



## ITC CORPORATION LIMITED

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

### TRANSFER AND CONVERSION OF CONVERTIBLE NOTES AND PLACING OF CONVERSION SHARES

The directors of ITC Corporation have been informed by Dr. Charles Chan that he has entered into an agreement with Tai Fook on 31 January 2005 for the transfer of Convertible Notes issued by ITC Corporation in the principal amount of HK\$75.0 million. The consideration of HK\$264.4 million for the transfer will be satisfied in cash. ITC Corporation has given its consent to such transfer on the same date.

On 31 January 2005, subsequent to ITC Corporation consenting to such transfer, ITC Corporation received conversion notices from Dr. Charles Chan and Tai Fook regarding the conversion of the Convertible Notes held by them in the respective principal amounts of HK\$37.9 million and HK\$75.0 million into approximately 126.3 million and 250.0 million conversion Shares respectively. The 126.3 million and 250.0 million conversion Shares represent approximately 19.3% and 38.2% respectively of the existing issued ordinary share capital of ITC Corporation and approximately 12.3% and 24.3% respectively of the enlarged issued ordinary share capital of ITC Corporation following the issue of the conversion Shares. The conversion Shares have a total market value of approximately HK\$436.5 million, based on the closing price of HK\$1.16 per Share on 28 January 2005, being the last trading day prior to the release of this announcement.

Immediately after such conversion, Tai Fook becomes a substantial shareholder of ITC Corporation. ITC Corporation has been informed that Tai Fook has entered into a placing arrangement with Tai Fook Securities to place the entire 250.0 million conversion Shares to investors independent of and not connected with ITC Corporation and its connected persons, as defined in the Listing Rules.

**Shareholders and investors of ITC Corporation are advised to exercise caution when dealing in the securities of ITC Corporation.**

Trading in the securities in ITC Corporation on the Stock Exchange was suspended at the request of ITC Corporation with effect from 9:30 a.m. on Monday, 31 January 2005 pending the release of this announcement. ITC Corporation has applied for a resumption of trading in its securities with effect from 9:30 a.m. on Tuesday, 1 February 2005.

#### THE AGREEMENT DATED 31 JANUARY 2005

Vendor:	Dr. Chan Kwok Keung Charles ("Dr. Charles Chan"), a director and a substantial shareholder of ITC Corporation Limited ("ITC Corporation")
Purchaser:	Tai Fook Finance Company Limited ("Tai Fook"), which is independent of and not connected with ITC Corporation and its connected persons, as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") other than temporarily being a substantial shareholder of ITC Corporation after conversion of the Convertible Notes but before placing of the conversion Shares.
Assets to be transferred:	2006 convertible notes ("Convertible Notes") issued by ITC Corporation in the principal amount of HK\$75.0 million, which are eligible for conversion into ordinary shares of par value HK\$0.10 each in the share capital of ITC Corporation ("Shares"). The Convertible Notes were issued on 3 March 2003 with a conversion price of HK\$0.3, subject to adjustments, per Share.
Consideration:	HK\$264.4 million, which will be satisfied in cash.
Condition:	Completion of the agreement shall be conditional upon the obtaining of the written consent of ITC Corporation approving the transfer. ITC Corporation has given its consent to such transfer on 31 January 2005.
Completion:	The transfer was completed on 31 January 2005 immediately after fulfilment of the condition.

#### CONVERSION OF CONVERTIBLE NOTES

On 31 January 2005, subsequent to ITC Corporation consenting to the transfer of Convertible Notes from Dr. Charles Chan to Tai Fook, ITC Corporation received conversion notices from Dr. Charles Chan and Tai Fook in respect of the conversion of the Convertible Notes in the respective principal amounts of HK\$37.9 million and HK\$75.0 million into approximately 126.3 million and 250.0 million conversion Shares respectively. The 126.3 million and 250.0 million conversion Shares represent approximately 19.3% and 38.2% respectively of the existing issued ordinary share capital of ITC Corporation and approximately 12.3% and 24.3% respectively of the enlarged issued ordinary share capital of ITC Corporation following the issue of the conversion Shares. The conversion Shares have a total market value of approximately HK\$436.5 million, based on the closing price of HK\$1.16 per Share on 28 January 2005, being the last trading day prior to the release of this announcement. Tai Fook becomes a substantial shareholder of ITC Corporation immediately upon conversion.

The conversion price of HK\$0.3 per Share represents:

- a discount of approximately 74.1% to the closing price of HK\$1.16 per Share on 28 January 2005, being the last trading day prior to the release of this announcement;
- a discount of approximately 72.2% to the average closing price of HK\$1.08 per Share over the last 10 trading days up to and including 28 January 2005, being the last trading day prior to the release of this announcement; and
- a discount of approximately 81.7% to the unaudited net asset value of ITC Corporation of HK\$1.64 per Share as at 30 September 2004.

After the conversion, Convertible Notes with an aggregate principal amount of HK\$176.6 million remain outstanding as at the date of this announcement, of which Convertible Notes with a principal amount of HK\$137.1 million are beneficially owned by Dr. Charles Chan.

The remaining outstanding Convertible Notes with an aggregate principal amount of HK\$39.5 million are owned by three registered holders, of which Convertible Notes with principal amounts of HK\$12.0 million and HK\$8.0 million are beneficially owned by Wang Yung-tyng and Leung Choi Yin respectively. These registered holders and beneficial owners are independent of and not connected with ITC Corporation and its connected persons, as defined in the Listing Rules. The outstanding Convertible Notes are convertible into Shares at a conversion price of HK\$0.3, subject to adjustments, and remain convertible until 3 March 2006.

#### PLACING OF CONVERSION SHARES

ITC Corporation has been informed that Tai Fook has entered into a placing arrangement on 31 January 2005 with Tai Fook Securities Company Limited ("Tai Fook Securities") on the terms summarised below.

Parties:	The parties to the placing arrangement are: (1) Tai Fook as vendor; and (2) Tai Fook Securities as the placing agent, which is independent of and not connected with ITC Corporation and its connected persons, as defined in the Listing Rules, other than being a fellow subsidiary of Tai Fook which is temporarily a substantial shareholder of ITC Corporation after conversion of the Convertible Notes but before placing of the conversion Shares.
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After conversion, Tai Fook will hold 250.0 million conversion Shares representing approximately 24.3% of the enlarged issued share capital of ITC Corporation following the issue of the conversion Shares. Upon completion of the placing, Tai Fook will cease to be a shareholder of ITC Corporation.

Placees:	The placees of the placing and their respective ultimate beneficial owners are investors independent of and not connected with ITC Corporation and its connected persons, as defined in the Listing Rules.
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Number of conversion Shares under placing: 250.0 million conversion Shares, representing approximately 24.3% of the enlarged issued share capital of ITC Corporation following the issue of the conversion Shares. The placing is not on a fully underwritten basis.

Placing price: The placing price of HK\$1.06 per Share represents:

- a discount of approximately 8.6% to the closing price of HK\$1.16 per Share on 28 January 2005, being the last trading day prior to the release of this announcement;
- a discount of approximately 1.9% to the average closing price of HK\$1.08 per Share over the last 10 trading days up to and including 28 January 2005, being the last trading day prior to the release of this announcement; and
- a discount of approximately 35.4% to the unaudited net asset value of ITC Corporation of HK\$1.64 per Share as at 30 September 2004.

Condition: The placing is conditional upon Tai Fook being issued and allotted with the entire 250.0 million conversion Shares pursuant to the conversion of the Convertible Notes.

Completion: Completion of the placing is currently expected to take place on Thursday, 3 February 2005. Further announcement will be made if the placing is not completed on or before that date.

#### EFFECT ON THE SHARE CAPITAL OF ITC CORPORATION

The following table summarises the effect on the share capital of ITC Corporation as a result of the conversion of the Convertible Notes, placing of the conversion Shares and assuming full conversion of the remaining outstanding Convertible Notes with an aggregate principal amount of HK\$176.6 million:

Shareholders	Before the conversion of the Convertible Notes		After the conversion of the Convertible Notes		After the conversion of the Convertible Notes and placing of conversion Shares		After the conversion of the Convertible Notes and placing of conversion Shares, and assuming full conversion of remaining outstanding Convertible Notes	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dr. Charles Chan	219,681,911	33.6%	346,015,244	33.6%	346,015,244	33.6%	803,015,244	49.6%
Tai Fook	–	0.0%	250,000,000	24.3%	–	0.0%	–	0.0%
Public	434,612,196	66.4%	434,612,196	42.1%	684,612,196	66.4%	816,278,862	50.4%
	<u>654,294,107</u>	<u>100.0%</u>	<u>1,030,627,440</u>	<u>100.0%</u>	<u>1,030,627,440</u>	<u>100.0%</u>	<u>1,619,294,106</u>	<u>100.0%</u>

#### GENERAL

**Shareholders and investors of ITC Corporation are advised to exercise caution when dealing in the securities of ITC Corporation.**

Trading in the securities in ITC Corporation on the Stock Exchange was suspended at the request of ITC Corporation with effect from 9:30 a.m. on Monday, 31 January 2005 pending the release of this announcement. ITC Corporation has applied for a resumption of trading in its securities with effect from 9:30 a.m. on Tuesday, 1 February 2005.

As at the date of this announcement, the board of directors (the "Board") of ITC Corporation comprises:-

*Executive Directors:*

Dr. Chan Kwok Keung, Charles (*Chairman*)  
 Mr. Lau Ko Yuen, Tom (*Deputy Chairman*)  
 Ms. Chau Mei Wah, Rosanna (*Managing Director*)  
 Mr. Chan Kwok Hung  
 Mr. Chan Fut Yan  
 Mr. Cheung Hon Kit

*Independent Non-Executive Directors:*

Mr. Chuck Winston Calptor  
 Mr. Lee Kit Wah  
 Mr. Wong Kam Cheong, Stanley

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

Hong Kong, 31 January 2005

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