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# ITC CORPORATION LIMITED

*(Incorporated in Bermuda with limited liability)*  
(Stock code: 372)

**VERY SUBSTANTIAL DISPOSAL RESULTING FROM  
POSSIBLE DISPOSAL OF SHARES IN  
PAUL Y. - ITC CONSTRUCTION HOLDINGS LIMITED SO THAT  
IT BECOMES AN ASSOCIATED COMPANY  
CONVERSION OF EXISTING CONVERTIBLE PREFERENCE  
SHARES  
INTO REDEEMABLE CONVERTIBLE PREFERENCE SHARES AND  
THE VARIATION OF TERMS**

Financial Adviser

**ANGLO CHINESE**  
CORPORATE FINANCE, LIMITED

The Directors intend to place out sufficient shares in its listed subsidiary, Paul Y. - ITC, so that on completion of the placement it will become an associated company of the Company. Presently the Company has an indirectly held shareholding in Paul Y. - ITC representing approximately 55.1% of its existing issued share capital. No contractual arrangements have been entered into in connection with this placement but, as a necessary preliminary to being able to effect it, the Directors are seeking the requisite approval of shareholders as any placement which results in Paul Y. - ITC ceasing to be a subsidiary will constitute a very substantial disposal for the Company under the Listing Rules.

The Directors will also propose resolutions for approval by the holders of ordinary shares and holders of convertible preference shares to convert the Company's existing convertible preference shares into redeemable convertible preference shares and to vary a number of the terms of the existing convertible preference shares. In particular, under the proposed changes the redeemable convertible

preference shares will be redeemed on the third anniversary of the date of their conversion; will have an annual cumulative dividend of HK\$0.04; and will be convertible into ordinary shares in the Company at the option of the holder at HK\$1.04 per ordinary share. The existing preference shares are not redeemable, carry the right to an annual cumulative dividend of HK\$0.069 per share; and are convertible into ordinary shares in the Company at HK\$21.20 per ordinary share.

A circular containing, among other things, details of the placement and the conversion of the convertible preference shares into redeemable convertible preference shares and the variation of certain of their terms and a notice of a special general meeting of the Company and a notice of the separate special general meeting of the holders of the existing convertible preference shares of the Company will be despatched to the shareholders of the Company as soon as practicable. There are presently no shareholders required to abstain from voting on the approval of the placement.

#### **THE POSSIBLE DISPOSAL OF PAUL Y. - ITC SHARES**

The Directors intend to place out sufficient existing shares in its listed subsidiary, Paul Y. - ITC, so that on completion of the placement it will become an associated company of the Company. Presently the Company through a wholly-owned subsidiary, Hollyfield Group Limited, holds 740,668,056 Paul Y. - ITC shares representing some 55.1% of the existing issued share capital of Paul Y. - ITC of 1,345,249,019 shares.

No contractual arrangements have been entered into by the Company in relation to the possible placing of shares as the Directors consider that the Company should first obtain its shareholders' approval for the placement so that a placement can be effected expeditiously when market conditions are favourable. Any placement of shares in Paul Y. - ITC which results in Paul Y. - ITC ceasing to be a subsidiary will constitute a very substantial disposal for the Company under the Listing Rules, for which shareholders' approval is required. There are presently no shareholders required to abstain from voting on the approval of the placement.

The placement for which advance shareholders' approval is being sought will only be effected if:

- the placing price equals to or exceeds HK\$0.512 per Paul Y. - ITC share, being the five day average closing price prior to the publication of this announcement;
- the maximum number of Paul Y. - ITC shares being placed under the mandate granted by the shareholders does not exceed 134,500,000 Paul Y. - ITC shares, being approximately 10% of the existing issued share capital of Paul Y. - ITC;

- all the Paul Y. - ITC shares to be placed are placed with parties who are independent of the Company and any director, chief executive or substantial shareholder of any member of the Group or any associate of any of them, as defined in the Listing Rules; and
- the placement is completed within twelve months of the approval of shareholders being given, which the Directors consider to be a reasonable period to conduct such a placement of Paul Y. - ITC shares.

Were the maximum number of Paul Y. - ITC shares to be placed, the Company would retain an indirect interest in Paul Y. - ITC representing approximately 45.1% of its existing issued share capital. Paul Y. - ITC would then be an associated company of ITC and its results would be reflected in the consolidated accounts of the Company on an equity accounting basis.

Since the actual placing price has not been determined, it is not possible to calculate the profit or loss that will arise on implementation of the placement. On the basis of the minimum price of HK\$0.512 and approximately 68.04 million Paul Y. - ITC shares (being sufficient for ITC to reduce its shareholding in Paul Y. - ITC to below 50% thereby changing Paul Y. - ITC's status from a subsidiary to an associated company of ITC), the placement would result in the Group reporting an estimated loss of approximately HK\$65.4 million and ITC would realise gross proceeds of approximately HK\$34.8 million, and if 134,500,000 Paul Y. - ITC shares, being approximately 10% of the existing issued share capital of Paul Y. - ITC were placed, the Group would report an estimated loss of approximately HK\$129.3 million and ITC would realise gross proceeds of approximately HK\$68.9 million.

The minimum price of HK\$0.512 per Paul Y. - ITC share when compared with the audited net asset value per Paul Y. - ITC share of HK\$2.06 as at 31st March, 2004, represents a price-to-book ratio of approximately 0.25 times and compares favourably to the average price-to-book ratio which Paul Y. - ITC shares have been traded over the last 5 years of some 0.17 times.

If the Company proceeds with the placement, upon the entering into of a placing agreement a further announcement will be made and a circular will be sent to shareholders giving the exact terms of the placement, its financial effect on the Group and the use to which the proceeds of the sale of Paul Y. - ITC shares will be put.

#### **Reasons for proposing the placement of shares in Paul Y. - ITC**

The principal reason for proposing the placement is to reduce the Company's indirect interest in Paul Y. - ITC so that on the completion of the placement Paul Y. - ITC will cease to be a subsidiary. Paul Y. - ITC is a considerably larger company than ITC in terms of net assets attributable to its ordinary shareholders and there is no group of closely associated shareholders of ITC holding more than 50% of the

ordinary shares in ITC. Consequently, transactions which Paul Y. - ITC is permitted to conclude without the requirement under the Listing Rules to obtain its shareholders' approval or obtain such approval by the written consent of a majority of its shareholders may require, depending on their size, the approval of shareholders of ITC which can only be obtained in general meeting. These additional approvals have and are expected to continue to reduce the flexibility of Paul Y. - ITC in entering into and concluding transactions, particularly for transactions where the speed of execution is essential if assets are to be acquired or disposed of advantageously. But these additional approvals required would, depending on its size and nature of the relevant transaction, allow the shareholders of ITC to vote for or against such a transaction, entered into by Paul Y. - ITC as Paul Y. - ITC is a subsidiary of ITC.

It is not expected that there will be any change of the composition of the board of Paul Y. - ITC following the placement. At present, the board of directors of Paul Y. - ITC comprises ten directors of which five are also directors of the Company. Immediately after the proposed placement, the Company will remain the single largest shareholder of Paul Y. - ITC. As the largest shareholder, the Company will have a degree of influence over Paul Y. - ITC (through the exercise of its voting rights at general meetings). After the proposed placement, Paul Y. - ITC will be equity accounted for as an associated company of the Company but will no longer be its subsidiary.

Given the consolidated total asset size of Paul Y. - ITC and ITC of approximately HK\$4,862.3 million and approximately HK\$4,982.5 million, respectively and the consolidated net asset value of Paul Y. - ITC and ITC of approximately HK\$2,770.9 million and approximately HK\$1,353.2 million respectively as at 31st March, 2004 (based on their annual reports), following the placement, the value of the 50% consolidated net asset value of Paul Y. - ITC would still represent a substantial portion of the total assets of ITC, therefore the Company will continue to benefit from that investment. After the placement, the shareholders of ITC should note that they will not be entitled to vote for or against the future transactions of Paul Y. - ITC regardless of the size and nature of the transactions which, if Paul Y. - ITC were still to be a subsidiary of ITC, would require shareholders' approval of ITC. In the Directors' view, although Paul Y. - ITC will cease to be a subsidiary of ITC, ITC will remain as the single largest shareholder of Paul Y. - ITC and therefore can look after its interests while Paul Y. - ITC, on the other hand, can enter into and conclude transactions more promptly. Accordingly, the Directors consider that the proposed placement is in the interest of ITC and its shareholders and Paul Y. - ITC.

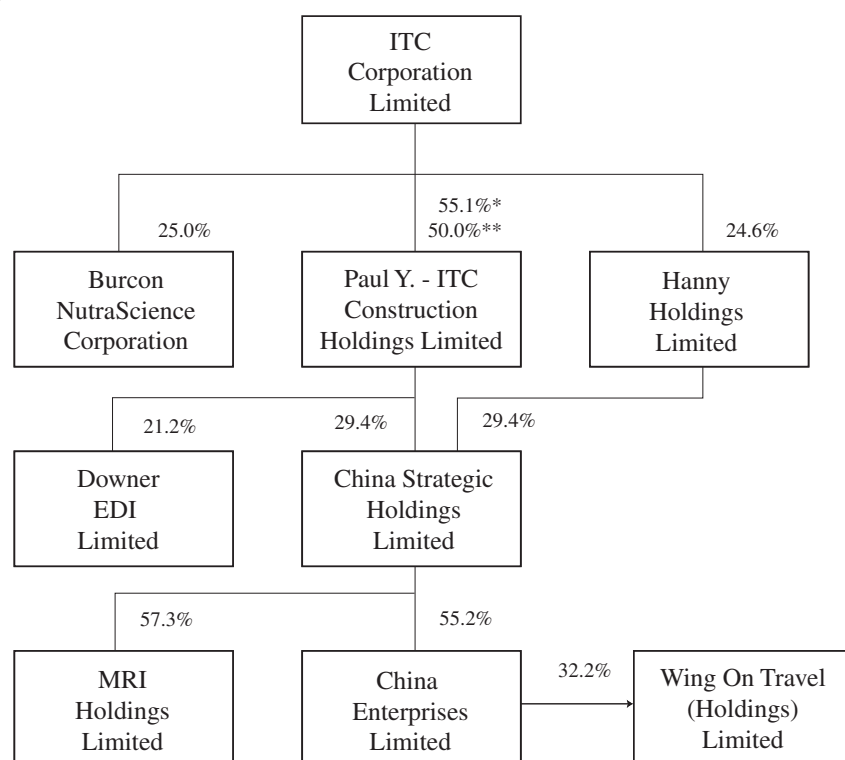
Based on the assumption of a minimum price of HK\$0.512 and approximately 68.04 million Paul Y. - ITC shares being sufficient for ITC to reduce its shareholding in Paul Y. - ITC to below 50% thereby

changing Paul Y. - ITC's status from a subsidiary to an associated company of ITC, the placement will result in an estimated book loss of approximately HK\$65.4 million for the Group, and if 134,500,000 Paul Y. - ITC shares, being approximately 10% of the existing issued share capital of Paul Y. - ITC were placed, the Group would report an estimated book loss of approximately HK\$129.3 million. Despite the book loss the placement will improve the cash flow of the Company by an amount of approximately HK\$34.8 million to approximately HK\$68.9 million. According to the annual report of ITC and Paul Y. - ITC, the cash, bank balances and bank deposits of the Group and the Paul Y. - ITC group were approximately HK\$303.1 million and approximately HK\$250.3 million, respectively, and the gearing ratio of the Group was approximately 42.8% as at 31st March, 2004. The gearing ratio would also be substantially improved when the Group is not required to consolidate the net bank borrowings of Paul Y. - ITC group amounting in aggregate to approximately HK\$310.8 million as at 31st March, 2004 based on the annual report of Paul Y. - ITC. Although no firm statement can be made as to the use of the proceeds from the possible placement, it is anticipated that the proceeds will be used to reduce borrowings and for general working capital purposes for the remaining of the Group.

#### **Information on ITC Corporation**

The Company is an investment holding company which directly and indirectly holds strategic investments in a number of listed companies. In addition to its interest in Paul Y. - ITC, the Group holds interests in a number of listed associated companies, namely, Hanny Holdings Limited and Burcon NutraScience Corporation, and also China Strategic Holdings Limited and Downer EDI Limited, which are held through Paul Y. - ITC. Through its listed associated companies, the Group has indirect interests in Wing On Travel (Holdings) Limited, China Enterprises Limited and MRI Holdings Limited. In addition to the businesses carried out through Paul Y. - ITC, the principal activities of the Group comprise investment holding, the provision of finance, the provision of management services and trading of building materials and machinery. After the placement, the Group will continue to provide management services to its investments (including associated companies) in return for management fees; providing financing to its associated companies, related companies and third parties in return for interest income; and trading of building materials and machinery with mainly independent third parties.

The following is the simplified version of the Group before and after the placement



Notes:

\* Before the placement of Paul Y. - ITC shares by ITC

\*\* After the placement of the minimum number of Paul Y. - ITC shares by ITC

The following is a summary of the audited consolidated results of the Group for the two years ended 31st March, 2004 and 31st March, 2003 respectively:

		<b>Year ended 31st March,</b>	
		<b>2004</b>	<b>2003</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover			
Building construction		<b>2,418,339</b>	407,653
Civil engineering		<b>463,440</b>	123,048
Specialist works		<b>448,849</b>	189,672
Construction materials		<b>3,448</b>	6,192
Property leasing		<b>48,269</b>	13,735
Provision of finance	<i>Note 1</i>	<b>42,904</b>	19,612
Investment income	<i>Note 2</i>	<b>3,238</b>	2,734
Others	<i>Note 3</i>	<b>6,179</b>	6,051
		<b><u>3,434,666</u></b>	<b><u>768,697</u></b>

Profit (loss) before taxation	<b>183,946</b>	(332,729)
Taxation	<b>(53,719)</b>	(28,019)
Profit (loss) before minority interests	<b>130,227</b>	(360,748)
Minority interests	<b>(101,295)</b>	2,224
Profit (loss) for the year	<b><u>28,932</u></b>	<b><u>(358,524)</u></b>

*Note 1:* For the financial years ended 31st March, 2004 and 2003, the Group, excluding Paul Y. - ITC, provided financing to its associated companies and related companies which principally included China Strategic Holdings Limited, Wing On Travel (Holdings) Limited, SMI Corporation Limited and M Channel Corporation Limited, in addition to several independent third parties in return for interest income amounting in total to approximately HK\$5.6 million and approximately HK\$12.6 million respectively. For the financial years ended 31st March, 2004 and 2003, Paul Y. – ITC contributed approximately HK\$37.3 million and approximately HK\$7.0 million in interest income respectively.

*Note 2:* Investment income was derived from income received from its investments which includes management fees received from its associated companies for providing management services to them. For the years ended 31st March, 2004 and 2003, the investment income of the Group represented management fees received from Hanny Holdings Limited and Burcon NutraScience Corporation which were approximately HK\$0.6 million and approximately HK\$0.4 million, respectively and approximately HK\$2.6 million and approximately HK\$2.3 million, respectively. The amount of the management fees is principally based on the time involved and at such rates which were mutually agreed between the parties.

*Note 3:* Others represented trading of building materials and machinery.

The audited consolidated total assets and net asset value of the Group as at 31st March, 2004 was approximately HK\$4,982.5 million and approximately HK\$1,353.2 million respectively.

As at the date of this announcement, the disclosed shareholdings of substantial shareholders of the Company are as follows:

	<b>Number of ordinary shares</b>	<b>Approximate shareholding %</b>
Dr. Charles Chan Kwok Keung	219,681,911	33.6

*Note:* These 219,681,911 ordinary shares of the Company are held through Galaxyway Investments Limited which is a wholly-owned subsidiary of Chinaview International Limited which is, in turn, wholly-owned by Dr. Charles Chan Kwok Keung, the chairman of the Company and an executive Director, and the chairman and an executive director of Paul Y. - ITC.

### **Information on Paul Y. - ITC**

The principal activities of Paul Y. - ITC group are building construction, civil engineering, specialist works, property development and investment, development and investment in infrastructure projects, and manufacturing and trading of construction materials. In addition, it holds investments in two major associated companies, Downer EDI Limited and China Strategic Holdings Limited.

The following is a summary of the audited consolidated results of the Paul Y. - ITC group for the two years ended 31st March, 2004 and 31st March, 2003 respectively:

	<b>Year ended 31st March,</b>	
	<b>2004</b>	<b>2003</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover		
Building construction	<b>2,418,339</b>	2,232,876
Civil engineering	<b>463,440</b>	555,794
Specialist works	<b>448,849</b>	720,304
Construction materials	<b>3,448</b>	14,488
Property leasing	<b>48,390</b>	55,733
Sale of property	–	8,340
Hotel and catering	–	48,647
	<b><u>3,382,466</u></b>	<b><u>3,636,182</u></b>
Profit (loss) before taxation	<b>208,566</b>	(316,718)
Taxation	<b>(45,678)</b>	(37,809)
Profit (loss) before minority interests	<b>162,888</b>	(354,527)
Minority interests	<b>739</b>	498
Profit (loss) for the year	<b><u>163,627</u></b>	<b><u>(354,029)</u></b>



The audited consolidated total assets and net asset value of the Paul Y. - ITC group as at 31st March, 2004 was approximately HK\$4,862.3 million and approximately HK\$2,770.9 million, respectively.

As at the date of this announcement, the disclosed shareholdings of substantial shareholders of Paul Y. - ITC are as follows:

	Number of Paul Y. - ITC shares	Approximate shareholding %
Dr. Charles Chan Kwok Keung ( <i>Note 1</i> )	11,603,952	0.9
Hollyfield Group Limited ( <i>Note 2</i> )	740,668,056	55.1
Aeneas Capital Management LP as Investment Manager ( <i>Note 3</i> )	191,404,000	14.2

*Notes:*

1. Dr. Charles Chan Kwok Keung beneficially held 11,603,952 Paul Y. - ITC shares and was deemed to be interested in the 740,668,056 Paul Y. - ITC shares held by Hollyfield Group Limited by virtue of his deemed interests in approximately 33.6% of the issued ordinary share capital of the Company.
2. Hollyfield Group Limited is an indirect wholly-owned subsidiary of the Company.
3. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Aeneas Capital Management LP as Investment Manager does not have any relationship with the Company or its connected persons other than the shareholding interests in its subsidiary, Paul Y. - ITC.

On 4th June, 2004 and 25th June, 2004, joint announcements were made by ITC together with Paul Y. - ITC and Skynet (International Group) Holdings Limited ("Skynet") where the transactions contemplated, including among others, the disposal by Paul Y. - ITC of its entire interests in Paul Y. - ITC Construction Holdings (B.V.I.) Limited, one of the major subsidiaries of Paul Y. - ITC, which carried out all the engineering and construction activities to Skynet, resulting in Skynet becoming a subsidiary of Paul Y. - ITC, constituted a discloseable transaction for the Company. Whether the proposed placing eventually occurs or not, the Company will despatch the discloseable transaction circular in relation to those transactions set out in the joint announcements, as required.

## **CONVERSION OF EXISTING CONVERTIBLE PREFERENCE SHARES INTO REDEEMABLE CONVERTIBLE PREFERENCE SHARES AND THE VARIATION OF TERMS**

### **Terms of the conversion**

The Company has in issue convertible preference shares which were placed privately in early 1997 and are listed on the Stock Exchange. These existing convertible preference shares are not redeemable and are presently convertible into ordinary shares of the Company at a price of HK\$21.20. This conversion price is substantially higher than

the last traded price of the ordinary shares in the Company of HK\$0.27, prior to the publication of this announcement. Furthermore, no dividends have been declared and paid on the preference shares since the financial year ended 31st March, 1999 as the Company did not have sufficient profits to make such payments. The dividend on the existing convertible preference shares is HK\$0.069 per share per annum, representing a yield of 6.5% on their original issue price.

It is proposed to convert the existing convertible preference shares into redeemable convertible preference shares and to alter certain of their terms, being principally the dividend entitlement and conversion rights. Following the conversion and the amendment of certain of their terms, the principal terms of the redeemable convertible preference shares will be as follows:

Number of redeemable convertible preference shares in issue:	267,980,000*
Nominal value:	HK\$0.10*
Redemption value:	HK\$1.06. The existing convertible preference shares are not redeemable.
Dividend:	HK\$0.04, annual cumulative dividend per redeemable convertible preference share. The previous annual cumulative dividend was HK\$0.069 per existing convertible preference share.
Yield on the redeemable convertible preference shares:	3.8%. The previous yield on the issued price was 6.5%.
Life of the redeemable convertible preference shares:	Three years. The existing convertible preference shares are not redeemable; consequently they have no fixed life.
Redemption date:	On the third anniversary of the effective date of the conversion. The existing cumulative preference shares are not redeemable.
Conversion right:	Holder are entitled to convert their redeemable convertible preference shares at any time into ordinary shares at an initial conversion price of HK\$1.04, subject to adjustments in the case of consolidation or subdivision and for any rights issue, an issue of ordinary shares for cash at less than 90% of their prevailing market price, as defined, or distributions in excess of the profits available for the distribution in any financial year and in certain other events.

The previous conversion price was HK\$21.20 per ordinary share in the Company.

Compulsory conversion:	The redeemable convertible preference shares will be redeemed compulsorily in the event the ordinary shares trade at or above 125% of the conversion price for twenty consecutive trading days or there are less than 50 million preference shares in issue.*
Listing:	The listing on the Stock Exchange will be maintained.*
Voting:	Holder's have limited voting rights and can only vote on a winding-up, a capital reduction and matters that may vary or affect their rights.*
Ranking:	The redeemable convertible preference shares rank in priority to the ordinary shares in Company as to dividends and a return of capital.*
Further issues:	The Company will be permitted to issue shares ranking equally with, and in priority to, the redeemable convertible preference shares.*

\* This asterisk denotes that the term has not been altered when compared to the original terms of the existing convertible preference shares.

### **Conditions of the conversion of the convertible preference shares into redeemable convertible preference shares and variation of terms of preference shares**

The conversion of the existing convertible preference shares and the amendment of certain of their terms are conditional upon:

- the passing by ordinary shareholders of a special resolution to approve the conversion and to amend the terms of the existing convertible preference shares on which resolution no substantial shareholder of ordinary shares of the Company or Director or their respective associates who is also an existing convertible preference shareholder is permitted to vote;
- the passing of the holders of the convertible preference shares of a special resolution to approve the conversion and amend the terms of the existing convertible preference shares on which no substantial shareholder of ordinary shares of the Company or Director or their respective associates who is also a convertible preference shareholder is permitted to vote;
- the consent in writing to the conversion of the convertible preference shares of holders of three-fourths of the existing convertible preference shares;

- the Listing Committee of the Stock Exchange granting a listing of, and permission to deal in, the ordinary shares to be issued upon conversion of the redeemable convertible preference shares;
- a notice of intention to convert being published in Bermuda within the statutory prescribed period; and
- the swearing of an affidavit by two Directors declaring the solvency of the Company on the effective date of the conversion.

As far as is known by the Directors, having made reasonable enquiry, save for approximately 12,000 preference shares held by holders of ordinary shares of the Company who are independent and not connected with the Company or directors, chief executive or substantial shareholders of any member of the Group or any associate of any of them, as defined in the Listing Rules, there are no holders of the existing convertible preference shares who also hold ordinary shares in the Company as at the date of this announcement.

### **Reasons and benefits of the conversion**

At present, existing convertible preference shareholders hold a security which is not redeemable and is most unlikely to be converted into ordinary shares, given that the conversion price of HK\$21.20 is over 78 times the last traded price of the ordinary shares. Furthermore, such holders have received no income on these securities for many years because dividends have not been declared and paid since the financial year ended 31st March, 1999. In return for agreeing to vary the terms of the existing convertible preference shares such that the holders of existing convertible preference shares will no longer be entitled to receive any unpaid preferential dividends in respect of the existing convertible preference shares since the financial year ended 31st March, 1999 up to the effective date of the conversion, the existing convertible preference shareholders will be given, on conversion from the existing convertible preference shares into redeemable convertible preference shares, a security which will be redeemed in three years. Although the redeemable convertible preference shares will carry a lower dividend, they are convertible into ordinary shares on a conversion price of HK\$1.04. The conversion price of HK\$1.04 is equal to the fully diluted net asset value per ordinary share of HK\$1.04 as at 31st March, 2004. The conversion price was determined by the management of the Company by adjusting the consolidated net asset value of ITC of approximately HK\$1,353.2 million as at 31st March, 2004 by goodwill of approximately HK\$0.5 million and negative goodwill of approximately HK\$332.4 million, other than those attributed to associated companies of Paul Y. - ITC and also adjusting the outstanding convertible preference shares of approximately HK\$284.1 million and the convertible notes of outstanding amount of approximately HK\$289.5 million and divided by the fully diluted ordinary shares of ITC of approximately 1,619.3 million shares (being approximately 654.3 million existing issued shares of the Company together with approximately 965 million shares, which may be issued upon conversion of the convertible notes in the outstanding amount of approximately HK\$289.5 million),

based on the Company's audited accounts as at that date. The amount of unpaid preferential dividends in respect of the existing convertible preference shares since the financial year ended 31st March, 1999 up to 31st March, 2004 was approximately HK\$110.9 million and the audited accumulated losses of the Company as at 31st March, 2004 was approximately HK\$983.3 million.

For ordinary shareholders, the proposal eliminates a large and growing amount of unpaid, cumulated dividends, which will have to be paid before any dividends are paid to ordinary shareholders. This will greatly improve the prospect of dividend distributions to ordinary shareholders in the future. The redemption or conversion of the redeemable convertible preference shares will simplify the share capital structure of the Company which, in the absence of the issue of any other class of shares, will then have only one class of shares in issue. This will make a reorganisation of the Company's capital or the Group's structure easier to implement. In return for this, ordinary shareholders will accept that a significant portion of the Company's resources, through outside borrowing or the proceeds from the issue of securities will be required to finance the redemption of the convertible preference shares. This can be expected to increase the gearing of the Group.

#### **GENERAL**

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the ordinary shares to be issued upon conversion of the redeemable convertible preference shares. A circular containing, among other things, details of the possible placement, the conversion of the existing convertible preference shares and the amendment of certain of their terms, a notice convening a special general meeting of the Company and a notice of the separate special general meeting of the holders of the existing convertible preference shares of the Company will be despatched to the ordinary shareholders and the existing convertible preference shareholders of the Company as soon as practicable.

Anglo Chinese Corporate Finance, Limited has been appointed to act as financial adviser to the Company in connection with these transactions.

As at the date of this announcement, the Board comprises ten directors, of which seven are executive directors, namely Dr. Charles Chan Kwok Keung, Mr. Tom Ko Yuen Lau, Ms. Rosanna Chau Mei Wah, Mr. Chan Kwok Hung, Mr. Chan Fut Yan, Mr. Wong Kun To and Mr. Cheung Hon Kit; and three are independent non-executive directors, namely Mr. Dominic Lai, Mr. Winston Calptor Chuck and Mr. Lee Kit Wah.

## DEFINITIONS

“Board”	Board of Directors
“Company” or “ITC”	ITC Corporation Limited, a company whose securities are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“existing convertible preference share(s)”	preference share(s) of HK\$0.10 each in the Company which are convertible into ordinary shares in the Company at any time at a conversion price of HK\$21.20, subject to adjustment
“Group”	the Company and its subsidiaries
“ordinary share(s)”	ordinary share(s) in HK\$0.10 each in the Company
“Paul Y. - ITC”	Paul Y. - ITC Construction Holdings Limited, a company whose shares are listed on the Stock Exchange
“Paul Y. - ITC group”	Paul Y. - ITC and its subsidiaries
“Paul Y. - ITC share(s)”	share(s) of HK\$0.10 each in the share capital of Paul Y. - ITC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“HK\$”	Hong Kong dollars

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

Hong Kong, 18th August, 2004

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