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ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 372)

DISCLOSEABLE TRANSACTION AND DISCLOSURE PURSUANT TO RULES 13.13 AND 13.16 OF THE LISTING RULES

The Company executed the Guarantee dated 31 May 2005 in favour of the Bank to secure 50% of the liabilities of Central Town (which is a 50% associated company of the Group) owing to the Bank under the loan facilities of HK\$112 million from time to time up to the maximum amount of HK\$56 million (plus interest and other charges). The Guarantee provided by the Company is on a several basis in accordance with the percentage equity interest of the Group in Central Town. The Group had made advances of approximately HK\$27 million to Central Town and has undertaken to Central Town that it will make further advances to Central Town for its operating expenses from time to time on an "as needed" basis proportionate to the percentage equity interest of the Group in Central Town up to an aggregate amount of HK\$10 million. The execution of the Guarantee by the Company and the Advances made and the Further Advances to be made by the Group constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Bank is an Independent Third Party.

In addition, as the amount of the Guarantee together with the Advances exceeds 8% of the applicable percentage ratios, the Company is also required to disclose details of the Guarantee and the Advances pursuant to Rules 13.13 and 13.16 of the Listing Rules.

A circular containing further details of the Guarantee, the Advances, the Further Advances and other information as required by the Listing Rules will be despatched to the shareholders of the Company as soon as practicable.

GUARANTEE, ADVANCES AND FURTHER ADVANCES

The Company executed the Guarantee dated 31 May 2005 to secure 50% of the liabilities of Central Town owing to the Bank under the loan facilities of HK\$112 million from time to time up to the maximum amount of HK\$56 million (plus interest and other charges). The loan facilities have been applied by Central Town in the acquisition of the Property.

The Guarantee provided by the Company is on a several basis in accordance with the percentage equity interest of the Group in Central Town. No fee or commission is payable by Central Town to the Company for the provision of the Guarantee. The shareholder of the company holding the remaining 50% of the equity interest in Central Town has also provided a guarantee to the Bank on a several basis in accordance with the percentage interest of such company in Central Town.

In addition to the Guarantee, the Group had made advances since March 2005 to Central Town in the aggregate amount of approximately HK\$27 million in proportion to the Group's percentage equity interest in Central Town. The Group has undertaken to Central Town that it will make further advances to Central Town for its operating expenses (such as interest payments, management fees, rates and other outgoings) from time to time on an "as needed" basis proportionate to the percentage equity interest of the Group in Central Town up to an aggregate amount of HK\$10 million. The Advances are, and the Further Advances will be, financed by internal resources of the Group. The Advances are, and the Further Advances will be, unsecured, and non-interest bearing and both have no fixed repayment date. As the amount of the Guarantee together with the Advances and Further Advances represented approximately 16.7% of the market capitalization of the Company of approximately HK\$557 million based on the average closing price of HK\$0.52 per Share for the five business days immediately preceding 31 May 2005, being the date of the Guarantee, the execution of the Guarantee by the Company and the Advances and Further Advances made or to be made by the Group constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. As the amount of the

Guarantee together with the Advances exceeds 8% of the applicable percentage ratios, the Company is also required to disclose details of the Guarantee and the Advances pursuant to Rules 13.13 and 13.16 of the Listing Rules.

As required under Rule 13.13 of the Listing Rules, details of the Advances and the Guarantee provided by the Group to Central Town as at 31 May 2005 are set out as follows:

Amount of Advances (HK\$'000)	Amount of Guarantee (HK\$'000)	Total (HK\$'000)	Percentage of total assets	Percentage of market capitalization
27,153	56,000	83,153	1.3%	14.9%

The Advances to Central Town are unsecured, bear no interest and have no fixed repayment date. The Advances were used by Central Town in the acquisition of the Property.

Pursuant to Rule 13.16 of the Listing Rules, details of the financial assistance to and guarantee provided by the Group to its affiliated companies that would in aggregate exceed 8% of the applicable percentage ratios are set out below:

Affiliated companies	Percentage of interest	Amount of advances (HK\$'000)	Interest rate in respect of advances	Amount of trading balances (HK\$'000)	Guarantee (HK\$'000)	Total (HK\$'000)	Banking facilities utilized (HK\$'000)
Central Town Limited	50%	27,153	Nil	-	56,000	83,153	112,000
Great Concept Profits Limited	38.1%	1,466	P+2%	-	-	1,466	-
Paul Y. - ITC Construction Holdings Limited	49.6%	-	-	122	-	122	-
Hanny Holdings Limited	20.5%	-	-	101	-	101	-
Burcon NutraScience Corporation	25.0%	-	-	32	-	32	-
		<u>28,619</u>		<u>255</u>	<u>56,000</u>	<u>84,874</u>	
							(Note)

Note: This represents approximately 1.3% and 15.2% of the total assets of the Group of approximately HK\$6,428 million as at 30 September 2004 according to the Group's consolidated balance sheet as at 30 September 2004 and the market capitalization of the Company of approximately HK\$557 million based on the average closing price of HK\$0.52 per Share for the five business days immediately preceding 31 May 2005 respectively.

The amounts above are unsecured and repayable on demand. All the trading balances are interest free.

As at the date of this announcement, the Group did not have any committed capital injection to any of its affiliated companies.

The Company will fulfil the continuing disclosure obligation under Rule 13.22 of the Listing Rules so long as circumstances giving rise to such disclosure obligation continue to exist.

REASONS FOR AND BENEFITS OF THE EXECUTION OF THE GUARANTEE, THE ADVANCES AND FURTHER ADVANCES

Central Town (which is a 50% associated company of the Group) had obtained from the Bank the Loan in the principal amount of HK\$112 million with a final maturity date of 5 years. As security for the repayment of liabilities owing to the Bank by Central Town from time to time, Central Town has, inter alia, executed the Mortgage in favour of the Bank.

The Board considers that since Central Town is a 50% associated company of the Group, support should be given on the several basis for the purpose of its raising financing. Given that the Guarantee is entered into on normal commercial terms and the Advances and the Further Advances were or are to be made to Central Town as is normal commercial practice, the Directors believe that the terms of the Guarantee, the Advances and the Further Advances are fair and reasonable so far as the Company and the shareholders of the Company as a whole are concerned.

GENERAL

ITC is an investment holding company which directly and indirectly holds strategic investments in a number of listed companies. It directly holds investments, namely, Paul Y. - ITC Construction Holdings Limited ("Paul Y. - ITC"), Hanny Holdings Limited ("Hanny"), Trasy Gold Ex Limited ("Trasy") and Burcon NutraScience Corporation. Through its listed associated companies, namely Paul Y. - ITC and Hanny, the Group has indirect interests in Paul Y. Engineering Group Limited, China Strategic Holdings Limited, Wing On Travel (Holdings)

Limited, China Enterprises Limited and MRI Holdings Limited. The principal activities of the Group comprise investment holding, the provision of finance, the provision of management services, leasing of properties, trading of building materials and machinery and the provision and operation of an internet-based electronic trading system to facilitate the trading of precious metals carried out through Trasy. Central Town is principally engaged in leasing of properties.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Bank and its ultimate beneficial owner(s) are Independent Third Parties.

The execution of the Guarantee together with the making of the Advances and the Further Advances by the Group constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing further details of the Guarantee, the Advances, the Further Advances and other information as required by the Listing Rules will be despatched to the shareholders of the Company as soon as practicable.

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 (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 meanings set out below unless the context requires otherwise:

“Advances”	the advances made by the Group to Central Town up to the date of this announcement
“affiliated company(ies)”	as such term is defined under the Listing Rules
“associate(s)”	as such term is defined under the Listing Rules
“Bank”	the licensed bank registered under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) who acts as the lender of the Loan and a party to the Guarantee and the Mortgage
“Board”	the board of Directors
“Central Town”	Central Town Limited, a company incorporated in Hong Kong with limited liability, being a 50% associated company of the Group (with the other 50% shareholding owned by a company, who and whose ultimate beneficial owner are Independent Third Parties)
“Company”	ITC Corporation Limited, a company incorporated in Bermuda whose securities are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Further Advances”	the advances which the Group has undertaken to be made to Central Town for its operating expenses from time to time on an “as needed” basis proportionate to the percentage equity interest of the Group in Central Town up to the aggregate amount of HK\$10 million
“Group”	the Company and its subsidiaries
“Guarantee”	the corporate guarantee provided by the Company in respect of the liabilities of Central Town under the Loan
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) which is (are) not connected with the chief executive, directors and substantial shareholders of the Company or its subsidiaries or their respective associates and are not connected with the Company or its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	loan facilities of HK\$112 million provided by the Bank to Central Town
“Mortgage”	the mortgage over the Property dated 31 May 2005 executed by Central Town in favour of the Bank for securing the repayment of liabilities from time to time owing to the Bank by Central Town
“percentage ratios”	as such term is defined under the Listing Rules
“Property”	portion of Basement, Ground Floor, Mezzanine Floor and First Floor, the Whole of Second Floor, Third Floor and Fourth Floor, Portion of the Thirteenth Floor and the Penthouse of United Chinese Bank Building, 31-37 Des Voeux Road Central, Hong Kong

“Share(s)” share(s) of HK\$0.1 each in the share capital of the Company
“Stock Exchange” The Stock Exchange of Hong Kong Limited
“HK\$” Hong Kong dollars, the lawful currency of Hong Kong
“%” per cent.

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

Hong Kong, 1 June 2005

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