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If you are in any doubt as to any aspect of this circular, you should consult a licensed securities dealer, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities of ITC Corporation Limited, you should at once hand this circular to the purchaser or the transferee or to the bank manager, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 372)

**DISPOSAL OF SHARES IN
PAUL Y. - ITC CONSTRUCTION HOLDINGS LIMITED**

Financial adviser

ANGLO CHINESE
CORPORATE FINANCE, LIMITED

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	the meaning ascribed thereto in the Listing Rules
“Board”	the 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
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“ITC group”	ITC and its subsidiaries including Paul Y. - ITC as a subsidiary of the Company until 20 October 2004
“Latest Practicable Date”	3 November 2004, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	a person who is entitled to exercise, or control the exercise of, 10% or more of the voting power of the total issued ordinary shares at any general meeting of the company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE BOARD



ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)
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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
Cheung Hon Kit

Independent Non-executive Directors:

Chuck Winston Calptor
Lee Kit Wah
Wong Kam Cheong, Stanley

Registered office:

Clarendon House
2 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

5 November 2004

To holders of the ordinary shares and holders of the redeemable convertible preference shares and, for information only, holders of the convertible notes issued by the Company

Dear Sir and Madam,

DISPOSAL OF SHARES IN PAUL Y. - ITC CONSTRUCTION HOLDINGS LIMITED

INTRODUCTION

Reference is made to the announcements of ITC and Paul Y. - ITC both dated 18 August 2004, the circular of ITC dated 21 September 2004 and the joint announcement of ITC and Paul Y. - ITC dated 15 October 2004 in relation to, amongst other things, the disposal of shares in Paul Y. - ITC so that it becomes an associated company of ITC. The Directors announced on 19 October 2004 that its wholly-owned subsidiary, Hollyfield Group Limited, has agreed to dispose of 77 million shares in Paul Y. - ITC, representing approximately 5.8% of the then issued share capital of Paul Y. - ITC of 1,345,249,019 shares, and approximately 5.6% of the issued share capital of Paul Y. - ITC of 1,369,195,436 shares as at the Latest Practicable Date, as enlarged by issue of scrip shares on 29 October 2004, to more than six independent third parties at the price of HK\$1.05 per share on 18 October 2004. After such disposal, ITC's shareholding interest in Paul Y. - ITC decreased from approximately 55.1% to approximately 49.3% of the issued share capital of Paul Y. - ITC. Paul Y. - ITC has become an associated company of ITC since 20 October 2004 and is equity accounted for by ITC.

DISPOSAL OF SHARES IN PAUL Y. - ITC

The very substantial disposal in relation to the shares in Paul Y. - ITC has been approved by shareholders of ITC at the special general meeting of ITC held on 6 October 2004. The disposal was based on the following terms:

- The price equals to or exceeds HK\$0.512 per share in Paul Y. - ITC;
- The maximum number of shares in Paul Y. - ITC to be disposed under the mandate granted by the shareholders of ITC does not exceed 134,500,000 shares in Paul Y. - ITC;

LETTER FROM THE BOARD

- All the shares in Paul Y. - ITC to be disposed, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, with parties who are independent of ITC and any director, chief executive or substantial shareholder of any member of the ITC group or any associate of any of them; and
- The disposal is completed within twelve months of the approval of shareholders of ITC being given, which the Directors consider to be a reasonable period to conduct such a disposal of shares in Paul Y. - ITC after having taken into account the current market situation.

The Directors announced on 19 October 2004 that its wholly-owned subsidiary, Hollyfield Group Limited, has unconditionally agreed to dispose of 77 million shares in Paul Y. - ITC at a price of HK\$1.05 per share in Paul Y. - ITC, representing approximately 5.8% of the then issued share capital of Paul Y. - ITC of 1,345,249,019 shares, and approximately 5.6% of the issued share capital of Paul Y. - ITC of 1,369,195,436 shares as at the Latest Practicable Date, as enlarged by issue of scrip shares on 29 October 2004, to more than six independent third parties on 18 October 2004. These independent third parties, and their ultimate beneficial owners, are independent of ITC and Paul Y. - ITC and any director, chief executive or substantial shareholder of any member of the ITC group or any associate of any of them. These independent third parties will not become substantial shareholders, as defined in the Listing Rules, of Paul Y. - ITC immediately after the completion of the disposal. The date of completion is 20 October 2004. Immediately after such disposal, ITC's shareholding interest in Paul Y. - ITC decreased from approximately 55.1% to approximately 49.3% of the then issued share capital of Paul Y. - ITC. The public float of Paul Y. - ITC before and after the completion of the disposal is 29.8% and 35.6% respectively. Due to the allotment of 15,123,905 scrip shares of Paul Y. - ITC to ITC group on 29 October 2004, ITC's shareholding interests in Paul Y. - ITC has been increased from approximately 49.3% to approximately 49.6% of the enlarged issued share capital of Paul Y. - ITC of 1,369,195,436 shares. Based on the disclosure forms filed to Paul Y. - ITC under Part XV of the Securities and Futures Ordinance, the public float of Paul Y. - ITC remains at around 35.6% as at the Latest Practicable Date.

After the disposal, Paul Y. - ITC is no longer a subsidiary of ITC and becomes an associated company of ITC which is equity accounted for by ITC.

Hollyfield Group Limited has agreed to dispose of the 77 million shares in Paul Y. - ITC at a price of HK\$1.05 per share, representing

- (i) a discount of approximately 49.0% to the net asset value of HK\$2.06 per share (which is calculated based on the audited net asset value of approximately HK\$2,770.9 million as at 31 March 2004 divided by the number of shares outstanding as at 31 March 2004 of approximately 1,345.2 million shares, these information are obtained from the annual report of Paul Y. - ITC for the year ended 31 March 2004);
- (ii) a price to earning ratio of 7.2, which is based on the price of HK\$1.05 divided by the earnings per share for the year ended 31 March 2004 of approximately HK\$0.146 (which is calculated based on the audited profit after tax of approximately HK\$163.6 million for the year ended 31 March 2004 divided by the weighted average number of ordinary shares for the year ended 31 March 2004 of approximately 1,117.4 million shares, these information are obtained from the annual report of Paul Y. - ITC for the year ended 31 March 2004);
- (iii) a discount of approximately 6.3% to the closing price of HK\$1.12 per share in Paul Y. - ITC as quoted on the Stock Exchange on 15 October 2004;
- (iv) a premium of approximately 15.1% to the five day average closing price of HK\$0.912 per share in Paul Y. - ITC as quoted on the Stock Exchange for the last 5 trading days up to and including 15 October 2004; and
- (v) a premium of approximately 23.7% to the average closing price of HK\$0.849 per share in Paul Y. - ITC as quoted on the Stock Exchange for the last 10 trading days up to and including 15 October 2004.

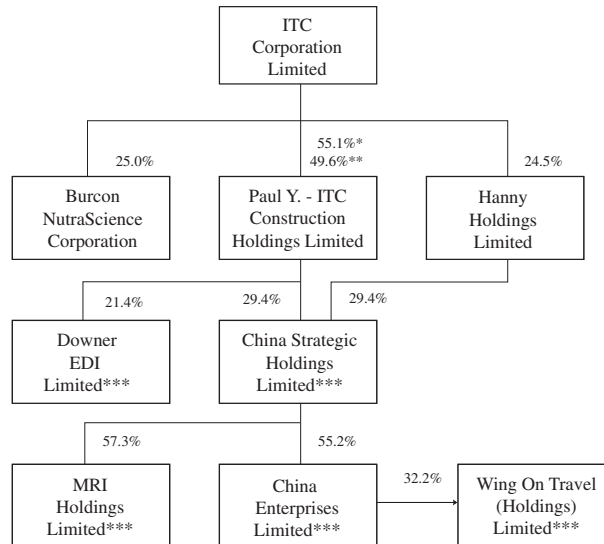
FINANCIAL EFFECT OF THE DISPOSAL ON ITC

The disposal of the shares in Paul Y. - ITC raised approximately HK\$80.9 million in cash, before expenses and tax, for ITC. As at the Latest Practicable Date, there is no specific use for the proceeds other than to be used for general working capital. The disposal resulted in an estimated loss of approximately HK\$32.5 million, before expenses and tax, which will be recorded in the consolidated financial statements of ITC for the year ending 31 March 2005.

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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 31 March 2004 (based on their annual reports for the financial year ended 31 March 2004), following the disposal, the investment in Paul Y. - ITC will continue to represent a substantial portion of the total assets of ITC. It is anticipated that ITC will continue to benefit from that investment by equity accounting its results as an associated company and sharing of any dividends that it may declare.

The following is the simplified version of the ITC group before and after the disposal



Notes:

- * Before the disposal of shares in Paul Y. - ITC by ITC
- ** After the disposal of the 77 million shares in Paul Y. - ITC by ITC and the allotment of 15,123,905 scrip shares of Paul Y. - ITC to ITC on 29 October 2004
- *** These companies will not be associated companies of the ITC group after the disposal of shares in Paul Y. - ITC

GENERAL

As disclosed in the announcement dated 19 October 2004 that further announcement and circular will be made if ITC proceeds with the disposal of the remaining 57.5 million shares in Paul Y. - ITC under the mandate granted by the shareholders of ITC (as and when appropriate). With the disposal of 77 million shares in Paul Y. - ITC, Paul Y. - ITC has become an associated company of ITC since 20 October 2004.

As at the Latest Practicable Date, the remaining 57.5 million shares in Paul Y. - ITC under the mandate granted by the shareholders of ITC may or may not be disposed in near future. Paul Y. - ITC will remain an associated company even ITC proceeds with the disposal for the remaining shares under the mandate, it is not in the interests of ITC and its shareholders as a whole to issue further circular given (i) ITC will issue further announcement when ITC further disposes of the shares in Paul Y. - ITC pursuant to the unused mandate and (ii) the costs involved in the issue of further circular. Accordingly, the Directors are of the view that only announcement will be made if ITC proceeds with such disposal under the mandate.

Your faithfully,
For and on behalf of the board of
ITC Corporation Limited
Dr. Chan Kwok Keung, Charles
Chairman

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the ITC group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts, the omission of which would make any statement herein misleading.