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ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 372)

MAJOR TRANSACTION ACQUISITION OF PROPERTY

The Board announces that the Purchaser, a wholly-owned subsidiary of the Company, has entered into the Provisional Sale and Purchase Agreement with the Vendor in relation to the acquisition of the Property on 20 October 2004 at a consideration of HK\$102,018,000.

As the Consideration amounts to approximately 33% of the total market capitalisation of the Company of approximately HK\$309.5 million (based on the average closing price per Ordinary Share of HK\$0.473 as quoted on the Stock Exchange for the last five trading days prior to 20 October 2004), the Acquisition constitutes a major transaction for the Company under the Listing Rules and is therefore subject to the approval of the Ordinary Shareholders at a general meeting.

In accordance with the requirements of the Listing Rules, a circular containing further details of the Acquisition, the valuation report of the Property together with the notice convening the SGM will be despatched to the shareholders of the Company as soon as practicable.

The Directors have noted the decrease in price and increase in trading volume of the Ordinary Shares on 20 October 2004 and wish to state that they are not aware of any reasons for such movements.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares in the Company.

INTRODUCTION

The Board announces that the Purchaser, a wholly-owned subsidiary of the Company, has entered into the Provisional Sale and Purchase Agreement with the Vendor in relation to the acquisition of the Property on 20 October 2004 at a consideration of HK\$102,018,000.

PROVISIONAL SALE AND PURCHASE AGREEMENT

(1) **Date:**
20 October 2004

(2) **Parties:**
Vendor: Great Treasure Assets Limited, a company incorporated in the British Virgin Islands, who and whose ultimate beneficial owner, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with the Company or its connected persons (as defined in the Listing Rules). The Vendor is principally engaged in property holding and was introduced to the Purchaser through an estate agent.

Purchaser: Great Intelligence Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company. The Purchaser is not a subsidiary of Paul Y. - ITC.

(3) Property:

The whole of the 30th Floor and Car Parking Spaces Nos. 4087, 4088, 4089 and 4043 on 4th Floor, Bank of America Tower, No.12 Harcourt Road, Hong Kong. The Property comprises offices with a total gross floor area of approximately 13,880 square feet. The Property is now vacant.

(4) Consideration:

The Consideration, being HK\$102,018,000, is payable as follows:

- (a) HK\$10,201,800 (the "Deposit"), representing 10% of the Consideration, has already been paid by the Purchaser as initial deposit and part payment upon the signing of the Provisional Sale and Purchase Agreement;
- (b) HK\$5,100,900 (the "Part Payment"), representing 5% of the Consideration, shall be paid by the Purchaser as further deposit and part payment on or before 1 November 2004; and
- (c) the balance of the Consideration in the sum of HK\$86,715,300 shall be paid by the Purchaser upon Completion.

The Consideration will be financed as to approximately 35% by internal resources and as to the remaining approximately 65% by banking facilities. The Directors are negotiating with various banks as to the terms to be offered by them for such banking facilities (including the securities required), which terms have not been agreed yet. It is expected that such banking facilities will be secured by a legal charge on the Property.

The Property was valued at HK\$103 million as at 19 October 2004 by RHL Appraisal Ltd., an independent property valuer. This valuation represents the open market value of the Property as at such date with its existing physical state and condition.

The Consideration was arrived at after arms length negotiation with the Vendor after taking into account the valuation of the Property provided by RHL Appraisal Ltd.

(5) Condition:

Completion is conditional upon the approval of the Acquisition by the Ordinary Shareholders having been obtained on or before the Completion Date. In the event that such condition is not fulfilled, the Purchaser shall have the option to rescind the Provisional Sale and Purchase Agreement by serving a written notice on or before the Completion Date, whereupon the Deposit shall be forfeited by the Vendor, and the Part Payment shall be returned by the Vendor to the Purchaser in full but without any compensation, interest (if such return is made within seven days) or costs, after which neither party shall have any claim against the other.

(6) Completion:

Pursuant to the terms of the Provisional Sale and Purchase Agreement, Completion shall take place on or before the Completion Date.

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

As disclosed in the announcement of the Company dated 19 October 2004, a wholly-owned subsidiary of the Company has unconditionally agreed to dispose of 77 million shares of Paul Y. - ITC on 18 October 2004 and such disposal is expected to complete on or before 25 October 2004. After the disposal, the shareholding interests of the Company in Paul Y. - ITC will decrease from approximately 55.1% to approximately 49.3%, and Paul Y. - ITC will become an associated company of the Company.

REASONS FOR THE ACQUISITION

The headquarter of the Group is now located in Kwun Tong. The Group therefore wishes to acquire an office in downtown for convenience and smooth operation of the business of the Group. In view of the prime location of the Property, the Directors consider that the Acquisition not only meets the requirement of the Group but also represents an opportunity for the Group to expand its assets base. The Directors presently intend to retain the Property for the Group's use as a downtown office. The Directors are of the view that the terms of the Acquisition are fair and reasonable having regard to the valuation of the Property provided by RHL Appraisal Ltd. and after taking into account recent transactions of comparable properties in the vicinity. The Directors consider that the Acquisition is in the interest of the Company and the shareholders of the Company as a whole.

MAJOR TRANSACTION

As the Consideration amounts to approximately 33% of the total market capitalisation of the Company of approximately HK\$309.5 million (based on the average closing price per Ordinary Share of HK\$0.473 as quoted on the Stock Exchange for the last five trading days prior to 20 October 2004), the Acquisition constitutes a major transaction for the Company under the Listing Rules and is therefore conditional on the approval of the Ordinary Shareholders at a general meeting. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Ordinary Shareholder or its associates has any interest in the Acquisition which is not the same as the other Ordinary Shareholders. Therefore, no Ordinary Shareholder is required to abstain from voting on the resolution to be proposed at the SGM.

RULE 13.10 STATEMENT

The Directors have noted the decrease in price and increase in trading volume of the Ordinary Shares on 20 October 2004 and wish to state that they are not aware of any reasons for such movements.

Reference is made to the following documents:—

- (i) joint announcements of Paul Y. - ITC and the Company dated 4 June 2004, 25 June 2004, 13 August 2004, 3 September 2004, 9 September 2004, 24 September 2004, 7 October 2004 and 20 October 2004 in relation to, among other things, the possible disposal by Paul Y. - ITC of the Paul Y Construction Group (as defined in the announcement of the Company dated 11 October 2004) which has not yet been completed as at the date of this announcement;
- (ii) announcements of the Company dated 18 August 2004, 9 September 2004, 20 September 2004, 13 October 2004, 15 October 2004 and 19 October 2004 and a circular of the Company dated 21 September 2004 in relation to the very substantial disposal resulting from the possible disposal of shares in Paul Y. - ITC so that Paul Y. - ITC will become an associated company of the Company, the conversion of existing convertible preference shares of the Company into redeemable convertible preference shares and variation of terms;
- (iii) an announcement of the Company dated 11 October 2004 in relation to the discloseable transaction resulting from the acquisition of property interests by Paul Y. - ITC, which was completed on 19 October 2004; and

- (iv) an announcement of the Company dated 15 October 2004 relating to the possible acquisition by a third party of some or all of their interests in the shares of China Strategic Holdings Limited (“CSH”) from Paul Y. - ITC and, or, Hanny Holdings Limited, which may or may not result in a general offer being made for the shares in CSH.

The proposed very substantial disposal in relation to the shares in Paul Y. - ITC has been approved by shareholders at the special general meeting of the Company held on 6 October 2004. As disclosed in the announcement of the Company dated 19 October 2004, a wholly-owned subsidiary of the Company has unconditionally agreed to dispose of 77 million shares of Paul Y. - ITC on 18 October 2004 and such disposal is expected to complete on or before 25 October 2004. After the disposal, the shareholding interests of the Company in Paul Y. - ITC will decrease from approximately 55.1% to approximately 49.3%, and Paul Y. - ITC will become an associated company of the Company.

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

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

GENERAL

In accordance with the requirements of the Listing Rules, a circular containing further details of the Acquisition, the valuation report of the Property together with the notice convening the SGM will be despatched to the shareholders of the Company as soon as practicable.

As at the date of this announcement, the board of directors of the Company 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 (ii) 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 expressions have the following meanings, unless the context otherwise requires:

“Acquisition”	the acquisition of the Property by the Purchaser from the Vendor
“Board”	the board of Directors
“Company”	ITC Corporation Limited, a company incorporated in Bermuda whose securities are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition pursuant to the Provisional Sale and Purchase Agreement or the formal agreement to be entered into pursuant to the Provisional Sale and Purchase Agreement
“Completion Date”	30 December 2004
“Consideration”	the consideration payable by the Purchaser under the Provisional Sale and Purchase Agreement for the Acquisition, being HK\$102,018,000
“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
“Ordinary Shareholders”	holders of the Ordinary Shares

“Ordinary Shares”	ordinary shares of HK\$0.10 each in the capital of the Company
“Paul Y. - ITC “	Paul Y. - ITC Construction Holdings Limited
“Property”	the whole of the 30th Floor and Car Parking Spaces Nos. 4087, 4088, 4089 and 4043 on 4th Floor, Bank of America Tower, No.12 Harcourt Road, Hong Kong
“Provisional Sale and Purchase Agreement”	the provisional sale and purchase agreement dated 20 October 2004 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Property
“Purchaser”	Great Intelligence Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Great Treasure Assets Limited, a company incorporated in the British Virgin Islands, who and whose ultimate beneficial owner, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with the Company or its connected persons (as defined in the Listing Rules)

By Order of the Board
ITC CORPORATION LIMITED
Law Hon Wa, William
Company Secretary

Hong Kong, 20 October 2004

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