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ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

Executive directors:

Chan Kwok Keung, Charles (*Chairman*)
Lau Ko Yuen, Tom (*Deputy Chairman*)
Chau Mei Wah, Rosanna (*Managing Director*)
Chan Kwok Hung
Chan Fut Yan
Wong Kun To
Cheung Hon Kit

Independent, non-executive directors:

Lai, Dominic
Chuck, Winston Calptor

Registered office:

Clarendon House
Church Street
Hamilton HM 11
Bermuda

*Principal place of
business in Hong Kong:*

33rd Floor, Paul Y. Centre
51 Hung To Road
Kwun Tong
Kowloon
Hong Kong

29th July, 2003

*To the ordinary shareholders of the Company and, for information only,
the preference shareholders and the convertible noteholders*

Dear Sir or Madam,

Explanatory Statement in relation to the Buyback Mandate (as hereinafter defined)

This is an explanatory statement given to all the shareholders of ITC Corporation Limited ("Company") relating to an ordinary resolution to approve the general mandate to repurchase the Company's securities ("Buyback Mandate") to be proposed at the annual general meeting of the Company to be held on 8th September, 2003.

This explanatory statement contains the information required under Rule 10.06(1)(b) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") ("Listing Rules"). Its purpose is to provide you with all the information reasonably necessary for you to make an informed decision as to whether or not to vote in favour of the ordinary resolution approving the Buyback Mandate.

(i) Share Capital

As at 24th July, 2003, being the latest practicable date prior to the printing of this document ("Latest Practicable Date"), there were in issue in aggregate 630,960,774 ordinary shares of HK\$0.10 each ("Ordinary Shares") and 267,980,000 6.5% compulsorily convertible cumulative preference shares of HK\$0.10 each ("Preference Shares"), all of which are fully paid.

Subject to the passing of the ordinary resolution approving the Buyback Mandate and on the basis that no further Ordinary Shares and/or Preference Shares are issued or repurchased prior to the annual general meeting, the Company would be allowed under the Buyback Mandate to repurchase a maximum of 63,096,077 Ordinary Shares and 26,798,000 Preference Shares.

(ii) Reasons for repurchases

The Directors believe that it is in the best interests of the Company and its shareholders to seek a general authority from the shareholders of the Company to enable the Directors to repurchase the Company's securities on the market. Repurchases of the Company's securities will only be made when the Directors believe that such repurchases will benefit the Company and its shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or earnings and/or dividend per Ordinary Share.

(iii) Funding of repurchases

Repurchases must be funded out of funds legally available for the purpose in accordance with the memorandum of association of the Company and the Bye-laws and the applicable laws of Bermuda, being capital paid up on the purchased Ordinary Shares and/or Preference Shares or out of funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a purchase over the par value of the Ordinary Shares and/or the Preference Shares to be purchased must be provided for out of funds of the Company that would otherwise be available for dividend or distribution or out of the Company's share premium account. It is envisaged that the funds required for any repurchase would be derived from such sources.

The Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company. No material adverse impact on the working capital or gearing position of the Company (as compared with position disclosed in the audited financial statements as at 31st March, 2003) is anticipated in the event that the Buyback Mandate is exercised in full during the proposed repurchase period.

(iv) Securities Prices

During each of the twelve months preceding the Latest Practicable Date, the highest and lowest prices at which the Ordinary Shares and the Preference Shares were traded on the Stock Exchange were as follows:

	Ordinary Shares		Preference Shares	
	Highest HK\$	Lowest HK\$	Highest HK\$	Lowest HK\$
2002				
July	0.370	0.290	—	—
August	0.300	0.220	—	—
September	0.280	0.255	—	—
October	0.242	0.185	—	—
November	0.218	0.193	—	—
December	0.210	0.179	—	—
2003				
January	0.230	0.180	—	—
February	0.198	0.170	—	—
March	0.238	0.167	—	—
April	0.225	0.172	—	—
May	0.195	0.172	—	—
June	0.216	0.173	—	—

(v) General

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) has any present intention to sell any Ordinary Shares and/or Preference Shares to the Company under the Buyback Mandate if it is approved by its shareholders.

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make repurchases pursuant to the Buyback Mandate in accordance with the Listing Rules, the bye-laws of the Company and the applicable laws of Bermuda.

If as a result of a repurchase of Ordinary Shares an ordinary shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers ("Takeovers Code"). As a result, an ordinary shareholder or a group of ordinary shareholders acting in concert, depending on the level of increase of ordinary shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. If the Company were to repurchase Ordinary Shares up to the permitted maximum of 10 per cent. of the issued ordinary share capital of the Company, such parties may together with any other parties acting in concert with them become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Galaxyway Investments Limited ("Galaxyway") held an approximate 34.8 per cent. of the issued ordinary share capital of the Company. On the basis that no further Ordinary Shares are issued or repurchased and in the event that the Buyback Mandate is exercised in full, the shareholding of Galaxyway would be increased to approximately 38.7 per cent. of the issued ordinary share capital of the Company. Should such increase arise, Galaxyway would become obliged to make a mandatory offer under Rule 26 of the Takeovers Code. As at the Latest Practicable Date, the Company has no present intention with regard to repurchase Ordinary Shares pursuant to the Buyback Mandate such that a mandatory offer is required.

There have been no purchases of any securities of the Company made in the previous six months (whether on the Stock Exchange or otherwise).

No connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell Ordinary Shares and/or Preference Shares to the Company, or have undertaken not to do so, in the event that the Company is authorised to make repurchases of Ordinary Shares and/or Preference Shares.

Yours faithfully,
Dr. Chan Kwok Keung, Charles
Chairman