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## **ITC CORPORATION LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 372)

### **(1) PROPOSED CAPITAL REORGANISATION;**

**AND**

### **(2) PROPOSED CHANGE IN BOARD LOT SIZE**

#### **PROPOSED CAPITAL REORGANISATION**

The Company proposes to put forward for approval by the Shareholders the Capital Reorganisation which will involve the following:

- (a) every twenty (20) issued Shares of HK\$0.10 each will be consolidated into one (1) Consolidated Share of HK\$2.00;
- (b) the total number of the Consolidated Shares in the issued share capital of the Company following the Share Consolidation will be rounded down to a whole number by cancelling the fractional Consolidated Share arising from the Share Consolidation;
- (c) the paid-up capital of each Consolidated Share will be reduced from HK\$2.00 to HK\$0.01 by cancelling HK\$1.99 so as to form a Reorganised Share of HK\$0.01;
- (d) each of the authorised but unissued Shares of HK\$0.10 will be subdivided into ten (10) Reorganised Shares of HK\$0.01 each; and
- (e) the credit arising in the accounts of the Company from the Capital Reduction will be credited to the contributed surplus account of the Company and the Directors will be authorised to apply such amount in any manner permitted by the laws of Bermuda and the Bye-laws.

### **PROPOSED CHANGE IN BOARD LOT SIZE**

The Board proposes that upon the Capital Reorganisation becoming effective, the board lot size of the Reorganised Shares for trading on the Stock Exchange will be changed from 4,000 Shares to 2,000 Reorganised Shares whereas the board lot size of the Warrants will remain the same.

### **GENERAL**

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. The Circular containing, among other things, details of the Capital Reorganisation and the Change in Board Lot Size together with a notice of the SGM will be despatched to the Shareholders as soon as practicable.

### **PROPOSED CAPITAL REORGANISATION**

The Company proposes to put forward for approval by the Shareholders the Capital Reorganisation which will involve the following:

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- (b) the total number of the Consolidated Shares in the issued share capital of the Company following the Share Consolidation will be rounded down to a whole number by cancelling the fractional Consolidated Share arising from the Share Consolidation;
- (c) the paid-up capital of each Consolidated Share will be reduced from HK\$2.00 to HK\$0.01 by cancelling HK\$1.99 so as to form a Reorganised Share of HK\$0.01;
- (d) each of the authorised but unissued Shares of HK\$0.10 will be subdivided into ten (10) Reorganised Shares of HK\$0.01 each; and
- (e) the credit arising in the accounts of the Company from the Capital Reduction will be credited to the contributed surplus account of the Company and the Directors will be authorised to apply such amount in any manner permitted by the laws of Bermuda and the Bye-laws.

As at the date of this announcement, the authorised share capital of the Company is HK\$1,028,000,000 comprising 10,280,000,000 Shares of HK\$0.10 each, of which 2,694,612,176 Shares have been issued and fully paid. Assuming that no further Shares are issued or repurchased between the date of this announcement and the date of the SGM, immediately after the Share Consolidation and the Capital Reduction, the issued share capital of the Company will become HK\$1,347,306.08 divided into 134,730,608 Reorganised Shares of HK\$0.01 each. Immediately after the Share Subdivision, the authorised but unissued Shares of HK\$0.10 each will be subdivided into ten (10) Reorganised Shares of HK\$0.01 each.

Based on 2,694,612,176 Shares in issue as at the date of this announcement, an aggregate amount of HK\$268,113,911.52 will arise as a result of the Capital Reduction. As at 31 March 2008, based on the audited consolidated financial statements of the Company, the credit balance in the contributed surplus account of the Company was HK\$1,134,685,906.80. It is proposed that the total credit arising in the accounts of the Company from the Capital Reduction will be transferred to the contributed surplus account of the Company. The Board currently has no plan as to the use of such amount. The Reorganised Shares will rank pari passu in all respects with each other.

In order to alleviate the difficulties arising from the existence of odd lots of Reorganised Shares as a result of the Capital Reorganisation, the Company will appoint an agent to stand in the market to provide matching services for the odd lots of the Reorganised Shares on a best effort basis. Further details in respect of the odd lots arrangement and the free exchange of new certificates for the Reorganised Shares will be set out in the Circular.

### **Conditions of the Capital Reorganisation**

The Capital Reorganisation (which will be effected in accordance with the Bye-laws and the Companies Act) is conditional upon the fulfilment of the following:

- (a) the passing by the Shareholders of the necessary resolution(s) at the SGM to approve the Capital Reorganisation;
- (b) compliance with the relevant legal procedures and requirements under the Companies Act to effect the Capital Reorganisation; and
- (c) the Listing Committee granting the listing of, and permission to deal in, the Reorganised Shares in issue upon the Capital Reorganisation becoming effective and to be issued upon exercise of the rights attaching to the Convertible Notes, the Warrants and the Options, all as adjusted as a result of the implementation of the Capital Reorganisation.

### **Expected effective date of the Capital Reorganisation**

Subject to the above conditions being fulfilled, the Capital Reorganisation is expected to become effective on the business day immediately after the date of passing the relevant resolution(s) approving the Capital Reorganisation. The legal advisers to the Company as to Bermuda law have confirmed that, subject to the conditions of the Capital Reorganisation as set out above being satisfied, the Capital Reorganisation will be in compliance with the laws of Bermuda.

## Effects of the Capital Reorganisation

Other than the relevant expenses incurred, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the interests of the Shareholders as a whole save for any fractional Consolidated Shares to which the Shareholders would otherwise be entitled. The Directors believe that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group and that on the date the Capital Reorganisation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. The Capital Reorganisation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders save for any fractional Consolidated Shares to which the Shareholders would otherwise be entitled.

The effect of the Capital Reorganisation on the share capital of the Company is summarised below:

	<b>Prior to the Capital Reorganisation</b>	<b>Immediately following the Capital Reorganisation becoming effective (Note)</b>
Nominal value of each share	HK\$0.10	HK\$0.01
Number of authorised shares	10,280,000,000	102,800,000,000
Authorised share capital	HK\$1,028,000,000	HK\$1,028,000,000
Number of shares in issue	2,694,612,176	134,730,608
Issued and fully paid up share capital	HK\$269,461,217.60	HK\$1,347,306.08
Balance of the Company's contributed surplus account	HK\$1,134,685,906.80	HK\$1,402,799,818.32

*Note:* The issued share capital immediately prior to the Capital Reorganisation becoming effective is presented here on the assumption that no further Shares would be issued as a result of any exercise of the rights attaching to the Convertible Notes, the Warrants and the Options after the date of this announcement and prior to the date of the Capital Reorganisation becoming effective.

## Reasons for the Capital Reorganisation

The Board believes that the Capital Reorganisation is beneficial to the Company and the Shareholders as a whole. The Board is of the opinion that the Capital Reorganisation will provide the Company with greater flexibility for the issue of new Reorganised Shares in the future and the credit in the contributed surplus account arising from the Capital Reduction may be applied in the future for distribution to the Shareholders as and when the Board considers appropriate. The Board currently has no intention to make any distribution to the Shareholders.

## **Listing and dealing**

The Company will apply to the Listing Committee for the granting of the listing of, and permission to deal in, the Reorganised Shares in issue upon the Capital Reorganisation becoming effective and to be issued upon exercise of the rights attaching to the Convertible Notes, the Warrants and the Options, all as adjusted as a result of the implementation of the Capital Reorganisation.

## **PROPOSED CHANGE IN BOARD LOT SIZE**

The Shares are presently traded in board lots of 4,000 Shares each. The Board proposes that upon the Capital Reorganisation becoming effective, the board lot size of the Reorganised Shares for trading on the Stock Exchange will be changed from 4,000 Shares to 2,000 Reorganised Shares whereas the board lot size of the Warrants will remain the same. Based on the closing price of HK\$0.086 per Share as quoted on the Stock Exchange on the trading day immediately before the date of this announcement, the market value per board lot of 4,000 Shares and 2,000 Reorganised Shares are HK\$344 and HK\$3,440 respectively. The transaction cost per dollar value of each Reorganised Share will therefore be lower.

## **FREE EXCHANGE OF CERTIFICATES FOR REORGANISED SHARES**

Subject to the Capital Reorganisation becoming effective, Shareholders may, on or after 3 April 2009 and until 4:30 p.m. (Hong Kong time) on 19 May 2009 (both days inclusive), submit their existing certificates for the Shares in light yellow color to the Registrar to exchange for certificates for the Reorganised Shares in board lots of 2,000 Reorganised Shares in purple color at the expense of the Company. Thereafter, certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) by the Shareholders for each certificate issued or cancelled, whichever is the higher. Certificates for the Shares will continue to be good evidence of legal title but will cease to be valid for dealings, trading and settlement purposes after the parallel trading in Reorganised Shares ends and may be exchanged for certificates for the Reorganised Shares at any time in accordance with the foregoing.

## **FRACTIONAL ENTITLEMENT TO THE REORGANISED SHARES**

The fractions of Reorganised Shares, if any, arising from the Capital Reorganisation will not be issued to the Shareholders but will be aggregated and sold (if a premium, net of expenses, can be obtained) for the benefit of the Company.

## **POSSIBLE ADJUSTMENTS IN RELATION TO CONVERTIBLE NOTES, WARRANTS AND OPTIONS**

Subject to the Capital Reorganisation becoming effective, the conversion price of the Convertible Notes, the subscription price and the number of Reorganised Shares to be issued under the Warrants and the subscription price and the number of Reorganised Shares to be issued pursuant to the Options may be adjusted in accordance with the respective terms and conditions of the Convertible Notes, the instrument creating the Warrants and the Share Option Scheme. Further announcement will be made by the Company in respect of such adjustments as and when appropriate.

**Expected timetable**

The expected timetable for the Capital Reorganisation is set out below:

**2009**

Despatch of the Circular and notice of the SGM . . . . .	Wednesday, 11 March
Latest time for return of proxy form of the SGM (not less than 48 hours before the SGM) . . . . .	11:00 a.m., Tuesday, 31 March
Expected date and time of the SGM . . . . .	11:00 a.m., Thursday, 2 April
Effective date of the Capital Reorganisation . . . . .	Friday, 3 April
Commencement of dealings in the Reorganised Shares . . . . .	9:30 a.m., Friday, 3 April
Original counter for trading in Shares (in board lots of 4,000 Shares) to be closed. . . . .	9:30 a.m., Friday, 3 April
Temporary counter for trading in Reorganised Shares (in board lots of 200 Reorganised Shares) (in form of existing certificates) to be opened . . . . .	9:30 a.m., Friday, 3 April
Free exchange of existing certificates for Shares for new certificates for Reorganised Shares commences . . . . .	Friday, 3 April
Original counter for trading in Reorganised Shares (in board lots of 2,000 Reorganised Shares) to be re-opened . . . . .	9:30 a.m., Tuesday, 21 April
Parallel trading in Reorganised Shares (in form of new and existing certificates) commences . . . . .	9:30 a.m., Tuesday, 21 April
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Reorganised Shares (if any) . . . . .	9:30 a.m., Tuesday, 21 April
Temporary counter for trading in Reorganised Shares (in board lots of 200 Reorganised Shares) (in form of existing certificates) to be closed . . . . .	4:10 p.m., Tuesday, 12 May
Parallel trading in Reorganised Shares (in form of new and existing certificates) ends . . . . .	4:10 p.m., Tuesday, 12 May

Designated broker ceases to stand in the market  
to provide matching services for the sale and  
purchase of odd lots of Reorganised Shares. . . . . 4:10 p.m., Tuesday, 12 May

Last day of free exchange of existing certificates  
for new certificates for the Reorganised Shares. . . . . 4:30 p.m., Tuesday, 19 May

*All time references in this announcement refer to Hong Kong time.*

Dates or deadlines specified in this announcement are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

## **GENERAL**

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. The Circular containing, among other things, details of the Capital Reorganisation and the Change in Board Lot Size together with a notice of the SGM will be despatched to the Shareholders as soon as practicable.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“business day”	any day on which the Stock Exchange is open for the business of dealing in securities
“Bye-laws”	the bye-laws of the Company
“Capital Reduction”	the proposed reduction of the issued share capital of the Company as set out in sub-paragraphs (b) and (c) under the section headed “Proposed Capital Reorganisation” in this announcement
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company as set out under the section headed “Proposed Capital Reorganisation” in this announcement
“Change in Board Lot Size”	the proposed change in the board lot size of the Shares for trading on the Stock Exchange as set out under the section headed “Proposed Change in Board Lot Size” in this announcement

“Circular”	the circular to be issued by the Company to the Shareholders containing, inter alia, details of the Capital Reorganisation and the Change in Board Lot Size and the notice convening the SGM
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Company”	ITC Corporation Limited (Stock Code: 372), a company incorporated in Bermuda with limited liability and whose issued securities are listed on the main board of the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) of HK\$2.00 each in the issued share capital of the Company upon the Share Consolidation becoming effective
“Convertible Notes”	the 5% convertible notes due 2009 in the aggregate principal amount of HK\$200 million issued by the Company on 2 November 2007, all of which remains outstanding as at the date of this announcement
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Listing Committee”	has the meaning attributed to that term in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Options”	the share options granted by the Company pursuant to the Share Option Scheme
“Registrar”	the branch share registrar and transfer office and the warrant registrar of the Company in Hong Kong, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Reorganised Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately after the Capital Reorganisation becoming effective

“SGM”	the special general meeting of the Company to be held to consider and, if thought fit, approve the Capital Reorganisation
“Share Consolidation”	the proposed consolidation of every twenty (20) issued Shares of HK\$0.10 each into one (1) Consolidated Share of HK\$2.00
“Share Option Scheme”	the share option scheme adopted by the Company on 16 January 2002 (as amended on 19 September 2007)
“Share Subdivision”	the proposed subdivision of the authorised but unissued Shares of HK\$0.10 each into ten (10) Reorganised Shares of HK\$0.01 each
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company as at the date hereof and before the Capital Reorganisation becoming effective
“Shareholder(s)”	holder(s) of Share(s) or Reorganised Share(s) (as the case may be)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Warrants”	a total of 538,914,146 listed Warrants carrying rights to subscribe for 538,914,146 Shares at an initial subscription price of HK\$0.22 per Share (subject to adjustments) at any time until 4:10 p.m. on 4 November 2009 pursuant to an instrument issued by the Company dated 5 November 2008 (Warrant Code: 779)
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%” or “per cent.”	percentage or per centum

By order of the Board  
**ITC Corporation Limited**  
**Lee Hon Chiu**  
*Company Secretary*

Hong Kong, 19 February 2009

As at the date of this announcement, the Board 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, *SBS, JP*