



ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)
(Stock code: 372)

NOTICE OF SPECIAL GENERAL MEETING OF THE HOLDERS OF ORDINARY SHARES AND HOLDERS OF PREFERENCE SHARES

NOTICE IS HEREBY GIVEN that a special general meeting of the holders of ordinary shares of HK\$0.10 each in the share capital of ITC Corporation Limited (the “Company”) and the holders of the convertible preference shares of HK\$0.10 each in the share capital of the Company will be held at Conference Room, 11th Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong on **Wednesday, 13th October, 2004 at 11:35 a.m.** (or, if later, immediately following the conclusion or adjournment of the meeting of the holders of convertible preference shares of the Company to be held at the same place at 11:30 a.m. on the same date) for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution of the Company:

SPECIAL RESOLUTION

“**THAT**, conditional upon (i) the passing of, or there having been passed, by the holders of the existing convertible preference shares of HK\$0.10 each in the share capital of the Company (the “Convertible Preference Shares”) a special resolution to sanction the variation or abrogation of the rights and restrictions of the Convertible Preference Shares so as to convert them into redeemable convertible preference shares (“Redeemable Convertible Preference Share(s)”) of HK\$0.10 each in the manner set forth in this resolution (the “Amendment”), (ii) Section 43 of the Companies Act 1981 of Bermuda being complied with and (iii) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) granting a listing of, and permission to deal in the ordinary shares to be issued upon conversion of the Redeemable Convertible Preference Shares, the Amendment be and is hereby approved and the rights and restrictions of the Convertible Preference Shares be and are hereby varied and amended such that every Redeemable Convertible Preference Share shall carry the following rights and restrictions to the exclusion of all rights and restrictions attaching thereto immediately prior to the passing of this resolution:

(1) As regards dividends

- (a) Each Redeemable Convertible Preference Share shall confer on the holder thereof the right to receive, out of the profits of the Company available for distribution and resolved by the Directors to be distributed, a fixed cumulative preferential dividend of HK\$0.04 for every HK\$0.10 nominal value of Redeemable Convertible Preference Share capital per annum.

- (b) Subject to section 54 of the Companies Act 1981 of Bermuda and to the Company having sufficient distributable profits out of which to pay the fixed cumulative preferential dividend, such dividend shall be paid on or before the anniversary (each a “Dividend Date”) of the date on which the conditions referred to above have been satisfied (the date of such satisfaction being the “Effective Date”) to persons registered as the holders of Redeemable Convertible Preference Shares on the 14th business day (as defined in paragraph (1)(d) below) before the Dividend Date in the relevant year in respect of the twelve month period ending on but excluding the Dividend Date in the relevant year, provided that subject to satisfaction of the conditions referred to above, the Company shall not be required to pay any fixed cumulative preferential dividend for the period from (and including) 1st April, 1998 to (and excluding) the Effective Date. In the event that the Company does not pay the fixed cumulative preferential dividend for the Redeemable Convertible Preference Share that is payable in any year after the Effective Date, the dividend not paid shall be carried forward and paid as and when the Company is able to do so. If a Dividend Date does not fall on a business day, then the dividend in question shall instead be paid on or before the next following business day and no additional sum shall be payable in respect of such delay.
- (c) The Redeemable Convertible Preference Shares shall rank for dividend in priority to the ordinary shares of the Company and the Company shall not pay any dividends to the holders of shares in the capital of the Company which do not rank in priority to the Redeemable Convertible Preference Shares as regards dividends unless all accrued dividends on the Redeemable Convertible Preference Shares have been paid.
- (d) For the purpose of this resolution “business day” shall mean any day on which banks are open for business in Hong Kong, excluding Saturdays.
- (2) As regards capital
- Each Redeemable Convertible Preference Share shall confer on the holder thereof the right on a winding-up, or other return of capital to receive in the following order of priority:
- (i) repayment in full of the capital paid up on such Redeemable Convertible Preference Share; and
- (ii) payment of a sum equal to any arrears or accruals of the fixed cumulative preferential dividend on such Redeemable Convertible Preference Share, whether or not declared or earned, calculated down to the date of such repayment of capital.
- (3) As regards conversion
- (a) Any holder of Redeemable Convertible Preference Shares shall be entitled, subject to paragraph (3)(b) below, at any time to convert the Redeemable Convertible Preference Shares held by him into such number of fully paid ordinary shares in the capital of the Company as is calculated by multiplying the number of Redeemable Convertible Preference Shares being converted by HK\$1.06 and dividing the product by HK\$1.04 subject to adjustment as provided in paragraph (3)(e) below (the “conversion price”), rounded down to the nearest integral number of ordinary shares. For the avoidance of doubt, no fraction of an ordinary share shall be allotted and no compensating payment shall be made in respect thereof. In the event of any fraction of a whole number of ordinary shares arising on conversion, such fraction shall be rounded down to the nearest whole number of the ordinary share.

- (b) The right to convert may be exercised at any time before the issue of a compulsory conversion notice (referred to in paragraph (3)(i) below) and before the redemption date in respect only of whole numbers of Redeemable Convertible Preference Shares, by the holder of those Redeemable Convertible Preference Shares delivering the certificate for such Redeemable Convertible Preference Shares to the Company at the office of its registrars for the time being with the conversion notice on the reverse of such certificate (the “conversion notice”) duly completed in respect of such number of Redeemable Convertible Preference Shares comprised therein as he may in the conversion notice specify, together with such other evidence, if any, as the directors of the Company may reasonably require to prove the title of the person exercising such right (or in the absence of such evidence, an indemnity to the satisfaction of the directors of the Company). The conversion notice duly completed in accordance with the instructions thereon shall be irrevocable after receipt thereof by the Company at the office of its registrars, except with the consent in writing of the Company. The date of receipt by the Company of a conversion notice is hereinafter referred to as the “conversion date” but if the date of receipt is not a business day, the “conversion date” shall be the first business day thereafter.
- (c) Conversion of the Redeemable Convertible Preference Shares may be effected in such manner as the directors of the Company shall from time to time determine.
- (d) (i) conversion shall take effect from the relevant conversion date and the Company not later than fourteen days next following that conversion date shall allot the relevant ordinary shares arising from the conversion and not later than ten business days next following that allotment shall despatch a certificate for such ordinary shares and, if appropriate, a certificate for the balance of the Redeemable Convertible Preference Shares remaining unconverted. All certificates despatched pursuant to this sub-paragraph shall be at the risk of the shareholder entitled thereto;
- (ii) any arrears of fixed cumulative preferential dividend on the Redeemable Convertible Preference Shares so converted shall cease to be payable on the relevant conversion date. Upon conversion of any Redeemable Convertible Preference Shares by the holder delivering a conversion notice, but not, for the avoidance of doubt, upon any compulsory conversion pursuant to these terms, the holder’s right to receive any accrued but unpaid dividend shall be forfeited. The ordinary shares which arise on conversion shall be credited as fully paid and rank pari passu and form one class in all respects with the ordinary shares then in issue save that they shall not entitle the holders to any dividend or other distribution declared, paid or made upon the ordinary shares prior to the relevant date of allotment of such ordinary shares;
- (iii) the Company shall ensure that it will have sufficient authorised but unissued ordinary shares for the time being outstanding available to satisfy in full the aforesaid conversion rights; and
- (iv) the Company shall not do any act or thing that would entail the issue of ordinary shares at a discount to their par value on the exercise of conversion rights and no conversion rights shall be exercisable if and for so long as the conversion price is below that par value.

(e) The conversion price shall be adjusted from time to time in accordance with the following:

- (i) if and whenever the nominal value of the ordinary shares is altered by reason of any consolidation or sub-division, the conversion price in force immediately prior thereto shall be adjusted by multiplying it by the revised nominal amount and dividing the result by the former nominal amount. Each such adjustment shall be effective from the close of business in Hong Kong on the business day last preceding the date on which the consolidation or sub-division becomes effective;
- (ii) if and whenever the Company shall issue (other than in lieu of a cash dividend) any ordinary shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or contributed surplus account or capital redemption reserve fund) then the conversion price in force immediately prior to such issue shall be adjusted by multiplying it by the aggregate nominal amount of the issued ordinary shares immediately before such issue and dividing the result by the sum of such aggregate nominal amount and the aggregate nominal amount of the ordinary shares issued in such capitalisation. Each such adjustment shall be effective (if appropriate, retrospectively) from the commencement of the day next following the record date for such issue;
- (iii) if and whenever the Company shall make any capital distribution to holders (in their capacity as such) of ordinary shares (whether on a reduction of capital or otherwise) or shall grant to such holders rights to acquire for cash assets of the Company or any of its subsidiaries, the conversion price in force immediately prior to such distribution or grant shall be adjusted by multiplying it by the following fraction:

$$\frac{A - B}{A}$$

Where:

A = the closing price published in the Hong Kong Stock Exchange's Daily Quotation Sheet of one ordinary share on the trading day last preceding the date on which the capital distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) immediately preceding the date of the capital distribution or, as the case may be, of the grant; and

B = the fair market value on the day of such announcement or (as the case may require) immediately preceding the date of the capital distribution or, as the case may be, of the grant, as determined in good faith by the auditor for the time being of the Company or an approved merchant bank (as the Directors may select), of the portion of the capital distribution or of such rights which is/are attributable to one Share,

Provided that:

- (1) if, in the opinion of the relevant auditor or approved merchant bank, the use of the fair market value as aforesaid produces a result which is significantly inequitable, it may instead determine (and in such event the above formula shall be construed as if B meant) the amount of the closing price published in the Hong Kong Stock Exchange's Daily Quotation Sheet of one ordinary share which should properly be attributed to the value of the capital distribution or rights; and

- (2) the provisions of this paragraph (3)(e)(iii) shall not apply in relation to the issue of ordinary shares paid out of profits or reserves and issued in lieu of a cash dividend or a purchase by the Company of its own shares.

Each such adjustment shall be effective (if appropriate, retrospectively) from the commencement of the day next following the record date for the capital distribution or grant;

- (iv) if and whenever the Company shall offer to holders of ordinary shares new ordinary shares for subscription by way of rights, the conversion price shall be adjusted by multiplying the conversion price in force immediately before the date of the announcement of such offer or grant by the following fraction:

$$\frac{G + H}{G + I}$$

where:

G = the number of ordinary shares in issue immediately before the date of announcement of the offer;

H = the number of ordinary shares which the aggregate of the following two amounts would purchase at the closing price published in the Hong Kong Stock Exchange's Daily Quotation Sheet last preceding the date of the announcement of the terms of the offer or grant:

- (a) the total amount (if any) payable to the rights being offered or granted; and
- (b) the total amount payable for all of the new ordinary shares being offered for subscription or comprised in the rights being granted; and

I = the aggregate number of ordinary shares being offered for subscription or comprised in the rights being granted.

Such adjustment shall become effective (if appropriate retroactively) from the commencement of the day next following the record date for the relevant offer or grant;

- (v) if and whenever the Company shall issue wholly for cash any ordinary shares (other than ordinary shares issued pursuant to any share option scheme or pursuant to the exercise of any warrants, bonds and debentures convertible into shares of the Company) at a price per share which is less than 90 per cent of the market price (being the closing price published in the Hong Kong Stock Exchange's Daily Quotation Sheet last preceding the date of the announcement of the terms of such issue, the conversion price shall be adjusted by multiplying the conversion price in force immediately before the date of such announcement by a fraction of which the numerator is the number of ordinary shares in issue immediately before the date of such announcement plus the number of ordinary shares which the aggregate amount payable for the issue would purchase at such market price and the denominator is the number of ordinary shares in issue immediately before such date of announcement plus the number of ordinary shares so issued. Such adjustment shall become effective on the date of the issue.

- (f) Notice of any of the events set out above which affects the conversion price shall be sent within twenty eight days of the event to the registered holders of the Redeemable Convertible Preference Shares. The notice shall state the conversion price applicable as a result of such event.
- (g) If while any Redeemable Convertible Preference Share remains capable of conversion and the Company is placed in liquidation, the Company shall forthwith give notice thereof in writing to the holders of all the Redeemable Convertible Preference Shares and each holder of Redeemable Convertible Preference Shares shall in respect of all or any of his Redeemable Convertible Preference Shares be entitled within six weeks after the date of the resolution for winding up the Company or, as the case may be, after the date of the Order of the Supreme Court of Bermuda for such winding up, such respective dates being referred to in this sub-paragraph as the “operative date”, by notice in writing to the Company to elect to be treated as if a conversion date had occurred on the day immediately preceding the operative date and his conversion rights had been exercisable and had been exercised as at that date at the conversion price then applicable. Any holder of Redeemable Convertible Preference Shares so electing shall be entitled to any arrears, deficiency or accrual of the fixed preferential dividend on such Redeemable Convertible Preference Shares, whether or not such dividend has been declared or earned, calculated down to the dividend payment date immediately preceding the operative date and, in lieu of any other payments which would be payable in respect of such Redeemable Convertible Preference Shares, to participate in the assets available in the liquidation pari passu with the holders of the ordinary shares as if he were the holder of ordinary shares, including any fraction of a share, to which he would have become entitled by virtue of such conversion. At the expiration of the said period of six weeks, any outstanding Redeemable Convertible Preference Shares shall cease to be capable of conversion.
- (h) So long as any Redeemable Convertible Preference Share remains capable of conversion the Company shall not give effect to any arrangement pursuant to which the Company is to make a distribution in the form of a transfer of assets to another company or other companies whereby shares are to be issued or transferred to all or any of the holders of ordinary shares in the capital of the Company by the company or companies to which such distribution is to be made unless it shall have given not less than twenty one days notice prior to the proposed record date in respect of the entitlement of holders of ordinary shares to receive the shares to be issued by such company or companies.
- (i) In the event that the closing price of the ordinary shares in the Company on the Hong Kong Stock Exchange as stated in its daily quotation sheet is 125% or more of the conversion price for twenty consecutive trading days or there are at any time less than 50 million Redeemable Convertible Preference Shares in issue, and provided in each case that there are no accrued and unpaid dividends payable to holders of Redeemable Convertible Preference Shares, the Company may give written notice to each holder of Redeemable Convertible Preference Shares (a “compulsory conversion notice”), whereupon each holder of Redeemable Convertible Preference Shares shall be deemed to have delivered to the Company a conversion notice on the date of the compulsory conversion notice.
- (j) The Company shall send to the holders of the Redeemable Convertible Preference Shares a copy of every document sent by the Company to the holders of its ordinary shares at the time the same is sent to the holders of its ordinary shares.

(k) The Company shall apply to the Hong Kong Stock Exchange for, and use its best endeavours to obtain, the listing of and permission to deal in the Redeemable Convertible Preference Shares, if applicable, and all the ordinary shares in the capital of the Company arising from conversion of any of the Redeemable Convertible Preference Shares on the Hong Kong Stock Exchange.

(4) As regards redemption

(a) The Redeemable Convertible Preference Shares shall, to the extent that they have not been converted pursuant to paragraph (3) above or redeemed or purchased by the Company and subject to available funds under Bermuda law, be redeemed by the Company at HK\$1.06 per Redeemable Convertible Preference Share on the third anniversary of the Effective Date (the “redemption date”). The Redeemable Convertible Preference Shares, once redeemed, converted or purchased by the Company or any of its subsidiaries, shall forthwith be cancelled.

(b) Redemption of the Redeemable Convertible Preference Shares may be effected in such manner as the directors of the Company shall from time to time determine.

(c) The holder of the relevant Redeemable Convertible Preference Share shall on or before 10:00 a.m. (Hong Kong time) on the redemption date deliver the certificate relating to the relevant Redeemable Convertible Preference Share and such other evidence (if any) as the directors of the Company may reasonably require to prove the title of the holder (or, if such certificate has been lost or destroyed, such evidence of title and such indemnity as the directors of the Company may reasonably require) to the Company at the principal place of business of the Company in Hong Kong or such other places as may be determined by the directors of the Company.

(d) On the redemption date, the Company shall redeem the relevant Redeemable Convertible Preference Shares and subject to and upon delivery of the certificate or other evidence of title and indemnity referred to above, the Company shall as soon as reasonably practicable after the redemption date, pay the relevant holder of the Redeemable Convertible Preference Share the redemption price by cheque despatched by post at the risk of the person entitled thereto.

(e) If the redemption date does not fall on a business day, the redemption date shall instead be the next following business day but the redemption price shall not be changed as a result and no additional sum shall be payable in respect of such delay.

(5) As regards further participation

The Redeemable Convertible Preference Shares shall not entitle the holders thereof to participate in the profits or assets of the Company beyond such rights as are expressly set out above.

(6) As regards voting

The holders of the Redeemable Convertible Preference Shares shall be entitled to receive notices of general meetings of the Company but not to attend or vote thereat unless the business of the meeting includes a resolution:

(i) for winding up the Company; or

(ii) for any reduction of the capital of the Company; or

(iii) affecting, altering or abrogating the rights or privileges or restrictions attached to the Redeemable Convertible Preference Shares;

which matters may only be implemented with the sanction of a special resolution passed at a separate meeting of the holders of the Redeemable Convertible Preference Shares in accordance with the provisions of the bye-laws of the Company.

(7) As regards further issues of Redeemable Convertible Preference Shares

The Company may from time to time create and issue further securities ranking as regards participation in the profits and assets of the Company *pari passu* or in priority with the then issued Redeemable Convertible Preference Shares.

The Amendment shall take effect from the later of (a) the date on which this resolution is passed and (b) the date on which the conditions set out in the first paragraph of this resolution are satisfied.”

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

Hong Kong, 21st September, 2004

Principal place of business in Hong Kong:

33rd Floor, Paul Y. Centre
51 Hung To Road
Kwun Tong
Kowloon
Hong Kong

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Notes:

1. A member entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company but must be present in person at the meeting to represent the member.
2. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a copy of such authority notarially certified, must be deposited at the office of the Company's principal place of business in Hong Kong at 33rd Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the yellow form of proxy will not preclude members from attending and voting in person at the meeting if members so desire.
3. As at the date of this notice, the board of directors comprises eight directors, of which (i) six are executive directors, namely Dr. Chan Kwok Keung, Charles, Mr. Lau Ko Yuen, Tom, Ms. Chau Mei Wah, Rosanna, Mr. Chan Kwok Hung, Mr. Chan Fut Yan and Mr. Cheung Hon Kit; and (ii) two are independent non-executive directors, namely Mr. Chuck Winston Calptor and Mr. Lee Kit Wah.

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