dated 11th April, 2014 (the "**Makerston Agreement**") (as supplemented by the extension letter dated 23rd September, 2014) entered into amongst Silver Infinite Limited ("**Silver Infinite**", a direct wholly-owned subsidiary of the Company) as purchaser, Rosedale Hotel Group Limited as vendor, the Company as purchaser's guarantor and Rosedale Hotel Holdings Limited as vendor's guarantor in relation to the sale and purchase of the one (1) ordinary share of US$1 each in the issued share capital of Makerston Limited and the amounts due from Makerston Limited to Rosedale Hotel Group Limited at a maximum consideration of HK$324.0 million;

(e) the agreement dated 11th April, 2014 (the "**Eagle Spirit Agreement**") (as supplemented by the extension letter dated 23rd September, 2014) entered into amongst Silver Infinite as purchaser, Easy Vision Holdings Limited as vendor, the Company as purchaser's guarantor and Rosedale Hotel Holdings Limited as vendor's guarantor in relation to the sale and purchase of the one (1) ordinary share of US$1 each in the issued share capital of Eagle Spirit Holdings Limited and the amounts due from Eagle Spirit Holdings Limited to Easy Vision Holdings Limited at a maximum consideration of HK$566.0 million;

(f) the instrument of transfer dated 29th April, 2014 entered into between ITCP (PRC) as vendor and Kang Cheng as purchaser in relation to the disposal of further 46.3% of the issued share capital of Sanya Golf at a consideration of HK$250.0 million upon exercise of the Call Option pursuant to the Golf Agreement;

(g) the extension letter dated 23rd September, 2014 entered into amongst Silver Infinite, Rosedale Hotel Group Limited, the Company and Rosedale Hotel Holdings Limited in relation to the extension of the long stop date of the Makerston Agreement to 29th December, 2014;

(h) the extension letter dated 23rd September, 2014 entered into amongst Silver Infinite, Easy Vision Holdings Limited, the Company and Rosedale Hotel Holdings Limited in relation to the extension of the long stop date of the Eagle Spirit Agreement to 29th December, 2014;

(i) the tenancy agreement dated 14th November, 2014 entered into between Great Intelligence Limited (an indirect wholly-owned subsidiary of the Company) as landlord and ITC Management Limited (an indirect wholly-owned subsidiary of ITCC) as tenant in relation to the leasing of portion of the premises of 30th Floor (with a total rental area of approximately 3,450 sq. ft.) and two (2) car parking spaces numbered 4088 and 4089 on the 4th Floor of Bank of America Tower, 12 Harcourt Road, Central, Hong Kong at the rental in a fixed amount of HK$217,000 per month for a term of three (3) years commencing on 16th November, 2014;

(j) (A) the settlement deed dated 19th June, 2015 entered into amongst ITC Properties (China) Limited ("**ITCP (China)**", an indirect wholly-owned subsidiary of the Company), Bright Sino Profits Limited ("**Bright Sino**"), the Company and Mr. Tang Chi Ming in relation to (i) the release of ITCP (China) from the payment obligation of the retention moneys of approximately HK$324.4 million under the agreement dated 15th December, 2009 entered into between the parties relating to the sale and purchase of 92% of the issued share capital of Newskill Investments Limited ("**Newskill**"); and (ii) the "purchase-back" of the entire issued share capital in Newskill from ITCP (China) by Bright Sino; and (B) the agreement dated 19th June, 2015 entered into between ITCP (China) and Bright Sino in relation to the disposal by ITCP (China) of the entire issued share capital in Newskill and all the amounts owing by Newskill to ITCP (China) at completion, at an aggregate consideration of HK$595.0 million; and

(k) the Agreement.

7. LITIGATION

As at the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened against any members of the Enlarged Group.

8. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have been named in this circular or have given opinions or advice which are contained in this circular:

Name	Qualification
K.T. Liu Surveyors Limited	Professional valuer
Deloitte Touche Tohmatsu	Certified Public Accountants
Grant Thornton Hong Kong Limited	Certified Public Accountants

The experts listed above have given and have not withdrawn their written consents to the issue of this circular with the inclusion herein of its letter and references to their names in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the experts listed above have any shareholding, directly or indirectly, in any members of the Enlarged Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any members of the Enlarged Group.

As at the Latest Practicable Date, none of the experts listed above have any direct or indirect interests in any assets which had been, since 31st March, 2015 (being the date to which the latest published audited accounts of the Company were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any members of the Enlarged Group.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at 31st Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong during normal business hours from 9:30 a.m. to 12:30 p.m. and 2:00 p.m. to 5:00 p.m. on any weekdays other than public holidays, for a period of fourteen (14) days from the date of this circular:

— the memorandum of association and the bye-laws of the Company;

— the annual reports of the Company for each of the two financial years ended 31st March, 2014 and 2015;

— the accountants' reports on the Westfountain Group for the three years ended 30th June, 2013, 2014 and 2015 the text of which is set out in Appendix II to this circular;

— the report from Deloitte Touche Tohmatsu on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;

— the valuation report on the Property, the text of which is set out in Appendix IV to this circular;

— the letters of consent referred to in the paragraph headed "Experts and consents" in this appendix;

— the material contracts referred to in the paragraph headed "Material contracts" in this appendix; and

— this circular.

10. GENERAL

— The company secretary of the Company is Ms. Chan Siu Mei. She is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom.

— The registered office of the Company is at Clarendon House, Church Street, Hamilton, HM 11, Bermuda.

— The Company's principal place of business in Hong Kong is situated at Unit 3102, 31st Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

— The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

— The English text of this circular prevail over the Chinese text.