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ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT

PROPOSED REDEMPTION OF EXISTING CONVERTIBLE NOTES

PROPOSED PLACING AND SUBSCRIPTION OF NEW CONVERTIBLE NOTES

AND

INCREASE IN AUTHORISED SHARE CAPITAL

It was announced on 16th September, 2002 that the Company had entered into an agreement with Galaxyway, a controlling shareholder of the Company and therefore a connected person, in relation to, among other things, the redemption of the Existing Convertible Notes in an aggregate principal amount of HK\$250,000,000 held by Galaxyway and, in consideration, subscription of the New Convertible Notes in the principal amount of HK\$250,000,000 at face value.

As mentioned in the announcement of the Company dated 16th September, 2002, the Company would also offer to the Other Existing Noteholders to redeem the balance of the Existing Convertible Notes and, in consideration, issue New Convertible Notes at their respective face values to them. In the event that not all the Other Existing Noteholders accepted such offer, the Company intends to offer the balance of the New Convertible Notes to the other independent investors. Subsequent to such announcement, the Company entered into an agreement on 20th September, 2002 with BNP Paribas Peregrine in relation to, among other things, the placing of the New Convertible Notes with an aggregate principal amount of up to HK\$330,000,000 to the Other Existing Noteholders and/or other independent investors on a best endeavours basis. If some of the Other Existing Noteholders do not subscribe the New Convertible Notes, the Placing Agent would endeavour to place the balance of the New Convertible Notes to other independent investors.

The purpose of this announcement is to provide further information in relation to the Placing Agreement.

PLACING AGREEMENT

Date

20th September, 2002

Parties

Issuer : the Company
Placing agent : BNP Paribas Peregrine

BNP Paribas Peregrine has been appointed by the Company as the Placing Agent in relation to the placing of the New Convertible Notes to the Other Existing Noteholders and/or other independent investors. The placing of the New Convertible Notes is to be undertaken on a best endeavours basis and is not underwritten by the Placing Agent.

Subject matter

Under the Placing Agreement, the Placing Agent would place the New Convertible Notes with an aggregate principal amount of up to HK\$330,000,000 to the Other Existing Noteholders and/or other independent investors on a best endeavours basis. The Company would pay to the Placing Agent, commission and all such costs and fees as may incur by the Placing Agent in connection with the placing of the New Convertible Notes.

For the Other Existing Noteholders who subscribe the New Convertible Notes, New Convertible Notes would be issued to them at face value, and their holdings of the Existing Convertible Notes would be redeemed at their respective face values as consideration. For those Other Existing Noteholders who did not subscribe the New Convertible Notes, the Existing Convertible Notes held by them would be redeemed at the respective maturity dates according to the terms and conditions of the respective Existing Convertible Notes. The Placing Agent would then place the balance of the New Convertible Notes, which were not subscribed by the Other Existing Noteholders to other independent investors for their subscription. In the event that all of the HK\$330,000,000 New Convertible Notes were subscribed by the Other Existing Noteholders and/or other independent investors, New Convertible Notes in an aggregate amount of HK\$580,000,000 will be issued to Galaxyway, the Other Existing Noteholders and/or other independent investors. The terms of the New Convertible Notes are substantially the same as the Existing Convertible Notes.

Independence of the Placing Agent and the placees

The Placing Agent is, and the placees and their respective ultimate beneficial owners are, and will be, independent of the Directors, chief executives, substantial Shareholders, any of its subsidiaries, or their respective Associates. Pursuant to the Placing Agreement, there is no limitation on the number of placees to be procured by the Placing Agent. In the event that the number of placees is less than six upon completion of the Placing Agreement, a further announcement will be made. The Directors do not expect at this stage that the placing of the New Convertible Notes will result in an introduction of any substantial Shareholder upon the exercise of the conversion rights attaching to the New Convertible Notes. A further announcement will be made by the Company if there is an introduction of any substantial Shareholder as a result of the placing of the New Convertible Notes upon the exercise of the conversion rights attaching to the New Convertible Notes.

Conditions

The Placing Agreement is conditional upon, inter alia, the fulfilment of the following conditions:

- a. approval by the Shareholders of an increase in the authorised ordinary share capital of the Company from HK\$200,000,000 to HK\$300,000,000 by the creation of 1,000,000,000 new Shares;
- b. approval of the issue of new Shares falling to be issued upon the exercise of the conversion rights attaching to the New Convertible Notes to be issued to the Other Existing Noteholders and/or other independent investors, by the Shareholders at a special general meeting of the Company;
- c. the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the new Shares falling to be issued upon the exercise of the conversion rights attaching to the New Convertible Notes to be issued to the Other Existing Noteholders and/or other independent investors;
- d. the Bermuda Monetary Authority granting approval to the issue of the New Convertible Notes and the new Shares falling to be issued upon the exercise of the conversion rights attaching to the New Convertible Notes to be issued to the Other Existing Noteholders and/or other independent investors; and
- e. the Redemption and Subscription Agreement becoming unconditional in all respects.

The Redemption and Subscription Agreement is not conditional upon the Placing Agreement becoming unconditional.

Subject to the fulfilment or waiver of the aforesaid conditions, the Placing Agent would place the New Convertible Notes to the Existing Noteholders and/or other independent investors on or before 3rd March, 2003.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table shows (i) the existing shareholding structure of the Company; (ii) the shareholding structure upon full conversion of the New Convertible Notes to be issued to Galaxyway; (iii) the shareholding structure upon full conversion of the New Convertible Notes to be issued to Galaxyway and of the Preference Shares; (iv) the shareholding structure upon full conversion of the New Convertible Notes; and (v) the shareholding structure upon full conversion of the New Convertible Notes and of the Preference Shares.

	Existing		Upon full conversion of the New Convertible Notes to be issued to Galaxyway		Upon full conversion of the New Convertible Notes to be issued to Galaxyway and of the Preference Shares		Upon full conversion of the New Convertible Notes*		Upon full conversion of the New Convertible Notes* and of the Preference Shares	
	Shares	%	Shares	%	Shares	%	Shares	%	Shares	%
Galaxyway	219,681,911	34.8	1,053,015,244	71.9	1,053,015,244	71.3	1,053,015,244	41.1	1,053,015,244	40.9
Other shareholders	411,278,863	65.2	411,278,863	28.1	424,677,863	28.7	1,511,278,863	58.9	1,524,677,863	59.1
Total	<u>630,960,774</u>	<u>100.0</u>	<u>1,464,294,107</u>	<u>100.0</u>	<u>1,477,693,107</u>	<u>100.0</u>	<u>2,564,294,107</u>	<u>100.0</u>	<u>2,577,693,107</u>	<u>100.0</u>

* Assume all of the Other Existing Noteholders and/or other investors accepted the Company's offer and subscribed the New Convertible Notes in an aggregate principal amount of HK\$330,000,000.

GENERAL

The Group is principally engaged in investment and property holding, provision of finance, trading of building materials and machinery. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares falling to be issued upon the exercise of the conversion rights attaching to the New Convertible Notes to be issued to the Other Existing Noteholders and/or other independent investors.

A circular containing, inter alia, details of the Redemption and Subscription Agreement and the Placing Agreement, a letter of advice from the independent financial adviser, the recommendation from the independent committee of the Board and a notice convening the special general meeting of the Company will be despatched to the Shareholders as soon as practicable. None of the Shareholders is required to abstain from voting for the ordinary resolution, which will be proposed at the special general meeting of the Company, to Shareholders to approve the Placing Agreement.

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

“Associates”	associates as defined in the Listing Rules
“BNP Paribas Peregrine” or “Placing Agent”	BNP Paribas Peregrine Securities Limited, a securities dealer registered under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong)
“Board”	the board of Directors
“Company”	ITC Corporation Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the Stock Exchange
“Director(s) ”	director(s) of the Company
“Existing Convertible Notes”	convertible notes issued by the Company in the aggregate principal amount of HK\$120,000,000, which will be due on 5th October, 2002, and convertible notes issued by the Company in the aggregate principal amount of HK\$460,000,000, which will be due on 1st March, 2003
“Galaxyway”	Galaxyway Investments Limited, a controlling shareholder of the Company, which is indirectly wholly-owned by Dr. Chan Kwok Keung, Charles, the chairman and a Director
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than Galaxyway and its Associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Convertible Notes”	the convertible notes due 2005 in the aggregate principal amount of up to HK\$580,000,000 proposed to be issued by the Company
“Other Existing Noteholders”	the beneficial holders of the Existing Convertible Notes, other than Galaxyway
“Placing Agreement”	the conditional placing agreement dated 20th September, 2002 entered into between the Placing Agent and the Company in relation to the placing of the New Convertible Notes with an aggregate principal amount of up to HK\$330,000,000
“Preference Shares”	compulsorily convertible cumulative preference shares of HK\$0.10 each in the share capital of the Company
“Redemption and Subscription Agreement”	the conditional redemption and subscription agreement dated 16th September, 2002 and entered into between the Company and Galaxyway in relation to the redemption of the Existing Convertible Notes held by Galaxyway and the subscription of the New Convertible Notes by Galaxyway in the principal amount of HK\$250,000,000
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 20th September, 2002

Please also refer to the published version of this announcement in The Standard.