
THE CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

If you are in any doubt as to any aspect of this circular or as to the action you should take, 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 in **ITC Corporation Limited**, you should at once hand this circular and the accompanying scrip election form 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.



ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 372)

Executive Directors:

Chan Kwok Keung, Charles (*Chairman*)
Chau Mei Wah, Rosanna (*Deputy Chairman and 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

6th October, 2005

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

Dear Sir or Madam,

**Scrip Dividend Alternative Scheme
in relation to the Final Dividend
for the Year Ended 31st March, 2005**

On 22nd July, 2005, ITC Corporation Limited (the "Company") announced that the board of directors of the Company recommended the payment of a final dividend of HK\$0.015 per ordinary share of HK\$0.10 each in the capital of the Company (the "Ordinary Share") for the year ended 31st March, 2005, such final dividend to be satisfied by cash, with an option to elect scrip dividend of Ordinary Shares ("Scrip Shares"), in

respect of part or all of such dividend, payable to holders of Ordinary Shares (the “Ordinary Shareholders”) whose names appear on the register of Ordinary Shareholders as at the close of business on 5th October, 2005 (the “Scrip Dividend Alternative Scheme”). The final dividend was approved at the annual general meeting of the Company held on 12th September, 2005. The register of Ordinary Shareholders has been closed from 3rd October, 2005 to 5th October, 2005, both dates inclusive, during which period no transfers of Ordinary Shares would be effected. In order to qualify for the final dividend, all transfers of Ordinary Shares together with the relevant share certificates must have been lodged with the Company’s share registrars in Hong Kong, Secretaries Limited of Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong on 30th September, 2005.

Particulars of the Scrip Dividend Alternative Scheme

Under the Scrip Dividend Alternative Scheme, each Ordinary Shareholder has the choice of receiving:

- (a) HK\$0.015 in cash for each existing Ordinary Share held on 5th October, 2005; or
- (b) an allotment of Scrip Shares at a market value of HK\$0.5256 per Scrip Share (as determined below), save for adjustment for fractions, credited as fully paid in lieu of payment of final dividend to which he/she/it is entitled; or
- (c) a combination of partly in (a) and partly in (b) above.

As stated in the announcement of 22nd July, 2005, for the purpose of calculating the number of Scrip Shares to be allotted, the market value of Scrip Shares will be fixed by reference to the average of the closing prices of the Ordinary Shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the three consecutive trading days ended 5th October, 2005 less a discount of five per cent. of such average price or the par value of HK\$0.10 per Ordinary Share, whichever is the higher.

Since the average closing price of Ordinary Shares on the Stock Exchange for the three consecutive trading days ended 5th October, 2005 was HK\$0.5533 (the “Average Closing Price”), the entitlements of Ordinary Shareholders who elect to receive Scrip Shares under the Scrip Dividend Alternative Scheme shall be determined based on the price of HK\$0.5256 (which is higher than the par value of Ordinary Shares), being the Average Closing Price less a discount of five per cent. Accordingly, the number of Scrip Shares which each Ordinary Shareholder will receive under the Scrip Dividend Alternative Scheme will be calculated by the following formula:

$$\begin{array}{l} \text{Number of Scrip Shares} \\ \text{to be received under the} \\ \text{Scrip Dividend Alternative} \\ \text{Scheme} \end{array} = \begin{array}{l} \text{Number of existing Ordinary Shares} \\ \text{held on 5th October, 2005 for which} \\ \text{the dividend is to be satisfied in} \\ \text{Ordinary Shares under the Scrip} \\ \text{Dividend Alternative Scheme} \end{array} \times \frac{0.015}{0.5256}$$

If all Ordinary Shareholders elect to receive their entitlements in Scrip Shares, based on 1,072,008,541 Ordinary Shares in issue as at 5th October, 2005, not more than 30,593,851 Scrip Shares will be issued under the Scrip Dividend Alternative Scheme.

The number of Scrip Shares to be issued to each Ordinary Shareholder will be rounded down to the nearest whole number. Fractional entitlements to Scrip Shares will not be allotted and the benefit thereof will accrue to the Company.

The Scrip Shares will rank pari passu in all respects with the Ordinary Shares existing as at the date of issue save that they will not be entitled to the final dividend for the year ended 31st March, 2005. The Scrip Shares will rank in full for all future dividends and distribution which may be declared, made or paid after the date of issue thereof.

Form of Election

A Scrip Election Form is enclosed. Any Ordinary Shareholder who wishes to receive only cash in respect of his final dividend entitlement need not complete the Scrip Election Form. No Scrip Election Forms are being sent to Ordinary Shareholders who have previously lodged a form of election electing to receive all future scrip dividend in cash. Any Ordinary Shareholder who wishes to receive Scrip Shares in lieu of cash in respect of his final dividend entitlement, either in whole or in part, must complete the Scrip Election Form and return it to Secretaries Limited of Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong no later than 4:00 p.m. on 20th October, 2005. No acknowledgement of receipt of the Scrip Election Form will be issued.

If you complete the Scrip Election Form but do not specify the number of Ordinary Shares in respect of which you elect to receive Scrip Shares, or if you elect to receive Scrip Shares in respect of a greater number of Ordinary Shares than your registered holding on 5th October, 2005, then in either case you will be deemed to have exercised your election to receive the final dividend wholly in Scrip Shares in respect of all the Ordinary Shares of which you were then registered as the holder(s).

Overseas Ordinary Shareholders

Based on the register of Ordinary Shareholders as at 5th October, 2005 (being the record date for the purpose of determining the Ordinary Shareholders entitled to the said final dividend), all of the Ordinary Shareholders have registered addresses in Hong Kong save that there were one Ordinary Shareholder in Canada, one Ordinary Shareholder in the British Virgin Islands, two Ordinary Shareholders in Australia, two Ordinary Shareholders in Macau and one Ordinary Shareholder in Singapore.

After making enquiries with legal advisers in the relevant jurisdictions, there are no legal restrictions or requirements on the issue of Scrip Shares to such overseas Ordinary Shareholders, except as described below. Accordingly, all such overseas Ordinary Shareholders, except as described below, are permitted to participate in the Scrip Dividend Alternative Scheme.

The directors of the Company, having made enquiries with legal adviser in the relevant jurisdiction, considered that it would be expedient to exclude the Ordinary Shareholder with registered address in Singapore on the ground of legal restrictions and requirements under the laws of the relevant jurisdiction and/or the timing for complying with the requirements in Singapore rendered the offer of the Scrip Dividend Alternative Scheme to such overseas Ordinary Shareholder impracticable. Accordingly, such overseas Ordinary Shareholder has been excluded from the Scrip Dividend Alternative Scheme and will receive the final dividend for the year ended 31 March 2005 in cash and no form of election would be sent to him. A copy of this circular will be sent to such overseas Ordinary Shareholder for his information only.

None of this circular, the Scrip Election Form nor the Scrip Shares will be registered or filed under the securities laws or equivalent legislation of any jurisdiction outside Hong Kong. The participation in the Scrip Dividend Alternative Scheme by overseas Ordinary Shareholders may be restricted by the laws of their relevant jurisdictions. No Ordinary Shareholder receiving a copy of this circular and/or the Scrip Election Form in any territory outside Hong Kong may treat the same as an invitation to elect for Scrip Shares unless in the relevant territory such invitation could lawfully be made to him/her without having to obtain any registration or comply with other legal requirements, governmental or regulatory procedures or any similar formalities. It is the responsibility of any person outside Hong Kong who wishes to receive Scrip Shares under the Scrip Dividend Alternative Scheme to comply with the laws of the relevant jurisdictions including obtaining any registration or complying with other legal requirements, governmental or regulatory procedures or any similar formalities. Persons who receive Scrip Shares in lieu of the cash dividend must also comply with any restrictions on the resale of the Ordinary Shares which may apply outside Hong Kong. Ordinary Shareholders with a registered

address outside Hong Kong should consult their own professional advisers as to whether or not they are permitted to receive the final dividend in the form of an issue of Scrip Shares or if any governmental or other consent is required or other formalities which need to be observed and whether there are any other restrictions in relation to the future sale of any Ordinary Shares so acquired. Overseas Ordinary Shareholders residing in jurisdiction where it would be illegal for them to participate in the Scrip Dividend Alternative Scheme will be deemed to have received this circular and/or Scrip Election Form for information only.

The Stock Exchange Listing and Despatch of Dividend Cheques/Share Certificates

The Scrip Dividend Alternative Scheme is conditional upon the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Scrip Shares. Application will be made to the Stock Exchange for listing of and permission to deal in the Scrip Shares. Certificates in respect of Scrip Shares and cheques in respect of cash dividends are expected to be sent to Ordinary Shareholders by post at the risk of such Ordinary Shareholders on or around 3rd November, 2005. You may deal in the Scrip Shares to be issued to you upon receipt of the relevant share certificate. In the unlikely event that the Scrip Shares are not admitted to listing before 3rd November, 2005, the Scrip Election Form will be disregarded and the full cash dividend will be paid in the way as described above.

No equity or debt securities of the Company are listed on or dealt in on any other stock exchange and no listing or permission to deal in on any other stock exchange is being or is proposed to be sought.

Dealings in Scrip Shares are expected to commence on 4th November, 2005.

Advantage of Scrip Dividend Alternative Scheme

The Scrip Dividend Alternative Scheme will give Ordinary Shareholders the opportunity to increase their investments in the Company at a discount to market value or at par as provided above, without incurring brokerage and stamp duty costs. The Scrip Dividend Alternative Scheme will also be to the advantage of the Company because, to the extent that Ordinary Shareholders receive Scrip Shares, in whole or in part, in respect of the final dividend, such cash as would otherwise have been paid to Ordinary Shareholders will be retained for use by the Company.

Recommendation

Whether or not it is to your advantage to elect to receive Scrip Shares in lieu of cash, in whole or in part, will depend upon your own individual circumstances and the decision in this regard, and all effects resulting therefrom, are the sole responsibility of each Ordinary Shareholder. **IF YOU ARE IN ANY DOUBT AS TO WHAT TO DO, YOU SHOULD CONSULT A LICENSED SECURITIES DEALER, BANK MANAGER, SOLICITOR, PROFESSIONAL ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS.**

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