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**HANNY HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 275)**



**ITC CORPORATION LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 372)**

## **TERMINATION OF THE ISSUE AND THE SUBSCRIPTION OF HANNY NOTES**

On 29th December, 2006, Hanny and each of ITC and the Other Subscribers entered into an agreement to terminate the ITC Subscription Agreement and the other Subscription Agreements.

On the same date, Hanny and CEL entered into an agreement to terminate the CEL Note Subscription Agreement.

Reference is made to the joint announcements dated 6th July, 2006 (the "Announcement") and 2nd August, 2006 issued by Hanny and ITC in relation to, among other things, the proposed issue by Hanny of the Hanny Notes (1% convertible exchangeable notes due 2011) with an aggregate principal amount of US\$150 million whereby ITC is one of the subscribers subscribing for the Hanny Notes with a principal amount of US\$75 million. The issue of the Hanny Notes by Hanny constitute a connected and a possible major transaction for Hanny, and the subscription by ITC of the Hanny Notes constitute a major transaction and a possible very substantial acquisition for ITC under the Listing Rules. Terms used herein shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

### **TERMINATION OF THE CEL NOTE SUBSCRIPTION**

As disclosed in the Announcement, the net proceeds of approximately US\$149 million raised from the Subscription were expected to be used by the Hanny Group as to US\$100 million for the subscription of the CEL Notes and as to US\$49 million for working capital and future development purposes. The net proceeds of approximately US\$99 million from the issue of

the CEL Notes were in turn expected to be used by the CEL Group to acquire investment properties in the PRC. At the time of the negotiation of the Subscription Agreements, CEL was considering a number of opportunities including a redevelopment site in Beijing and a commercial/office/hotel building in Guangzhou. Subsequent to the entering into of the Subscription Agreements, CEL informed Hanny that the negotiations in respect of the aforesaid projects did not proceed satisfactorily and the projects did not materialise. It also has not identified any other suitable property projects in the PRC for the time being which may otherwise utilize the proceeds from the CEL Note Subscription. In light of these, Hanny does not consider it desirable to proceed with the CEL Note Subscription. Hanny and CEL therefore mutually agreed to terminate the CEL Note Subscription Agreement, and an agreement was entered into between Hanny and CEL on 29th December, 2006 to this effect.

## **TERMINATION OF THE SUBSCRIPTION**

In light of the above development, Hanny does not consider there is an imminent need for new funds and the Subscribers do not consider it desirable to proceed with the Subscription. Accordingly, Hanny and each of ITC and the Other Subscribers also entered into an agreement on 29th December, 2006 to terminate the respective Subscription Agreements.

## **EFFECTS OF THE TERMINATION AGREEMENTS**

Neither party shall have any further rights or claims against, or obligations to the other party, and each party fully and effectually releases and discharges absolutely the other party from all duties, obligations, claims and liabilities arising out of or in respect of each of the Subscription Agreements and the CEL Note Subscription Agreement.

Having considered the fact that the property projects of CEL did not materialise as originally expected as described above, the respective directors of Hanny and ITC (including their independent non-executive Directors) considered the termination of the issue and subscription of the Hanny Notes is in the interest of Hanny, ITC and their respective shareholders. Neither ITC nor Hanny considers the termination of the Subscription and the CEL Note Subscription would have any material adverse effect on ITC or Hanny and Hanny's working capital position.

As at the date of this announcement, the directors of Hanny are as follows:

*Executive Directors:*

Dr. Chan Kwok Keung, Charles (*Chairman*)

Dr. Yap, Allan (*Managing Director*)

Mr. Lui Siu Tsuen, Richard

(*Deputy Managing Director*)

*Independent Non-executive Directors:*

Mr. Kwok Ka Lap, Alva

Mr. Wong King Lam, Joseph

Mr. Sin Chi Fai

As at the date of this announcement, the directors of ITC are as follows:

*Executive Directors:*

Dr. Chan Kwok Keung, Charles (*Chairman*)

Ms. Chau Mei Wah, Rosanna

(*Deputy Chairman & 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

Hon. Shek Lai Him, Abraham, *JP*

By order of the board

**HANNY HOLDINGS LIMITED**

**Dr. Chan Kwok Keung, Charles**

*Chairman*

By order of the board

**ITC CORPORATION LIMITED**

**Dr. Chan Kwok Keung, Charles**

*Chairman*

Hong Kong, 29th, December, 2006

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