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## **ITC CORPORATION LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock code: 372)

### **TOP-UP PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE AND RESUMPTION OF TRADING**

**Placing Agent**



**KINGSTON SECURITIES LIMITED**

On 16 June 2007, the Company, Dr. Chan and the Placing Agent entered into the Placing and Subscription Agreement, pursuant to which, Dr. Chan agreed to place, through the Placing Agent, an aggregate of 300,000,000 Placing Shares at a price of HK\$0.74 per Placing Share to not less than six placees who and whose ultimate beneficial owners (i) are independent of and are not connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules); and (ii) are not and will not be acting in concert (as defined in the Takeovers Code) with Dr. Chan and parties acting in concert with him or any of the directors, chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates (as defined in Listing Rules). Pursuant to the Placing and Subscription Agreement, the Company also agreed to issue and Dr. Chan has conditionally agreed to subscribe for 300,000,000 Shares at a price of HK\$0.74 per Subscription Share.

The 300,000,000 Placing Shares and the 300,000,000 Subscription Shares each represents (i) approximately 16.02% of the existing issued ordinary share capital of the Company; and (ii) approximately 13.81% of the issued ordinary share capital of the Company as enlarged by the Subscription.

The Placing Price (being the same as the Subscription Price) was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis.

The Subscription is conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares; (ii) completion of the Placing having occurred pursuant to the terms of the Placing and Subscription Agreement; and (iii) the Bermuda Monetary Authority approving or agreeing to the allotment and issue of the Subscription Shares (if necessary).

At the request of the Company, trading in the Shares and the redeemable convertible preference shares of the Company was suspended with effect from 9:30 a.m. on 18 June 2007 pending the publication of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares and the redeemable convertible preference shares of the Company with effect from 9:30 a.m. on 20 June 2007.

### **THE PLACING AND SUBSCRIPTION AGREEMENT**

**Date**

16 June 2007

**Parties to the Placing and Subscription Agreement**

The Company, Dr. Chan and the Placing Agent

## **THE PLACING**

Pursuant to the Placing and Subscription Agreement, Dr. Chan agreed to place by himself and/or to procure a company wholly owned by him to place, through the Placing Agent, on a fully underwritten basis, 300,000,000 existing Shares at a price of HK\$0.74 per Placing Share on behalf of Dr. Chan. As at the date of this announcement, Dr. Chan is interested in 655,251,242 Shares, representing approximately 34.98% of the existing issued ordinary share capital of the Company. The principal terms of the Placing are summarised below.

### **Placing agent**

Kingston Securities Limited. The Placing Agent and its ultimate beneficial owners are third parties independent of and not connected persons (as defined in the Listing Rules) of the Company and the directors, chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or any of their respective associates (as defined in the Listing Rules).

### **Number of Shares to be placed**

300,000,000 Placing Shares, representing approximately (i) 16.02% of the Company's existing issued ordinary share capital as at the date of this announcement; and (ii) 13.81% of the Company's issued ordinary share capital as enlarged by the issue of the Subscription Shares.

### **Placees**

The Placing Agent agreed to place the Placing Shares to not fewer than six professional, institutional and/or individual placees who and whose ultimate beneficial owners (i) are independent of and are not connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules); and (ii) are not and will not be acting in concert (as defined in the Takeovers Code) with Dr. Chan and parties acting in concert with him or any of the directors, chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates (as defined in Listing Rules). None of the placees will become a substantial Shareholder as a result of only of completion of the Placing and the Subscription.

### **Placing Price**

The Placing Price of HK\$0.74 per Placing Share was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis. The Placing Price represents: (i) a discount of approximately 8.6% to the closing price of HK\$0.81 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 11.3% to the average closing price of approximately HK\$0.834 per Share for the last five consecutive trading days up to and including the Last Trading Day; (iii) a discount of approximately 8.5% to the average closing price of approximately HK\$0.809 per Share for the last ten consecutive trading days up to and including the Last Trading Day; and (iv) a premium of approximately 12.0% over the average closing price of approximately HK\$0.66 per Share for the last ninety consecutive trading days up to and including the Last Trading Day.

The placing commission of the Placing is 2.5% of the amount equal to the Placing Price of HK\$0.74 multiplied by 300,000,000 Placing Shares, or HK\$5,550,000 in aggregate, which was arrived at after arm's length negotiations between the Company and the Placing Agent and will be borne by the Company.

The Directors consider that the terms of the Placing and Subscription Agreement (including the Placing Price) are fair and reasonable and the Placing and the Subscription are in the interests of the Company and its Shareholders as a whole.

### **Condition of the Placing**

The Placing is unconditional.

### **Completion of the Placing**

Completion of the Placing will take place on the fourth Business Day following the date of resumption of trading in the Shares on the Stock Exchange or such other date as Dr. Chan and the Placing Agent shall agree.

## **THE SUBSCRIPTION**

Pursuant to the Placing and Subscription Agreement, Dr. Chan has conditionally agreed to subscribe himself and/or to procure his nominee(s) to subscribe for 300,000,000 new Shares at a price of HK\$0.74 per Subscription Share. The principal terms of the Subscription are summarised below.

**Number of new Shares to be subscribed**

300,000,000 Subscription Shares which represent approximately (i) 16.02% of the Company's existing issued ordinary share capital as at the date of this announcement; and (ii) 13.81% of the Company's issued ordinary share capital as enlarged by the issue of the Subscription Shares. The Subscription Shares are to be issued by the Company under the General Mandate which allows the Company to issue up to 367,499,029 new Shares as at the date of this announcement. No Share has been issued by the Company pursuant to the General Mandate up to the date of this announcement. The Subscription Shares, when issued and fully paid, will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Subscription Shares including as to the right to receive any dividends or distributions declared, made or paid thereafter.

An application will be made to the Stock Exchange for listing of and permission to deal in the new Subscription Shares.

**Subscription Price**

The Subscription Price of HK\$0.74 per Subscription Share is equal to the Placing Price.

Based on the estimated expenses of approximately HK\$6.7 million to be incurred in the Placing and the Subscription, the net price of the Subscription Shares to be received by the Company (after deduction of the aforesaid estimated expenses) will be approximately HK\$0.7177 per Subscription Share.

**Conditions of the Subscription**

Completion of the Subscription is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares;
- (ii) completion of the Placing having occurred pursuant to the terms of the Placing and Subscription Agreement; and
- (iii) the Bermuda Monetary Authority approving or agreeing to the allotment and issue of the Subscription Shares (if necessary).

If the conditions precedent are not fulfilled on or prior to 28 June 2007 (or such later date as may be agreed between Dr. Chan and the Company), the Subscription shall terminate and neither the Company nor Dr. Chan shall have any claims against the other for any costs, damages, compensation or otherwise in respect of the Subscription.

**TAKEOVERS CODE IMPLICATIONS**

In view of the implementation of Rule 26.6 of the Takeovers Code ("Grandfathering Rule") on 19 October 2001, Galaxyway has registered with SFC its shareholding in the Company under the register of shareholdings of between 30% and 35%.

As at the date of this announcement, Dr. Chan and parties acting in concert with him are interested in 655,251,242 Shares, representing approximately 34.98% of the existing issued ordinary share capital of the Company. The shareholding interest of Dr. Chan and parties acting in concert with him in the Company will decrease to approximately 18.96% upon completion of the Placing and will then increase to approximately 30.15% upon completion of the Subscription. Accordingly, Rule 26.1 of the Takeovers Code does not apply and Dr. Chan and parties acting in concert with him have no obligation to make a general offer for the Shares pursuant to Rule 26 of the Takeovers Code. For the avoidance of doubt, as long as the shareholding interest of Dr. Chan and parties acting in concert with him in the Company remain between no less than 30% but no more than 35% and until ten years after 19 October 2001, the old 35% threshold will continue to apply to Dr. Chan and parties acting in concert with him.

**COMPLETION OF THE SUBSCRIPTION**

Under Rule 14A.31(3)(d) of the Listing Rules, the Subscription must be completed within 14 days from the date of the Placing and Subscription Agreement, that is, on or before 30 June 2007.

In the event that the Placing and Subscription Agreement are not completed by 30 June 2007, the Company and Dr. Chan will comply with all requirements including but not limited to the issue of a separate announcement and obtaining approval of the independent holders of Shares in relation to connected transactions under the Listing Rules.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The changes in the shareholding of the Company as a result of completion of the Placing and the Subscription are illustrated in the table below on the basis that there are no other changes in the shareholding and issued ordinary share capital of the Company:

Shareholders	As at the date of this announcement		Upon completion of the Placing		Upon completion of the Placing and Subscription	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Galaxyway (Note 1)	642,939,242	34.33	342,939,242	18.31	642,939,242	29.59
Dr. Chan (Note 2)	12,312,000	0.65	12,312,000	0.65	12,312,000	0.56
	<u>655,251,242</u>	<u>34.98</u>	<u>355,251,242</u>	<u>18.96</u>	<u>655,251,242</u>	<u>30.15</u>
<b>Public</b>						
– Placing Shares to be placed to Placees	–	–	300,000,000	16.02	300,000,000	13.81
– Other public Shareholders	<u>1,217,731,126</u>	<u>65.02</u>	<u>1,217,731,126</u>	<u>65.02</u>	<u>1,217,731,126</u>	<u>56.04</u>
<b>Sub-total</b>	<u>1,217,731,126</u>	<u>65.02</u>	<u>1,517,731,126</u>	<u>81.04</u>	<u>1,517,731,126</u>	<u>69.85</u>
<b>Total</b>	<u><u>1,872,982,368</u></u>	<u><u>100.00</u></u>	<u><u>1,872,982,368</u></u>	<u><u>100.00</u></u>	<u><u>2,172,982,368</u></u>	<u><u>100.00</u></u>

### Notes:

- (1) Galaxyway Investments Limited, a company indirectly beneficially owned by Dr. Chan, owns 642,939,242 Shares; and
- (2) Dr. Chan personally owns 12,312,000 Shares.

## REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

The Directors consider that the Placing and the Subscription represent an opportunity to raise capital for the Company while widening its shareholder base. Although no acquisition or investment proposals are currently under negotiation, the placing will provide the Company with additional resources to fund acquisitions and investments to diversify its investment base. The net proceeds from the Subscription will be approximately HK\$215.3 million. As at the date of this announcement, there is no specific use for the proceeds other than to be used as general working capital.

Other than the issue of 25,208,848 Shares and 9,371,260 Shares pursuant to the scrip dividend issued on 3 November 2006 and 27 February 2007, and the issue of 907,115 Shares upon the conversion of 890,000 redeemable convertible preference shares of the Company on 6 December 2006, the Company has not issued any equity securities in the twelve months immediately preceding this announcement.

## GENERAL

The Company is an investment holding company which directly and indirectly holds strategic investments in a number of listed companies. The principal activities of the Group comprise investment holding, the provision of finance, the provision of management services, property investment, treasury investment and trading of building materials and machinery.

## SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares and the redeemable convertible preference shares of the Company was suspended with effect from 9:30 a.m. on 18 June 2007 pending the publication of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares and the redeemable convertible preference shares of the Company with effect from 9:30 a.m. on 20 June 2007.

## DEFINITIONS

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

“Business Day”	any day (excluding a Saturday and Sunday) on which banks are generally open for business in Hong Kong
“Company”	ITC Corporation Limited (stock code: 372), a company incorporated in Bermuda with limited liability and whose issued shares are listed on the main board of the Stock Exchange

“connected persons”	the meaning as defined in the Listing Rules
“Directors”	the directors of the Company
“Dr. Chan”	Dr. Chan Kwok Keung, Charles, the Chairman and controlling shareholder of the Company
“Galaxyway”	Galaxyway Investments Limited, a company incorporated in the British Virgin Islands with limited liability and indirectly beneficially owned by Dr. Chan
“General Mandate”	the general mandate granted by the holders of Shares to the Directors at the annual general meeting of the Company held on 13 September 2006 to issue up to 367,499,029 new Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	15 June 2007, being the last trading day of the Shares on the Stock Exchange prior to the suspension of Shares on 18 June 2007
“Listing Committee”	the listing sub-committee of the Stock Exchange
“Lising Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing, on a fully-underwritten basis, of 300,000,000 existing Shares by the Placing Agent to the Placees at the Placing Price pursuant to the Placing and Subscription Agreement on behalf of Dr. Chan
“Placing Agent”	Kingston Securities Limited, a corporation licensed to carry on business in type 1 regulated activities (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing and Subscription Agreement”	the placing and subscription agreement dated 16 June 2007 entered into between Dr. Chan, the Company and the Placing Agent in respect of the Placing and the Subscription
“Placing Price”	the placing price of HK\$0.74 per Placing Share under the Placing
“Placing Shares”	300,000,000 existing Shares underwritten and to be placed by the Placing Agent pursuant to the Placing and Subscription Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“Shares”	ordinary shares of the Company of HK\$0.10 each
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for 300,000,000 new Shares by Dr. Chan and/or his nominee(s) pursuant to the Placing and Subscription Agreement
“Subscription Price”	the subscription price of HK\$0.74 per Subscription Share under the Subscription
“Subscription Shares”	300,000,000 new Shares to be subscribed by Dr. Chan and/or his nominee(s) pursuant to the Placing and Subscription Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

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

Hong Kong, 18 June 2007

As at the date of this announcement, the board of Directors comprises:–

*Executive Directors*

Dr. Chan Kwok Keung, Charles (*Chairman*)  
Ms. Chau Mei Wah, Rosanna  
(*Deputy Chairman and Managing Director*)  
Mr. Chan Kwok Chuen, Augustine  
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*

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

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