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ITC CORPORATION LIMITED

德祥企業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 372)

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

The Board is pleased to announce that, on 30 November 2016, the Company has obtained guidance from the Stock Exchange in relation to Rule 13.24 of the Listing Rules for the distribution of a special dividend in the form of a distribution in specie of the 306,180,916 ITCP Shares held by the Group to the Qualifying Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date in proportion to their then respective shareholdings in the Company on the basis of 9 ITCP Shares for every 50 Shares held by the Qualifying Shareholders. A Qualifying Shareholder holding less than an integral multiple of 50 Shares will be entitled to a pro-rata number of ITCP Shares, being rounded down to the nearest whole number of ITCP Shares. For the avoidance of doubt, Shareholder holding less than 50 Shares as at the close of business on the Record Date will not be entitled to any ITCP Shares.

Following completion of the Distribution in Specie, the Group will hold minimal or no ITCP Shares and ITCP will no longer be accounted for as an associate in the consolidated financial statements of the Company.

The Distribution in Specie is subject to the approval of the Shareholders at the SGM. A circular containing further information on the Distribution in Specie, including the Record Date, the book closure dates, the date of the SGM, the date of despatch of the share certificates of the relevant ITCP Shares, and the notice convening the SGM will be despatched to the Shareholders as soon as practicable.

* For identification purpose only

Reference is made to the announcement of interim results of the Company for the six months ended 30 September 2016 and conditional special dividend by way of distribution in specie of ITCP Shares dated 23 November 2016.

SPECIAL DIVIDEND BY WAY OF DISTRIBUTION IN SPECIE

Basis of entitlement

The Board is pleased to announce that, on 30 November 2016, the Company has obtained guidance from the Stock Exchange in relation to Rule 13.24 of the Listing Rules for the distribution of a special dividend in the form of a distribution in specie of the 306,180,916 ITCP Shares held by the Group to the Qualifying Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date in proportion to their then respective shareholdings in the Company on the following basis:

for every 50 Shares held 9 ITCP Shares

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

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

Shareholders’ approval

The Distribution in Specie is subject to the approval of the Shareholders at the SGM. A circular containing further information on the Distribution in Specie, including the Record Date, the book closure dates, the date of the SGM, the date of despatch of the share certificates of the relevant ITCP Shares, and the notice convening the SGM will be despatched to the Shareholders as soon as practicable.

The ITCP Shares

The 306,180,916 ITCP Shares to be distributed represent all the ITCP Shares held by the Group and approximately 34.61% of the total number of issued ITCP Shares as at the date of this announcement. They are recorded in the Group as an investment in an associate with a carrying amount of approximately HK\$2,010 million as at 30 September 2016. The ITCP Shares are listed on the Main Board of the Stock Exchange (Stock Code: 199).

Qualifying Shareholders and Non-Qualifying Shareholders

The Distribution in Specie will be available to the Qualifying Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date. The ITCP Shares which would otherwise be transferred to the Non-Qualifying Shareholders will be sold in the market as soon as practicable, and the proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to the respective Non-Qualifying Shareholders at their own risk, except that net proceeds less than HK\$100 will be retained for the benefit of the Company.

Odd lot matching service for the ITCP Shares

The Company will arrange for odd lot matching services to be provided for the sale and purchase of odd lots of ITCP Shares, on a best effort basis, to those Qualifying Shareholders entitled to the Distribution in Specie who wish to acquire odd lots of ITCP Shares to make up a full board lot or to dispose of their odd lots of ITCP Shares.

EFFECTS OF THE DISTRIBUTION IN SPECIE

Following completion of the Distribution in Specie, the Group will hold minimal or no ITCP Shares and ITCP will no longer be accounted for as an associate in the consolidated financial statements of the Company. The Group's assets will be reduced by approximately the book carrying amount of all the ITCP Shares held by the Group of approximately HK\$2,010 million with reference to the unaudited financial information of the Group as at 30 September 2016.

The profit and loss implications on the Group as a result of the distribution of ITCP Shares may only be determined following completion of the Distribution in Specie. Further details of the financial impact on the Group will be disclosed in the circular of the Company in relation to the Distribution in Specie.

REASONS AND BENEFITS FOR THE DISTRIBUTION IN SPECIE AND PROSPECTS OF THE REMAINING GROUP

On 23 November 2016, ITCP announced its interim results for the six months ended 30 September 2016. During the period, ITCP experienced a decline in its profitability of around 45%. The decrease in profit was mainly attributable to a significant decrease in the share of profits of an associate which develops residential property in Macau, as a result of fewer presold units handed over to the end buyers during the period. Taking this into consideration, the near term prospects of Macau and the share price history of the ITCP Shares, the Company is of the view that this may be a good time to unlock the value of the ITCP Shares in the Company's accounts and return value to its Shareholders.

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

Notwithstanding the implementation of the Distribution in Specie, the Group's main operation will not be affected and will continue as before. As shown in the interim results of the Company for the six months ended 30 September 2016, the Group has net current assets of HK\$377 million which will not be materially affected by the implementation of the Distribution in Specie. The Company intends to continue to hold its interests in other associates, namely PYI Corporation Limited and Burcon NutraScience Corporation, and will continue to engage in strategic investments in the future. The implementation of the Distribution in Specie does not preclude that the Group may invest in the ITCP Shares in the future when opportunity arises. The Company's strategy and mission statement has been and continues to be "Harvest, Sharing, Deliver Value".

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

INFORMATION ON THE COMPANY

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

INFORMATION ON ITCP

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

GENERAL

As at the date of this announcement, Dr. Chan holds directly and indirectly 1,024,324,383 Shares, representing approximately 60.67% of the total number of issued Shares and Dr. Chan and Ms. Ng directly/indirectly in aggregate hold 225,643,318 ITCP Shares, representing approximately 25.50% of the total number of issued ITCP Shares.

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

DEFINITIONS

Unless the context otherwise requires, the following terms have the following meanings set out opposite them:

“Board”	the board of the Directors
“Company”	ITC Corporation Limited, a company incorporated in Bermuda with limited liability, whose issued Shares are listed on the Main Board of the Stock Exchange (Stock Code: 372)
“Director(s)”	the director(s) of the Company
“Distribution in Specie”	the proposed distribution of a special dividend by the Company in the form of a distribution in specie of the 306,180,916 ITCP Shares held by the Group to the Qualifying Shareholders in proportion to their respective shareholdings in the Company as at the close of business on the Record Date
“Dr. Chan”	Dr. Chan Kwok Keung, Charles, an executive Director, the chairman of the Board and the controlling Shareholder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“ITCP”	ITC Properties Group Limited, a company incorporated in Bermuda with limited liability, whose issued ITCP Shares are listed on the Main Board of the Stock Exchange (Stock Code: 199)
“ITCP Group”	ITCP and its subsidiaries
“ITCP Shares”	ordinary share(s) of HK\$0.01 each in the share capital of ITCP
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Ms. Ng”	Ms. Ng Yuen Lan, Macy, the spouse of Dr. Chan, who indirectly holds 209,757,748 ITCP Shares, representing approximately 23.71% of the total number of issued ITCP Shares as at the date of this announcement
“Non-Qualifying Shareholders”	Shareholders holding 50 Shares or more and whose respective addresses as shown on the register of members of the Company as at the close of business on the Record Date are in places outside Hong Kong and, to whom the relevant ITCP Shares will not be transferred under the Distribution in Specie
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholders and the Shareholder(s) holding less than 50 Shares as at the close of business on the Record Date
“Record Date”	a date for determining entitlements of the Shareholders for the Distribution in Specie, which is to be fixed
“SGM”	a special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve, amongst others, the Distribution in Specie
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
ITC Corporation Limited
Kam Suet Fan
Company Secretary

Hong Kong, 30 November 2016

As at the date of this announcement, the Board comprises:

Executive Directors:

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

Independent non-executive Directors:

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