
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this document or as to the action to be taken, you should consult a licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your securities in Hanny Holdings Limited, you should at once hand this document and the accompanying form of acceptance and transfer to the purchaser(s) or transferee(s), licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This document should be read in conjunction with the accompanying form of acceptance and transfer, the contents of which form part of the terms and conditions of the Offers.

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ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 372)

CONDITIONAL MANDATORY CASH OFFERS BY



KINGSTON SECURITIES LIMITED

**FOR AND ON BEHALF OF FAMEX INVESTMENT LIMITED,
AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF ITC CORPORATION LIMITED,
FOR ALL THE ISSUED SHARES AND OUTSTANDING CONVERTIBLE BONDS OF
HANNY HOLDINGS LIMITED**

**(OTHER THAN THOSE ALREADY OWNED BY
OR AGREED TO BE ACQUIRED BY
FAMEX INVESTMENT LIMITED
AND PARTIES ACTING IN CONCERT WITH IT
(EXCEPT COBBLEFORD LIMITED))**

Financial adviser to Famex Investment Limited



KINGSTON CORPORATE FINANCE LIMITED

A letter from Kingston Securities Limited containing, among other things, the details of the terms of the Offers is set out on pages 6 to 14 of this document.

The procedures for acceptance and settlement of the Offers are set out in Appendix I to this document and in the accompanying forms of acceptance and transfer. Acceptances of the Share Offer and the CB Offer should be received by the branch share registrars and transfer office of Hanny Holdings Limited, Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on Monday, 11th December, 2006 or such later time and/or date as Famex Investment Limited may determine and announce in accordance with the Takeovers Code.

This document will be available for inspection on ITC's website at www.itc.com.hk and on the website of the Stock Exchange at www.hkex.com.hk as long as the Offers remain open.

13th November, 2006

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DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by Famex from the Vendor pursuant to the Agreement, which was completed on 7th November, 2006
“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Agreement”	the sale and purchase agreement dated 17th August, 2006 (as supplemented by supplemental agreements dated 28th August, 2006 and 4th October, 2006) entered into between the Vendor and Famex in relation to the Acquisition
“Announcement”	the announcement dated 1st September, 2006 jointly made by ITC and Hanny in relation to the (1) Acquisition; (2) Offers; and (3) Supplemental Agreements
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“CB Offer”	the mandatory conditional cash offer made by Kingston Securities on behalf of Famex to acquire the Existing Hanny Bonds (other than those already owned or agreed to be acquired by Famex and parties acting in concert with it (except Cobbleford Limited)) in accordance with Rule 13 of the Takeovers Code
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	the closing date of the Offers or any subsequent closing date(s) as may be determined and announced by the Offeror in accordance with the Takeovers Code
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“connected person”	has the meaning ascribed to it in the Listing Rules
“Credit Facility”	the credit facility of up to HK\$600,000,000 made available to Famex by Kingston Securities for financing the Offers pursuant to an agreement dated 16th August, 2006 and supplemental agreements dated 25th August, 29th August, 31st August and 9th November, 2006
“Dr. Chan”	Dr. Chan Kwok Keung, Charles, the controlling shareholder of ITC, an executive director and the chairman of each of ITC and Hanny
“Executive”	the Executive Director of Corporate Finance Division of the SFC or any of his delegates
“Existing Hanny Bonds”	the 2% convertible bonds of Hanny due 2011 with aggregate principal amount of HK\$770,724,726 as at the Latest Practicable Date, which is convertible into new Hanny Shares starting from June 2006 at an initial conversion price of HK\$9 per Hanny Share
“Famex” or “Offeror”	Famex Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of ITC
“Form(s) of Acceptance ”	the accompanying form(s) of acceptance and transfer in respect of the Offers

DEFINITIONS

“GDI”	Group Dragon Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“GDI Offer”	the voluntary unconditional securities exchange offer made by Well Orient Limited, an indirect wholly-owned subsidiary of Hanny, to acquire all the shares of GDI not already held by Well Orient Limited and parties acting in concert with it, which was closed on 16th June, 2006
“Hanny”	Hanny Holdings Limited (stock code: 275), a company incorporated in Bermuda with limited liability and whose shares are listed on the Main Board of the Stock Exchange
“Hanny Director(s)”	director(s) of Hanny
“Hanny Group”	Hanny and its subsidiaries
“Hanny Notes”	the US\$150 million (equivalent to approximately HK\$1,164.9 million) 1% convertible exchangeable notes due 2011 proposed to be issued by Hanny and subscribed by ITC and other four subscribers pursuant to the Subscription Agreements and the Supplemental Agreements
“Hanny Shareholder(s)”	holder(s) of Hanny Shares
“Hanny Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of Hanny
“HKSCC ”	Hong Kong Securities Clearing Company Limited
“Hollyfield”	Hollyfield Group Limited, a company incorporated in Samoa with limited liability and an indirect wholly-owned subsidiary of ITC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“ITC” or “Company”	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
“ITC Director(s)”	director(s) of ITC
“ITC Group”	ITC and its subsidiaries
“Kingston Corporate Finance”	Kingston Corporate Finance Limited, a licensed corporation to carry on businesses in type 6 (advising on corporate finance) regulated activities under the SFO
“Kingston Securities”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the SFO
“Latest Practicable Date”	10th November, 2006, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information for inclusion herein
“Last Trading Day”	Thursday, 17th August, 2006, being the last trading day prior to the suspension of trading in the Hanny Shares at 2:30 p.m. on Thursday, 17th August, 2006

DEFINITIONS

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Offeree Document”	the response document in respect of the Offers to be issued by Hanny to the Hanny Shareholders and the holders of the Existing Hanny Bonds in accordance with the Takeovers Code
“Offer Price”	HK\$3.8 per Hanny Share under the Share Offer
“Offers”	the Share Offer and the CB Offer
“Offer Shares”	all issued Hanny Shares but excluding the Sale Shares and any other Hanny Shares owned by Famex and parties acting in concert with it (except Cobbleford Limited) on the date of completion of the Acquisition and/or acquired or agreed to be acquired by Famex and parties acting in concert with it (except Cobbleford Limited) while the Offers remain open for acceptance
“Option 1”	one Hanny Share plus HK\$1.8 in cash for every 5 shares of GDI, being one of two types consideration under the GDI Offer
“Option 2”	one Existing Hanny Bond with face value of HK\$15 for every 5 shares of GDI, being one of two types consideration under the GDI Offer
“Other Concert Party”	Mr. Cheung Shu Wan, the sole shareholder of a company which holds 50% interests in a 50%-owned associated company of ITC
“Overseas Hanny Shareholders”	Hanny Shareholders whose addresses on the register of members of Hanny are outside Hong Kong
“Overseas Holders of Existing Hanny Bonds”	holders of the Existing Hanny Bonds whose addresses on the register holders of Existing Hanny Bonds are outside Hong Kong
“parties acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“PRC” or “China”	the People’s Republic of China
“PYI”	PYI 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 and an associated company of ITC
“Registrar”	Secretaries Limited, the branch share registrars and transfer office of Hanny, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Sale Shares”	the 22,812,359 Hanny Shares acquired by the Offeror pursuant to the Agreement, representing approximately 9.03% of the issued share capital of Hanny as at the Latest Practicable Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share Offer”	the conditional mandatory cash offer made by Kingston Securities on behalf of Famex for all the Offer Shares in accordance with Rule 26.1 of the Takeovers Code
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Subscription Agreements”	the 5 conditional subscription agreements all dated 27th June, 2006 entered into between Hanny and each of ITC and other four subscribers in relation to the subscription of the Hanny Notes
“Supplemental Agreement(s)”	the supplemental agreement(s) entered into between Hanny and each of ITC and other four subscribers of Hanny Notes on 30th August, 2006, pursuant to which the Subscription Agreements have been amended to the effect that, among others, completion of the Subscription Agreements is to be conditional on the closing or lapse (whichever is earlier) of the Offers
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“this document”	this document issued by Famex to the Hanny Shareholders and the holders of the Existing Hanny Bonds in accordance with the Takeovers Code containing, amongst other things, details of the Offers and the Forms of Acceptance
“Undertaking”	the undertaking given by Dr. Yap, Allan as set out under the subparagraph headed “Undertaking” in the Letter from Kingston Securities in this document
“Vendor”	Mr. Ma Ho Man, Hoffman, the vendor of the Sale Shares, who is an independent third party neither connected with nor acting in concert with ITC and its connected persons
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%” or “per cent”	percentage

Amounts denominated in US\$ in this circular have been converted into HK\$ at the rate of US\$1.0 = HK\$7.766 for illustration purpose.

EXPECTED TIMETABLE

2006

Commencement of the Offers	Monday, 13th November,
Latest date of despatch of the Offeree Document	on or before Monday, 27th November,
Latest time and date for acceptance of the Offers (<i>Note 1</i>)	4:00 p.m. on Monday, 11th December,
Posting of announcement on the Stock Exchange's website as to whether the Offers have been revised or extended, have expired, or have become or been declared unconditional	by 7:00 p.m. on Monday, 11th December,
First Closing Date (<i>Note 2</i>)	Monday, 11th December,
Latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances received on or before 4:00 p.m. on 11th December, 2006, if the Share Offer has been declared unconditional on 11th December, 2006 (<i>Note 3</i>)	Wednesday, 20th December,
Latest time and date for acceptance of the Offers if the Share Offer has been declared unconditional on 11th December, 2006	4:00 p.m. on Wednesday, 27th December,
Final Closing Date if the Share Offer has been declared unconditional on 11th December, 2006 (unless the Offers have been revised or extended)	Wednesday, 27th December,

2007

Last day by which the Share Offer can be declared unconditional (<i>Note 4</i>)	Friday, 12th January,
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Notes:

1. The Offers will be subject to Famex having received acceptances in respect of Hanny Shares, which together with Hanny Shares already held by it and parties acting in concert with it before or during the Offers, will result in Famex and parties acting in concert with it holding more than 50% of the voting rights of Hanny. Unless the Share Offer has previously become or been declared unconditional or revised, the latest time for acceptance of the Offers is 4:00 p.m. on Monday, 11th December, 2006. Pursuant to the Takeovers Code, where the Share Offer is declared unconditional, the Offers will remain open for acceptance for not less than 14 days thereafter. Famex will make an announcement as and when the Share Offer becomes unconditional.
2. Famex reserves the right to revise or extend the Offers until such time and/or date as it may determine and in accordance with the Takeovers Code. Famex will issue an announcement to be posted on the Stock Exchange's website by 7:00 p.m. on Monday, 11th December, 2006, being the Closing Date, as to whether the Offers have been revised or extended, have expired, or have become or been declared unconditional as to acceptances. Such announcement will be published in the newspapers on the next business day thereafter.
3. Subject to the Share Offer becoming unconditional, the amounts due to each of the Hanny Shareholders or the holders of the Existing Hanny Bonds (as the case may be) who accepts the Offers should be paid by Famex to such Hanny Shareholders and holders of the Existing Hanny Bonds (as the case may be) as soon as possible but in any event within 10 days of the later of the date on which the Share Offer becomes, or is declared, unconditional and the date of receipt by the Registrar of all relevant documents to render the acceptance under the Offers complete and valid.
4. In accordance with the Takeovers Code, except with the consent of the Executive, the Share Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the date on which this document has been posted. Accordingly, unless the Share Offer has previously become or been declared unconditional as to acceptances, the Offers shall not be kept open after Friday, 12th January, 2007.

All time references contained in this document refer to Hong Kong time.

LETTER FROM KINGSTON SECURITIES



KINGSTON SECURITIES LIMITED

Suite 2801, 28th Floor
One International Finance Centre
1 Harbour View Street, Central, Hong Kong

13th November, 2006

To the Hanny Shareholders and the holders of the Existing Hanny Bonds

Dear Sir or Madam,

**CONDITIONAL MANDATORY CASH OFFERS BY
KINGSTON SECURITIES LIMITED
FOR AND ON BEHALF OF FAMEX INVESTMENT LIMITED,
AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF ITC CORPORATION LIMITED,
FOR ALL THE ISSUED SHARES AND OUTSTANDING CONVERTIBLE BONDS OF
HANNY HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY
OR AGREED TO BE ACQUIRED BY FAMEX INVESTMENT LIMITED
AND PARTIES ACTING IN CONCERT WITH IT
(EXCEPT COBBLEFORD LIMITED))**

INTRODUCTION

Famex, an indirect wholly-owned subsidiary of ITC, had completed the Acquisition on 7th November, 2006. The Sale Shares represented approximately 9.03% of the issued share capital of Hanny as at the Latest Practicable Date.

Immediately before completion of the Acquisition, Famex, being the single largest Hanny Shareholder, was holding approximately 24.38% of the issued share capital of Hanny and together with the parties acting in concert with it were in aggregate holding approximately 29.64% of the issued share capital of Hanny. After completion of the Acquisition, Famex is interested in approximately 33.41% of the voting rights of Hanny and together with the parties acting in concert with it are in aggregate interested in approximately 38.67% of the voting rights of Hanny, and hence Famex, through Kingston Securities, is making a conditional mandatory cash offer to acquire all the issued Hanny Shares (other than those already owned or agreed to be acquired by Famex and parties acting in concert with it (except Cobbleford Limited)) under Rule 26.1 of the Takeovers Code and a comparable offer to the holders of the Existing Hanny Bonds (other than those already owned or agreed to be acquired by Famex and parties acting in concert with it (except Cobbleford Limited)) pursuant to Rule 13 of the Takeovers Code.

This document sets out the details of the principal terms of the Offers and information on Famex. Acceptance of the Offers is subject to the terms set out in Appendix I to this document and in the Forms of Acceptance. Under the Takeovers Code, the Offeree Document is expected to be sent to the Hanny Shareholders and the holders of the Existing Hanny Bonds within 14 days from the date of this document and it will set out (i) Hanny's response in relation to the Offers; (ii) the respective advice and recommendation of the independent board committee of Hanny and the independent financial adviser in relation to the Offers; and (iii) information on the Hanny Group. The Hanny Shareholders and the holders of the Existing Hanny Bonds are urged to wait for the receipt of the Offeree Document and read the contents thereof before deciding whether or not to accept the Offers.

LETTER FROM KINGSTON SECURITIES

THE OFFERS

Principal terms of the Offers

The Offers, comprising the Share Offer and the CB Offer, are being made by Kingston Securities on behalf of Famex in compliance with the Takeovers Code on the following bases:

For each Offer Share HK\$3.80

For each HK\$15 face value of the Existing Hanny Bond

(based on the Offer Price of HK\$3.8 per Offer Share divided

by the initial conversion price of HK\$9 per Hanny Share) (Note 1) . . . HK\$6.3334 (Note 2)

Notes:

- 1. Pursuant to the Existing Hanny Bonds certificates, unless Hanny agrees otherwise (which it may do or refuse to do at its discretion and without assigning any reason) any transfer of the Existing Hanny Bonds shall be in respect only of the whole or any part (in integral multiples of HK\$30,000, or if less as represents the entire holding of that transferor of the Existing Hanny Bonds) of the outstanding principal amount of the Existing Hanny Bonds comprised in an Existing Hanny Bond certificate (the "Transfer Condition"). Hanny has agreed that the acceptance under the CB Offer will not be restricted by such Transfer Condition.*
- 2. Pursuant to and in accordance with the Takeovers Code, the price for the CB Offer is rounded up to HK\$6.3334 for each HK\$15 face value of the Existing Hanny Bonds.*

Subject to the Share Offer becoming unconditional, all the Offer Shares and the Existing Hanny Bonds to be acquired under the Offers will be fully paid and free from all liens, claims, equities, charges and encumbrances and together with all rights now and thereafter attaching thereto, including the right to receive and retain all dividends and other distributions declared, made or paid after the date of the Announcement (except for the final dividend for the year ended 31st March, 2006 proposed in July 2006 paid on 29th September, 2006).

The Offer Price is the same as the price paid by Famex for each Sale Share under the Agreement.

The Offers do not involve any issue of unlisted securities.

Comparison of value

The Offer Price of HK\$3.8 per Offer Share represents:

- a premium of approximately 1.06% over the closing price of the Hanny Shares of HK\$3.76 as quoted on the Stock Exchange on 7th August, 2006, being the last trading day prior to the initial announcement in relation to the Offers;
- a premium of approximately 13.43% over the closing price of the Hanny Shares of HK\$3.35 as quoted on the Stock Exchange on 8th August, 2006, being the date of the initial announcement in relation to the Offers;
- a premium of approximately 7.65% over the closing price of the Hanny Share of HK\$3.53 as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 9.51% over the average closing price of the Hanny Share of approximately HK\$3.47 for the last 5 trading days up to and including the Last Trading Day;
- a premium of approximately 8.57% over the average closing price of the Hanny Share of approximately HK\$3.50 for the last 10 trading days up to and including the Last Trading Day;
- a discount of approximately 51.78% to the audited consolidated net asset value of approximately HK\$7.88 per Hanny Share as at 31st March, 2006; and
- a premium of approximately 2.98% over the closing price of Hanny Share of HK\$3.69 as quoted on the Stock Exchange on the Latest Practicable Date.

Condition of the Offers

The Offers are conditional upon Famex having received valid acceptances of the Share Offer which, together with the Hanny Shares already owned or agreed to be acquired by Famex and parties acting in concert with it before or during the period of the Offers, will result in Famex and the parties acting in concert with it holding Hanny Shares representing more than 50% of the voting rights of Hanny.

LETTER FROM KINGSTON SECURITIES

Famex reserves its rights to extend the period of the Offers if the above condition is not fulfilled by the first Closing Date which is expected to be on 11th December, 2006.

Issued securities of Hanny as at the Latest Practicable Date

As at the Latest Practicable Date, there were (i) 252,554,498 Hanny Shares in issue; and (ii) the Existing Hanny Bonds with an aggregate principal amount of HK\$770,724,726 entitling holders thereof to convert into a total of 85,636,080 new Hanny Shares (based on the initial conversion price of HK\$9 per Hanny Share under the terms of the Existing Hanny Bonds). Save as aforesaid, Hanny had no other outstanding options, warrants or conversion rights convertible into Hanny Shares as at the Latest Practicable Date.

Subscription Agreements and Supplemental Agreements

ITC and other four subscribers have entered into the Subscription Agreements with Hanny on 27th June, 2006 to subscribe for the Hanny Notes with an aggregate principal amount of US\$150 million (equivalent to approximately HK\$1,164.9 million). On 25th September, 2006, the Subscription Agreements have been approved by Hanny Shareholders. Upon full conversion of the Hanny Notes at the initial conversion price of US\$0.51 (equivalent to approximately HK\$3.96) per Hanny Share, an aggregate of 294,117,645 Hanny Shares will be issued.

Each of the subscribers of the Hanny Notes has entered into the Supplemental Agreement with Hanny on 30th August, 2006 pursuant to which completion of the subscription of the Hanny Notes is to be conditional on the closing or lapse (whichever is earlier) of the Offers. As no Hanny Notes will be issued before the close or lapse of the Offers, Famex will not extend the Offers or make any comparable offer arising out of or in relation to the Share Offer for any Hanny Notes pursuant to the Takeovers Code.

Issued securities of Hanny held by Famex and the parties acting in concert with it

The following table sets out the issued securities of Hanny held by Famex and the parties acting in concert with it as at the Latest Practicable Date:

	Hanny Shares	%	Principal amount of the Existing Hanny Bonds HK\$
	(approx.)		
Famex (<i>Note 1</i>)	84,376,916	33.41	0
Parties acting in concert with Famex (<i>Note 2</i>):			
Hollyfield (<i>Note 1</i>)	3	0	95,966,280
Dr. Chan (<i>Notes 3, 4 & 6</i>)	1,627,697	0.65	2,841,810
Mr. Chan Kwok Hung (<i>Notes 4, 5 & 7</i>)	1,600,000	0.63	0
Mr. Cheung Hon Kit (<i>Notes 4, 5 & 7</i>)	6	0	0
Mr. Shek Lai Him, Abraham (<i>Note 4</i>)	32	0	0
Cobbleford Limited (<i>Note 8</i>)	10,002,653	3.96	0
Other Concert Party (<i>Note 9</i>)	52,000	0.02	0
Calisan Developments Limited (<i>Note 10</i>)	0	0	36,857,925
Total	<u>97,659,307</u>	<u>38.67</u>	<u>135,666,015</u>

Notes:

- (1) Famex and Hollyfield are indirect wholly-owned subsidiaries of ITC. Galaxyway Investments Limited, a company indirectly wholly owned by Dr. Chan, is interested in approximately 34.52% of the issued ordinary share capital of ITC. ITC, through Hollyfield, also holds the Existing Hanny Bonds with principal amount of HK\$95,966,280 which if fully converted at the initial conversion price of HK\$9 per Hanny Share will result in 10,662,920 Hanny Shares being issued to Hollyfield.

LETTER FROM KINGSTON SECURITIES

- (2) Parties acting and presumed to be acting in concert with Famex include the ITC Directors, Hollyfield, Cobbleford Limited, Other Concert Party and Calisan Developments Limited.
- (3) Dr. Chan is an executive director and the chairman of each of ITC and Hanny. Dr. Chan holds the Existing Hanny Bonds with principal amount of HK\$2,841,810 which if fully converted at the initial conversion price of HK\$9 per Hanny Share will result in 315,756 Hanny Shares being issued to Dr. Chan.
- (4) ITC Director.
- (5) Director of subsidiary(ies) of ITC.
- (6) Hanny Director.
- (7) Director of subsidiary(ies) of Hanny.
- (8) Cobbleford Limited is an indirect wholly-owned subsidiary of Hutchison Whampoa Limited.
- (9) Mr. Cheung Shu Wan is the sole shareholder of a company which holds 50% interests in a 50%-owned associated company of ITC.
- (10) Calisan Developments Limited, an indirect wholly-owned subsidiary of PYI which is an associated company of ITC, holds the Existing Hanny Bonds in the principal amount of HK\$36,857,925 which if fully converted at the initial conversion price of HK\$9 per Hanny Share will result in 4,095,325 Hanny Shares being issued to Calisan Developments Limited.

Save as disclosed above, none of Famex, ITC or parties acting in concert with them had any interest in Hanny Shares or any outstanding warrants, share options or securities convertible into Hanny Shares as at the Latest Practicable Date.

Dealings in securities of Hanny

On 16th February, 2006 and 21st February, 2006, each of Dr. Chan and Mr. Chan Kwok Hung (an executive ITC Director) exercised 1,600,000 share options (which otherwise have lapsed on 22nd February, 2006) to subscribe for the same number of Hanny Shares at an exercise price of HK\$3.415 per Hanny Share respectively.

PYI, an associated company of ITC, announced on 8th May, 2006 and 16th June, 2006 respectively that the distribution of special dividend of the value derived from its divestment in China Strategic Holdings Limited (“China Strategic”). The special dividend involved the distribution of the value derived from the PYI’s acceptance of the GDI Offer involving Option 1 and Option 2. For every 500 PYI shares held, the PYI shareholders would be entitled to receive the value attributable to 40 GDI shares under the GDI Offer in the form of either (i) 8 Hanny Shares plus HK\$14.4 in cash; or (ii) 8 Existing Hanny Bonds. After satisfaction of the distribution of the special dividend to its shareholders, PYI still indirectly holds the Existing Hanny Bonds with face value of HK\$36,857,925.

Pursuant to the distribution of a special dividend by PYI of the value derived from its divestment in China Strategic as mentioned above,

- (i) the Existing Hanny Bonds with face value of HK\$95,966,280 were despatched to, or received by, Hollyfield on 26th June, 2006 and 27th June, 2006 and 3 Hanny Shares were received by Hollyfield on 27th June, 2006;
- (ii) the Existing Hanny Bonds with face value of HK\$2,841,810 were received by Dr. Chan on 27th June, 2006;
- (iii) 6 Hanny Shares were received by Mr. Cheung Hon Kit, an executive ITC Director, on 27th June, 2006; and
- (iv) 32 Hanny Shares were received by Mr. Shek Lai Him, Abraham, an independent non-executive ITC Director appointed on 26th June, 2006, on 27th June, 2006.

LETTER FROM KINGSTON SECURITIES

In respect of the above distribution of PYI, both Hollyfield and Dr. Chan elected to receive the special dividend in the form of Option 2 under the PYI distribution. The 3 Hanny Shares received by Hollyfield represented the odd shares distributed to it by nominees through which it held PYI shares. As Mr. Cheung Hon Kit only beneficially held 400 PYI shares, he was not entitled to receive the PYI distribution. The 6 Hanny Shares received by him represented the odd shares distributed to him by nominees through which he held PYI shares. Mr. Shek Lai Him, Abraham elected to receive the special dividend of PYI in the form of Option 1 in respect of his 2,000 PYI shares before his appointment as ITC Director.

The Other Concert Party accepted in full the GDI Offer in respect of his then holding of 500,000 shares in China Strategic. He elected Option 1 and received 100,000 Hanny Shares plus cash. He disposed of 48,000 Hanny Shares at prices ranging from HK\$3.625 to HK\$3.65 per Hanny Share on 27th June, 2006.

Prior to the signing of the Agreement on 17th August, 2006, Famex had acquired 2,902,000 Hanny Shares in aggregate during the period from 31st July, 2006 to 4th August, 2006 at prices ranging from HK\$2.58 to HK\$3.30 per Hanny Share.

On 30th August, 2006, 4,000,000 share options granted to Dr. Chan and 1,750,000 share options granted to Mr. Chan Kwok Hung were lapsed in accordance with the terms of the share option scheme of Hanny.

On 29th September, 2006, Famex and Dr. Chan received 1,047,609 Hanny Shares and 27,697 Hanny Shares as scrip shares at the price of HK\$3.466 per Hanny Share, respectively, after their election of scrip dividend on 22nd September, 2006.

On 7th November, 2006, the Agreement has been completed and the Vendor has transferred 22,812,359 Sale Shares at a consideration of HK\$86,686,964.20 (equivalent to HK\$3.8 per Sale Share).

Save as aforesaid, there had been no dealing in Hanny Shares by Famex and the parties acting in concert with it during the period from 8th February, 2006, which is six months prior to the commencement of the period of the Offers, and up to and including the Latest Practicable Date.

Undertaking

Dr. Yap, Allan (being an executive Hanny Director and a director of a subsidiary of ITC) has undertaken to ITC and Famex that he will not accept the Offers in respect of any of his interests in the Hanny Shares.

On 16 February 2006 and 30 August 2006, Dr. Yap, Allan exercised 1,600,000 share options and 3,250,000 share options to subscribe for the same numbers of Hanny Shares at respective exercise price of HK\$3.415 per Hanny Share and HK\$2.9888 per Hanny Share. On 29th September, 2006, Dr. Yap, Allan received 56,260 Hanny Shares as scrip shares at the price of HK\$3.466 per Hanny Share after his election of scrip dividend on 22nd September 2006. Save as aforesaid, there had been no dealing in Hanny Shares by Dr. Allan Yap during the period from 8th February, 2006, which is six months prior to the commencement of the period of the Offers, and up to and including the Latest Practicable Date.

Hanny Shares and Existing Hanny Bonds subject to the Offers

As a result of the conversion of the principal amounts of HK\$7,680 and HK\$19,530 of the Existing Hanny Bonds into 853 and 2,169 Hanny Shares by holder(s) of the Existing Hanny Bonds who are independent third parties neither connected with nor acting in concert with Famex and parties acting in concert with it on 5th September, 2006 and 26th October, 2006 respectively, the total issued share capital of Hanny had been increased to 252,554,498 Hanny Shares as at the Latest Practicable Date having taken into account the issue of Hanny Shares due to scrip dividend elected by particular Hanny Shareholders.

LETTER FROM KINGSTON SECURITIES

Taking into account (i) 87,656,654 Hanny Shares held by ITC through Famex and Hollyfield and parties acting in concert with it (except Cobbleford Limited) and the Existing Hanny Bonds with principal amount of HK\$135,666,015 at the initial conversion price of HK\$9 per Hanny Share held by Famex and the parties acting in concert with it (except Cobbleford Limited); (ii) the Supplemental Agreements entered into between Hanny and each of the subscribers of the Hanny Notes; and (iii) the Undertaking, 159,991,584 Offer Shares and the Existing Hanny Bonds with the principal amount of HK\$635,058,711 will be subject to the Offers pursuant to the Takeovers Code.

As at the Latest Practicable Date, save for the Undertaking, none of ITC and Famex or the parties acting in concert with them had received any irrevocable commitment to accept or reject the Offers.

Total consideration

As a result of the conversion of the principal amount of HK\$7,680 and HK\$19,530 of the Existing Hanny Bonds into 853 and 2,169 Hanny Shares on 5th September, 2006 and 26th October, 2006 respectively, and the issue of 2,097,260 Hanny Shares on 29th September, 2006 as scrip dividend, there were 252,554,498 Hanny Shares in issue as at the Latest Practicable Date. Pursuant to the Offer Price of HK\$3.8 per Offer Share and the Undertaking, the entire issued share capital of Hanny is valued at approximately HK\$959.7 million and all the Offer Shares under the Share Offer are valued at approximately HK\$608 million and the Existing Hanny Bonds under the CB Offer are valued at approximately HK\$268.1 million.

The Offers will be financed by (i) the Credit Facility of up to HK\$600,000,000 made available to Famex by Kingston Securities; and (ii) cash deposit made by Famex itself. The granting of the Credit Facility, under which the proceeds drawn shall be applied solely for the purposes of satisfying the purchase price of the Offer Shares and Existing Hanny Bonds under the Offers, is conditional upon, amongst other things, all the Hanny Shares acquired by Famex in pursuance of the Offers by use of the Credit Facility being deposited with Kingston Securities as collateral for the Credit Facility.

Kingston Securities and Kingston Corporate Finance Limited are satisfied that Famex has sufficient financial resources available to it to satisfy full acceptance of the Offers. Famex confirms that repayment of the Credit Facility, the interest accrued thereon or any liability thereunder would not be dependent on the business of the Hanny Group.

Save for the aforesaid, there is no arrangement for or understanding of any transfer, charge or pledge of the Hanny Shares acquired pursuant to the Share Offer to any other person.

Compulsory acquisition

Famex and parties acting in concert with it do not intend to exercise any right which may be available under the provisions of the Companies Act 1981 of Bermuda to acquire compulsorily any outstanding issued Hanny Shares or Existing Hanny Bonds not acquired under the Offers after the Offers are closed.

Effect of accepting the Offers

By accepting (i) the Share Offer, the accepting Hanny Shareholders will sell to Famex their respective Hanny Shares free from all liens, claims, charges, encumbrances, equities and third party rights and together with all rights attached to them; and (ii) the CB Offer, the accepting holders will transfer to Famex the Existing Hanny Bonds free from all liens, claims, charges, encumbrances, equities and third party rights and together with all rights attached thereto.

Stamp duty

Stamp duty arising in connection with acceptance of the Share Offer amounting to HK\$1.00 for every HK\$1,000 or part thereof of the amount payable in respect of relevant acceptances by the Hanny Shareholders, or the market value of the Hanny Shares, whichever is greater, will be deducted from the amount payable to the Hanny Shareholders who accept the Share Offer. Famex will then pay such stamp duty deducted to the stamp office of the Inland Revenue Department of Hong Kong.

LETTER FROM KINGSTON SECURITIES

Stamp duty arising in connection with acceptance of the CB Offer amounting to HK\$1.00 for every HK\$1,000 or part thereof of the amount payable in respect of relevant acceptances by the holders of the Existing Hanny Bonds, or the face value of the Existing Hanny Bonds in respect of the relevant acceptances by the holders of the Existing Hanny Bonds, whichever is greater, will be deducted from the amount payable to the holders of the Existing Hanny Bonds who accept the CB Offer. Famex will then pay such stamp duty deducted to the stamp office of the Inland Revenue Department of Hong Kong.

SHAREHOLDING STRUCTURE OF HANNY

The following table sets out the shareholding structure of Hanny (i) immediately before completion of the Acquisition; and (ii) immediately after completion of the Acquisition but before the Offers (assuming no change in shareholding since then):

	Immediately before completion of the Acquisition		Immediately after completion of the Acquisition but before the Offers	
	<i>Hanny Shares</i>	<i>% (approx.)</i>	<i>Hanny Shares</i>	<i>% (approx.)</i>
Famex	61,564,557	24.38	84,376,916	33.41
Parties acting in concert with Famex:				
Hollyfield	3	0	3	0
Dr. Chan	1,627,697	0.65	1,627,697	0.65
Mr. Chan Kwok Hung	1,600,000	0.63	1,600,000	0.63
Mr. Cheung Hon Kit	6	0	6	0
Mr. Shek Lai Him, Abraham	32	0	32	0
Cobbleford Limited	10,002,653	3.96	10,002,653	3.96
Other Concert Party	52,000	0.02	52,000	0.02
Subtotal:	74,846,948	29.64	97,659,307	38.67
Dr. Yap, Allan	4,906,260	1.94	4,906,260	1.94
Mr. Lui Siu Tsuen, Richard	3,350,000	1.33	3,350,000	1.33
Vendor	22,812,359	9.03	0	0
Other public Hanny Shareholders	146,638,931	58.06	146,638,931	58.06
Total	<u>252,554,498</u>	<u>100.00</u>	<u>252,554,498</u>	<u>100.00</u>

INFORMATION ON FAMEX AND ITS INTENTION REGARDING HANNY

Famex is an investment holding company incorporated in Hong Kong and is an indirect wholly-owned subsidiary of ITC. As at the Latest Practicable Date, Famex is the single largest Hanny Shareholder holding approximately 33.41% issued share capital of Hanny.

ITC is an investment holding company which directly and indirectly holds strategic investments in a number of listed companies, namely, PYI, Hanny, Trasy Gold Ex Limited (“Trasy”) and Burcon NutraScience Corporation. Through its listed associated companies, namely, PYI and Hanny, the ITC Group has indirect interests in Paul Y. Engineering Group Limited, China Strategic Holdings Limited, Wing On Travel (Holdings) Limited, China Enterprises Limited, MRI Holdings Limited, PSC Corporation Limited, Tat Seng Packaging Group Limited and Intraco Limited. The principal activities of the ITC Group comprise investment holding, the provision of finance, the provision of management services, property investment, treasury investment and trading of building materials and machinery and the provision and operation of an internet precious metals trading platform through Trasy.

LETTER FROM KINGSTON SECURITIES

It is the intention of Famex to continue the existing business of the Hanny Group. Famex is confident about the future prospects of the Hanny Group's business and intends to hold its Hanny Shares on a long term basis. Famex has no intention to introduce any major changes to the Hanny Group's business, including any redeployment of the fixed assets of Hanny, injecting any material assets or businesses into the Hanny Group or disposing of any of its major assets. If there is any asset injection or disposal by the Hanny Group following the close of the Offers, the implementation of such will be in accordance with all applicable laws, regulations and relevant provisions under the Listing Rules. It is also the intention of Famex that there will not be any material changes in the management or employees of the Hanny Group as a result of the Offers.

MAINTAINING THE LISTING STATUS OF HANNY

The Stock Exchange has indicated that if, upon closing of the Offers, less than the minimum prescribed percentage applicable to Hanny, being 25% of the issued Hanny Shares, are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Hanny Shares; or
- (ii) there are insufficient Hanny Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend trading in the Hanny Shares.

Famex has no intention to privatize Hanny. Famex will use its reasonable endeavours to maintain the listing of the Hanny Shares on the Stock Exchange and will use its reasonable endeavours to ensure that not less than 25% of the Hanny Shares will be held by the public at all times.

WARNING

The Offers are conditional upon Famex having received valid acceptances of the Share Offer which, together with the Hanny Shares already owned by Famex and parties acting in concert with it before or during the offer period of the Offers, will result in Famex and parties acting in concert with it holding Hanny Shares representing more than 50% of the voting rights of Hanny. The Offers will be closed at 4:00 p.m. on 11th December, 2006 unless Famex revises or extends the Offers in accordance with Takeovers Code. However, if Famex does not declare the Offers becoming unconditional, the Offers will lapse forthwith.

FURTHER TERMS OF THE OFFERS

Further terms and conditions of the Offers, including, among other things, procedures for acceptance and settlement, the acceptance period and taxation matters are set out in Appendix I to this document and in the Forms of Acceptance.

GENERAL

To ensure equality of treatment of all Hanny Shareholders, those registered Hanny Shareholders who hold Hanny Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Hanny Shares whose investments are registered in the names of nominees to accept the Share Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Share Offer.

The attention of the Overseas Hanny Shareholders and the Overseas Holders of Existing Hanny Bonds is drawn to the section headed "Overseas Hanny Shareholders and Overseas Holders of Existing Hanny Bonds" in Appendix I to this document.

Stockbrokers, banks and others who deal in relevant securities of Hanny on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules pursuant to the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any seven day period is less than HK\$1 million.

LETTER FROM KINGSTON SECURITIES

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

Your attention is drawn to the additional information set out in the Appendices to this document, which form part of this document.

Yours faithfully,
For and on behalf of
Kingston Securities Limited
Nicholas Chu
Director

1. PROCEDURES FOR ACCEPTANCE**A. The Share Offer**

If the Hanny Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title and/or any satisfactory indemnity or indemnities required in respect thereof in respect of your Hanny Shares is/are in your name, and you wish to accept the Share Offer, you must send the duly completed relevant Form of Acceptance (in white colour) together with the relevant Hanny Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title and/or any indemnity or indemnities required in respect thereof, to the Registrar, Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in any event not later than 4:00 p.m. on Monday, 11th December, 2006 or such later time and/or date as Famex may determine and announce in accordance with the Takeovers Code.

If the Hanny Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Hanny Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer whether in full or in part of your Hanny Shares, you must either:

- (a) lodge your Hanny Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title and/or any satisfactory indemnity or indemnities required in respect thereof, with the nominee company, or other nominee, and with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the relevant Form of Acceptance (in white colour) duly completed together with the relevant Hanny Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title and/or any satisfactory indemnity or indemnities required in respect thereof to the Registrar; or
- (b) arrange for the Hanny Shares to be registered in your name by Hanny through the Registrar and send the relevant Form of Acceptance (in white colour) duly completed together with the relevant Hanny Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title and/or any satisfactory indemnity or indemnities required in respect thereof to the Registrar; or
- (c) if your Hanny Shares have been lodged with your licensed securities dealer/custodian bank through CCASS, instruct your licensed securities dealer/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer in your securities/custodian bank for the timing on processing of your instruction, and submit your instruction to your licensed securities dealer/custodian bank as required by them; or
- (d) if your Hanny Shares have been lodged with your Investor Participant's Account with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

If the Hanny Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title and/or any satisfactory indemnity or indemnities required in respect thereof in respect of your Hanny Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer, the relevant Form of Acceptance (in white colour) should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your Hanny Share certificate(s) and/or transfer receipts and/or other document(s) of title and/or any satisfactory indemnity or indemnities required in respect thereof or that it/they is/are not readily available. If you find such document(s) or if it/they become available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Hanny Share certificate(s), you should also write to the Registrar a letter of indemnity which, when completed in accordance with the instruction given, should be returned to the Registrar.

If you have lodged transfer(s) of any of your Hanny Shares for registration in your name and have not yet received your Hanny Share certificate(s), and you wish to accept the Share Offer, you should nevertheless complete the relevant Form of Acceptance (in white colour) and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to any of Kingston Corporate Finance, Kingston Securities, Hanny, Famex or their respective agent(s) to collect from Hanny or the Registrar on your behalf the relevant Hanny Share certificate(s) when issued and to deliver such Hanny Share certificates to the Registrar and to authorise and instruct the Registrar to hold such Hanny Share certificate(s), subject to the terms and conditions of the Share Offer, as if it/they were delivered to the Registrar with the relevant Form of Acceptance (in white colour).

An acceptance of the Share Offer may not be counted as valid unless:

- (a) it is received by the Registrar on or before the latest time for acceptance at 4:00 p.m. on Monday, 11th December, 2006 or such later time and/or date as Famex may determine and announce in accordance with the Takeovers Code and the Registrar has recorded that such acceptance and any relevant documents required under paragraph (b) below have been so received; and
- (b) the relevant Form of Acceptance (in white colour) is duly completed and is:
 - (i) accompanied by Hanny Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title and/or any satisfactory indemnity or indemnities required in respect thereof and, if that/those Hanny Share certificate(s) is/are not in the name of the acceptor, such other documents (e.g. a duly stamped transfer of the relevant Hanny Shares in blank or in favour of the acceptor executed by the registered holder) in order to establish the right of the acceptor to become the registered holder of the relevant Hanny Shares; or
 - (ii) from a registered Hanny Shareholder or his personal representatives (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Hanny Shares which are not taken into account under the other sub-paragraph of this paragraph (b)); or
 - (iii) certified by the Registrar or the Stock Exchange.

If the relevant Form of Acceptance (in white colour) is executed by a person other than the registered Hanny Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

No acknowledgement of receipt of any Form of Acceptance (in white colour), Hanny Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

B. The CB Offer

- (a) If you accept the CB Offer, you should complete the relevant Form of Acceptance (in pink colour) of outstanding Existing Hanny Bonds accompanying this document in accordance with the instructions printed thereon, which form part of the terms and conditions of the CB Offer. Pursuant to the Existing Hanny Bonds certificates, unless Hanny agrees otherwise (which it may do or refuse to do at its discretion and without assigning any reason) any transfer of the Existing Hanny Bonds shall be in respect only of the whole or any part (in integral multiples of HK\$30,000, or if less as represents the entire holding of that transferor of the Existing Hanny Bonds) of the outstanding principal amount of the Existing Hanny Bonds comprised in an Existing Hanny Bond certificate (the "Transfer Condition"). Hanny has agreed that the acceptance under the CB Offer will not be restricted by such Transfer Condition.
- (b) The completed Form of Acceptance (in pink colour) of outstanding Existing Hanny Bonds should be sent, together with the relevant Existing Hanny Bonds certificate(s) (if any) stating the number of outstanding Existing Hanny Bonds in respect of which you intend to accept the CB Offer, to the Registrar, Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, marked "**Hanny Holdings Limited CB Offer**" on the envelope, as soon as possible and in any event so as to reach the Registrar at the aforesaid address by no later than 4:00 p.m. on Monday, 11th December, 2006 or such later time and/or date as Famex may determine and announce in accordance with the Takeovers Code.

2. SETTLEMENT**A. The Share Offer**

Provided that the relevant Form(s) of Acceptance (in white colour) and relevant Hanny Share certificate(s) and/or transfer receipt(s) and/or any document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are completed and in good order and have been received by the Registrar by no later than the Closing Date, a cheque for the amount due to each accepting Hanny Shareholder in respect of the Hanny Shares tendered by him under the Share Offer, less seller's ad valorem stamp duty payable by him, will be despatched to each accepting Hanny Shareholder at the address specified on the relevant Form of Acceptance (in white colour) by ordinary post at his own risk within 10 days of the later of (i) the date on which all the relevant documents are received by the Registrar to render such acceptance complete and valid; or (ii) the date on which the Share Offer becomes, or is declared, unconditional.

B. The CB Offer

Provided that the relevant Form(s) of Acceptance (in pink colour) of the outstanding Existing Hanny Bonds and Existing Hanny Bonds certificate(s) (if any) are completed and in good order and have been received by the Registrar by no later than the Closing Date, a cheque for the amount due to each of the holders of Existing Hanny Bonds in respect of the Existing Hanny Bonds surrendered by the relevant holder of Existing Hanny Bonds under the CB Offer, less seller's ad valorem stamp duty payable by him, will be despatched to each of them at the address specified on the relevant Form of Acceptance (in pink colour) by ordinary post at his own risk within 10 days after the later of (i) the date on which all the relevant documents are received by the Registrar to render such acceptance complete and valid; or (ii) the date on which the Share Offer becomes, or is declared unconditional.

Settlement of the consideration to which any accepting Hanny Shareholder(s) or holder(s) of Existing Hanny Bonds is/are entitled under the Offers will be implemented in full in accordance with the terms of the Offers, without regard to any lien, right of set-off, counterclaim or other analogous right to which Famex may otherwise be, or claim to be, entitled against such accepting Hanny Shareholder and the holder of Existing Hanny Bonds.

If the Offers cannot become unconditional and lapses, Famex must, as soon as possible but in any event within 10 days thereof, despatch the Hanny Share certificate(s) or Existing Hanny Bonds certificate(s) lodged with the Form(s) of Acceptance to, or make such Hanny Share certificate(s) or Existing Hanny Bonds certificate(s) available for collection by, those Hanny Shareholders or holders of Existing Hanny Bonds who accepted the Offers at their own risk.

3. ACCEPTANCE PERIOD AND REVISIONS

Unless the Offers have previously been declared unconditional or revised, the latest time and date for acceptance will be 4:00 p.m. on Monday, 11th December, 2006. The Offers are conditional upon Famex receiving acceptance in respect of Hanny Shares, which together with Hanny Shares already held by it and parties acting in concert with it before and during the Offers, will result in Famex and parties acting in concert with it holding more than 50% of the voting rights of Hanny. Pursuant to the Takeovers Code, where the Share Offer is declared unconditional, the Offers will remain open for acceptance for not less than 14 days thereafter. Famex will make an announcement as and when the Share Offer becomes unconditional. Famex reserves the right to revise the Offers after the despatch of this document until such day as it may determine and in accordance with the Takeovers Code. If Famex revises the terms of the Offers, all Hanny Shareholders and holders of Existing Hanny Bonds, whether or not they have already accepted the Offers, will be entitled to accept the revised Offers under the revised terms.

If the Offers are revised, the announcement of such revision will state the next Closing Date. If the Offers are revised, it will remain open for acceptance for a period of not less than 14 days from the posting of the revised offer document to the Hanny Shareholders and the holders of the Existing Hanny Bonds.

In order to be valid, the relevant Form(s) of Acceptance for the Offers must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on Monday, 11th December, 2006, unless the Share Offer becomes or is declared unconditional. In the event that the Share Offer becomes or is declared unconditional, the Offers should remain open for acceptance for not less than 14 days thereafter.

4. ANNOUNCEMENTS

- (i) By 6:00 p.m. on Monday, 11th December, 2006, which is the first Closing Date, or such later time and/or date as the Executive may in exceptional circumstances permit, Famex must inform the Executive and the Stock Exchange of its decisions in relation to revision, extension, expiry or unconditionality of the Offers. Famex shall publish an announcement to be posted on the Stock Exchange's website by 7:00 p.m. on the first Closing Date whether the Offers have been revised or extended, have expired or have become or been declared unconditional. Such announcement will be published on the next business day in accordance with paragraph (ii) below. The announcement shall specify the number of Shares/Existing Hanny Bonds (a) for which valid acceptances have been received, (b) held, controlled or directed by Famex or persons acting in concert with it before the period of the Offers; and (c) acquired or agreed to be acquired by Famex or any person acting in concert with it during the period of the Offers.

The announcement must specify the percentages of the relevant classes of share capital, and the percentages of voting rights of Hanny represented by these numbers of Hanny Shares.

- (ii) As required under the Takeovers Code and the Listing Rules, any announcements in relation to the Offers, in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments thereon, must be published as a paid announcement in at least one leading English language newspaper and one leading Chinese newspaper, being in each case a newspaper which is published daily and circulating generally in Hong Kong.

5. RIGHT OF WITHDRAWAL

An acceptor of the Offers shall be entitled to withdraw his/her acceptance after 21 days from the first Closing Date if the Share Offer has not by then become unconditional by lodging a notice in writing signed by the acceptor (or his/her agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar. However, such entitlement to withdraw shall be exercisable only until such time as the Share Offer becoming unconditional as to acceptance. Save as aforesaid and except in the circumstances set out in Rule 19.2 of the Takeovers Code which is to the effect that if Famex is unable to comply with any of the requirements of making announcements relating to the Offers as described under the section headed "Announcements" above, the Executive may require that acceptors be granted a right of withdrawal on terms acceptable to the Executive until such requirements can be met. Except in the circumstances set out above, acceptances shall be irrevocable and not capable of being withdrawn.

6. STAMP DUTY

Stamp duty arising in connection with acceptance of the Share Offer amounting to HK\$1.00 for every HK\$1,000 or part thereof of the amount payable in respect of relevant acceptances by the Hanny Shareholders, or the market value of the Hanny Shares, whichever is greater, will be deducted from the amount payable to the Hanny Shareholders who accept the Share Offer. Famex will then pay such stamp duty deducted to the stamp office of the Inland Revenue Department of Hong Kong.

Stamp duty arising in connection with acceptance of the CB Offer amounting to HK\$1.00 for every HK\$1,000 or part thereof of the amount payable in respect of relevant acceptances by the holders of the Existing Hanny Bonds, or the face value of the Existing Hanny Bonds in respect of the relevant acceptances by the holders of the Existing Hanny Bonds, whichever is greater, will be deducted from the amount payable to the holders of the Existing Hanny Bonds who accept the CB Offer. Famex will then pay such stamp duty deducted to the stamp office of the Inland Revenue Department of Hong Kong.

7. TAXATION

Hanny Shareholders and holders of the Existing Hanny Bonds are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their accepting the Offers. It is emphasised that none of ITC, Famex, Kingston Securities or Kingston Corporate Finance or any of their respective directors or any persons involved in the Offers accepts responsibility for any tax effects or liabilities of any person or persons as a result of their acceptance of the Offers.

8. OVERSEAS HANNY SHAREHOLDERS AND OVERSEAS HOLDERS OF EXISTING HANNY BONDS

The making of the Offers to the Overseas Hanny Shareholders and Overseas Holders of Existing Hanny Bonds may be prohibited or affected by the laws of the relevant jurisdiction. Overseas Hanny Shareholders and Overseas Holders of Existing Hanny Bonds should obtain appropriate legal advice on, inform themselves about and observe any applicable legal requirement. It is the responsibility of each Overseas Hanny Shareholder and Overseas Holder of Existing Hanny Bonds who wishes to accept the Offers to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements.

9. GENERAL

- (i) Acceptance of the Offers by any person or persons holding Hanny Shares/Existing Hanny Bonds will be deemed to constitute a warranty by such person or persons to Famex that the Hanny Shares/Existing Hanny Bonds acquired under the Offers are sold by such person or persons free from all liens, claims, charges, encumbrances, equities and third party rights and together with all rights attaching thereto, including the right to receive all dividends and distributions declared, made or paid on or after the date of the Announcement (except for the final dividend for the year ended 31st March, 2006 proposed in July 2006 paid on 29th September, 2006).
- (ii) All communications, notices, Forms of Acceptance, Hanny Share certificates, Existing Hanny Bonds certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the Hanny Shareholders or the holders of Existing Hanny Bonds will be delivered by or sent to or from them, or their designated agents, through post at their own risk, and none of ITC, Famex, Kingston Corporate Finance or Kingston Securities nor the Registrar or any of their respective directors or agents, accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (iii) The provisions set out in the Forms of Acceptance form part of the terms of the Offers.
- (iv) The accidental omission to despatch this document and/or the Forms of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.
- (v) The Offers and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- (vi) Due execution of a Form of Acceptance will constitute an authority to Famex, any director of Famex, Kingston Corporate Finance, Kingston Securities or such person or persons as Famex may direct, to complete and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in Famex, or such person or persons as it may direct, the Hanny Shares or the Existing Hanny Bonds in respect of which such person or persons has/have accepted the Offers.
- (vii) References to the Offers in this document and in the Forms of Acceptance shall include any revision thereof.
- (viii) The English text of this document and of the Forms of Acceptance shall prevail over their respective Chinese text.

1. RESPONSIBILITY STATEMENTS

This document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to Famex, the Offers and the future intention of Famex regarding the Hanny Group. The directors of Famex and ITC jointly and severally accept full responsibility for the accuracy of the information contained in this document, except information relating to the Hanny Group, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this document have been arrived at after due and careful consideration and there are no other facts not contained in this document, the omission of which would make any statement contained in this document (other than those relating to the Hanny Group) misleading.

Unless otherwise specified, information relating to the Hanny Group contained in this document has been extracted from Hanny's annual report and accounts for the year ended 31st March, 2006 and from public announcements made by Hanny. Information on prices of Hanny Shares have been extracted from public sources. The only responsibility accepted by the directors of Famex and ITC in respect of such information is to ensure that it has been correctly and fairly reproduced or presented and they confirm, that to the best of their knowledge, there are no other facts not contained in this document, the omission of which would make any statement of the extract in this document misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date,

- (i) save for the holding of the Hanny Shares as set out in the subsections headed "Issued securities of Hanny held by Famex and the parties acting in concert with it" and "Dealings in securities of Hanny" under the section headed "THE OFFERS" in the letter from Kingston Securities in this document, none of Famex, ITC and their respective parties acting in concert including the directors of Famex and ITC had interest in the shares, options, warrants, derivatives or securities convertible into Hanny Shares or had dealt in the shares, options, warrants, derivatives or securities convertible into Hanny Shares for the period from 8th February, 2006, which is six months prior to the commencement of the period of the Offers, and up to and including the Latest Practicable Date;
- (ii) no persons had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with Famex, ITC or parties acting in concert with them;
- (iii) no benefit (other than statutory compensation) would be given to any Hanny Director as compensation for loss of office or otherwise in connection with the Offers;
- (iv) save for the Undertaking and the Supplemental Agreements, there was no agreement, arrangement or understanding (including any compensation arrangement) between ITC, Famex or any person acting in concert with any of them and any director, recent directors, shareholders or recent shareholders of Hanny having any connection with or dependent upon the Offers;
- (v) save for the Undertaking and the Supplemental Agreements, there was no agreement or arrangement to which ITC or Famex is a party which related to the circumstances in which it might or might not invoke or seek to invoke a condition to the Offers; and
- (vi) none of Kingston Corporate Finance and Kingston Securities and their respective directors has any interests in the Hanny Shares, and none of them had dealt in any securities of Hanny for the period from 8th February, 2006, which is six months prior to the commencement of the period of the Offers, and up to and including the Latest Practicable Date.

3. MARKET PRICES

- (a) The highest and lowest closing price per Hanny Share as quoted on the Stock Exchange from 8th February, 2006, being the date of six month prior to the commencement of the period of the Offers, which is 8th August, 2006, and up to and including the Latest Practicable Date, were HK\$5.45 per Hanny Share on 10th February, 2006 and HK\$2.57 per Hanny Share on 27th July, 2006 respectively.
- (b) The table below sets out the closing price per Hanny Share as quoted on the Stock Exchange on (i) the last trading day of each of the six calendar months immediately preceding the commencement of the period of the Offers, which is 8th August, 2006, on which trading of the Hanny Shares took place; (ii) the last trading day prior to and the date of the initial announcement in relation to the Offers dated 8th August, 2006; (iii) the Last Trading Day; and (iv) the Latest Practicable Date:

Date	Closing price of Hanny Shares
2006	
28th February,	4.925
31st March,	4.850
27th April, (trading in Hanny Shares was suspended on 28th April, 2006)	4.750
30th May,	4.600
27th June, (trading in Hanny Shares was suspended during the period from 28th June, 2006 to 6th July, 2006)	3.625
31st July,	2.650
7th August, (being the last trading day prior to the initial announcement in relation to the Offers)	3.760
8th August, (being the date of the initial announcement in relation to the Offers)	3.350
17th August, (being the Last Trading Day)	3.530
29th September,	3.680
31st October,	3.620
10th November, (being the Latest Practicable Date)	3.690

4. EXPERTS

The following are the qualifications of the experts who have been named in this document or have given opinions or letters of advice which are contained in this document:

Name	Qualifications
Kingston Securities	a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the SFO
Kingston Corporate Finance	a licensed corporation to carry on business in type 6 (advising on corporate finance) regulated activity under the SFO

Each of Kingston Corporate Finance and Kingston Securities has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its letter and/or references to its names, in the form and context in which they respectively appear.

5. GENERAL

- (a) The registered office of Famex is at 30th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong. The directors of Famex are Ms. Chau Mei Wah, Rosanna, Mr. Chan Kwok Hung, Mr. Chan Fut Yan and Mr. Law Hon Wa, William.

The registered office of ITC, the ultimate holding company of Famex, is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The ITC Directors are Dr. Chan Kwok Keung, Charles, Ms. Chau Mei Wah, Rosanna, Mr. Chan Kwok Hung, Mr. Chan Fut Yan, Mr. Cheung Hon Kit, Mr. Chuck Winston Calptor, Mr. Lee Kit Wah and Mr. Shek Lai Him, Abraham.

- (b) The registered offices of Kingston Corporate Finance and Kingston Securities are at Suite 2801, 28th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.
- (c) All time references contained in this document refer to Hong Kong time.
- (d) The English text of this document and the Forms of Acceptance shall prevail over their respective Chinese text.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours on any weekday (except for public holidays) at the office of Iu, Lai & Li at 20th Floor, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong while the Offers remain open for acceptance:

- (a) the memorandum and articles of association Famex;
- (b) the memorandum of association and bye-laws of ITC;
- (c) the letter from Kingston Securities, the text of which is set out on pages 6 to 14 of this document;
- (d) the letter of consent from each of Kingston Corporate Finance and Kingston Securities referred to in this Appendix;
- (e) the Undertaking;
- (f) the Subscription Agreement and the Supplemental Agreement between ITC and Hanny;
- (g) the Credit Facility; and
- (h) the Agreement.

Copies of these documents will also be available for inspection on ITC's website at www.itc.com.hk and on the website of the SFC at www.sfc.hk while the Offers remain open for acceptance.