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ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 372)

DISCLOSEABLE TRANSACTION ACQUISITION OF PROPERTY INTEREST BY PAUL Y. - ITC CONSTRUCTION HOLDINGS LIMITED (A 55.1% OWNED SUBSIDIARY OF ITC CORPORATION LIMITED)

On 28 September 2004, the Purchaser, a wholly-owned subsidiary of Paul Y. - ITC (a 55.1% owned subsidiary of the Company) entered into a sale and purchase agreement with the Vendor, a wholly-owned subsidiary of China Velocity for the purchase by the Purchaser of the Sale Shares and the Sale Loan at an aggregate consideration of HK\$31 million.

The transactions contemplated under the Sale and Purchase Agreement constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing details of the Sale and Purchase Agreement will be despatched to the shareholders of the Company within 21 days after the publication of this announcement.

SALE AND PURCHASE AGREEMENT DATED 28 SEPTEMBER 2004

Parties:

- (1) Vendor:
Bremer Assets Limited, a wholly-owned subsidiary of China Velocity. The Company understands from the Vendor that the ultimate controlling shareholder of the Vendor and China Velocity is Mr. Chan Yeung Nam. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor, China Velocity and Mr. Chan Yeung Nam are third parties independent of and not connected with the Company, the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries (including Paul Y. - ITC) or their respective associates as defined in the Listing Rules. China Strategic Holdings Limited, an associated company owned as to approximately 29.4% by Paul Y. - ITC, currently holds an approximately 22.7% interest in China Velocity.
- (2) Purchaser:
Time First Investments Limited, a wholly-owned subsidiary of Paul Y. - ITC which is a 55.1% owned subsidiary of the Company. The Purchaser is not a subsidiary of the Paul Y Construction Group.

Summary:

The Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Shares and the Sale Loan for an aggregate consideration of HK\$31 million. The aggregate consideration of HK\$31 million represents a premium of HK\$1.5 million to the unaudited net asset value of Yetwide (excluding the Sale Loan) of approximately HK\$29.5 million as at 31 August 2004 based on the latest unaudited management accounts of Yetwide as at 31 August 2004. This premium is reflective of the open market valuation of the Property of HK\$60 million as at 31 August 2004 (based on a valuation report prepared by RHL Appraisal Ltd. dated 28 September 2004, an independent professional property valuer, on the Property), which exceeds by approximately HK\$1.5 million the book value of the Property as at 31 August 2004 of approximately HK\$58.5 million.

Yetwide is wholly owned by the Vendor and the Sale Shares represent the entire issued share capital of Yetwide.

Condition precedent:

Completion of the Sale and Purchase Agreement is conditional upon the Vendor and the Purchaser having obtained all necessary approvals, if any, in respect of the transactions contemplated under the Sale and Purchase Agreement and pursuant to the Listing Rules.

If the condition precedent is not fulfilled on or prior to 31 October 2004, the Sale and Purchase Agreement shall terminate and none of the parties shall have any claim against the other for costs, damages, compensation or otherwise (save in respect of the refundable deposit referred to in the section headed "Consideration" below).

Completion:

Completion of the Sale and Purchase Agreement shall take place on the second business day immediately following the fulfilment of the condition precedent or on such other date as the parties may agree.

The longstop date for fulfillment of the condition precedent is 31 October 2004 or such later date as the Vendor and the Purchaser may agree.

Consideration: The aggregate consideration of the Sale Shares and the Sale Loan is HK\$31 million of which HK\$2.00 represents the consideration for the Sale Shares and HK\$30,999,998 represents the consideration for the Sale Loan and is payable in cash. A sum of HK\$31 million has been paid by the Purchaser to the Vendor upon the signing of the Sale and Purchase Agreement as a refundable deposit which shall be applied at completion of the Sale and Purchase Agreement towards payment of the consideration. If completion of the Sale and Purchase Agreement does not proceed due to the non-fulfilment of the condition precedent aforesaid, this sum will be fully refunded to the Purchaser.

Such consideration has been determined after arm's length negotiations between the parties by reference to the unaudited net asset value of Yetwide (excluding the Sale Loan) of approximately HK\$29.5 million as at 31 August 2004 (based on the unaudited management accounts as at 31 August 2004) and taking into account the open market value of the Property in its existing state as at 31 August 2004 according to a valuation report prepared by RHL Appraisal Ltd., an independent professional property valuer, on the Property.

Other Terms: The Purchaser shall procure within 3 months from the date of completion the release by a bank of a guarantee dated 20 August 2003 given by China Velocity for the purpose of financing construction on the Property.

INFORMATION ON YETWIDE

Yetwide is a property holding company incorporated in Hong Kong on 11 March 1993 and is the sole beneficial owner of the Property. Based on the information provided to the Company by the Vendor, at that time, Yetwide was owned by International Tak Cheung Investments Limited, a subsidiary of G-Prop (Holdings) Limited (formerly known as International Tak Cheung Holdings Limited). Yetwide was acquired by the Vendor on 14 December 2000. The Property is a development site located at Lang De Dong, Fu Cheng Town, Taishan Municipality, Guangdong Province, the PRC. As at the date of this announcement, phase 1 of the construction works on the Property (consisting of a gross floor area of 17,178 square metres) have been newly completed in around end of July 2004 and the remaining portion of the Property is vacant (consisting of a gross floor area of 325,266 square metres). Phase 1 of the construction works on the Property consists of a total of 7 garden houses, 120 apartments and 108 motorcycle garages. The aggregate site area of the Property is approximately 231,759 square metres and is designated for a large-scale residential and commercial development known as "Tai Shan Orient Pointe" with a total gross floor area of approximately 342,444 square metres. Apart from the Property, Yetwide does not have any other assets or business operations. No revenue has been recorded by Yetwide as at the date of this announcement.

Based on the latest unaudited management accounts of Yetwide as at 31 August 2004, the unaudited net liability of Yetwide as at 31 August 2004 is approximately HK\$45.9 million and the unaudited net asset value of Yetwide as at 31 August 2004, without taking account of the Sale Loan, is approximately HK\$29.5 million. Based on the property valuation report of RHL Appraisal Ltd., an independent professional property valuer dated 28 September 2004, the open market value of the Property, in its existing state as at 31 August 2004 is approximately HK\$60 million. The unaudited total assets of Yetwide, taking into account the valuation of the Property of HK\$60 million plus the unaudited current assets of Yetwide as at 31 August 2004 of HK\$0.5 million (based on the unaudited management accounts of Yetwide as at 31 August 2004), were approximately HK\$60.5 million. The book value of the Property as at 31 August 2004 is approximately HK\$58.5 million. The Sale Loan in the sum of approximately HK\$75,372,486 represents the total outstanding amount of shareholder's loan due from Yetwide to the Vendor as at 31 August 2004, which was advanced by the Vendor to Yetwide for the acquisition of the Property and general working capital purposes. The Sale Loan is non interest bearing and is repayable on demand. The audited net loss both before and after taxation attributable to Yetwide for the year ended 31 December 2003 is HK\$5,815,600 and for the year ended 31 December 2002 is HK\$17,250.

PRINCIPAL ACTIVITIES OF PAUL Y. - ITC AND THE VENDOR

The Paul Y. - ITC Group carries on the business of 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, its investment in major associated companies includes Downer EDI Limited and China Strategic Holdings Limited.

Based on the information provided to the Company by the Vendor, the Vendor's principal activity is investment holding and China Velocity is principally engaged in property development in the PRC.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Through the acquisition of Yetwide, Paul Y. - ITC will indirectly own the Property which provides land and development site for the Paul Y. - ITC Group to develop and invest in commercial and residential premises in the PRC. The acquisition will hence broaden the property development and investment portfolio of Paul Y. - ITC. At this stage, the Paul Y. - ITC Group is acquiring the Property for development and investment purposes and intends to hold the Property primarily for sale in the future.

The consideration of HK\$31 million payable by the Purchaser under the Sale and Purchase Agreement will be financed by the Remaining Paul Y. - ITC Group from cash on hand as at the date of the Sale and Purchase Agreement.

The Directors believe that the terms of the Sale and Purchase Agreement are fair and reasonable and are in the interest of the shareholders of the Company as a whole.

INFORMATION ON THE COMPANY

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 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 the above 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 of listed and unlisted companies, the provision of finance, the provision of management services, leasing of property and trading of building materials and machinery.

RULE 13.10 STATEMENT

This statement is made at the request of the Stock Exchange. The Directors have noted the recent increases in the price and trading volume of the ordinary shares of the Company and wish to state that the Company is not aware of any reasons for such increases.

Reference is made to the Company's announcements dated 4 June 2004, 25 June 2004, 13 August 2004, 18 August 2004, 3 September 2004, 9 September 2004, 20 September 2004, 24 September 2004 and 7 October 2004 and the circular of the Company dated 21 September 2004 in relation to the possible disposal of the Paul Y Construction Group (which has not been completed as at the date of this announcement), the very substantial disposal resulting in the possible disposal of shares in Paul Y. - ITC so that it becomes an associated company of the Company and the conversion of existing convertible preference shares into redeemable convertible preference shares and variation of terms. The proposed very substantial disposal in relation to the shares in Paul Y. - ITC has been approved by the shareholders at the special general meeting dated 6 October 2004 and the Company is in negotiations with independent third parties to the possible implementation of such disposal. However, discussions between the parties are still at an early stage and the parties have not entered into any contract in connection with, or agreed the terms of, any such transaction.

Save as stated above and for the Sale and Purchase Agreement, the Directors confirm that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under rule 13.23, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09, which is or may be of a price-sensitive nature. Further announcement will be made by the Company as and when appropriate.

Made by the order of the Board of which the Directors individually and jointly accept responsibility for the accuracy of this statement.

GENERAL

The transactions contemplated under the Sale and Purchase Agreement constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing details of the Sale and Purchase Agreement will be despatched to the shareholders of the Company within 21 days after the publication of this announcement.

As at the date of this announcement, the Board comprises nine Directors, of which (i) six are executive Directors, namely Dr. Chan Kwok Keung, Charles, Mr. Lau Ko Yuen, Tom, Ms. Chau Mei Wah, Rosanna, Mr. Chan Kwok Hung, Mr. Chan Fut Yan and Mr. Cheung Hon Kit; and three are independent non-executive Directors, namely, Mr. Chuck Winston Calptor, Mr. Lee Kit Wah and Mr. Wong Kam Cheong, Stanley.

DEFINITIONS

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

“Board”	the board of Directors;
“China Velocity”	China Velocity Group Limited, a company incorporated in Bermuda whose shares are listed on the Main Board of the Stock Exchange;
“Company”	ITC Corporation Limited, a company incorporated in Bermuda whose shares are listed on the Main Board of the Stock Exchange;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Paul Y Construction”	Paul Y. - ITC Construction Holdings (B.V.I.) Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Paul Y. - ITC;
“Paul Y Construction Group”	Paul Y Construction and its subsidiaries, excluding Paul Y. - ITC Management Limited and its subsidiaries (except for Paul Y. Management Limited) which will be transferred to Paul Y. - ITC pursuant to the restructuring, the details of which are set out in the announcement of the Company dated 4 June 2004;
“Paul Y. - ITC”	Paul Y. - ITC Construction Holdings Limited, a company incorporated in Bermuda whose shares are listed on the Main Board of the Stock Exchange and a 55.1% owned subsidiary of the Company;
“Paul Y. - ITC Group”	Paul Y. - ITC and its subsidiaries;
“Property”	the development site of “Tai Shan Orient Pointe”, Lang De Dong, Fu Cheng Town, Taishan Municipality, Guangdong Province, the PRC with an aggregate site area of approximately 231,759 square metres located at designated areas for commercial and residential use in respect of which land use rights certificates (台國用(2000)字第01096, 01097 and 01098號) have been issued for a term expiring on 4 November 2063;
“PRC”	the People's Republic of China;
“Purchaser”	Time First Investments Limited, a company incorporated on 23 July 2002 under the laws of British Virgin Islands and a wholly-owned subsidiary of Paul Y. - ITC;
“Remaining Paul Y. - ITC Group”	Paul Y. - ITC and its subsidiaries after the completion proposed restructuring to dispose of the Paul Y Construction Group, the details of which are set out in the announcement of the Company dated 4 June 2004;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 28 September 2004 entered into between the Vendor and the Purchaser for the sale and purchase of the Sale Shares and the Sale Loan;

“Sale Loan”	the sum of approximately HK\$75,372,486, representing the total outstanding amount of shareholder’s loan due from Yetwide to the Vendor as at 31 August 2004 and was advanced by the Vendor to Yetwide for the acquisition of the Property and general working capital purposes;
“Sale Shares”	two shares of HK\$1.00 each in the issued share capital of Yetwide, representing the entire issued share capital of Yetwide;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	Bremer Assets Limited, a company incorporated on 13 May 1992 under the laws of the British Virgin Islands and a wholly-owned subsidiary of China Velocity; and
“Yetwide”	Yetwide Investments Limited, a company incorporated on 11 March 1993 under the laws of Hong Kong.

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

Hong Kong, 11 October 2004

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