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## **ITC CORPORATION LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 372)

(Warrant Code: 779)

### **DISCLOSEABLE TRANSACTION ACQUISITION OF CONVERTIBLE EXCHANGEABLE NOTES OF WING ON TRAVEL (HOLDINGS) LIMITED**

On 18 May 2009, the Purchaser entered into the Agreements with the Vendors, pursuant to which the Vendors have agreed to sell and transfer, and the Purchaser, an indirect wholly-owned subsidiary of the Company, has agreed to purchase and accept the transfer of the Sale Notes in an aggregate principal amount of HK\$58,200,000 for a total cash consideration of HK\$45,396,000.

The Conversion Shares to be issued upon full conversion of the Sale Notes represent (i) approximately 1.88% of the issued share capital of Wing On as at 30 April 2009; and (ii) approximately 1.85% of the issued share capital of Wing On as enlarged by the Conversion Shares to be issued upon such conversion.

The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

On 18 May 2009, the Purchaser entered into two separate agreements with the Vendors in relation to the Acquisition. Except for the identity and information of the Vendors, the principal amounts of the Sale Notes involved and the consideration thereof, the other principal terms of the Agreements are identical and the Agreements are not inter-conditional. Set out below are the major terms of the Agreements.

## **PARTIES**

**Vendors:** For Agreement I: Citystar Limited  
For Agreement II: Eversun Limited

To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, Citystar Limited, Eversun Limited and their respective ultimate beneficial owner(s) are independent of the Company and its connected persons, and independent of Wing On and its connected persons.

There were no prior transactions and relationship between Citystar Limited or Eversun Limited and the Company, and each of their respective associates and ultimate beneficial owners in the past 12 months which would otherwise require aggregation under Rule 14.22 of the Listing Rules. The Company has not acquired any Notes in the past 12 months.

**Purchaser:** Asia Will Limited, an indirect wholly-owned subsidiary of the Company

## **ASSETS TO BE ACQUIRED**

Citystar Limited has agreed to sell and transfer, and the Purchaser has agreed to purchase and accept the transfer of, the Sale Notes I in the principal amount of HK\$34,000,000.

Eversun Limited has agreed to sell and transfer, and the Purchaser has agreed to purchase and accept the transfer of, the Sale Notes II in the principal amount of HK\$24,200,000.

Wing On has given its written consent to the transfer of the Sale Notes to the Purchaser pursuant to the provisions set out in the Note Instrument.

## **CONSIDERATION**

The consideration for the Sale Notes I is HK\$26,520,000 and for the Sale Notes II is HK\$18,876,000 which have been paid by the Company to Citystar Limited and Eversun Limited respectively in cash upon Completion.

The Consideration was determined based on arm's length negotiations between the Vendors and the Purchaser. The Consideration represents a discount of 22.0% to the aggregate principal amount of the Sale Notes of HK\$58,200,000. The Directors consider the Consideration fair and reasonable. The Consideration has been settled by internal resources of the Group.

## **COMPLETION**

The Agreements are unconditional and Completion has taken place on 18 May 2009.

## PRINCIPAL TERMS OF THE SALE NOTES

- Principal amount** HK\$58,200,000 (representing HK\$34,000,000 for the Sale Notes I and HK\$24,200,000 for the Sale Notes II).
- Maturity date** 7 June 2011, which is the fifth anniversary from the date of issue of the Sale Notes.
- Redemption** Unless previously converted or lapsed or redeemed by Wing On, Wing On will redeem the Sale Notes on the Maturity Date at the redemption amount which is 110% of the principal amount of the Sale Notes outstanding.
- In the event of a change of control of Wing On prior to the Maturity Date, holder of the Sale Notes may require Wing On to redeem at the redemption amount which is 110% of the principal amount of the Sale Notes then outstanding plus interest accrued.
- In the event of the occurrence of events of default specified in the Note Instrument, holder of the Sale Notes may also require Wing On to redeem the principal amount of the Sale Notes then outstanding plus interest accrued.
- Transferability** The Sale Notes are freely transferable but may not be transferred to a connected person of Wing On (unless the transferee is an associate of the Purchaser) without the prior written consent of Wing On.
- Voting** The holder of the Sale Notes will not be entitled to receive notice of, to attend or vote at any general meetings of Wing On by reason only of it being a holder of the Sale Notes.
- Interest** The Sale Notes bear interest at the rate of 2% per annum on the outstanding principal amount of the Sale Notes.
- Conversion period** Holder of the Sale Notes shall have the right to convert the whole or part (in an amount or integral multiple of HK\$1,000,000) of the principal amount of the Sale Notes into Conversion Shares at any time up to and including the date falling 7 days prior to the Maturity Date.

**Conversion price** The Sale Notes can be converted into Conversion Shares at the conversion price of HK\$0.339 per Conversion Share (subject to adjustments in accordance with the terms of the Sale Notes) during the conversion period as stated above.

The conversion price of HK\$0.339 per Conversion Share represents:

- a premium of approximately 578.00% over the closing price of HK\$0.050 per Wing On Share as quoted on the Stock Exchange on 18 May 2009, being the date of the Agreements;
- a premium of approximately 726.83% over the average closing price of approximately HK\$0.041 per Wing On Share for the last 10 consecutive trading days up to and including 18 May 2009;
- a premium of approximately 927.27% over the average closing price of approximately HK\$0.033 per Wing On Share for the last 30 consecutive trading days up to and including 18 May 2009; and
- a premium of approximately 68.66% over the audited consolidated net asset value of the Wing On Group attributable to the shareholders of Wing On of approximately HK\$0.201 per Wing On Share as at 31 December 2008.

The conversion price is subject to usual anti-dilution adjustments from time to time in accordance with the provisions set out in the Note Instrument such as share consolidation, share subdivision, capitalisation issue, capital distribution, rights issues and other equity derivatives issued by Wing On.

**Conversion Shares** Upon full conversion of the Sale Notes at the prevailing conversion price of HK\$0.339 per Conversion Share (subject to adjustments), 171,681,415 Conversion Shares will be issued to the Purchaser.

Based on the information disclosed in the official website of the Stock Exchange, there were 9,119,844,935 Wing On Shares in issue as at 30 April 2009. The Conversion Shares to be issued upon full conversion of the Sale Notes represent (i) approximately 1.88% of the issued share capital of Wing On as at 30 April 2009; and (ii) approximately 1.85% of the issued share capital of Wing On as enlarged by the Conversion Shares to be issued upon such conversion. As at the date of this announcement, the Company is interested in 1,529,230,000 Wing On Shares, representing approximately 16.77% of the existing issued share capital of Wing On. Assuming there is no other changes of the shareholding of Wing On since 30 April 2009 save for the full conversion of the Sale Notes, the aggregate shareholding of the Company in Wing On immediately after

full conversion of the Sale Notes will be 1,700,911,415 Wing On Shares, representing approximately 18.31% of the issued shares of Wing On as enlarged by the issue and allotment of the 171,681,415 Conversion Shares upon full conversion of the Sale Notes.

**Ranking**

The Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Sale Notes will rank pari passu in all respects with all other Wing On Shares in issue at the date on which the conversion rights attached to the Sale Notes are exercised.

**Exchange rights**

Subject to certain restrictions which are intended to facilitate compliance of relevant rules and regulations, holder of the Sale Notes shall have the right to exchange from time to time all or part (in the amount of HK\$10,000,000 or integral multiples thereof) of 50% of the initial principal amount of its Sale Notes for Spin-off Shares at the price (subject to adjustment for subdivision or consolidation of Spin-off Shares if this exchange rights are exercised after the listing date of the Spin-off Shares) at which the Spin-off Shares are actually issued to the public (as defined by the rules of the relevant stock exchange) at the time of the listing on that stock exchange.

**Listing**

The Sale Notes are not listed on the Stock Exchange or any other stock exchanges.

**INFORMATION ON WING ON**

Wing On is an investment holding company and its subsidiaries are engaged in the provision of travel, hotel, leisure and related services and luxury train services, and securities trading.

For each of the two years ended 31 December 2007 and 2008, the Wing On Group recorded audited loss before tax of approximately HK\$42.1 million and HK\$825.7 million respectively. The Wing On Group recorded audited profit (after tax) of approximately HK\$4.5 million for the year ended 31 December 2007 and audited loss (after tax) of approximately HK\$832.9 million for the year ended 31 December 2008. As at 31 December 2008, the audited net asset value of the Wing On Group attributable to the shareholders of Wing On was approximately HK\$1,836.3 million. Wing On has declared dividend of HK0.5 cent per Wing On Share for the year ended 31 December 2007 while no dividend was declared for the year ended 31 December 2008.

**REASONS FOR THE ACQUISITION**

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.

The Consideration represents a discount of 22.0% to the aggregate principal amount of the Sale Notes and the Sale Notes will be redeemed by Wing On at 110% of the principal amount of the Sale Notes then outstanding on the Maturity Date. The Sale Notes also bear interest at the rate of 2% per annum on the outstanding principal amount. The Directors consider that the Sale Notes not only provide stable interest income for the Group but also allow the Group to gain the potential profits from the holding of the Sale Notes. The Company will comply with the applicable Listing Rules requirements if the Sale Notes are converted.

Based on the above, the Directors consider that the terms of the Agreements are fair and reasonable and the Acquisition is in the interests of the Group and the Shareholders as a whole.

The Sale Notes will be allocated into debt portion and conversion option portion which will be accounted for as non-current assets of the Group. The actual allocation will be subject to the fair value of the conversion option portion of the Sale Notes to be assessed.

## **GENERAL**

The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

## **DEFINITIONS**

In this announcement, the following terms have the following meanings:-

“Acquisition”	the acquisition of the Sale Notes by the Purchaser pursuant to the Agreements
“Agreements”	Agreement I and Agreement II
“Agreement I”	the sale and purchase agreement dated 18 May 2009 entered into between the Purchaser and Citystar Limited in respect of the sale and purchase of the Sale Notes I
“Agreement II”	the sale and purchase agreement dated 18 May 2009 entered into between the Purchaser and Eversun Limited in respect of the sale and purchase of the Sale Notes II
“Company”	ITC Corporation Limited (Stock Code: 372, Warrant Code: 779), a company incorporated in Bermuda with limited liability and the issued securities of which are listed on the main board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Notes
“connected person(s)”	has the meaning as defined in the Listing Rules

“Consideration”	the aggregate purchase price of HK\$45,396,000 for the Sale Notes
“Conversion Share(s)”	new Wing On Share(s) to be allotted and issued by Wing On upon conversion of the Notes in accordance with the terms of the Note Instrument
“Directors”	the directors 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 Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	7 June 2011, being the fifth anniversary from the date of issue of the Notes
“Note Instrument”	the instrument constituting the Notes
“Notes”	the 2% convertible exchangeable notes due 7 June 2011 issued by Wing On with an outstanding aggregate principal amount of HK\$640,000,000 (based on the public information published by Wing On) as at the date of the Agreements which are convertible into the Conversion Shares at the conversion price of HK\$0.339 per Conversion Share (subject to adjustments) or exchangeable into the Spin-off Shares
“Purchaser”	Asia Will Limited, an indirect wholly-owned subsidiary of the Company
“Sale Notes”	Sale Notes I and Sale Notes II
“Sale Notes I”	the Notes in the principal amount of HK\$34,000,000 sold by Citystar Limited to the Purchaser pursuant to the terms of the Agreement I
“Sale Notes II”	the Notes in the principal amount of HK\$24,200,000 sold by Eversun Limited to the Purchaser pursuant to the terms of the Agreement II
“Shareholders”	shareholders of the Company
“Spin-off Shares”	shares in the share capital of any company which is an affiliated company (as defined in Rule 13.11(2)(a) of the Listing Rules) or subsidiary of Wing On that is to be listed on a stock exchange through an initial public offering

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	Eversun Limited and Citystar Limited
“Wing On”	Wing On Travel (Holdings) Limited (Stock Code: 1189, Warrant Code: 774), a company incorporated under the laws of Bermuda with limited liability and the issued shares and warrants of which are listed on the main board of the Stock Exchange
“Wing On Group”	Wing On and its subsidiaries
“Wing On Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of Wing On
“HK\$” or “HK cent”	Hong Kong dollars or cents, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 18 May 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*