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ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 372)

(Warrant code: 779)

PROPOSED REPURCHASE OF CONVERTIBLE NOTES DUE 2 NOVEMBER 2009 AND ISSUE OF NEW CONVERTIBLE NOTES DUE 2011

THE REPURCHASE OFFER

The Company is making the Repurchase Offer (subject to the fulfilment of certain conditions precedent) to repurchase the Notes (due 2 November 2009) in the aggregate principal amount of HK\$200,000,000 at their face value. The purchase price is to be satisfied by the issue of the New Notes of the same principal amount.

The terms and conditions of the New Notes are substantially the same as those of the Notes, save that (i) the maturity date is 2 November 2011; and (ii) the initial conversion price is HK\$0.50 per Conversion Share, subject to adjustments.

REGULATORY REQUIREMENTS

The Repurchase Offer constitutes an exempt share repurchase by the Company under the Repurchase Code. The issue of the New Notes and the issue of Conversion Shares will be put to the Shareholders for their approval at the SGM. No Shareholders are expected to be required under the Listing Rules to abstain from voting at the SGM on such resolution.

A circular containing, among other things, (i) further details of the Repurchase Offer; and (ii) a notice convening the SGM, will be despatched to the Shareholders and, for information only, the holders of Warrants and Noteholders, as soon as practicable in accordance with the Listing Rules.

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

The Board has resolved to make the Repurchase Offer (subject to the fulfilment of certain conditions precedent) by the Company to repurchase the Notes at their face value. Certain details of the Repurchase Offer are set out below.

THE REPURCHASE OFFER

The Notes

The Directors refer to the Company's announcement dated 5 September 2007 of the placing of the Notes in an aggregate principal amount of up to HK\$200,000,000 convertible into shares of the Company at an initial conversion price of HK\$0.75 per Share, subject to adjustments. As a result of intervening corporate exercises, the prevailing conversion price of the Notes is HK\$4.12 per Share subject to adjustments.

As at the date of this announcement, the aggregate outstanding principal amount of the Notes is HK\$200,000,000 and the Notes will mature on 2 November 2009. Pursuant to the terms of the Notes, 48,543,689 new Shares will fall to be issued upon full conversion of the Notes at the prevailing conversion price of HK\$4.12 per Share (subject to adjustments). To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Noteholders and their ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

Terms of the Repurchase Offer

The Company is making the Repurchase Offer (subject to the fulfilment of certain conditions precedent described below) to repurchase the Notes at their face value. The purchase price is to be satisfied by the issue of the New Notes of the same principal amount. Partial acceptance of the Repurchase Offer (in HK\$1,000,000 or integral multiples thereof) by a Noteholder will be permitted.

The Company has sent an offer letter in relation to the Repurchase Offer to each of the Noteholders on 24 September 2009. The Repurchase Offer is open for acceptance until 4:00 p.m. on 30 September 2009. The Company expects to issue the New Notes within 7 Business Days after the fulfilment of the conditions precedent referred to below.

The Notes tendered for acceptance under the Repurchase Offer will be cancelled.

Principal terms of the New Notes

The terms and conditions of the New Notes are substantially the same as those of the Notes, save that (i) the maturity date is 2 November 2011; and (ii) the initial conversion price is HK\$0.50 per Conversion Share, subject to adjustments.

The following is a summary of the principal terms of the New Notes:

- Issuer : the Company
- Aggregate principal amount : Up to HK\$200,000,000
- Conversion price : HK\$0.50 per Conversion Share, subject to anti-dilutive adjustments, including consolidation or subdivision of the Shares, rights issue, extraordinary stock or cash distribution, and other dilutive events.
- Interest : 5% per annum, payable semi-annually on 2 May and 2 November in each year
- Maturity date : 2 November 2011
- Redemption : On the maturity date, the Noteholder shall be entitled to demand from the Company the full repayment of the outstanding principal amount of any outstanding and unconverted New Notes (if any) plus accrued and unpaid interest in respect of the outstanding principal amount of the outstanding and unconverted New Notes in cash.
- Transferability : The New Notes will be freely transferable but may not be assigned or transferred to a connected person of the Company without the prior written consent of the Company.
- Conversion period : A Noteholder shall have the right at any time and from time to time from the period commencing immediately on and including the 7th day after the issue of the New Notes (or such earlier date as may be agreed in writing between the Company and the Noteholder) up to and including the date which is 7 days prior to the maturity date to convert the whole or part of the principal amount of the New Note(s) in amounts of not less than HK\$1,000,000 (and in integral multiples of HK\$1,000,000) of the principal amount outstanding under the New Notes into Conversion Shares on each conversion, save that if at any time, the principal amount outstanding of the New Notes is less than HK\$1,000,000 the whole (but not part only) of the outstanding principal amount of the New Notes may be converted.

- Voting rights : The Noteholder will not be entitled to receive notice of, attend or vote at any general meeting of the Company by reason only of it being the Noteholder.
- Listing : No application will be made for the listing of the New Notes on the Stock Exchange or any other stock exchanges. An application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the New Notes.
- Ranking : The New Notes will rank pari passu with all other present and future unsecured and unsubordinated obligations of the Company.
- The Conversion Shares falling to be issued upon exercise of the conversion rights attaching to the New Notes will, when issued, rank pari passu in all respects with all other Shares in issue as at the date of conversion.
- Repurchases : The Company or any of its subsidiaries may at any time and from time to time purchase the New Notes at any price as may be agreed between the Company or such subsidiary and the relevant Noteholder. Any New Note so purchased shall forthwith be cancelled.

Overseas Noteholders

The making of the Repurchase Offer to Noteholders not resident in Hong Kong may be affected by the laws of the relevant jurisdictions. Noteholders not resident in Hong Kong must inform themselves about and observe any applicable legal requirements. It is the responsibility of Noteholder outside Hong Kong wishing to accept the Repurchase Offer to satisfy himself 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 necessary formalities.

Taxation

Noteholders should consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptances of the Repurchase Offer or the New Notes. It is emphasized that none of the Company or any of the Directors or any other person involved in the Repurchase Offer accepts any responsibility for any tax effects on, or liabilities of, any Noteholders as a result of their acceptances of the Repurchase Offer or the New Notes.

Conditions precedent to the Repurchase Offer

The Repurchase Offer (including the issue of the New Notes pursuant to acceptances of the Repurchase Offer) will be conditional upon:

- (i) the Shareholders (other than those required under the Listing Rules to abstain from voting) approving the issue of the New Notes and the issue and allotment of the Conversion Shares as required by the Listing Rules; and
- (ii) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Conversion Shares.

If the conditions precedent above are not satisfied on or before 30 October 2009, the Repurchase Offer will lapse.

The Conversion Shares

Assuming the Repurchase Offer is accepted in full, the New Notes in the aggregate principal amount of HK\$200,000,000 will be issued. Upon full conversion of the New Notes at the initial conversion price of HK\$0.50 per Conversion Share, 400,000,000 Conversion Shares will be issued by the Company, representing (i) approximately 53.07% of the existing issued share capital of the Company; and (ii) approximately 34.67% of the issued share capital of the Company as enlarged by the issue of the 400,000,000 Conversion Shares.

The Conversion Shares, when issued, will rank *pari passu* in all respects with the Shares in issue as at the date of conversion.

Conversion price of the New Notes

The initial conversion price of HK\$0.50 per Conversion Share under the New Notes represents:

- (i) a premium of approximately 14.94% over the closing price of HK\$0.435 per Share as quoted on the Stock Exchange on the date of this announcement;
- (ii) a premium of approximately 10.38% over the average closing price of HK\$0.453 per Share for the last five consecutive trading days up to and including the date of this announcement; and
- (iii) a premium of approximately 11.11% over the average closing price of HK\$0.450 per Share for the last ten consecutive trading days up to and including the date of this announcement.

The initial conversion price of each Conversion Share of HK\$0.50 was determined with reference to the prevailing market price of the Shares. The Directors (including the independent non-executive Directors) consider that the initial conversion price of HK\$0.50 per Conversion Share is fair and reasonable.

EFFECTS ON SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after full conversion of the Notes at the prevailing conversion price of HK\$4.12 per Share; and (iii) immediately after full conversion of the New Notes at the initial conversion price of HK\$0.50 per Conversion Share assuming full acceptance of the Repurchase Offer and that there is no other change in the issued share capital and shareholding structure of the Company from the date of this announcement up to conversion:-

Shareholder	As at the date of this announcement		Immediately after full conversion of the Notes at the prevailing conversion price of HK\$4.12 per Share		Immediately after full conversion of the New Notes at the initial conversion price of HK\$0.50 per Conversion Share assuming full acceptance of the Repurchase Offer	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Galaxyway Investments Limited (<i>Note 1</i>)	202,678,125	26.89	202,678,125	25.26	202,678,125	17.57
Dr. Chan	33,326,330	4.42	33,326,330	4.15	33,326,330	2.89
Noteholders	–	–	48,543,689	6.05	400,000,000	34.67
						(<i>Note 2</i>)
Public shareholders	517,685,075	68.69	517,685,075	64.54	517,685,075	44.87
Total	<u>753,689,530</u>	<u>100.00</u>	<u>802,233,219</u>	<u>100.00</u>	<u>1,153,689,530</u>	<u>100.00</u>

Notes:

- Galaxyway Investments Limited is a company indirectly beneficially wholly-owned by Dr. Chan, the controlling shareholder of the Company, the Chairman of the Company and an executive Director.
- As at the date of this announcement, there are a total of two existing Noteholders holding Notes in principal amount of HK\$80,000,000 and HK\$120,000,000 respectively. Assuming the Repurchase Offer is accepted in full, upon full conversion of the New Notes at the initial conversion price of HK\$0.50 per Conversion Share, 160,000,000 Conversion Shares and 240,000,000 Conversion Shares respectively will fall to be issued, representing approximately 13.87% and 20.80% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

REASONS FOR THE REPURCHASE OFFER

The principal activities of the Group comprise investment holding, the provision of finance, property investment and treasury investment.

The Directors consider that the extended maturity date and the conversion price which is closer to current market prices of the Shares under the New Notes will, if accepted in consideration for the repurchase of the Notes, strengthen the cash flow position of the Group, allow the Group to retain funds as general working capital and facilitate the broadening of the share capital base of the Company.

Taking into account the above, the Directors (including the independent non-executive Directors) consider that the terms of the Repurchase Offer are fair and reasonable and the issue of the New Notes pursuant to the Repurchase Offer is in the interests of the Company and the Shareholders as a whole.

The Directors are also considering and in discussion with third parties the possibility of making further issue of convertible notes, on substantially the same terms as the New Notes, to fund the repayment of any Notes which are not repurchased pursuant to the Repurchase Offer.

GENERAL

The Repurchase Offer constitutes an exempt share repurchase by the Company under the Repurchase Code.

The issue of the New Notes and the issue of Conversion Shares will be put to the Shareholders for their approval at the SGM. No Shareholders are expected to be required under the Listing Rules to abstain from voting at the SGM on such resolution.

A circular containing, among other things, (i) further details of the Repurchase Offer; and (ii) a notice convening the SGM, will be despatched to the Shareholders and, for information only, the holders of Warrants and Noteholders, as soon as practicable in accordance with the Listing Rules.

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

POSSIBLE ADJUSTMENTS TO THE SUBSCRIPTION PRICE OF WARRANTS AND THE EXERCISE PRICE OF THE OPTIONS

As a result of the issue of the New Notes, the subscription price and the number of Shares to be issued under the Warrants and the exercise price and the number of Shares to be issued pursuant to the Options may be adjusted in accordance with the respective instrument creating the Warrants and the Share Option Scheme. Further announcement(s) will be made by the Company in respect of such adjustments as and when appropriate.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	any day (excluding a Saturday and Sunday) on which licensed banks generally are open for business in Hong Kong throughout their normal business hours
“Company”	ITC Corporation Limited (Stock code: 372), a company incorporated under the laws of Bermuda with limited liability and whose issued securities listed on the Main Board of the Stock Exchange
“connected person(s)”	the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	the meaning ascribed thereto under the Listing Rules
“Conversion Share(s)”	new Share(s) falling to be allotted and issued by the Company upon exercise of the conversion rights attaching to the New Notes
“Directors”	directors of the Company
“Dr. Chan”	Dr. Chan Kwok Keung, Charles, the controlling shareholder of the Company, the Chairman of the Company and an executive Director
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Notes”	the 5% convertible notes due 2 November 2011 to be issued by the Company in a maximum principal amount of HK\$200,000,000 pursuant to the Repurchase Offer

“Note(s)”	the 5% convertible note(s) due 2 November 2009 issued by the Company with an aggregate outstanding principal amount of HK\$200,000,000 as at the date of this announcement
“Noteholder(s)”	holder(s) of the Notes or the New Notes (as the context requires)
“Option(s)”	the share option(s) granted by the Company pursuant to the Share Option Scheme
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau and Taiwan
“Repurchase Code”	The Hong Kong Code on Share Repurchases
“Repurchase Offer”	an offer being made by the Company to repurchase the Notes at their face value
“SGM”	a special general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the issue of the New Notes pursuant to the Repurchase Offer and the issue of the Conversion Shares at the initial conversion price of HK\$0.50 each (subject to adjustments)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 16 January 2002 (as amended on 19 September 2007)
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Warrants”	a total of 538,768,186 listed warrants of the Company outstanding as at the date of this announcement carrying rights to subscribe at the current subscription price of HK\$1.466 per Share (subject to adjustments) for 26,938,409 Shares at any time until 4:10 p.m. on 4 November 2009 pursuant to an instrument issued by the Company dated 5 November 2008 (Warrant code: 779)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“%”

per cent.

By Order of the Board
ITC Corporation Limited
Lee Hon Chiu
Company Secretary

Hong Kong, 24 September 2009

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. Cheung Hon Kit
Mr. Chan Yiu Lun, Alan

Independent Non-executive Directors:

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