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## **ITC CORPORATION LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 372/2903/2912)

(Warrant Code: 779)

**POSSIBLE MAJOR TRANSACTION –  
SUBSCRIPTION OF THE RIGHTS SHARES  
IN PYI CORPORATION LIMITED  
AND  
RESUMPTION OF TRADING**

**Financial Adviser**

**ANGLO CHINESE**  
CORPORATE FINANCE, LIMITED

The PYI Board has announced on 30 April 2009 that it proposes to raise approximately HK\$362.0 million to HK\$430.7 million before expenses by way of the PYI Rights Issue of not less than 3,016,787,034 PYI Rights Shares and not more than 3,588,897,924 PYI Rights Shares on the basis of two PYI Rights Shares for every PYI Share in issue and held on the Record Date at a subscription price of HK\$0.12 per PYI Rights Share, payable in full on acceptance. As at the date hereof, PYI is an associated company of the Company.

As at the date of this announcement, the Company is interested in 404,512,565 PYI Shares, representing approximately 26.8% of the total issued share capital of PYI, and PYI Warrants of HK\$67,418,760. The Company has not acquired any PYI Shares in the past 12 months before the date of this announcement. Given its current interests in PYI, the Company will be entitled to subscribe for not less than 809,025,130 PYI Rights Shares. The total consideration to be paid by the Company upon acceptance of the provisional allotment of the 809,025,130 PYI Rights Shares amounts to approximately HK\$97.1 million, which exceeds 25% but is less than 100% of one of the applicable ratios of the Company under the Listing Rules. The Participation therefore constitutes a major transaction for the Company under rule 14.06(3) of the Listing Rules and is subject to the Shareholders' approval at the SGM.

Further, the Company has given an irrevocable undertaking in favour of PYI and the Underwriter pursuant to which it has undertaken, inter alia, that the PYI Shares and the PYI Warrants beneficially owned by the Company on the date of the Undertaking will remain registered in the name of the Company or its subsidiary(ies) and beneficially owned by the Company as at the Record Date or 16 July 2009 (whichever is earlier), and that it will not, and will procure its subsidiaries not to, exercise the subscription rights attaching to the PYI Warrants beneficially owned by the Company up to the Record Date or 16 July 2009 (whichever is earlier). ITC has also expressed its intention that subject to the approval of the Shareholders in accordance with the requirements of the Listing Rules (if required), it will procure its subsidiaries to accept the provisional allotment of the 809,025,130 PYI Rights Shares under the PYI Rights Issue and the Board also intends to recommend, in accordance with the requirements of the Listing Rules, the Shareholders to vote in favour of the proposed resolution approving the Participation at the SGM.

The Company has been informed by Dr. Chan that Dr. Chan has entered into a sub-underwriting agreement with the Underwriter on 29 April 2009. Under the sub-underwriting agreement, Dr. Chan has agreed, inter alia, to subscribe or procure subscribers to subscribe for up to 909,025,130 PYI Rights Shares (which include 809,025,130 PYI Rights Shares under the Participation if the Company chooses not to take up).

A circular containing, among other things, further details of the Participation and the Undertaking and a notice convening the SGM will be despatched to the Shareholders in accordance with the requirement of the Listing Rules.

At the request of the Company, trading of the Shares and Warrants in the Stock Exchange was suspended from 9:30 a.m. on Thursday, 30 April 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares and Warrants with effect from 9:30 a.m. on Monday, 4 May 2009.

### **PROPOSED PYI RIGHTS ISSUE**

The PYI Board has announced on 30 April 2009 that it proposes to raise approximately HK\$362.0 million to HK\$430.7 million before expenses by way of the PYI Rights Issue of not less than 3,016,787,034 PYI Rights Shares and not more than 3,588,897,924 PYI Rights Shares on the basis of two PYI Rights Shares for every PYI Share in issue and held on the Record Date at a subscription price of HK\$0.12 per PYI Rights Share, payable in full on acceptance. As at the date hereof, PYI is an associated company of the Company.

The PYI Rights Issue is conditional upon, among other things, approval from the independent PYI Shareholders at a special general meeting of PYI. Further details in relation to the PYI Rights Issue have been set out in the PYI Announcement.

As at the date of this announcement, the Company is interested in 404,512,565 PYI Shares, representing approximately 26.8% of the total issued share capital of PYI, and PYI Warrants of HK\$67,418,760. The Company has not acquired any PYI Shares in the past 12 months before the date of this announcement. Given its current interests in PYI, the Company will be entitled to subscribe for not less than 809,025,130 PYI Rights Shares. On the basis of HK\$0.12 per PYI Rights Share, the total consideration payable by the Company under the Participation amounts to approximately HK\$97.1 million, which is proposed to be satisfied by payment in cash from internal resources of the Company.

### INFORMATION ON PYI AND REASONS OF THE PYI RIGHTS ISSUE

PYI is principally engaged in the business of development and investment in port and other infrastructure projects, land and property development and investment in association with port facilities, treasury investment and, through its subsidiary, Paul Y. Engineering Group Limited, comprehensive engineering and property-related services.

The following is a summary of the consolidated results of the PYI Group for the two years ended 31 March 2008 and 2007 and six months ended 30 September 2008 and 2007 respectively:

	For the financial year ended 31 March		For the six months ended 30 September	
	2008 (audited) HK\$'000	2007 (audited) HK\$'000	2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
Profit before taxation	833,297	326,595	280,081	695,864
Taxation (charge) credit	(315,186)	50,552	(152,233)	(268,827)
Profit after taxation (before minority interests)	<u>518,111</u>	<u>377,147</u>	<u>127,848</u>	<u>427,037</u>

As at 30 September 2008, the net asset value of the PYI Group was approximately HK\$3,592.3 million.

As mentioned in the PYI Announcement, given the recent sluggish Hong Kong stock market and the gloomy economic outlook as a result of the global financial crisis, the directors of PYI consider that the capability of PYI to raise additional equity funding in the foreseeable future is very uncertain. The PYI Board has considered other means of fund raising in both the debt market and the equity market other than the PYI Rights Issue. Fund raising through the debt market will increase the gearing ratio and the interest burden of the PYI Group. Regarding the equity market, a private placement of PYI Shares by its nature excludes the existing PYI Shareholders, and at the same time, results in immediate dilution of existing PYI Shareholders' interest in PYI. The PYI Board considers that the PYI Rights Issue will enable the PYI Group to strengthen its capital base and to enhance its financial position for future strategic investments

as and when opportunities arise. The PYI Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro rata shareholding interests in PYI and, hence the PYI Board considers that fund raising through the PYI Rights Issue is in the interests of PYI and the PYI Shareholders as a whole.

It is also mentioned in the PYI Announcement that the estimated net proceeds from the PYI Rights Issue will be not less than approximately HK\$350.0 million but not more than approximately HK\$418.7 million and are intended to be used on the PYI Group's investment in port and port-related projects and as general working capital of the PYI Group.

For further details, please refer to the PYI Announcement.

### **REASONS FOR THE PARTICIPATION**

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, property investment and treasury investment.

Based on the unaudited financial information of PYI for the six months ended 30 September 2008, the profit after taxation of the PYI Group decreased in the six months ended 30 September 2008, revenue during the same period grew approximately 14.7%. The unrealised gain from fair value changes in respect of investment properties has a significant impact declining to approximately HK\$320 million for the six months ended 30 September 2008 compared to approximately HK\$628 million during the same period in the previous year. Nonetheless, a gain was recorded and hence the value of the investment properties of PYI continued to experience growth.

The Directors consider that the terms of the Participation are fair and reasonable as it will enable the Group to maintain its pro rata shareholding in PYI and to share the benefit from the growth of the PYI Group. On this basis, the Directors consider that the Participation is in the interest of the Group and the Shareholders as a whole.

### **UNDERTAKING AND SUB-UNDERWRITING BY DR. CHAN**

The Company has given the Undertaking in favour of PYI and the Underwriter pursuant to which it has undertaken, inter alia, that the PYI Shares and the PYI Warrants beneficially owned by the Company on the date of the Undertaking will remain registered in the name of the Company or its subsidiary(ies) and beneficially owned by the Company as at the Record Date or 16 July 2009 (whichever is the earlier), and that it will not, and will procure its subsidiaries not to, exercise the subscription rights attaching to the PYI Warrants beneficially owned by the Company up to the Record Date or 16 July 2009 (whichever is earlier). The Undertaking will also lapse if the PYI Rights Issue does not become unconditional in accordance with its terms. ITC has also expressed its intention that subject to the approval of the Shareholders in accordance with the requirements of the Listing Rules (if required), it will procure its subsidiaries to accept the provisional allotment of the 809,025,130 PYI Rights Shares under the PYI Rights Issue and the Board also intends to recommend, in accordance with the requirements of the Listing Rules, the Shareholders to vote in favour of the proposed resolution approving the Participation at the SGM.

The Company has been informed by Dr. Chan that Dr. Chan has entered into a sub-underwriting agreement with the Underwriter on 29 April 2009. Under the sub-underwriting agreement, Dr. Chan has agreed, inter alia, to subscribe or procure subscribers to subscribe for up to 909,025,130 PYI Rights Shares (which include the 809,025,130 PYI Rights Shares under the Participation if the Company chooses not to take up).

For further details, please refer to the PYI Announcement.

### **RESUMPTION OF TRADING**

At the request of the Company, trading of the Shares and Warrants in the Stock Exchange was suspended from 9:30 a.m. on Thursday, 30 April 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares and Warrants with effect from 9:30 a.m. on Monday, 4 May 2009.

### **GENERAL**

The total consideration to be paid by the Company under the Participation amounts to approximately HK\$97.1 million, which exceeds 25% but is less than 100% of one of the applicable ratios of the Company under the Listing Rules. The Participation therefore constitutes a major transaction for the Company under rule 14.06(3) of the Listing Rules and is subject to the Shareholders' approval at the SGM.

A circular containing, among other things, further details of the Participation and the Undertaking and a notice convening the SGM will be despatched to the Shareholders in accordance with the requirement of the Listing Rules.

### **DEFINITIONS**

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

“Board”	the board of Directors
“Company” or “ITC”	ITC Corporation Limited (stock code: 372/2903/2912), a company incorporated in Bermuda with limited liability and whose issued securities are listed on the main board of the Stock Exchange
“Dr. Chan”	Dr. Chan Kwok Keung, Charles, the controlling Shareholder, the chairman of the Company and an executive Director and a non-executive director of PYI
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“Participation”	the proposed acceptance by the Company, through its subsidiaries, of the provisional allotment of not less than 809,025,130 PYI Rights Shares in full, being its pro rata entitlement under the PYI Rights Issue
“PYI”	PYI Corporation Limited (stock code: 498), a company incorporated in Bermuda with limited liability and whose issued securities are listed on the main board of the Stock Exchange
“PYI Announcement”	the announcement of PYI dated 30 April 2009 relating to, inter alia, the PYI Rights Issue
“PYI Board”	the board of directors of PYI
“PYI Group”	PYI and its subsidiaries
“PYI Rights Issue”	the proposed issue by way of rights of the PYI Rights Shares at a subscription price of HK\$0.12 per PYI Rights Share on the basis of two PYI Rights Shares for every PYI Share in issue and held on the Record Date
“PYI Rights Shares”	not less than 3,016,787,034 new PYI Rights Shares and not more than 3,588,897,924 new PYI Rights Shares to be issued and allotted pursuant to the PYI Rights Issue
“PYI Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of PYI
“PYI Shareholder(s)”	holder(s) of PYI Share(s)
“PYI Warrants”	a total of 251,398,919 listed warrants carrying rights to subscribe in cash for 251,398,919 PYI Shares at an initial subscription price of HK\$1.00 per PYI Share (subject to adjustments) at any time until 25 September 2009 pursuant to an instrument executed by PYI dated 25 September 2008 (Warrant Code: 849), all of which remain outstanding as at the date of this announcement
“Qualifying Shareholder(s)”	has the same meaning as defined in the PYI Announcement
“Record Date”	the date as announced by PYI for determining the entitlements of the Qualifying Shareholder(s) to participate in the PYI Rights Issue

“SFO”	The Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held at which resolution will be proposed to consider and, if thought fit, approve the Participation
“Shareholder(s)”	the holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of ITC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Undertaking”	the irrevocable undertaking given by the Company on 29 April 2009 as set out under the section headed “Undertaking and sub-underwriting by Dr. Chan” in this announcement
“Underwriter”	BOCI Asia Limited, a corporation which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities for the purpose of the SFO, and also the financial adviser to PYI, which is not a connected person of the Company
“Warrants”	a total of 538,768,186 listed warrants outstanding as at the date of this announcement, carrying rights to subscribe in cash for 26,938,409 Shares at the subscription price of HK\$4.4 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 dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 30 April 2009

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

*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  
Mr. Chan Yiu Lun, Alan

*Independent non-executive Directors:*

Mr. Chuck, Winston Calptor  
Mr. Lee Kit Wah  
Hon. Shek Lai Him, Abraham, *SBS, JP*