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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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)

**DISCLOSEABLE TRANSACTION  
DISPOSAL OF SHARES IN  
PVI CORPORATION LIMITED**

**Financial adviser**

**ANGLO CHINESE**  
CORPORATE FINANCE, LIMITED

**Placing Agent**



MACQUARIE

**Macquarie Securities Limited**

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## DEFINITIONS

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

“Announcement”	the announcement of the Company dated 29 September 2005
“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
“Group”	the Company and its subsidiaries
“Hollyfield”	Hollyfield Group Limited, a company incorporated with limited liability in Samoa and a wholly-owned subsidiary of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	7 October 2005, 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
“Ordinary Share(s)”	ordinary share(s) of HK\$0.10 each in the ordinary share capital of ITC
“Placing Agent”	Macquarie Securities Limited
“PRC”	the People’s Republic of China
“PVI”	PVI Corporation Limited, a company whose shares are listed on the Stock Exchange
“PVI Group”	PVI and its subsidiaries
“PVI Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of PVI
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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
“%”	per cent.

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## LETTER FROM THE BOARD

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# 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

13 October 2005

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

Dear Sir and Madam,

## DISCLOSEABLE TRANSACTION

### DISPOSAL OF SHARES IN PVI CORPORATION LIMITED

#### INTRODUCTION

Reference is made to the announcements of ITC and PVI both dated 18 August 2004, 15 October 2004 and 19 October 2004 and the circulars of ITC dated 21 September 2004 and 5 November 2004. The Directors announced on 29 September 2005 that its wholly-owned subsidiary has unconditionally agreed to dispose of 150 million PVI Shares, representing approximately 11.04% of the existing issued share capital of PVI, to more than six independent third parties, including international institutional investors, at the price of HK\$1.50 per PVI Share on 28 September 2005 through the Placing Agent. Immediately after such disposal, ITC's shareholding interest in PVI has decreased from approximately 49.96% to approximately 38.92% of the issued share capital of PVI.

#### DISPOSAL OF PVI SHARES

The Company's wholly-owned subsidiary, Hollyfield, has unconditionally agreed to dispose of 150 million PVI Shares at a price of HK\$1.50 per PVI Share, representing approximately 11.04% of the existing issued share capital of PVI as at the date of the Announcement, to more than six independent third parties, including international institutional investors, on 28 September 2005 through the Placing Agent. The independent third parties and their ultimate beneficial owners are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, independent of ITC and any director, chief executive or substantial shareholder of any member of the Group or any associate of any of them or any connected persons (as defined by the Listing Rules) of the Company. As at the Latest Practicable Date, the Company has not received notice of a new substantial shareholder having been introduced at PVI level as a result of the disposal of PVI Shares. The Placing Agent and its ultimate beneficial owner are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, independent third parties and independent of ITC and any

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## LETTER FROM THE BOARD

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director, chief executive or substantial shareholder of any member of the Group or any associate of any of them or any connected persons (as defined by the Listing Rules) of the Company. The disposal price has been determined after arm's length negotiation with the Placing Agent and the Directors believe that the terms of the disposal are fair and reasonable and in the interests of the Company and the shareholders as a whole. Immediately after such disposal of 150 million PYI Shares, ITC's shareholding interest in PYI has decreased from approximately 49.96% to approximately 38.92% of the issued share capital of PYI. In accordance with the agreement between Hollyfield and the Placing Agent, the disposal was settled on 4 October 2005 and Hollyfield has undertaken to the Placing Agent that within 45 days after the settlement date of the disposal it will not further dispose of any of its remaining interests in PYI.

Hollyfield has disposed of 150 million PYI Shares at a price of HK\$1.50 per PYI Share, representing:

- a discount of approximately 7.4% to the net asset value of HK\$1.62 per PYI Share (which is calculated based on the audited net asset value of approximately HK\$3,179.8 million as at 31 March 2005 divided by the number of PYI Shares outstanding as at 31 March 2005 of approximately 1,369.2 million PYI Shares and adjusted by the special cash dividend of HK\$0.7 per PYI Share paid in July 2005, this information is obtained from the annual report of PYI for the year ended 31 March 2005);
- a price to earnings ratio of 3.9 times the basic earnings per PYI Share of HK\$0.386 for the year ended 31 March 2005;
- a discount of approximately 5.7% to the closing price of HK\$1.590 per PYI Share as quoted on the Stock Exchange on 28 September 2005;
- a discount of approximately 3.1% to the average closing price of HK\$1.548 per PYI Share as quoted on the Stock Exchange for the last 5 trading days up to and including 28 September 2005;
- a discount of approximately 3.7% to the average closing price of HK\$1.557 per PYI Share as quoted on the Stock Exchange for the last 10 trading days up to and including 28 September 2005;
- a premium of approximately 3.4% to the average closing price of HK\$1.451 per PYI Share as quoted on the Stock Exchange for the last 30 trading days up to and including 28 September 2005;
- a premium of approximately 12.0% to the average closing price of HK\$1.339 per PYI Share as quoted on the Stock Exchange for the last 60 trading days up to and including 28 September 2005; and
- a premium of approximately 2.0% to the closing price of HK\$1.470 per PYI Share as quoted on the Stock Exchange on the Latest Practicable Date.

Of the 150 million PYI Shares disposed, 57,500,000 PYI Shares were sold pursuant to, and in accordance with, the mandate granted by shareholders of ITC on 6 October 2004 (being the remaining balance of PYI Shares approved to be disposed under that mandate). The remaining 92.5 million PYI Shares, having an aggregate value of approximately HK\$138.8 million (based on HK\$1.50 per PYI Share), constitutes a discloseable transaction of ITC under Chapter 14 of the Listing Rules.

In accordance with the mandate granted by shareholders of ITC on 6 October 2004, the disposal of the 57,500,000 PYI Shares have been based on the following basis:

- The price equals to or exceeds HK\$0.512 per PYI Share;
- The maximum number of PYI Shares to be disposed under the mandate granted by the shareholders of ITC on 6 October 2004 does not exceed 134,500,000 PYI Shares;
- All the PYI Shares are to be disposed, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, to parties who are independent of ITC and any director, chief executive or substantial shareholder of any member of the Group or any associate of any of them; and
- The disposal is to be completed within twelve months of the approval of shareholders of ITC being given.

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## LETTER FROM THE BOARD

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### FINANCIAL EFFECT OF THE DISPOSAL ON ITC

The disposal of 150 million PYI Shares has raised approximately HK\$225 million in cash, before expenses and tax, for ITC on completion. As at the Latest Practicable Date, there is no specific use for the proceeds other than to be used for general working capital.

According to the Group's books and records at 31 March 2005, the carrying amount per PYI Share, after adjusting for the 2005 special cash dividend and the 2005 final dividend of PYI, was approximately HK\$1.199, resulting in an estimated profit on the disposal of 150 million PYI Shares of approximately HK\$45 million, before expenses and tax. As required by the Hong Kong Financial Reporting Standard 3 newly issued by the Hong Kong Institute of Certified Public Accountants, the amount of the excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised over the cost of the acquisition of PYI was transferred to the retained earnings on 1 April 2005. Accordingly, the carrying amount per PYI Share of the Group will increase to approximately HK\$1.417 and the estimated profit on the disposal of 150 million PYI Shares, before expenses and tax, will be reduced to approximately HK\$12 million.

### REASONS FOR THE DISPOSAL

The disposal of 150 million PYI Shares has enabled the Company to realise a portion of its shareholding interest in PYI, diversify its investment base, which is presently dominated by its interests in PYI, and serve to enhance the balance of its investment holdings. It will also enable the Company to increase the public float and widen the shareholder base of PYI, while remaining the single largest shareholder of PYI. Although as at the Latest Practicable Date no acquisition or investment proposals are currently under negotiation, the proceeds after disposal, amounting approximately HK\$225 million, before expenses and tax, may provide the Company with additional resources to fund such acquisitions and investments.

### INFORMATION ON ITC

The Company is an investment holding company which directly and indirectly holds strategic investments in a number of listed companies. It directly holds investments, namely, PYI, Hanny Holdings Limited ("Hanny"), Trasy Gold Ex Limited ("Trasy") and Burcon NutraScience Corporation. Through its listed associated companies, namely PYI 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, MRI Holdings Limited, PSC Corporation Limited and Intraco Limited. The principal activities of the Group comprise investment holding, the provision of finance, the provision of management services, property investment, treasury investment, 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.

### INFORMATION ON PYI

The principal activities of PYI Group include the development and investment in port and other infrastructure projects, property investment, treasury investment and, through its subsidiary, Paul Y. Engineering Group Limited, construction, project management, facilities management and trading of construction materials.

The following is a summary of the audited consolidated results of PYI Group for the two years ended 31 March 2004 and 2005 respectively:

	For the year ended 31 March	
	2004 HK\$'000	2005 HK\$'000
Profit before taxation	208,566	533,684
Taxation	(45,678)	(11,812)
Profit after taxation (before minority interests)	<u>162,888</u>	<u>521,872</u>

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## LETTER FROM THE BOARD

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### GENERAL

Your attention is drawn to the additional information contained in the appendix hereto.

Your faithfully,  
For and on behalf of the Board  
**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 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 enquires, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## DISCLOSURE OF INTERESTS

## (A) Directors' interests and short positions in shares, underlying shares and debentures

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of ITC in the shares, underlying shares and debentures of ITC or any associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to ITC and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) and the Model Code for Securities Transactions by Directors of Listed Issuers and which were required to be entered in the register kept by ITC pursuant to section 352 of the SFO, were as follows:

## (a) Interests and short positions in shares, underlying shares and debentures of ITC

Name of Director	Capacity	Long position/ Short position	No. of Ordinary Shares held	No. of underlying shares (in respect of convertible notes (unlisted equity derivatives)) of ITC held	Approximate % of the existing issued ordinary share capital of ITC
Chan Kwok Keung, Charles	Interest of controlled corporation (Note 1)	Long position	359,681,910	–	33.55%
Chan Kwok Keung, Charles	Beneficial owner	Long position	–	443,333,334 (Note 2)	41.36%

Notes:

- Galaxyway Investments Limited is a wholly-owned subsidiary of Chinaview International Limited which is, in turn, wholly owned by Dr. Chan Kwok Keung, Charles. Dr. Chan Kwok Keung, Charles was deemed to be interested in 359,681,910 Ordinary Shares held by Galaxyway Investments Limited.
- Dr. Chan Kwok Keung, Charles owned convertible notes issued by ITC in an aggregate principal amount of HK\$133,000,000 carrying rights to convert into 443,333,334 Ordinary Shares at an initial conversion price of HK\$0.30 per Ordinary Share, subject to adjustment.

## (b) Interests and short positions in shares, underlying shares and debentures of the following associated corporations

## (i) Trasy

Name of Director	Capacity	Long position/ Short position	No. of shares of Trasy held	Approximate % of the existing issued share capital of Trasy
Chan Kwok Keung, Charles	Interest of controlled corporation (Note)	Long position	1,568,681,139	56.45%

Note: The shares of Trasy were held by a wholly-owned subsidiary of ITC. By virtue of his deemed interests in approximately 33.55% of the existing issued ordinary share capital of ITC, Dr. Chan Kwok Keung, Charles was deemed to be interested in these shares of Trasy.



(ii) *PYI*

Name of Director	Capacity	Long position/ Short position	No. of PYI Shares held	No. of underlying shares (in respect of the share options (unlisted equity derivatives)) of PYI held	Approximate % of the existing issued share capital of PYI
Chan Kwok Keung, Charles	Interest of controlled corporation ( <i>Note</i> )	Long position	538,847,242	–	39.66%
Chan Kwok Keung, Charles	Beneficial owner	Long position	11,840,896	–	0.87%
Cheung Hon Kit	Beneficial owner	Long position	400	–	0.00%
Chau Mei Wah, Rosanna	Beneficial owner	Long position	–	13,000,000	0.96%
Chan Fut Yan	Beneficial owner	Long position	–	13,000,000	0.96%

*Note:* The PYI Shares (including the scrip shares mentioned hereinafter) were held by a wholly-owned subsidiary of ITC. Such wholly-owned subsidiary has elected to have 6,841,281 scrip shares of PYI in lieu of cash dividend of PYI for the year ended 31 March 2005. The share certificate in respect of the scrip shares is expected to be despatched by PYI on 14 October 2005. By virtue of his deemed interests in approximately 33.55% of the issued ordinary share capital of ITC, Dr. Chan Kwok Keung, Charles was deemed to be interested in these PYI Shares.

(iii) *Hanny*

Name of Director	Capacity	Long position/ Short position	No. of shares of Hanny held	No. of underlying shares (in respect of the share options (unlisted equity derivatives)) of Hanny held	Approximate % of the existing issued share capital of Hanny
Chan Kwok Keung, Charles	Interest of controlled corporation ( <i>Note</i> )	Long position	45,798,813	–	20.48%
Chan Kwok Keung, Charles	Beneficial owner	Long position	–	5,600,000	2.50%
Chan Kwok Hung	Beneficial owner	Long position	–	3,350,000	1.50%

*Note:* The shares of Hanny were held by a wholly-owned subsidiary of ITC. By virtue of his deemed interests in approximately 33.55% of the issued ordinary share capital of ITC, Dr. Chan Kwok Keung, Charles was deemed to be interested in these shares of Hanny.

(iv) *Burcon NutraScience Corporation (“Burcon”)*

Name of Director	Capacity	Long position/ Short position	No. of shares of Burcon held	No. of underlying shares (in respect of the share options (unlisted equity derivatives)) of Burcon held	Approximate % of the existing issued share capital of Burcon
Chau Mei Wah, Rosanna	Beneficial owner	Long position	285,769	–	1.36%
Chau Mei Wah, Rosanna	Beneficial owner	Long position	–	61,000	0.29%

(v) *Paul Y. Engineering Group Limited (“Paul Y. Engineering”)*

Name of Director	Capacity	Long position/ Short position	No. of shares of Paul Y. Engineering held	No. of underlying shares (in respect of the unlisted equity derivatives) of Paul Y. Engineering held	Approximate % of the existing issued share capital of Paul Y. Engineering
Chan Kwok Keung, Charles	Interest of controlled corporation ( <i>Note</i> )	Long position	375,826,317	–	65.17%
Chan Kwok Keung, Charles	Interest of controlled corporation ( <i>Note</i> )	Long position	–	100,000,000	17.34%

*Note:* The shares of Paul Y. Engineering were held by an indirect wholly-owned subsidiary of PYI of which a wholly-owned subsidiary of ITC owns approximately 39.16% of the issued share capital. PYI also directly held an interest in 100,000,000 underlying shares of Paul Y. Engineering by virtue of a loan facility pursuant to which convertible note(s) will be issued by Paul Y. Engineering, upon draw down of the facility, in the principal amount of the facility drawn. Such convertible notes are convertible into shares of Paul Y. Engineering at an initial conversion price of HK\$1.00 per share, up to a maximum aggregate principal amount of HK\$100,000,000. By virtue of his deemed interests in approximately 33.55% of the issued ordinary share capital of ITC, Dr. Chan Kwok Keung, Charles was deemed to be interested in these shares and underlying shares of Paul Y. Engineering.

(vi) *China Strategic Holdings Limited (“China Strategic”)*

Name of Director	Capacity	Long position/ Short position	No. of shares of China Strategic held	Approximate % of the existing issued share capital of China Strategic
Chan Kwok Keung, Charles	Interest of controlled corporation ( <i>Note</i> )	Long position	258,819,795	29.36%

*Note:* The shares of China Strategic were held by a wholly-owned subsidiary of PYI of which a wholly-owned subsidiary of ITC owns approximately 39.16% of the issued share capital. By virtue of his deemed interests in approximately 33.55% of the issued ordinary share capital of ITC, Dr. Chan Kwok Keung, Charles was deemed to be interested in these shares of China Strategic.

PYI entered into a conditional share sale agreement for the disposal of 135,000,000 shares of China Strategic on 10 March 2005. The disposal has not yet been completed as at the Latest Practicable Date.

Trasy, PYI, Hanny, Burcon, Paul Y. Engineering and China Strategic are associated corporations of ITC within the meaning of Part XV of the SFO.

Dr. Chan Kwok Keung, Charles was, by virtue of his deemed interest in approximately 33.55% of the issued ordinary share capital of ITC, deemed to be interested in the shares and underlying shares (in respect of equity derivatives), if any, of the associated corporations (within the meaning of Part XV of the SFO) of ITC held by the Group under Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of ITC had, under Divisions 7 and 8 of Part XV of the SFO, nor were they taken to or deemed to have under such provisions of the SFO, any interests and short positions in the shares, underlying shares or debentures of ITC or any associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to ITC and the Stock Exchange or any interests which are required to be entered into the register kept by ITC pursuant to section 352 of the SFO or any interests which are required to be notified to ITC and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

**(B) Interests and short positions of substantial shareholders/other persons recorded in the register kept under the SFO**

As at the Latest Practicable Date, so far as is known to the Directors or the chief executives of ITC, the following parties had an interest or short position in the shares and underlying shares of ITC which would fall to be disclosed to ITC under the provisions of Divisions 2 and 3 of Part XV of the SFO:

**(a) Interests and short positions of substantial shareholders in shares and underlying shares of ITC**

Name	Capacity	Long position/ Short position	No. of Ordinary Shares held	No. of underlying shares (in respect of the unlisted equity derivatives) of ITC held	Approximate % of the existing issued ordinary share capital of ITC
Chan Kwok Keung, Charles	Interest of controlled corporation <i>(Note)</i>	Long position	359,681,910	–	33.55%
Chan Kwok Keung, Charles	Beneficial owner <i>(Note)</i>	Long position	–	443,333,334	41.36%
Chinaview International Limited	Interest of controlled corporation <i>(Note)</i>	Long position	359,681,910	–	33.55%
Galaxyway Investments Limited	Beneficial owner <i>(Note)</i>	Long position	359,681,910	–	33.55%
Ng Yuen Lan, Macy	Interest of spouse <i>(Note)</i>	Long position	359,681,910	–	33.55%
Ng Yuen Lan, Macy	Interest of spouse <i>(Note)</i>	Long position	–	443,333,334	41.36%

*Note:* Galaxyway Investments Limited is a wholly-owned subsidiary of Chinaview International Limited which is in turn wholly owned by Dr. Chan Kwok Keung, Charles. Ms. Ng Yuen Lan, Macy is the spouse of Dr. Chan Kwok Keung, Charles. Chinaview International Limited, Dr. Chan Kwok Keung, Charles and Ms. Ng Yuen Lan, Macy were deemed to be interested in the Ordinary Shares held by Galaxyway Investments Limited.

Dr. Chan Kwok Keung, Charles owned convertible notes issued by ITC in an aggregate principal amount of HK\$133,000,000 carrying rights to convert into 443,333,334 Ordinary Shares at an initial conversion price of HK\$0.30 per Ordinary Share, subject to adjustment. Ms. Ng Yuen Lan, Macy, being the spouse of Dr. Chan Kwok Keung, Charles, was deemed to be interested in the underlying shares (in respect of the convertible notes (unlisted equity derivatives)) held by Dr. Chan Kwok Keung, Charles.

## (b) Interests and short positions of other persons in shares and underlying shares of ITC

Name	Capacity	Long position/ Short position	No. of Ordinary Shares held	No. of underlying shares (in respect of listed equity derivatives) of ITC held	Approximate % of the existing issued ordinary share capital of ITC
CEF Holdings Limited ("CEF Holdings")	Interest of controlled corporations ( <i>Note</i> )	Long position	2,773,046	–	0.26%
CEF Holdings	Interest of controlled corporations ( <i>Note</i> )	Long position	–	213,015,153	19.87%
Canadian Imperial Bank of Commerce	Interest of controlled corporations ( <i>Note</i> )	Long position	2,773,046	–	0.26%
Canadian Imperial Bank of Commerce	Interest of controlled corporations ( <i>Note</i> )	Long position	–	213,015,153	19.87%
Cheung Kong (Holdings) Limited ("CKH")	Interest of controlled corporations ( <i>Note</i> )	Long position	2,773,046	–	0.26%
CKH	Interest of controlled corporations ( <i>Note</i> )	Long position	–	213,015,153	19.87%
Li Ka-Shing Unity Trustee Company Limited ("TUT1")	Trustee ( <i>Note</i> )	Long position	2,773,046	–	0.26%
TUT1	Trustee ( <i>Note</i> )	Long Position	–	213,015,153	19.87%
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1")	Trustee & beneficiary of a trust ( <i>Note</i> )	Long position	2,773,046	–	0.26%
TDT1	Trustee & beneficiary of a trust ( <i>Note</i> )	Long position	–	213,015,153	19.87%
Li Ka-Shing Unity Trustcorp Limited ("TDT2")	Trustee & beneficiary of a trust ( <i>Note</i> )	Long position	2,773,046	–	0.26%
TDT2	Trustee & beneficiary of a trust ( <i>Note</i> )	Long position	–	213,015,153	19.87%
Li Ka-shing	Interest of controlled corporations & founder of discretionary trusts ( <i>Note</i> )	Long position	2,773,046	–	0.26%
Li Ka-shing	Interest of controlled corporations & founder of discretionary trusts ( <i>Note</i> )	Long position	–	213,015,153	19.87%
Deutsche Bank Aktiengesellschaft	Beneficial owner	Long position	9,768,800	–	0.91%
Deutsche Bank Aktiengesellschaft	Security interest	Long position	44,170,000	–	4.12%

*Note:* The number of Ordinary Shares and underlying shares (in respect of listed equity derivatives) of ITC held by Asialand Investment Limited (“Asialand”), CEF (Capital Markets) Limited (“CEF Capital Markets”) and Asian Resources Investment Limited (“Asian Resources”) were 48,076,922, 164,938,231 and 2,773,046 respectively. CEF Capital Markets and Asian Resources were wholly owned by CEF Holdings. Asialand was wholly owned by CEF M B Investments Limited which was in turn wholly owned by CEF Holdings.

Each of CKH and CIBC Holdings (Cayman) Limited was entitled to exercise or control the exercise of one-third or more of the voting power at the general meetings of CEF Holdings. CIBC Holdings (Cayman) Limited was wholly owned by Canadian Imperial Bank of Commerce. CEF M B Investments Limited was deemed to be interested in Ordinary Shares and/or underlying shares (in respect of listed equity derivatives) of ITC held by Asialand. CEF Holdings, CIBC Holdings (Cayman) Limited and Canadian Imperial Bank of Commerce were all deemed to be interested in Ordinary Shares and underlying shares (in respect of listed equity derivatives) of ITC held by Asialand, CEF Capital Markets and Asian Resources.

Li Ka-Shing Unity Holdings Limited, of which each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard was interested in one-third of the entire issued share capital, owned the entire issued share capital of TUT1. TUT1 as trustee of The Li Ka-Shing Unity Trust, together with certain companies which TUT1 as trustee of The Li Ka-Shing Unity Trust was entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, held more than one-third of the issued share capital of CKH.

In addition, Li Ka-Shing Unity Holdings Limited also owned the entire issued share capital of TDT1 as trustee of The Li Ka-Shing Unity Discretionary Trust (“DT1”) and TDT2 as trustee of another discretionary trust (“DT2”). Each of TDT1 and TDT2 held units in The Li Ka-Shing Unity Trust.

By virtue of the SFO, each of Mr. Li Ka-shing being the settlor and may be regarded as a founder of each of DT1 and DT2 for the purpose of the SFO, CKH, TUT1, TDT1 and TDT2 was deemed to be interested in Ordinary Shares and underlying shares (in respect of listed equity derivatives) of ITC held by Asialand, CEF Capital Markets and Asian Resources.

Save as disclosed above, the Directors and the chief executives of ITC are not aware that there is any party who, as at the Latest Practicable Date, had an interest or short positions in the shares and underlying shares of ITC which would fall to be disclosed to ITC under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such shares.

#### **DIRECTORS’ INTERESTS IN COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors and their respective associates were considered to have interests in businesses apart from the Group’s businesses which compete, or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules.

#### **SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contracts with any member of the Group which is not terminable by the Group within one year without any payment of compensation, other than statutory compensation.

#### **LITIGATION**

The liquidators of Hoi Sing Construction Company Limited (“Hoi Sing”), a former wholly-owned subsidiary of the Company, instituted proceedings against the Company on 10 July 1998 claiming approximately HK\$297,441,000 plus interest pursuant to an alleged guarantee by the Company for debt owed by Hoi Sing Builders Limited, a former subsidiary of the Company, to Hoi Sing. The Company does not admit the existence of the guarantee, and has put Hoi Sing to strict proof of its terms and the amounts claimed under it. Even if the Court upholds the alleged guarantee, the Company has a defence of “set off” arising from a claim against Hoi Sing for approximately HK\$308,207,000.

In an affirmation filed on behalf of Hoi Sing in opposition to a striking out application brought by the Company (see below), Hoi Sing confirmed that the Company was entitled to set off the debt owed to it by Hoi Sing and would only claim the balance of approximately HK\$40,000,000. Hoi Sing’s admission neither affects the Company’s denial of the existence of the guarantee nor Hoi Sing’s obligation to prove its terms and the

amounts claimed under it. At present (and pending the result of the guarantee claim), the Company is a principal unsecured creditor of Hoi Sing as the liquidators have admitted a substantial portion of the Company's claim, with the balance still to be adjudicated.

The Directors have taken legal advice and consider that the Company's defence to the guarantee claim is valid and that no obligation exists upon the Company.

The Company took out an application to strike out Hoi Sing's claim on the ground of inordinate and inexcusable delay in July 2004. On 22 April 2005, the High Court dismissed this application, finding that although Hoi Sing was guilty of inordinate and inexcusable delay, that delay did not prejudice the Company. The Company filed an appeal against this decision on 13 May 2005, which has been fixed to be heard on 6 December 2005. The striking out application does not go to the merits of Hoi Sing's claim.

**GENERAL**

- a. The secretary and the qualified accountant of ITC is Law Hon Wa, William, CPA, FCCA.
- b. The registered office of ITC is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of ITC in Hong Kong is at 33rd Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong.
- c. The principal share registrars and transfer office of ITC is Butterfield Fund Services (Bermuda) Limited of Rosebank Centre, 11 Bermudiana Road, Pembroke, Bermuda and the branch share registrars and transfer office of ITC in Hong Kong is Secretaries Limited of Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- d. The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.