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ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 372)

POSSIBLE MAJOR TRANSACTION

PROPOSED ACCEPTANCE OF THE CONDITIONAL REPURCHASE OFFER OF ROSEDALE HOTEL HOLDINGS LIMITED

ANGLO CHINESE 英
CORPORATE FINANCE, LIMITED 高

On 23 June 2010, Rosedale announced the Conditional Repurchase Offer to repurchase the Notes the consideration for which to be satisfied by cash equal to 88% of the outstanding principal amount of the Notes tendered on acceptance of the Conditional Repurchase Offer and/or Offer Consideration Shares at HK\$0.6 per Rosedale Share, at the election of the Noteholder.

AWL, an indirect wholly-owned subsidiary of the Company, holds the Notes with an aggregate principal amount of HK\$114.2 million. The Directors propose that AWL accepts the cash alternative under the Conditional Repurchase Offer in respect of all Notes held by AWL.

As one of the relevant percentage ratios exceeds 25% but is less than 75%, the Acceptance of the Conditional Repurchase Offer will constitute a major transaction of the Company, subject to the announcement, reporting and shareholders' approval requirements under Chapter 14 of the Listing Rules.

BACKGROUND

On 27 March 2006, Rosedale announced that it had entered into eight conditional subscription agreements in relation to the issue by Rosedale of the Notes. The Notes bear interest at 2% per annum, are convertible into new Rosedale Shares at the initial conversion price of HK\$0.79 per Rosedale Share (subject to adjustments), and will mature on the fifth anniversary from the date of the issue of the Notes. Unless previously converted or lapsed or redeemed by Rosedale, Rosedale must redeem the Notes on the maturity date, being 7 June 2011, at the redemption amount which is 110% of the principal amount of the Notes outstanding. The Notes are also, subject to certain restrictions, exchangeable into new shares of any company which is an affiliated company or a subsidiary of Rosedale that is to be listed on a stock exchange through an initial public offering. The subscription was completed on 8 June 2006 and the Notes in a total principal amount of HK\$1,000 million were issued. The prevailing conversion price of the Notes is HK\$6.78 per Rosedale Share (subject to adjustments).

As disclosed in the announcements of the Company dated 18 May 2009 and 16 June 2009 respectively, AWL, an indirect wholly-owned subsidiary of the Company, had acquired the Notes in the principal amounts of HK\$58.2 million and HK\$50.0 million, for a cash consideration of HK\$45.4 million and HK\$40.0 million, respectively. On 15 December 2009, AWL had further acquired the Notes in the principal amount of HK\$6.0 million for a cash consideration of HK\$4.5 million from an Independent Third Party. Accordingly, as at the date of this announcement, AWL holds the Notes in the aggregate principal amount of HK\$114.2 million.

On 24 July 2009, Rosedale announced a conditional repurchase offer, pursuant to which Rosedale proposed to offer to repurchase the Notes for a share consideration of HK\$0.035 per share of Rosedale (before the Rosedale Capital Reorganisation which became effective on 2 February 2010). The conditions precedent to such proposed repurchase offer were not fulfilled and consequently the repurchase offer did not proceed.

On 8 December 2009, Rosedale announced another conditional repurchase offer, pursuant to which Rosedale proposed to offer to repurchase the Notes at a price payable in cash equal to 80% of the outstanding principal amount of the Notes. The conditions precedent to such proposed repurchase offer were also not fulfilled and such repurchase offer did not proceed.

PROPOSED ACCEPTANCE OF THE CONDITIONAL REPURCHASE OFFER OF ROSEDALE ANNOUNCED ON 23 JUNE 2010

On 23 June 2010, Rosedale announced the Conditional Repurchase Offer, the principal terms of which are described below.

On 30 June 2010, AWL received an offer letter from Rosedale in respect of the Conditional Repurchase Offer, which will be open for acceptance until 4:00 p.m. on 14 July 2010 (or such later date as Rosedale may notify the Noteholders in writing) (the “Acceptance Date”). As the Acceptance will constitute a major transaction of the Company under the Listing Rules and is subject to Shareholders’ approval, AWL issued a letter dated 2 July 2010 to Rosedale requesting an extension of the offer period of the Conditional Repurchase Offer to a date which is at least 23 business days after the date of delivery to AWL of Rosedale’s letter of confirmation to an extension. Such time extension should allow sufficient time for the Company to obtain Shareholders’ approval for the Acceptance.

On 5 July 2010, AWL received a notice from Rosedale in respect of the extension of the Acceptance Date to 5 August 2010.

Apart from its holdings in the Notes, as at the date of this announcement, AWL is also interested in 90,796,000 Rosedale Shares, representing approximately 16.63% of the issued share capital of Rosedale as at 23 June 2010 (based on the Announcement’s information). As at the date of this announcement, Dr. Chan Kwok Keung, Charles, the chairman and an executive Director and the controlling Shareholder (as defined under the Listing Rules), holds 1,132,450 Rosedale Shares, representing approximately 0.21% of the issued share capital of Rosedale as at 23 June 2010. In addition, Mr. Cheung Hon Kit, an executive Director, is also an executive director and the chairman of Rosedale. Save as disclosed above, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Rosedale is an Independent Third Party.

The principal terms of the Conditional Repurchase Offer are set out below:

1. Consideration

Rosedale has made the Conditional Repurchase Offer (subject to the fulfillment of certain conditions precedent described below) to repurchase the Notes on the following basis:

For each HK\$600 of the outstanding principal amount of the Notes, in respect of which a Noteholder accepts the Conditional Repurchase Offer that Noteholder may choose to receive:

Cash alternative: Cash in the amount of HK\$528, which is equivalent to 88% of the outstanding principal amount of the Notes.

Share alternative: 1,000 Offer Consideration Shares credited as fully paid at HK\$0.6 per Rosedale Share, subject to adjustment mechanism described in the Announcement.

Under the Conditional Repurchase Offer, Noteholders may accept the Conditional Repurchase Offer for all (but not part only) of their respective outstanding principal amount of the Notes.

The Directors propose that AWL accepts the cash alternative under the Conditional Repurchase Offer in respect of all the Notes held by AWL. Based on the terms of the Conditional Repurchase Offer and the aggregate principal amount of the Notes of HK\$114.2 million held by AWL, cash in the amount approximately HK\$100.5 million is payable by Rosedale to AWL in respect of the Acceptance.

For further details on the terms of the Conditional Repurchase Offer, please refer to the Announcement.

2. Conditions precedent to the Conditional Repurchase Offer

The Conditional Repurchase Offer is conditional upon:–

- (i) the shareholders of Rosedale (other than those required under the Listing Rules to abstain from voting), approving the Conditional Repurchase Offer and the transactions contemplated therein, and the issue of the Offer Consideration Shares pursuant to the terms of the Conditional Repurchase Offer; and
- (ii) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Offer Consideration Shares.

If the above conditions precedent are not satisfied on or before 31 October 2010, the Conditional Repurchase Offer will lapse. If none of the Noteholders elect to receive Offer Consideration Shares, Rosedale will waive the condition precedent of shareholders' approval to the issue of the Offer Consideration Shares referred to in (i) above and the condition precedent set out in (ii) above.

INFORMATION ON ROSEDALE

Rosedale is an investment holding company and its subsidiaries are principally engaged in hotel operation in Hong Kong and the PRC and trading of securities.

The following audited financial information is extracted from the annual report of Rosedale for the financial year ended 31 December 2009:

	For the financial year ended 31 December	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	1,960,064	2,216,897
Gross profit	336,542	423,698
Loss before taxation	(345,137)	(825,748)
Net loss attributable to shareholders of Rosedale	(357,811)	(688,918)

	As at 31 December	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity attributable to shareholders of Rosedale	1,503,396	1,836,344

REASONS FOR AND BENEFITS OF THE ACCEPTANCE

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, provision of finance, property investment and treasury investment. AWL is an investment holding company.

AWL, an indirect wholly-owned subsidiary of the Company, acquired the Notes in the aggregate principal amount of HK\$114.2 million at a total cash consideration of approximately HK\$89.9 million over a number of transactions in 2009. Since the Acceptance is at a consideration which approximates the carrying value of the Notes held by AWL, it is expected that the Acceptance will not have any material effects on the Group's earnings, assets and liabilities. It should be noted that the actual gain or loss on the Acceptance to be recorded by the Group will depend on the carrying value of the Notes as at the date of completion of the Conditional Repurchase Offer. Taking into account (i) the aggregate original acquisition cost of the Notes held by AWL of approximately HK\$89.9 million; (ii) the amount receivable from Rosedale for the Acceptance of approximately HK\$100.5 million; and (iii) the Notes have been "out-of-the-money" for the entire period since the date of first acquisition of the Notes by the Group, the Directors are of the view that the Acceptance, including the election of the cash alternative, is fair and reasonable and in the interests of the Group and the Shareholders as a whole. Upon completion of the Conditional Repurchase Offer, the cash flow position of the Group will be strengthened and the proceeds from the Acceptance will be used as general working capital.

The Group has not disposed of any Notes in the past 12 months immediately before the date of the Acceptance which would otherwise require aggregation under Rule 14.22 of the Listing Rules.

IMPLICATION UNDER THE LISTING RULES

As one of the relevant percentage ratios exceeds 25% but is less than 75%, the Acceptance will constitute a major transaction of the Company, subject to the announcement, reporting and shareholders' approval requirements under Chapter 14 of the Listing Rules. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no shareholder is required to abstain from voting on the resolution in respect of the Acceptance at the SGM. A circular containing details of the Acceptance and notice of SGM is expected to be despatched to Shareholders on or before 21 July 2010.

DEFINITIONS

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

“Acceptance”	the proposed acceptance of the cash alternative under the Conditional Repurchase Offer by AWL in respect of Notes in the aggregate principal amount of HK\$114.2 million
“Announcement”	the announcement of Rosedale dated 23 June 2010 in relation to the Conditional Repurchase Offer
“associates”	has the meaning ascribed to it in the Listing Rules
“AWL”	Asia Will Limited, an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Business Day(s)”	any day (excluding a Saturday, Sunday and public holidays) on which banks generally are open for general banking business in Hong Kong
“Company”	ITC Corporation Limited (Stock Code: 372), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“Conditional Repurchase Offer”	conditional offer being made by Rosedale to repurchase the Notes as described in the Announcement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, are third parties independent of the Company and its subsidiaries and its connected persons

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	the 2% convertible exchangeable notes due 7 June 2011 issued by Rosedale
“Noteholder(s)”	holder(s) of the Notes
“Offer Consideration Shares”	new Rosedale Shares to be issued and credited as fully paid at HK\$0.6 per Rosedale Share to satisfy the consideration for the Notes tendered on acceptance of the Conditional Repurchase Offer
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau and Taiwan
“Rosedale”	Rosedale Hotel Holdings Limited (Stock Code: 1189), a company incorporated in Bermuda with limited liability and the issued securities of which are listed on the Main Board of the Stock Exchange
“Rosedale Capital Reorganisation”	capital reorganisation of Rosedale as disclosed in an announcement dated 8 December 2009 jointly released by Rosedale and the Company
“Rosedale Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of Rosedale
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Acceptance and the transactions contemplated thereunder
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules

“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, 5 July 2010

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*