

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement does not constitute an offer or invitation to sell, purchase, subscribe for or issue any securities of Hanny or the solicitation of an offer to buy or subscribe for securities of Hanny.*



VISIONS AHEAD

**HANNY HOLDINGS LIMITED**

**錦興集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 275)

(Warrant Code: 749)



**ITC CORPORATION LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock code: 372)

- (i) PROPOSED REPURCHASE OF BONDS;**
- (ii) CONNECTED TRANSACTION;**
- (iii) APPLICATION FOR WHITEWASH WAIVER AND CONSENT TO SPECIAL DEAL;**
- AND**
- (iv) RESUMPTION OF TRADING**

- (i) POSSIBLE VERY SUBSTANTIAL DISPOSAL;**
- (ii) POSSIBLE VERY SUBSTANTIAL ACQUISITION;**
- AND**
- (iii) RESUMPTION OF TRADING**

**THE REPURCHASE OFFER**

The Hanny Board has resolved that Hanny will make an offer (subject to fulfilment of certain conditions precedent set out below) to repurchase the Bonds at their face value. The purchase price is to be satisfied by the issue of the Offer Consideration Shares at HK\$0.5 per Hanny Share, credited as fully paid.

**REGULATORY REQUIREMENTS**

***In respect of Hanny***

The Repurchase Offer constitutes an exempt share repurchase for Hanny under the Repurchase Code. As at the date of this announcement, the ITC Bondholders are holding the Bonds in the aggregate principal amount of HK\$231,479,295. As ITC is interested in 240,146,821 Hanny Shares, representing approximately 42.77%

of the issued share capital of Hanny as at the date of this announcement, ITC is a connected person of Hanny pursuant to the Listing Rules. Accordingly, the issue of the Offer Consideration Shares to the ITC Bondholders pursuant to the Repurchase Offer constitutes a connected transaction for Hanny under Chapter 14A of the Listing Rules. The issue of the Offer Consideration Shares pursuant to the Repurchase Offer is therefore subject to the approval of the Hanny Independent Shareholders.

As at the date of this announcement, apart from his holding of the Bonds in the principal amount of HK\$2,841,810, Dr. Chan is also interested in 2,298,393 Hanny Shares, representing approximately 0.41% of the issued share capital of Hanny. ITC, Dr. Chan and parties acting in concert with any one of them and their respective associates and those who are involved in, or interested in the Repurchase Offer, the Whitewash Waiver and the Special Deal shall abstain from voting on the proposed resolution(s) approving the Repurchase Offer and the issue of the Offer Consideration Shares pursuant to the terms thereto, the Whitewash Waiver and the Special Deal at the SGM.

#### ***In respect of ITC***

Subject to the level of acceptance of the Bondholders, the proposed acceptance of the Repurchase Offer by the ITC Bondholders and the proposed acquisition of the Offer Consideration Shares by the ITC Bondholders as a result of the acceptance of the Repurchase Offer may constitute a possible very substantial disposal and a possible very substantial acquisition respectively for ITC. In the event that only ITC Bondholders accept the Repurchase Offer in full, ITC's shareholding in Hanny will increase from approximately 42.77% to 68.64% and upon issue of the Offer Consideration Shares, Hanny will become a subsidiary of ITC. Pursuant to the Listing Rules, the proposed acceptance of the Repurchase Offer by the ITC Bondholders and the acquisition of the Offer Consideration Shares by them as consideration therefore will be subject to the approval of the ITC Shareholders and the other conditions precedent set out below. To the best knowledge, information and belief of the ITC Directors, no ITC Shareholders are required to abstain from voting on the proposed resolution(s) approving the acceptance of the Repurchase Offer (whether in full or in part) and the acquisition of the Offer Consideration Shares as a result of such acceptance at the special general meeting of ITC.

#### **APPLICATION FOR WHITEWASH WAIVER**

As at the date of this announcement, ITC and parties acting in concert with it are interested in an aggregate of 242,445,247 Hanny Shares, representing approximately 43.18% of the issued share capital of Hanny. The ITC Board has indicated to Hanny that, subject to the approval of the ITC Shareholders, the Whitewash Waiver and the conditions precedent of the Repurchase Offer, the ITC Bondholders will accept the Repurchase Offer in full in respect of all the Bonds held by them. Dr. Chan has indicated to Hanny of his intention to accept the Repurchase Offer in respect of the Bonds held by him. Assuming only the ITC Bondholders, Dr. Chan and PYI

Bondholder accept the Repurchase Offer, the aggregate shareholding of Hanny held by ITC and parties acting in concert with it after issue of the Offer Consideration Shares will increase from approximately 43.18% to 71.10%, which would trigger an obligation on the part of ITC to make a mandatory general offer for all the Hanny Shares not already owned or agreed to be acquired by ITC and parties acting in concert with it in accordance with Rule 26 of the Takeovers Code. An application for the Whitewash Waiver will be made to the Executive and the Whitewash Waiver will be subject to, among other things, the approval by the Hanny Independent Shareholders at the SGM. If the Whitewash Waiver is not granted by the Executive or not approved by the Hanny Independent Shareholders, the ITC Board has indicated that, subject to the approval of the ITC Shareholders of the acceptance of the Repurchase Offer, the ITC Bondholders will only accept the Repurchase Offer to the extent that no general offer obligation on ITC under Rule 26 of the Takeovers Code will be triggered. For illustrative purpose, assuming all the other Bondholders do not accept the Repurchase Offer, the ITC Bondholders will accept the Repurchase Offer in respect of the Bonds in the aggregate principal amount of HK\$10,147,024, which will result in an increase in their interests in Hanny by under 2%. However, if all the other Bondholders accept the Repurchase Offer in full, the ITC Bondholders will be able to accept the Repurchase Offer in full without triggering a general offer obligation under Rule 26 of the Takeovers Code. For the avoidance of doubt, there will not be any general offer for the Hanny Shares as a result of such acceptance by the ITC Bondholders of the Repurchase Offer.

### **SPECIAL DEAL**

As shown in the respective registers of Bondholders and Hanny Shareholders as at 30 June 2010, other than Famex Investment Limited (being one of the ITC Bondholders) and Dr. Chan, certain Bondholders are also Hanny Shareholders.

The offer to those Bondholders who are also Hanny Shareholders pursuant to the Repurchase Offer will constitute a special deal under Rule 25 of the Takeovers Code and requires the consent of the Executive. The Executive's consent, if granted, will be conditional upon (i) the independent financial adviser to the Independent Board Committee publicly giving an opinion that the terms of the Special Deal are fair and reasonable; and (ii) the approval of the Hanny Independent Shareholders at the SGM. Hanny will seek the consent of the Executive to the Special Deal.

### **GENERAL**

The Independent Board Committee has been established to advise the Hanny Independent Shareholders on the Repurchase Offer and the issue of the Offer Consideration Shares pursuant to the terms thereto, the Whitewash Waiver and the Special Deal. An independent financial adviser will be appointed to advise the Independent Board Committee and the Hanny Independent Shareholders in this regard. An announcement will be made as soon as practicable after the appointment of the independent financial adviser.

The SGM will be convened and held for the Hanny Independent Shareholders to consider and, if thought fit, approve the Repurchase Offer and the issue of the Offer Consideration Shares pursuant to the terms thereto, the Whitewash Waiver and the Special Deal. A circular containing, among other things, further details of the Repurchase Offer, the Whitewash Waiver, the Special Deal, the recommendation of the Independent Board Committee, the letter of advice of the independent financial adviser and a notice convening the SGM is expected to be despatched to the Hanny Shareholders as soon as practicable by 6 August 2010.

A special general meeting of ITC will be convened and held for the ITC Shareholders to consider and, if thought fit, approve the acceptance of the Repurchase Offer and the acquisition of the Offer Consideration Shares by the ITC Bondholders. A circular containing, among other things, further details of the acceptance of the Repurchase Offer, the financial information on the Hanny Group and a notice convening the special general meeting of ITC is expected to be despatched to the ITC Shareholders as soon as practicable by 6 August 2010.

#### **SUSPENSION AND RESUMPTION OF TRADING**

At the request of Hanny, trading in the Hanny Shares and the Warrants were suspended with effect from 9:30 a.m. on 12 July 2010 pending the release of this announcement. An application has been made by Hanny to the Stock Exchange for resumption of trading in the Hanny Shares and the Warrants with effect from 9:30 a.m. on 19 July 2010.

At the request of ITC, trading in the ITC Shares was suspended with effect from 10:13 a.m. on 12 July 2010 pending the release of this announcement. An application has been made by ITC to the Stock Exchange for resumption of trading in the ITC Shares with effect from 9:30 a.m. on 19 July 2010.

**Hanny Shareholders, holders of the Warrants, Bondholders and potential investors of the Hanny Shares and the Warrants should note that completion of the Repurchase Offer is subject to the fulfillment of certain conditions as set out in this announcement. As the Repurchase Offer may or may not proceed, Hanny Shareholders, holders of the Warrants, Bondholders and potential investors of the Hanny Shares and the Warrants are reminded to exercise caution when dealing in the Hanny Shares, the Warrants and other securities of Hanny.**

**ITC Shareholders and potential investors of the ITC Shares should note that the acceptance of the Repurchase Offer is subject to, inter alia, the approval of the ITC Shareholders. ITC Shareholders and potential investors of the ITC Shares are reminded to exercise caution when dealing in the ITC Shares.**

The Hanny Board has resolved that Hanny will make an offer (subject to fulfilment of certain conditions precedent set out below) to repurchase the Bonds at their face value. Certain details of the Repurchase Offer are set out below.

## **THE REPURCHASE OFFER**

### **The Bonds**

In June 2006, the Bonds were issued as consideration under a voluntary securities exchange offer by Hanny to acquire interest in Group Dragon Investments Limited. The Bonds bear interest at 2% per annum, are convertible into new Hanny Shares at the initial conversion price of HK\$9.0 per Hanny Share (subject to adjustments), and mature on the fifth anniversary from the date of the issue of the Bonds. Pursuant to the conditions of the Bonds, the Bondholders have the right to convert the whole or part of the principal amount of the Bonds into Hanny Shares at any time up to and including the date falling 14 days prior to the maturity date. Unless previously converted or redeemed by Hanny, Hanny must redeem the Bonds on the maturity date at the redemption amount which is 100% of the principal amount of the Bonds outstanding. The voluntary securities exchange offer was closed on 16 June 2006 and the Bonds with a total principal amount of approximately HK\$770 million were issued. Details of the Bonds were set out in Hanny's announcement dated 19 April 2005, circular dated 14 September 2005 and composite offer document dated 26 May 2006.

As at the date of this announcement, the aggregate outstanding principal amount of the Bonds is HK\$706,698,786. The Bonds will mature in June 2011. Based on the outstanding principal amount of the Bonds, a total of 44,643,006 new Hanny Shares will fall to be issued upon full conversion of the Bonds at the prevailing conversion price of HK\$15.83 per Hanny Share (subject to adjustments).

Based on the register of Bondholders as at the date of this announcement, the ITC Bondholders together hold the Bonds in the aggregate principal amount of HK\$231,479,295, representing approximately 32.76% of the total outstanding principal amount of the Bonds. Dr. Chan is holding the Bonds in the principal amount of HK\$2,841,810, representing approximately 0.40% of the total outstanding principal amount of the Bonds. PYI, a company in which ITC is approximately 26.79% interested, (through its indirect wholly-owned subsidiary) holds the Bonds in the aggregate principal amount of HK\$36,857,925, representing approximately 5.22% of the total outstanding principal amount of the Bonds.

As at the date of this announcement, ITC and Dr. Chan are interested in 240,146,821 Hanny Shares and 2,298,393 Hanny Shares respectively, representing approximately 42.77% and 0.41% of the existing issued share capital of Hanny. Mr. Cheung Hon Kit, an executive ITC Director, holds 1 Hanny Share; and Hon. Shek Lai Him, Abraham, an independent non-executive ITC Director, holds 32 Hanny Shares and 4 units of Warrants as at the date of this announcement. PYI does not hold any Hanny Shares as at the date of this announcement. ITC, Dr. Chan and parties acting in concert with any one of them (including the ITC Directors as mentioned above and PYI) are interested in an aggregate of 242,445,247 Hanny Shares, representing approximately 43.18% of the existing issued share capital of Hanny as at the date of this announcement.

Save as disclosed above, there are no other convertible securities, warrants or options held by ITC, Dr. Chan and parties acting in concert with any of them as at the date of this announcement.

Save as disclosed above, to the best of Hanny Directors' knowledge, information and belief having made all reasonable enquiries, all the other Bondholders are third parties independent of Hanny and its connected persons.

### **Terms of the Repurchase Offer**

Hanny will make an offer (subject to the fulfillment of certain conditions precedent described below) to repurchase the Bonds at their face value. The purchase price is to be satisfied by the issue of the Offer Consideration Shares at HK\$0.5 per Hanny Share, credited as fully paid. Partial acceptance (in HK\$30,000 or integral multiples thereof) of the Repurchase Offer by a Bondholder will be permitted.

The making of the Repurchase Offer will be conditional upon the Hanny Independent Shareholders approving the Repurchase Offer and the issue of the Offer Consideration Shares pursuant to the terms of the Repurchase Offer. Hanny will send an offer letter in relation to the Repurchase Offer to the Bondholders within 3 Business Days from the date of the obtaining of the Hanny Independent Shareholders' approval of the Repurchase Offer and the issue of the Offer Consideration Shares pursuant to the terms thereto at the SGM. Accordingly, if the Hanny Independent Shareholders do not approve the Repurchase Offer and the issue of Offer Consideration Shares at the SGM, the Repurchase Offer will not be made. The Repurchase Offer will not be made to the Bondholders who are also Hanny Shareholders (other than ITC, Dr. Chan and parties acting in concert with any of them) in the event that the Special Deal is not approved by the Hanny Independent Shareholders or consent to Special Deal is not granted by the Executive. Details of the Special Deal are set out in the section headed "Special Deal under the Takeovers Code" below.

The Repurchase Offer (including the issue of the Offer Consideration Shares pursuant to the terms thereto) will be conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Offer Consideration Shares.

### **Overseas Bondholders**

The making of the Repurchase Offer to the Bondholders not resident in Hong Kong may be affected by the laws of the relevant jurisdictions. The Bondholders not resident in Hong Kong must inform themselves about and observe any applicable legal requirements. It is the responsibility of the overseas Bondholders wishing to accept the Repurchase Offer to satisfy themselves as to the full observance of the laws for the relevant territory in connection therewith, including the obtaining of any governmental or other consent which may be required or the compliance with all necessary formalities.



Hanny is currently making enquiries regarding the feasibility of extending the Repurchase Offer to the overseas Bondholder(s) whose address(es) as shown on the register of Bondholders is (are) outside Hong Kong. If, based on legal opinions, the Hanny Directors consider that it is necessary or expedient not to make the Repurchase Offer to such overseas Bondholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Repurchase Offer will not be made to such Bondholders.

### **Taxation**

The Bondholders should consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Repurchase Offer or the Offer Consideration Shares. It is emphasized that none of Hanny or any of the Hanny Directors or any other person involved in the Repurchase Offer accepts any responsibility for any tax effects on, or liabilities of, any Bondholders as a result of their acceptance of the Repurchase Offer or the Offer Consideration Shares.

### **The Offer Consideration Shares**

Assuming all Bondholders accept the Repurchase Offer, 1,413,397,572 Offer Consideration Shares will fall to be issued by Hanny, representing approximately (i) 251.75% of the existing issued share capital of Hanny; and (ii) 71.57% of the issued share capital of Hanny as enlarged by the issue of the 1,413,397,572 Offer Consideration Shares.

The Offer Consideration Shares will rank pari passu in all respects with the Hanny Shares in issue on the date of allotment and issue of the Offer Consideration Shares.

### **Issue price of the Offer Consideration Shares**

The issue price of HK\$0.5 per Offer Consideration Share represents:

- (i) the closing price of HK\$0.5 per Hanny Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 2.46% over the average closing price of HK\$0.488 per Hanny Share in the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 3.31% over the average closing price of HK\$0.484 per Hanny Share in the last ten consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 1.63% over the average closing price of HK\$0.492 per Hanny Share in the last 30 consecutive trading days up to and including the Last Trading Day; and

- (v) a discount of approximately 5.12% to the average closing price of HK\$0.527 per Hanny Share in the last 60 consecutive trading days up to and including the Last Trading Day.

The issue price of the Offer Consideration Shares was determined with reference to the prevailing market price of the Hanny Shares. The Hanny Directors (excluding the independent non-executive Hanny Directors who will form their view after considering the advice of the independent financial adviser) consider that the issue price is fair and reasonable.

#### **Specific mandate**

The Offer Consideration Shares will be issued under a specific mandate to be sought at the SGM.

#### **Application for listing**

Hanny will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Consideration Shares.



## EFFECTS ON SHAREHOLDING STRUCTURE OF HANNY

Set out below are the shareholding structure of Hanny (i) as at the date of this announcement; (ii) upon completion of the Repurchase Offer assuming full acceptance of the Repurchase Offer; (iii) assuming the Whitewash Waiver is not approved and only the ITC Bondholders accept the Repurchase Offer in respect of the Bonds in the aggregate principal amount of HK\$10,147,024; and (iv) upon completion of the Repurchase Offer assuming only the ITC Bondholders, Dr. Chan, and the PYI Bondholder accept the Repurchase Offer:

	As at the date of this announcement		Assuming all Bondholders accept the Repurchase Offer in full		Assuming the Whitewash Waiver is not approved and only the ITC Bondholders accept the Repurchase Offer in the aggregate principal amount of HK\$10,147,024		Assuming only the ITC Bondholders, Dr. Chan, and the PYI Bondholder accept the Repurchase Offer in full	
	Shares	App.%	Shares	App.%	Shares	App.%	Shares	App.%
ITC (Note 1, 7)	240,146,821	42.77	703,105,411	35.60	260,440,869	44.77	703,105,411	63.70
Dr. Chan (Note 2, 7)	2,298,393	0.41	7,982,013	0.40	2,298,393	0.40	7,982,013	0.72
Other ITC Directors (Note 3)	33	0.00	33	0.00	33	0.00	33	0.00
PYI (Note 4)	-	-	73,715,850	3.73	-	-	73,715,850	6.68
ITC and parties acting in concert with it	242,445,247	43.18	784,803,307	39.73	262,739,295	45.17	784,803,307	71.10
Dr. Yap, Allan (Note 5)	3,178,108	0.57	3,178,108	0.16	3,178,108	0.55	3,178,108	0.29
Public Hanny Shareholders (Note 6)	315,813,375	56.25	1,186,852,887	60.11	315,813,375	54.28	315,813,375	28.61
<b>Total</b>	<b>561,436,730</b>	<b>100.00</b>	<b>1,974,834,302</b>	<b>100.00</b>	<b>581,730,778</b>	<b>100.00</b>	<b>1,103,794,790</b>	<b>100.00</b>

### Notes:

1. These Hanny Shares are held by Famex Investment Limited which is a wholly-owned subsidiary of Mankar Assets Limited. Mankar Assets Limited is wholly-owned by ITC Investment Holdings Limited, which in turn is a wholly-owned subsidiary of ITC. The ITC Bondholders, namely Famex Investment Limited and Hollyfield Group Limited, together hold the Bonds in the aggregate principal amount of HK\$231,479,295 and will receive an aggregate of 462,958,590 Offer Consideration Shares if they accept the Repurchase Offer in full.
2. Dr. Chan is the controlling shareholder, the chairman and the executive director of ITC as at the date of this announcement. Dr. Chan holds the Bonds in the principal amount of HK\$2,841,810 and is interested in 2,298,393 Hanny Shares, and will receive 5,683,620 Offer Consideration Shares if he accepts the Repurchase Offer in full.

3. *Mr. Cheung Hon Kit and Hon. Shek Lai Him, Abraham, who are the ITC Directors, hold 1 Hanny Share and 32 Hanny Shares respectively as at the date of this announcement.*
4. *PYI is owned as to approximately 26.79% by ITC as at the date of this announcement. Calisan Developments Limited, an indirect wholly-owned subsidiary of PYI, holds the Bonds in the principal amount of HK\$36,857,925 and will receive 73,715,850 Offer Consideration Shares if it accepts the Repurchase Offer in full.*
5. *Dr. Yap, Allan is an executive Hanny Director.*
6. *The table above assumes that there is no change in the shareholding structure of Hanny from the date of this announcement up to completion of the Repurchase Offer, based on the register of Bondholders as at the date of this announcement. Assuming full acceptance of the Repurchase Offer, the aggregate Offer Consideration Shares that fall to be issued to the Bondholders (other than the ITC Bondholders, Dr. Chan and the PYI Bondholder) will not exceed 10% of the issued share capital of Hanny as enlarged by the issue of the maximum number of Offer Consideration Shares upon completion of the Repurchase Offer. Therefore, those Bondholders are treated as public Hanny Shareholders.*
7. *The ITC Board has indicated to Hanny that, subject to the approval of the ITC Shareholders and the conditions precedent set out below, the ITC Bondholders will accept the Repurchase Offer in respect of the Bonds held by them. Dr. Chan has indicated to Hanny of his intention to accept the Repurchase Offer in respect of the Bonds held by him. Details are set out in the section headed "Application for Whitewash Waiver" below.*

## **REASONS FOR THE REPURCHASE OFFER**

Hanny is an investment holding company and the Hanny Group is principally engaged in trading of securities, holding of vessels for sand mining, industrial water supply business, property development and trading and other strategic investments including (i) a subsidiary whose issued shares are listed on the Australian Securities Exchange; (ii) an associated company whose issued shares are traded on the OTC Securities Market in the United States of America; and (iii) convertible notes issued by companies whose issued shares are listed on the Stock Exchange.

The Hanny Group recorded an audited loss of approximately HK\$1,140 million for the year ended 31 March 2009 and an audited profit of approximately HK\$48 million for the year ended 31 March 2008. As at 30 September 2009, the unaudited equity of the Hanny Group attributable to the Hanny Shareholders was approximately HK\$2,272 million and the gearing ratio as at 30 September 2009, expressed as a percentage of total borrowings to equity attributable to the Hanny Shareholders, was 39.7%.

In view of the gradual economic recovery in Hong Kong, Hanny has been actively seeking ways to strengthen the financial position and the prospects of the Hanny Group. Hanny has recently announced the acquisition of remaining equity interests in companies which hold a land located in 越秀區 (Yuexiu District), Guangzhou, the PRC with a view to benefiting from the future prospects of the real estate business in Guangzhou, the PRC and the potential appreciation in the value of the land. The cash consideration for the transaction was approximately HK\$470 million.

Taking into account the size of the Bonds and that the Bonds are redeemable at 100% of its face value at maturity, the impact on the Hanny Group's cashflow would be substantial if Hanny were to repay all the outstanding principal amount of the Bonds at maturity. The Hanny Directors (excluding the independent non-executive Hanny Directors who will form their view after considering the advice of the independent financial adviser) consider that the Repurchase Offer is a means to alleviate the pressure posed by the redemption of the Bonds on the future cashflow of the Hanny Group and at the same time improve the financial position of the Hanny Group. For the year ended 31 March 2009, payment of the coupon interest of the Bonds amounted to approximately HK\$14.1 million. The Repurchase Offer, if completed, would lower the Hanny Group's gearing ratio and reduce the related finance cost of the Hanny Group upon cancellation of the Bonds tendered on acceptance of the Repurchase Offer. Further, maintaining a better financial and liquidity position can enable the Hanny Group to have higher flexibility in making investment as opportunities arise.

The Hanny Directors (excluding the independent non-executive Hanny Directors who will form their view after considering the advice of the independent financial adviser) consider that the terms of the Repurchase Offer are fair and reasonable and the Repurchase Offer is in the interests of Hanny and the Hanny Shareholders as a whole.

#### **POSSIBLE VERY SUBSTANTIAL DISPOSAL AND POSSIBLE VERY SUBSTANTIAL ACQUISITION FOR ITC**

As at the date of this announcement, the ITC Bondholders are holding the Bonds in the aggregate principal amount of HK\$231,479,295. Pursuant to the Repurchase Offer, the Bonds will be repurchased by Hanny at their face value and to be satisfied by the issue of the Offer Consideration Shares at HK\$0.5 per Hanny Share. The ITC Board has indicated that subject to, inter alia, the approval of the ITC Shareholders, the ITC Bondholders will accept the Repurchase Offer. Assuming full acceptance of the Repurchase Offer by the ITC Bondholders and the other Bondholders, a total of 462,958,590 Offer Consideration Shares will be issued by Hanny to the ITC Bondholders and in such case, ITC's shareholding in Hanny will decrease from approximately 42.77% to 35.60%. Assuming only the ITC Bondholders accept the Repurchase Offer in full, ITC's shareholding in Hanny will increase from approximately 42.77% to 68.64% as a result of the issue of the Offer Consideration Shares and upon issue of the Offer Consideration Shares, Hanny will become a subsidiary of ITC. Pursuant to the Listing Rules, the ITC Bondholders' proposed acceptance of the Repurchase Offer and the proposed acquisition of the Offer Consideration Shares by the ITC Bondholders may constitute a possible very substantial disposal and a possible very substantial acquisition respectively for ITC.

ITC is an investment holding company which directly and indirectly holds strategic investments in a number of listed companies. The principal activities of the ITC Group comprise investment holding, provision of finance, property investment and treasury investment. The possible very substantial disposal will not have any material financial effect on ITC.

As the conversion price of the Bonds has been significantly above the market price of the Hanny Shares, the Bonds are out-of-the-money and are more analogous to debt securities than equity securities. The ITC Board considers that ITC may take advantage of the Repurchase Offer to convert the Bonds into Offer Consideration Shares at a price lower than the prevailing conversion price of the Bonds. In addition, the ITC Board is optimistic towards the prospects and development of the Hanny Group and is positive about the long term returns or capital gains from the investment in the Hanny Shares. The ITC Board considers that the acquisition of the Offer Consideration Shares by way of accepting the Repurchase Offer is in the interests of the ITC Shareholders and the ITC Group as a whole.

## **REGULATORY REQUIREMENTS**

### ***In respect of Hanny***

The Repurchase Offer constitutes an exempt share repurchase for Hanny under the Repurchase Code. As at the date of this announcement, the ITC Bondholders are holding the Bonds in the aggregate principal amount of HK\$231,479,295. As ITC is interested in 240,146,821 Hanny Shares, representing approximately 42.77% of the issued share capital of Hanny as at the date of this announcement, ITC is a connected person of Hanny pursuant to the Listing Rules. Accordingly, the issue of the Offer Consideration Shares to the ITC Bondholders pursuant to the Repurchase Offer constitutes a connected transaction for Hanny under Chapter 14A of the Listing Rules. The issue of the Offer Consideration Shares pursuant to the Repurchase Offer is therefore subject to the approval of the Hanny Independent Shareholders.

As at the date of this announcement, apart from his holding of the Bonds in the principal amount of HK\$2,841,810, Dr. Chan is also interested in 2,298,393 Hanny Shares, representing approximately 0.41% of the issued share capital of Hanny. ITC, Dr. Chan and parties acting in concert with any one of them and their respective associates and those who are involved in, or interested in the Repurchase Offer, the Whitewash Waiver and the Special Deal shall abstain from voting on the proposed resolution(s) approving the Repurchase Offer and the issue of the Offer Consideration Shares pursuant to the terms thereto, the Whitewash Waiver and the Special Deal at the SGM.

### ***In respect of ITC***

Subject to the level of acceptance of the Bondholders, the proposed acceptance of the Repurchase Offer by the ITC Bondholders and the proposed acquisition of the Offer Consideration Shares by the ITC Bondholders as a result of the acceptance of the Repurchase Offer may constitute a possible very substantial disposal and a possible very substantial acquisition respectively for ITC. In the event that only the ITC Bondholders accept the Repurchase Offer in full, ITC's shareholding in Hanny will increase from approximately 42.77% to 68.64% and upon issue of the Offer Consideration Shares, Hanny will become a subsidiary of ITC. Pursuant to the Listing Rules, the proposed acceptance of the Repurchase Offer and the Offer Consideration Shares by the ITC Bondholders therefore will be subject to the approval of the ITC Shareholders. The acceptance by the ITC Bondholders of the Repurchase Offer will be conditional on the

passing of the ordinary resolution(s) at a special general meeting of ITC by the ITC Shareholders approving the ITC Bondholders' acceptance of the Repurchase Offer (i) in full, subject to the Whitewash Waiver having been granted by the Executive and approved by the Hanny Independent Shareholders; or (ii) to the extent that no general offer obligation on ITC and its parties acting in concert with it under Rule 26 of the Takeovers Code will be triggered, and all transactions contemplated thereunder.

To the best knowledge, information and belief of the ITC Directors, no ITC Shareholders are required to abstain from voting on the proposed resolution(s) approving the acceptance of the Repurchase Offer (whether in full or in part) and the acquisition of the Offer Consideration Shares as a result of such acceptance at the special general meeting of ITC.

### **APPLICATION FOR WHITEWASH WAIVER**

As at the date of this announcement, ITC and parties acting in concert with it are interested in an aggregate of 242,445,247 Hanny Shares, representing approximately 43.18% of the issued share capital of Hanny. The ITC Board has indicated to Hanny that, subject to the approval of the ITC Shareholders, the Whitewash Waiver and the conditions precedent of the Repurchase Offer set out above, the ITC Bondholders will accept the Repurchase Offer in full in respect of all the Bonds held by them. Dr. Chan has indicated to Hanny of his intention to accept the Repurchase Offer in respect of the Bonds held by him. Assuming only the ITC Bondholders, Dr. Chan and the PYI Bondholder accept the Repurchase Offer, the aggregate shareholding of Hanny held by ITC and parties acting in concert with it will increase from approximately 43.18% to 71.10% as a result of the issue of the Offer Consideration Shares, which would trigger an obligation on the part of ITC to make a mandatory general offer for all the Hanny Shares not already owned or agreed to be acquired by ITC and parties acting in concert with it in accordance with Rule 26 of the Takeovers Code. Accordingly, an application for the Whitewash Waiver will be made to the Executive and the Whitewash Waiver will be subject to, among other things, the approval by the Hanny Independent Shareholders at the SGM. If the Whitewash Waiver is not granted by the Executive or not approved by the Hanny Independent Shareholders, the ITC Board has indicated that, subject to the approval of the ITC Shareholders of the acceptance of the Repurchase Offer, the ITC Bondholders will only accept the Repurchase Offer to the extent that no general offer obligation on ITC under Rule 26 of the Takeovers Code will be triggered. For illustrative purpose, assuming all the other Bondholders do not accept the Repurchase Offer, the ITC Bondholders will accept the Repurchase Offer in respect of the Bonds in the aggregate principal amount of HK\$10,147,024, which will result in an increase in their interests in Hanny by under 2%. However, if all the other Bondholders accept the Repurchase Offer in full, the ITC Bondholders will be able to accept the Repurchase Offer in full without triggering a general offer obligation under Rule 26 of the Takeovers Code. For the avoidance of doubt, there will not be any general offer for the Hanny Shares as a result of such acceptance by the ITC Bondholders of the Repurchase Offer.

As at the date of this announcement,

- (1) save for the Bonds held by the ITC Bondholders, Dr. Chan and the PYI Bondholder, and the 4 units of Warrants held by Hon. Shek Lai Him, Abraham, an independent non-executive ITC Director, there are no other outstanding derivatives in respect of securities in Hanny entered into by ITC and parties acting in concert with it;
- (2) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Hanny Shares and the ITC Shares and which might be material to the Whitewash Waiver or the Repurchase Offer;
- (3) there are no agreements or arrangements to which ITC is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Whitewash Waiver or the Repurchase Offer; and
- (4) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Hanny which ITC or parties acting in concert with it has borrowed or lent.

On 30 April 2010, the ITC Bondholders acquired the Bonds in the principal amount of HK\$41,519,625. ITC, Dr. Chan and parties acting in concert with any of them have not acquired any voting rights in Hanny in the six months prior to the date of this announcement.

#### **SPECIAL DEAL UNDER THE TAKEOVERS CODE**

As shown in the respective registers of Bondholders and Hanny Shareholders as at 30 June 2010, other than Famex Investment Limited (being one of the ITC Bondholders) and Dr. Chan, certain Bondholders are also Hanny Shareholders.

The offer to those Bondholders who are also Hanny Shareholders pursuant to the Repurchase Offer will constitute a special deal under Rule 25 of the Takeovers Code and requires the consent of the Executive. The Executive's consent, if granted, will be conditional upon (i) the independent financial adviser to the Independent Board Committee publicly giving an opinion that the terms of the Special Deal are fair and reasonable; and (ii) the approval of the Hanny Independent Shareholders at the SGM. Hanny will seek the consent of the Executive to the Special Deal. The Repurchase Offer will not be made to the Bondholders who are also Hanny Shareholders (other than ITC, Dr. Chan and parties acting in concert with any of them) in the event that the Special Deal is not approved by the Hanny Independent Shareholders or consent to Special Deal is not granted by the Executive.



## **GENERAL**

The Independent Board Committee has been established to advise the Hanny Independent Shareholders on the Repurchase Offer and the issue of the Offer Consideration Shares pursuant to the terms thereto, the Whitewash Waiver and the Special Deal. An independent financial adviser will be appointed to advise the Independent Board Committee and the Hanny Independent Shareholders in this regard. An announcement will be made as soon as practicable after the appointment of the independent financial adviser.

The SGM will be convened and held for the Hanny Independent Shareholders to consider and, if thought fit, approve the Repurchase Offer and the issue of the Offer Consideration Shares pursuant to the terms thereto, the Whitewash Waiver and the Special Deal. A circular containing, among other things, further details of the Repurchase Offer, the Whitewash Waiver and the Special Deal, the recommendation of the Independent Board Committee, the letter of advice of the independent financial adviser and a notice convening the SGM is expected to be despatched to the Hanny Shareholders as soon as practicable by 6 August 2010.

A special general meeting of ITC will be convened and held for the ITC Shareholders to consider and, if thought fit, approve the acceptance of the Repurchase Offer (in full or in part) and the acquisition of the Offer Consideration Shares by the ITC Bondholders. A circular containing, among other things, further details of the acceptance of the Repurchase Offer, the financial information on the Hanny Group and a notice convening the special general meeting of ITC is expected to be despatched to the ITC Shareholders as soon as practicable by 6 August 2010.

## **ADJUSTMENTS TO CONVERSION PRICE OF THE BONDS AND SUBSCRIPTION PRICE OF THE WARRANTS**

Adjustments to (i) the conversion price of the Bonds in respect of which the Repurchase Offer is not accepted; and (ii) the subscription price of the Warrants, may be required under the relevant terms of the instruments constituting the Bonds and the Warrants as a result of completion of the Repurchase Offer. Further announcement(s) will be made by Hanny in this regard.

## **PROFIT ALERT ANNOUNCEMENT**

Pursuant to Rule 13.09 of the Listing Rules, Hanny announced a profit alert statement (the "Statement") on 15 July 2010 that based on the preliminary assessment of the unaudited management accounts of the Hanny Group by the management, the Hanny Group is expected to record a net profit for the financial year ended 31 March 2010 as compared to a net loss for the financial year ended 31 March 2009. The Statement constitutes a profit forecast under Rule 10 of the Takeovers Code. Pursuant to Rule 10.3(d) of the Takeovers Code, except with the consent of the Executive, any profit forecast which has been made before the commencement of the offer period (which in this case is 16 July 2010) must be examined, repeated and reported on in the whitewash document to be sent to the Hanny Shareholders. As stated in the profit

alert announcement, the audited results of Hanny for the year ended 31 March 2010 are expected to be announced on or around 23 July 2010 and accordingly, the related audited financial information of the Hanny Group for the year ended 31 March 2010 will be included in the circular to be issued by Hanny containing, among other things, further details of the Whitewash Waiver.

**The Statement does not meet the standard of Rule 10 of the Takeovers Code and that Hanny Shareholders, holders of the Warrants and potential investors should exercise caution when dealing in the securities of Hanny and should exercise caution in placing reliance on the Statement in assessing the merits and demerits of the Repurchase Offer, the Whitewash Waiver and the Special Deal.**

### **SUSPENSION AND RESUMPTION OF TRADING**

At the request of Hanny, trading in the Hanny Shares and the Warrants were suspended with effect from 9:30 a.m. on 12 July 2010 pending the release of this announcement. An application has been made by Hanny to the Stock Exchange for resumption of trading in the Hanny Shares and the Warrants with effect from 9:30 a.m. on 19 July 2010.

At the request of ITC, trading in the ITC Shares was suspended with effect from 10:13 a.m. on 12 July 2010 pending the release of this announcement. An application has been made by ITC to the Stock Exchange for resumption of trading in the ITC Shares with effect from 9:30 a.m. on 19 July 2010.

**Hanny Shareholders, holders of the Warrants, Bondholders and potential investors of the Hanny Shares and the Warrants should note that completion of the Repurchase Offer is subject to the fulfilment of the conditions as set out in the section headed “Terms of the Repurchase Offer” above. As the Repurchase Offer may or may not proceed, Hanny Shareholders, holders of the Warrants, Bondholders and potential investors of the Hanny Shares and the Warrants are reminded to exercise caution when dealing in the Hanny Shares, the Warrants and other securities of Hanny.**

**ITC Shareholders and potential investors of the ITC Shares should note that the acceptance of the Repurchase Offer is subject to, inter alia, the approval of the ITC Shareholders. ITC Shareholders and potential investors of the ITC Shares are reminded to exercise caution when dealing in the ITC Shares.**

### **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below:

“associates” has the meaning ascribed to it in the Listing Rules

“Bondholder(s)” holder(s) of the Bonds

“Bonds”	the 2% convertible bonds due 2011 issued by Hanny with an aggregate outstanding principal amount of HK\$706,698,786 as at the date of this announcement
“Business Day(s)”	any day (excluding a Saturday) on which licensed banks in Hong Kong are open for business
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Dr. Chan”	Dr. Chan Kwok Keung, Charles, the controlling shareholder, the chairman and the executive director of ITC as at the date of this announcement
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegates
“Hanny”	Hanny Holdings Limited (stock code: 275) (warrant code: 749), a company incorporated under the laws of Bermuda with limited liability and the issued securities of which are listed on the Main Board of the Stock Exchange
“Hanny Board”	board of Hanny Directors
“Hanny Director(s)”	the director(s) of Hanny
“Hanny Group”	Hanny and its subsidiaries
“Hanny Independent Shareholders”	the Hanny Shareholders other than ITC, Dr. Chan and parties acting in concert with any one of them and their respective associates and those who are involved in, or interested in the Repurchase Offer, the Whitewash Waiver and the Special Deal
“Hanny Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of Hanny
“Hanny Shareholder(s)”	holder(s) of the Hanny Shares
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Board Committee”	the committee of the Hanny Board comprising all the independent non-executive Hanny Directors, namely Mr. Kwok Ka Lap, Alva, Mr. Poon Kwok Hing, Albert and Mr. Sin Chi Fai, established for the purpose of giving a recommendation to the Hanny Independent Shareholders on the Repurchase Offer, the Whitewash Waiver and the Special Deal
“ITC”	ITC Corporation Limited (stock code: 372), a company incorporated in Bermuda with limited liability and the issued securities of which are listed on the Main Board of the Stock Exchange
“ITC Board”	board of ITC Directors
“ITC Bondholders”	Famex Investment Limited and Hollyfield Group Limited, both of which are indirect wholly-owned subsidiaries of ITC and the registered holders of the Bonds in the aggregate principal amount of HK\$231,479,295 as at the date of this announcement
“ITC Director(s)”	the director(s) of ITC
“ITC Group”	ITC and its subsidiaries
“ITC Shareholder(s)”	holder(s) of ITC Shares
“ITC Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of ITC
“Last Trading Day”	9 July 2010, being the last trading day of the Hanny Shares before the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Consideration Shares”	the new Hanny Shares to be issued at HK\$0.5 each to satisfy the consideration for the Repurchase Offer
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan

“PYY”	PYY Corporation Limited (stock code: 498), a company incorporated in Bermuda with limited liability and the issued securities of which are listed on the Main Board of the Stock Exchange
“PYY Bondholder”	Calisan Development Limited, an indirect wholly-owned subsidiary of PYY and the registered holder of the Bonds in the principal amount of HK\$36,857,925 as at the date of this announcement
“Repurchase Code”	The Hong Kong Code on Share Repurchases
“Repurchase Offer”	an offer to be made by Hanny to repurchase the Bonds at their face value to be satisfied by the issue of the Offer Consideration Shares at HK\$0.5 each
“SGM”	the special general meeting of Hanny to be convened to consider and, if thought fit, approve the Repurchase Offer, the issue of the Offer Consideration Shares, the Whitewash Waiver and the Special Deal
“Special Deal”	a special deal under Rule 25 of the Takeovers Code in connection with the offer proposed to be made to those Bondholders who are also Hanny Shareholders (other than ITC, Dr. Chan and parties acting in concert with any of them) pursuant to the Repurchase Offer
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Warrants”	the warrants of Hanny, carrying rights to subscribe in cash for Hanny Shares at the subscription price of HK\$0.63 per Hanny Share (subject to adjustments)
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 to the notes on dispensations from Rule 26 of the Takeovers Code to waive the obligation of ITC to make a mandatory general offer for all the Hanny Shares not already owned or agreed to be acquired by ITC and parties acting in concert with it as a result of the acquisition of 462,958,590 Offer Consideration Shares pursuant to the full acceptance of the Repurchase Offer
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“%”

per cent.

For and on behalf of the board of  
directors of  
**HANNY HOLDINGS LIMITED**  
**Dr. Yap, Allan**  
*Chairman*

For and on behalf of the board of  
directors of  
**ITC CORPORATION LIMITED**  
**Dr. Chan Kwok Keung, Charles**  
*Chairman*

Hong Kong, 16 July 2010

As at the date of this announcement, the Hanny Directors are as follows:

*Executive Hanny Directors:*

Dr. Yap, Allan (*Chairman*)  
Mr. Chan Kwok Chuen, Augustine  
(*Managing Director*)

*Independent non-executive Hanny Directors:*

Mr. Kwok Ka Lap, Alva  
Mr. Poon Kwok Hing, Albert  
Mr. Sin Chi Fai

As at the date of this announcement, the ITC Directors are as follows:

*Executive ITC 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. Cheung Hon Kit  
Mr. Chan Yiu Lun, Alan

*Independent non-executive ITC Directors:*

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

*The Hanny Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement other than those relating to ITC and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement other than those expressed by ITC have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*The ITC Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement other than those relating to Hanny and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement other than those expressed by Hanny have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*