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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)

### **DISCLOSEABLE TRANSACTION IN RELATION TO PAYMENT OF EARNEST MONEY**

#### **THE MOU**

The Company and Bayshore BVI are in discussions with respect to the Possible Acquisition in the Hotel. In order to facilitate the continued negotiation between the Company and Bayshore BVI on the Possible Acquisition, the Company and Bayshore BVI entered into the MOU on 29 October 2015 (after trading hours), pursuant to which, among other things, (i) an exclusivity period was granted by Bayshore BVI to the Company from the date of the MOU to the later of (a) the date of completion of the Formal Agreements, if any; or (b) the date of termination or expiration of the MOU; and (ii) the Company shall pay the Earnest Money of CAD40.5 million (equivalent to approximately HK\$238 million) to Bayshore BVI. In the event that the Formal Agreements materialise, the Earnest Money shall be applied as the Company's contribution to the purchase price for the Possible Acquisition. Bayshore BVI shall forthwith refund the Earnest Money to the Company if the MOU is terminated in accordance with the terms thereof. The MOU is not legally binding on the parties in respect of the consummation of the Possible Acquisition and/or the entering into of the Formal Agreements. Save for this, the MOU is legally binding on the parties in respect of the Earnest Money, term, expenses, exclusivity, confidentiality and governing law.

#### **IMPLICATIONS UNDER THE LISTING RULES**

The payment of the Earnest Money under the MOU constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

**The MOU may or may not lead to the entering into of the Formal Agreements and the Possible Acquisition may or may not be consummated. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

\* For identification purpose only

## **THE MOU**

The Company and Bayshore BVI are in discussions with respect to acquire from Bayshore BVI 50% of the issued share capital of Fountain Bridge and 50% of all of the loans outstanding from Fountain Bridge in order to acquire an investment stake in the Hotel (the “**Possible Acquisition**”). The Company and Bayshore BVI’s overall objective and aim is to consider further, and ascertain, the structure, the method and the terms of the Possible Acquisition and the co-investment in the Hotel such that the Company (or any of its affiliates) will acquire 50% interest in Fountain Bridge which represents a 25% to 33% indirect interest in the Hotel, all subject to contract (the “**Objective**”). In order to facilitate the continued negotiation between the Company and Bayshore BVI on the Possible Acquisition with the Objective, the Company and Bayshore BVI entered into the MOU on 29 October 2015 (after trading hours).

The following sets out the key terms of the MOU:

### **Exclusivity**

An exclusivity period was granted by the Bayshore BVI to the Company, during the period commencing from the date of the MOU to the later of:

- (a) the date of completion of the Formal Agreements, if any; or
- (b) the date of termination or expiration of the MOU,

Bayshore BVI shall not, either directly or indirectly, (i) solicit or initiate the submission of any proposal from, or enter into negotiations with, any other party, whether a legal entity or an individual; or (ii) actively respond to any proposal or invitation to enter negotiations from any third party, whether a legal entity or an individual; or (iii) enter into any agreement or arrangement with any third party, whether or not such agreement or arrangement would take place during or after the date of the MOU, relating to the Hotel that will affect the Possible Acquisition and the Objective, except for the Hotel Agreement and the negotiations related thereto.

### **Earnest Money**

Bayshore BVI (or one of its affiliates) has entered into the Hotel Agreement with the existing owners of the Hotel to acquire ownership and operation of the Hotel. In the event that the Formal Agreements materialise, it is expected that the Company (or any of its affiliates) will acquire a 25% to 33% indirect interest in the Hotel, subject to the terms of the Formal Agreements, upon completion of the Possible Acquisition with the Objective. In order to facilitate the negotiation of the Possible Acquisition, after arm’s length negotiation between the Company and Bayshore BVI, the Company agrees to pay to Bayshore BVI or as it may direct CAD40.5 million (equivalent to approximately HK\$238 million) as refundable earnest money (the “**Earnest Money**”) upon signing of the MOU. Upon signing of the Formal Agreements, the Earnest Money shall be applied as the Company’s contribution to the purchase price for the Possible Acquisition.

In the event that (i) no Formal Agreements have been entered into between the Company and Bayshore BVI on or before 31 January 2016 (or such later date as the parties may agree in writing) for whatever reason; or (ii) the MOU is being terminated by the Company by serving written notice to Bayshore BVI, Bayshore BVI shall forthwith, and in any event within 14 days from the date of the relevant event, refund the Earnest Money to the Company and whereupon, in the case of (i), the MOU shall be terminated. If Bayshore BVI fails to refund the Earnest Money in whole or part thereof, Bayshore BVI shall be liable to pay interest on all outstanding sum at the rate of the best lending rate for Canadian dollars as quoted by the Hongkong and Shanghai Banking Corporation Limited plus 5% from the due date of payment up to the actual date of full and final payment thereof (both days inclusive).

### **Term**

The MOU shall expire on 31 January 2016 or upon the execution of the Formal Agreements, whichever is earlier unless extended by agreement of the Company and Bayshore BVI in writing.

### **Termination**

The Company may, at its sole and absolute discretion, at any time prior to the expiry date of the MOU, without incurring any liability of whatsoever nature to Bayshore BVI, terminate the MOU and/or the negotiations relating to the subject matter of the MOU, by serving written notice of such intention to Bayshore BVI.

### **Conditions**

Completion of the Formal Agreements shall be conditional upon, among other things, the passing of the necessary resolution(s) by the Shareholders at the special general meeting of the Company to approve the Formal Agreements and the transactions contemplated thereunder, if necessary.

### **Legal effect**

The MOU is not legally binding on the parties in respect of the consummation of the Possible Acquisition with the Objective and/or the entering into of the Formal Agreements. Save for this, the MOU is legally binding on the parties in respect of the Earnest Money, term, expenses, exclusivity, confidentiality and governing law.

### **INFORMATION ON BAYSHORE BVI AND THE HOTEL**

Bayshore BVI is a company incorporated in British Virgin Islands with limited liability and is an investment holding company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Bayshore BVI and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules). The Hotel is a reputable hotel located in Vancouver, British Columbia, Canada.

## **REASONS FOR THE ENTERING INTO OF THE MOU**

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. It is the Group's long-term mission to maintain a diversified investment portfolio and to explore suitable investment opportunities. The Directors consider that the Possible Acquisition would provide an opportunity for the Company to broaden its investment portfolio. The Earnest Money, which is funded by the internal resources of the Group, is provided to Bayshore BVI to facilitate the negotiation of the Possible Acquisition. Pursuant to the MOU, the Company has the aforesaid exclusive negotiation right in respect of the Hotel during the exclusivity period. The Directors consider the payment of the Earnest Money is able to secure the aforesaid exclusive negotiation right of the Company.

Based on the above, the Directors are of the view that the terms of the MOU (including payment of the Earnest Money) are fair and reasonable and the entering into of the MOU is in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

The payment of the Earnest Money under the MOU constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

In the event that the Formal Agreements materialise, further announcement(s) will be made in respect thereof as and when required by the Listing Rules.

**The MOU may or may not lead to the entering into of the Formal Agreements and the Possible Acquisition may or may not be consummated. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

Unless the context requires otherwise, the capitalised terms used in this announcement shall have the following meanings:

“Bayshore BVI”	Bayshore Ventures Ltd., a limited liability company incorporated and existing under the laws of British Virgin Islands
“Board”	the board of Directors
“Company”	ITC Corporation Limited (Stock Code: 372), a company incorporated in Bermuda with limited liability and whose issued shares are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Formal Agreements”	the investment agreement and shareholders' agreement, if any, to be entered into by the Company (or any of its affiliates) and Bayshore BVI in relation to the Possible Acquisition

“Fountain Bridge”	Fountain Bridge Global Limited, a limited liability company incorporated and existing under the laws of British Virgin Islands
“Group”	the Company and its subsidiaries
“Hotel”	a reputable hotel located in Vancouver, British Columbia, Canada
“Hotel Agreement”	the sale and purchase agreement entered into by Bayshore BVI (or one of its affiliates) with the existing owners of the Hotel in relation to the acquisition of ownership and operation of the Hotel
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 29 October 2015 entered into between the Company and Bayshore BVI with respect of the Possible Acquisition
“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
“CAD”	Canadian dollar(s), the lawful currency of Canada
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 29 October 2015

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*