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ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 372)

DISCLOSEABLE TRANSACTION

Pursuant to the Agreement, the Vendor has agreed to sell and transfer, and the Purchaser, an indirect wholly-owned subsidiary of the Company, has agreed to purchase and accept the transfer of the Sale Bonds in the principal amount of HK\$88,217,520.

The Conversion Shares to be issued upon full conversion of the Sale Bonds represent (i) approximately 3.3% of the existing issued share capital of Hanny; and (ii) approximately 3.2% of the issued share capital of Hanny as enlarged by the Conversion Shares to be issued upon full conversion of the Sale Bonds.

In aggregating the previous acquisitions in Hanny Shares by the Group in accordance with Rule 14.22 of the Listing Rules, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

A circular containing, among other things, further details of the Acquisition will be despatched by the Company to the Shareholders in accordance with the requirements of the Listing Rules.

THE AGREEMENT DATED 9 AUGUST 2007

Pursuant to the Agreement, the Vendor has agreed to sell and transfer, and the Purchaser has agreed to purchase and accept the transfer of the Sale Bonds in the principal amount of HK\$88,217,520. As at the date of the Agreement, the Bonds in an aggregate principal amount of HK\$706,698,786 were still outstanding.

Vendor: Mr. Hung Hon Man

To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, the Vendor is independent of the Company and its connected persons, and independent of Hanny and its connected persons. The Vendor and the Company are business acquaintances.

Purchaser: Famex Investment Limited, an indirect wholly-owned subsidiary of the Company

As at the date of the Agreement, the Company was interested in 1,668,774,544 Hanny Shares, representing approximately 49.99% of the existing issued share capital of Hanny. The Company, through Hollyfield and the Purchaser, also holds the Bonds with principal amount of HK\$95,966,280 and HK\$5,775,870 respectively. Upon full conversion of the Bonds held by Hollyfield and the Purchaser respectively at the conversion price of HK\$0.81 per Hanny Share (subject to adjustments), 118,476,889 Conversion Shares and 7,130,703 Conversion Shares will be issued to Hollyfield and the Purchaser respectively.

Assets to be acquired

The Vendor has agreed to sell and transfer, and the Purchaser has agreed to purchase and accept the transfer of the Sale Bonds in the principal amount of HK\$88,217,520.

Consideration

The Consideration for the sale and purchase of the Sale Bonds shall be HK\$69,691,840, which shall be paid by the Purchaser by cash to the Vendor or as it may direct in writing upon Completion.

The Consideration was determined based on arm's length negotiations between the Vendor and the Purchaser. The Directors consider the Consideration fair and reasonable. The Group intends to fund the Consideration by internal resources.

Conditions precedent

Completion shall be conditional upon:

- (a) the Hanny Shares remaining listed on the Stock Exchange at all times prior to and on Completion;
- (b) the warranties, representations, undertakings and indemnities of the Vendor given in favour of the Purchaser remaining true and accurate and not misleading; and
- (c) all necessary consents, approvals (or waivers), authorisation, permission or exemption from any third parties, including but not limited to government or regulatory authorities, having been obtained by the Vendor for Completion.

The Purchaser may in its absolute discretion at any time waive the conditions precedent (other than (c) above) by notice in writing to the Vendor, and such waiver may be subject to such terms and conditions as determined by the Purchaser.

If any of the above conditions precedent has not been fulfilled (or waived by the Purchaser in respect of (a) and (b) above) by the Completion Date, the Purchaser shall be entitled to rescind the Agreement by giving written notice to the Vendor.

Completion

Subject to the fulfilment (or waiver) of the conditions precedent above, Completion shall take place on the Completion Date or such other time as may be agreed by the Vendor and the Purchaser. The Acquisition has been completed on 10 August 2007.

PRINCIPAL TERMS OF THE SALE BONDS

Principal amount	HK\$88,217,520
Maturity Date	17 June 2011, which is the fifth anniversary from the date of issue of the Sale Bonds
Redemption	<p>Save with the prior approval of the holders of the Bonds holding 75% or more of the principal amount of the Bonds then outstanding, Hanny may not redeem any part of the Sale Bonds prior to the Maturity Date.</p> <p>Unless previously converted, the Sale Bonds will be redeemed on the Maturity Date at the principal amount of the Sale Bonds with all accrued interest which has not been paid previously.</p>
Transferability	The Sale Bonds shall be transferable at all times in integral multiples of HK\$30,000, or if less as represents the entire holdings of that transferor of the Sale Bonds.
Listing	<p>The Sale Bonds are not listed on the Stock Exchange or any other stock exchange.</p> <p>The listing of, or permission to deal in the Conversion Shares to be allotted and issued pursuant to the conversion has been granted.</p>
Voting	The holder of the Sale Bonds will not be entitled to attend or vote at any general meetings of Hanny by reason only of it being a holder of the Sale Bonds.
Interest	The Sale Bonds bear interest at the rate of 2% per annum on the outstanding principal amount of the Sale Bonds. The interest will be payable by Hanny annually in arrears.
Conversion period	Holder of the Sale Bonds has the right to convert the whole or part of the principal amount of the Sale Bonds into Conversion Shares at any time up to and including the date falling 14 days prior to the Maturity Date.
Conversion price	The Sale Bonds can be converted into Conversion Shares at the conversion price of HK\$0.81 per Conversion Share (subject to adjustments in accordance with the terms of the Sale Bonds) during the conversion period as stated above.

The conversion price of HK\$0.81 per Conversion Share represents:

- a premium of approximately 105.1% over the closing price of HK\$0.395 per Hanny Share as quoted on the Stock Exchange on 9 August 2007;
- a premium of approximately 78.4% over the average closing price of approximately HK\$0.454 per Hanny Share for the last 10 consecutive trading days up to and including 9 August 2007;
- a premium of approximately 52.5% over the average closing price of approximately HK\$0.531 per Hanny Share for the last 60 consecutive trading days up to and including 9 August 2007; and
- a discount of approximately 10.0% to the audited consolidated net asset value of the Hanny Group attributable to shareholders of Hanny of approximately HK\$0.90 per Hanny Share as at 31 March 2007 (adjusted for the bonus issues of Hanny announced in April 2007).

The conversion price is subject to adjustments from time to time in accordance with the provisions set out in the Bond Instrument including, among other things, (i) Hanny Shares having become of a different nominal amount by reason of any consolidation or subdivision; (ii) issue of new Hanny Shares by capitalisation of profits or reserves; (iii) capital distribution; (iv) rights issue; (v) grant of option or warrants to subscribe for new Hanny Shares; and (vi) such other events which may have a dilutive effect on the interests of the holder of the Sale Bonds.

Conversion Shares The Conversion Shares to be issued upon full conversion of the Sale Bonds represent (i) approximately 3.3% of the existing issued share capital of Hanny; and (ii) approximately 3.2% of the issued share capital of Hanny as enlarged by the Conversion Shares to be issued upon full conversion of the Sale Bonds.

Ranking The Conversion Shares to be issued upon conversion of the Sale Bonds will, when issued and allotted, rank pari passu in all respects with all the Hanny Shares then in issue and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of the conversion notice.

CHANGES IN SHAREHOLDING OF HANNY

The changes in the shareholding of Hanny (i) as at the date this announcement; (ii) upon full conversion of the Sale Bonds; (iii) upon full conversion of the Sale Bonds and the Bonds held by the Group at present; and (iv) upon full conversion of the Bonds are illustrated in the table below as follows on the basis that there are no other changes in the shareholding and issued share capital of Hanny:

Shareholders of Hanny	As at the date of this announcement		Upon full conversion of the Sale Bonds		Upon full conversion of the Sale Bonds and the Bonds held by the Group at present		Upon full conversion of the Bonds	
	<i>Number of Hanny Shares</i>		<i>Number of Hanny Shares</i>		<i>Number of Hanny Shares</i>		<i>Number of Hanny Shares</i>	
		%		%		%		%
Famex	1,668,774,544	49.99	1,777,685,062	51.57	1,784,815,765	49.96	1,784,815,765	42.39
Hollyfield	–	–	–	–	118,476,889	3.32	118,476,889	2.81
Sub-total	1,668,774,544	49.99	1,777,685,062	51.57	1,903,292,654	53.28	1,903,292,654	45.20
Dr. Chan (<i>Note 1</i>)	16,284,667	0.49	16,284,667	0.47	16,284,667	0.45	19,793,074	0.47
Dr. Yap, Allan (<i>Note 2</i>)	33,505,320	1.00	33,505,320	0.97	33,505,320	0.94	33,505,320	0.80
Public	1,619,558,401	48.52	1,619,558,401	46.99	1,619,558,401	45.33	2,253,999,519	53.53
Total	<u>3,338,122,932</u>	<u>100.00</u>	<u>3,447,033,450</u>	<u>100.0</u>	<u>3,572,641,042</u>	<u>100.00</u>	<u>4,210,590,567</u>	<u>100.00</u>

Notes:

1. Dr. Chan is the Chairman of both the Company and Hanny. Dr. Chan holds the Bonds with principal amount of HK\$2,841,810 as at the date of this announcement.
2. Dr. Yap, Allan is the Managing Director of Hanny.

INFORMATION ON THE COMPANY

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

INFORMATION ON HANNY

Hanny is an investment holding company which is principally engaged in trading of securities, property investment and trading, holding of vessels for sand mining and other strategic investments including (i) a subsidiary, of which shares are listed on the Australian Securities Exchange; (ii) a subsidiary, of which shares are traded on the OTC Bulletin Board in the United States of America; (iii) associated companies whose shares are listed on the Stock Exchange or the Singapore Exchange Limited; and (iv) long-term convertible notes issued by companies whose shares are listed on the Stock Exchange.

For the two years ended 31 March 2006 and 2007, the Hanny Group recorded audited loss before tax from its continuing operations of approximately HK\$144.1 million and HK\$24.0 million respectively, and audited loss for the year from continuing operations of approximately HK\$148.4 million and HK\$56.4 million respectively. As at 31 March 2007, the audited net asset value of the Hanny Group attributable to shareholders of Hanny is approximately HK\$2,492.5 million.

REASONS FOR THE ACQUISITION

As at the date of the Agreement, the Company was interested in 1,668,774,544 Hanny Shares, representing approximately 49.99% of the existing issued share capital of Hanny. Hanny is an associated company of the Company. The Company, through Hollyfield and the Purchaser, also holds the Bonds with principal amount of HK\$95,966,280 and HK\$5,775,870 respectively. Upon full conversion of the Bonds held by Hollyfield and the Purchaser respectively at the conversion price of HK\$0.81 per Hanny Share (subject to adjustments), 118,476,889 Conversion Shares and 7,130,703 Conversion Shares will be issued to Hollyfield and the Purchaser respectively.

The Directors consider that the Acquisition represents a good opportunity to further strengthen the Group's interests in Hanny. The Sale Bonds not only provide stable interest income for the Group, but also give flexibility to acquire further equity interests in Hanny and an opportunity to enjoy any potential capital gain in the value of the Hanny Shares.

Based on the above, the Directors consider that the terms of the Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

GENERAL

Since January 2007, the Group has acquired on the market a total of 122,290,000 Hanny Shares (adjusted for bonus issue of Hanny announced in April 2007) for a total consideration of approximately HK\$47.3 million. In aggregating the aforesaid acquisitions by the Group in Hanny Shares in accordance with Rule 14.22 of the Listing Rules, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. Should the Company decide to exercise the conversion rights attached to the Sale Bonds, the Company will comply with the Listing Rules and the Takeovers Code, and seek approval from the Shareholders (if necessary) as and when appropriate.

A circular containing, among other things, further details of the Acquisition will be despatched by the Company to the Shareholders in accordance with the requirements of the Listing Rules.

DEFINITIONS

In this announcement, the following terms have the following meanings:

“Acquisition”	the acquisition of the Sale Bonds by the Purchaser pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 9 August 2007 entered into between the Purchaser and the Vendor in respect of the Acquisition
“Bond Instrument”	the instrument constituting the Bonds
“Bonds”	the 2% convertible bonds due 2011 with an outstanding aggregate principal amount of HK\$706,698,786 as at the date of the Agreement issued by Hanny which is convertible into Conversion Shares at the conversion price of HK\$0.81 per Conversion Share at any time after its issue and up to the Maturity Date
“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
“Completion”	completion of the sale and purchase of the Sale Bonds
“Completion Date”	one business day after the date of the Agreement or such other date as the parties to the Agreement may agree on which Completion shall take place
“connected person(s)”	has the meaning as defined in the Listing Rules
“Consideration”	the purchase price for the Sale Bonds
“Conversion Share(s)”	new Hanny Share(s) to be allotted and issued by Hanny upon conversion of the Bonds in accordance with the terms of the Bond Instrument
“Director(s)”	the director(s) of the Company
“Dr. Chan”	Dr. Chan Kwok Keung, Charles is the Chairman of both the Company and Hanny
“Famex” or “Purchaser”	Famex Investment Limited, an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries

“Hanny”	Hanny Holdings Limited (stock code: 275), a company incorporated in Bermuda with limited liability and whose issued shares are listed on the main board of the Stock Exchange
“Hanny Group”	Hanny and its subsidiaries
“Hanny Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of Hanny
“Hollyfield”	Hollyfield Group Limited, an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the fifth anniversary from the date of issue of the Sale Bonds
“Sale Bonds”	the Bonds in the principal amount of HK\$88,217,520 held by the Vendor
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	Mr. Hung Hon Man
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board
ITC Corporation Limited
Law Hon Wa, William
Company Secretary

Hong Kong, 15 August 2007

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

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

Independent non-executive Directors:

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