

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



ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 372)

MAJOR TRANSACTION EXTENSION OF TIME FOR THE POSSIBLE DISPOSALS OF SHARES IN PYY CORPORATION LIMITED

Financial Adviser

ANGLO CHINESE
CORPORATE FINANCE, LIMITED

The Directors intend to seek the Shareholders' approval for extending the mandate for the possible disposal of PYY Shares for another twelve months. The current disposal mandate was granted for a period from 18 April 2007 to 17 April 2008, provided that all of the percentage ratios applicable to the aggregated disposals of PYY Shares would not exceed 75%, being the upper limit for a major transaction under the Listing Rules. Under the proposed mandate, the possible disposal of up to a maximum of 300 million PYY Shares will constitute a major transaction under the Listing Rules. Given the maximum of 300 million PYY Shares to be disposed under the proposed mandate, representing approximately 19.91% of the existing issued share capital of PYY, and the minimum disposal price of HK\$2.13 per PYY Share, the consideration is approximately HK\$639.0 million. Assuming that the maximum of 300 million PYY Shares are sold, the Group's shareholding interest in PYY will decrease from approximately 26.84% to approximately 6.93% of the existing issued share capital of PYY. The price of any disposal will be subject to a minimum disposal price of HK\$2.13 per PYY Share (subject to adjustment in the event of a share consolidation or share subdivision by PYY). The minimum disposal price of HK\$2.13 per PYY Share represents a premium of approximately 25.29% over the closing price of HK\$1.70 as quoted on the Stock Exchange on 18 March 2008.

The proposed disposal of up to a maximum of 300 million PYI Shares in aggregate will constitute a major transaction for the Company under the Listing Rules, for which the Shareholders' approval is required. At present no Shareholder is required to abstain from voting on the approval of the disposal.

A circular containing, among other things, details of the possible disposal and a notice convening a special general meeting of the Company will be despatched by the Company to the Shareholders in accordance with the requirements of the Listing Rules.

THE PROPOSED DISPOSAL OF PYI SHARES

Reference is made to the announcements of the Company dated 12 March 2007 and 18 April 2007 and also the circular of the Company dated 2 April 2007. Approval from the Shareholders was obtained at the special general meeting of the Company held on 18 April 2007 in relation to the possible disposal of PYI Shares within twelve months from the date of approval, provided that the minimum disposal price is not less than HK\$3.00 per PYI Share and all of the percentage ratios applicable to the aggregated disposals of PYI Shares would not exceed 75%, being the upper limit for major transaction classification under the Listing Rules.

Since obtaining the Shareholders' approval for the possible disposals and up until the date of this announcement, the Group has not disposed of any PYI Shares. Having regard to the general market condition, analysts' sentiment and the performance of PYI Shares, the Directors considered it be in the interests of the Company and the Shareholders as a whole not to dispose of PYI Shares under the mandate granted by the Shareholders on 18 April 2007. This current disposal mandate will expire on 17 April 2008, being twelve months after the approval was obtained. The Directors, hence, intend to seek the Shareholders' approval for extending the mandate for another twelve months, so that the Company can continue to be able to dispose of PYI Shares expeditiously when market conditions become favourable and to the benefit of the Company and the Shareholders as a whole.

Under the proposed mandate, the possible disposal of up to a maximum of 300 million PYI Shares will be conducted in one or more transactions which taking in aggregate will constitute a major transaction under the Listing Rules, for which the Shareholders' approval is required. At present no Shareholder is required to abstain from voting on the approval of the disposal. Given the maximum number of 300 million PYI Shares to be disposed under the proposed mandate, representing approximately 19.91% of the existing issued share capital of PYI, and the minimum disposal price of HK\$2.13 per PYI Share, the consideration is approximately HK\$639.0 million. Assuming that the maximum of approximately 300 million PYI Shares are sold, the Group's shareholding interest in PYI will decrease from approximately 26.84% to approximately 6.93% of the existing issued share capital of PYI. The price of any disposal will be subject to a minimum disposal price of HK\$2.13 per PYI Share (subject to adjustment in the event

of a share consolidation or share subdivision by PYI). The minimum disposal price of HK\$2.13 per PYI Share represents a premium of approximately 25.29% over the closing price of HK\$1.70 as quoted on the Stock Exchange on 18 March 2008.

No contractual arrangements have been entered into by the Company in relation to the possible disposal of PYI Shares as the Directors consider that the Company should obtain the approval from the Shareholders for extending the disposal mandate for another twelve months so that the Directors can continue to be able to conduct the disposal(s) expeditiously when market conditions become favourable. Furthermore, due to the length of time required to meeting the disclosure and approval requirements under Chapter 14 of the Listing Rules, market opportunities may be missed if advance approval were not sought.

The proposed disposal of PYI Shares will be conducted through the open market. The Company will make an announcement when: (i) the aggregate disposal of PYI Shares first exceeds the 5% discloseable transaction threshold and the 25% major transaction threshold, respectively based on the Submitted Size Tests; (ii) upon expiration of the disposal mandate; and (iii) if any disclosure obligation should arise under Rule 13.09 of the Listing Rules in relation to the proposed disposal.

The disposal for which advance Shareholders' approval is being sought will only be effected if:

- the minimum disposal price equals to or exceeds HK\$2.13 per PYI Share (subject to adjustment in the event of a share consolidation or share subdivision by PYI);
- the minimum disposal price per PYI Share is no less than 5% of the average of the closing prices of PYI Shares during the 5 completed trading days immediately prior to the date on which the relevant disposal takes place;
- the maximum number of PYI Shares to be disposed of under the mandate granted by the Shareholders is 300 million PYI Shares (subject to adjustment in the event of a share consolidation or share subdivision by PYI), being approximately 19.91% of the existing issued share capital of PYI;
- all the PYI Shares to be disposed are disposed, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, to parties who are independent of the Company and any director, chief executive or substantial shareholder of any member of the Group or any associates (as defined by the Listing Rules) of any of them or any connected persons (as defined by the Listing Rules) of the Company; and
- the disposal is completed within the later of twelve months of (a) the approval of the Shareholders being given; or (b) 18 April 2008, which the Directors consider to be a reasonable period to conduct such disposal of PYI Shares.

The minimum disposal price per PYI Share represents:

- a premium of approximately 1.91% over the net asset value of approximately HK\$2.09 per PYI Share (which is calculated based on the unaudited net asset value attributable to equity holders of approximately HK\$3,135.6 million as at 30 September 2007 divided by the number of PYI Shares outstanding as at 30 September 2007 of approximately 1,497.8 million PYI Shares, this information is obtained from the interim report of PYI for the six months ended 30 September 2007);
- a price to earnings ratio of approximately 9.03 times the basic earnings per PYI Share of approximately HK\$0.236 for the year ended 31 March 2007;
- a premium of approximately 25.29% over the closing price of HK\$1.70 per PYI Share as quoted on the Stock Exchange on 18 March 2008;
- a premium of approximately 0.95% over the average of the closing prices of approximately HK\$2.11 per PYI Share as quoted on the Stock Exchange for the last 10 trading days up to and including 18 March 2008;
- a discount of approximately 10.50% to the average of the closing prices of approximately HK\$2.38 per PYI Share as quoted on the Stock Exchange for the last 30 trading days up to and including 18 March 2008; and
- a discount of approximately 20.52% to the average of the closing prices of approximately HK\$2.68 per PYI Share as quoted on the Stock Exchange for the last 60 trading days up to and including 18 March 2008.

The minimum disposal price of HK\$2.13 per PYI Share under the proposed mandate is set with reference to the current market condition and the recent share price performance of the PYI Shares. The Directors consider the minimum disposal price set is fair and reasonable.

FINANCIAL EFFECT OF THE PROPOSED DISPOSAL ON ITC

Based on the maximum of 300 million PYI Shares to be disposed under the proposed mandate and the minimum disposal price of HK\$2.13 per PYI Share, the disposal will raise approximately HK\$639.0 million in cash, before expenses and tax, for ITC on completion. As at the date of this announcement, there is no specific use for the proceeds other than to be used for general working capital.

According to the Group's books and records as at 30 September 2007, the carrying amount per PYI Share was approximately HK\$2.13, which equals to the minimum disposal price under the proposed mandate and accordingly no gain or loss on disposal before expenses and tax, will be resulted. Any disposal at a price higher than the carrying amount per PYI Share will result in a gain on disposal. The Group shall discontinue the use of the equity method from the date that PYI ceases to be an associate of the Group and shall account for the investment in PYI as available-for-sale investment in accordance with Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement".

REASONS FOR THE PROPOSED DISPOSAL

The proposed disposal of PYI Shares will enable the Company to realise a portion of its shareholding interest in PYI and diversify its investment base. It will also enable the Company to further increase the public float and widen the shareholder base of PYI, from which the Company would benefit as a shareholder interested in approximately 6.93% of PYI should the maximum number of PYI Shares were to be sold. Although no acquisition or investment proposals are currently under negotiation, the proceeds from the disposals may provide the Company with additional resources to fund such acquisitions and investments when opportunities arise.

INFORMATION ON ITC

The Company is an investment holding company which directly and indirectly holds strategic investments in a number of listed companies. It directly holds investments, namely, Hanny Holdings Limited ("Hanny"), PYI, Wing On Travel (Holdings) Limited, ITC Properties Group Limited, Burcon NutraScience Corporation and PSC Corporation Ltd. Through its listed associated companies, Hanny and PYI, the Group has indirect interests in Paul Y. Engineering Group Limited ("Paul Y. Engineering"), See Corporation Limited, China Enterprises Limited, MRI Holdings Limited, Intraco Limited and Tat Seng Packaging Group Ltd.. The principal activities of the Group comprise investment holding, the provision of finance, property investment and treasury investment.

INFORMATION ON PYI

The PYI Group is principally engaged in the business of development and investment in port and other infrastructure projects, land and property development and investment in association with port facilities, treasury investment and, through its subsidiary, Paul Y. Engineering, comprehensive engineering and property-related services.

The following is a summary of the audited consolidated results of PYI Group for the two years ended 31 March 2006 and 2007 respectively:

	For the financial year ended 31 March	
	2007	2006 (restated)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation	326,595	367,128
Taxation credit/(charge)	50,552	(52,804)
Profit after taxation (before minority interests)	<u>377,147</u>	<u>314,324</u>

The following is extracted from pages 26 and 27 of the 2007 Annual Report of PYI:

“Profit

Profit before taxation of about HK\$327 million was achieved as compared with about HK\$367 million for last year. The Group’s profit before taxation was composed of:

- (i) net gain of about HK\$59 million in management contracting, project management and facilities management businesses (2006: HK\$138 million);
- (ii) net gain of about HK\$3 million in LPG distribution (2006: Nil);
- (iii) net gain of about HK\$174 million in treasury investment (2006: HK\$80 million);
- (iv) net gain of about HK\$14 million in property investment (2006: HK\$12 million);
- (v) interest income and other income of about HK\$42 million (2006: HK\$108 million);
- (vi) discount on acquisition of LPG business of about HK\$4 million (2006: Nil);
- (vii) gain on disposal of interest in an associate of about HK\$5 million (2006: Nil);
- (viii) net gain of about HK\$223 million from associates and jointly controlled entities (2006: 10 million);
- (ix) development costs of about HK\$14 million in port and infrastructure development and logistics business (2006: Nil);

- (x) net corporate and other expenses of about HK\$159 million (2006: HK\$128 million), of which HK\$23 million (2006: HK\$3 million) was attributed to share-based payment expense for share options granted to directors and employees. Higher corporate costs were employed to support the business expansion and the growing turnover during the year; and
- (xi) finance costs of about HK\$24 million (2006: HK\$17 million).

The amount of profit before taxation in last year included increase in fair value of derivative financial instruments of about HK\$18 million, increase in fair value of investment properties of about HK\$85 million and gain on disposal of subsidiaries of about HK\$61 million. None of these items occurred in the current year.

Net profit for the year attributable to the shareholders of PYI was about HK\$346 million (2006: HK\$279 million) and basic earnings per share was HK23.6 cents (2006: HK20.4 cents). Such improvement was mainly due to deferred tax credit of HK\$63 million arising from a reduction of the PRC enterprise income tax rate from 33% to 25% as promulgated in March 2007.”

Further details are set out in the 2007 Annual Report of PYI.

GENERAL

A circular containing, among other things, details of the possible disposal and a notice convening a special general meeting of the Company will be despatched by the Company to the Shareholders in accordance with the requirements of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“Company” or “ITC”	ITC Corporation Limited (stock code: 372), a company incorporated in Bermuda with limited liability and whose shares are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“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
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of ITC
“Shareholder(s)”	the holder(s) of the Share(s)
“PVI”	PVI Corporation Limited (stock code: 498), a company incorporated in Bermuda with limited liability and whose shares are listed on the main board of the Stock Exchange
“PVI Group”	PVI and its subsidiaries
“PVI Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of PVI
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Submitted Size Tests”	the percentage ratios for the proposed disposal of PVI Shares under Chapter 14 of the Listing Rules as submitted to the Stock Exchange based on the information up to and including 18 March 2008
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 19 March 2008

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

Independent non-executive Directors:

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