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ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 372)

MAJOR TRANSACTION POSSIBLE DISPOSALS OF SHARES IN



PYI CORPORATION LIMITED

(Stock code: 498)

Financial Adviser

ANGLO CHINESE

CORPORATE FINANCE, LIMITED

The directors of ITC intend to seek Shareholders' approval for the possible disposal of up to 178,000,000 PYI Shares (subject to adjustment in the event of a share consolidation or share subdivision by PYI), representing approximately 13.0% of the existing issued share capital of PYI. Assuming that the maximum of 178,000,000 PYI Shares are sold, ITC's shareholding interest in PYI will decrease from approximately 39.8% to approximately 26.8% of the existing issued share capital of PYI. The price of any disposal will be subject to a minimum price of HK\$1.5 per PYI Share (subject to adjustment in the event of a share consolidation or share subdivision by PYI), being approximately the 180 day average closing price per PYI Share up to and including 8 November 2005, adjusted by the special dividend paid in July 2005.

If the maximum of 178,000,000 PYI Shares are sold, the transaction will constitute a major transaction for the Company under the Listing Rules, for which Shareholders' approval is required. At present no shareholder is required to abstain from voting on the approval of the disposal.

A circular containing, among other things, details of the possible disposal and a notice of a special general meeting of the Company will be despatched to the shareholders of the Company as soon as practicable.

DISPOSAL OF PYI SHARES

Reference is made to the announcement of ITC dated 29 September 2005 and the circular of ITC dated 13 October 2005 in relation to the placement of 150,000,000 PYI Shares at the price of HK\$1.5 per PYI Share.

The directors of ITC intend to seek Shareholders' approval for the possible disposal of up to 178,000,000 PYI Shares (subject to adjustment in the event of a share consolidation or share subdivision by PYI), representing approximately 13.0% of the existing issued share capital of PYI. Assuming that the maximum of 178,000,000 PYI Shares are sold, ITC's shareholding interest in PYI will decrease from approximately 39.8% to approximately 26.8% of the existing issued share capital of PYI. The price of any disposal will be subject to a minimum price of HK\$1.5 per PYI Share (subject to adjustment in the event of a share consolidation or share subdivision by PYI), being approximately the 180 day average closing price per PYI Share up to and including 8 November 2005, adjusted by the special dividend paid in July 2005.

No contractual arrangements have been entered into by the Company in relation to the possible disposal of PYI Shares as the Directors consider that the Company should first obtain the Shareholders' approval for the disposal so that a disposal can be effected expeditiously when market conditions are favourable. If the maximum of 178,000,000 PYI Shares are sold, the transaction will constitute a major transaction for the Company under the Listing Rules, for which Shareholders' approval is required. At present no Shareholder is required to abstain from voting on the approval of the disposal.

The proposed disposal of PYI Shares may be made on market, private placing or placing through placing agent(s). In the event that placing agreement(s) is/are entered into with placing agent(s) to dispose of the mandated PYI Shares, the Company will disclose such placing agreement(s) through published announcement(s).

The disposal for which advance Shareholders' approval is being sought will only be effected if:

- the minimum disposal price equals to or exceeds HK\$1.5 per PYI Share (subject to adjustment in the event of a share consolidation or share subdivision by PYI), being approximately the 180 day average closing price per PYI Share up to and including 8 November 2005, adjusted by the special dividend paid in July 2005;

- the maximum number of PYI Shares being disposed under the mandate granted by the Shareholders does not exceed 178,000,000 PYI Shares (subject to adjustment in the event of a share consolidation or share subdivision by PYI), being approximately 13.0% of the existing issued share capital of PYI;
- all the PYI Shares to be disposed are disposed, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, to parties who are independent of the Company 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; and
- the disposal is completed within twelve months of the approval of Shareholders being given, which the Directors consider to be a reasonable period to conduct such disposal of PYI Shares.

The minimum disposal price per PYI Share represents:

- 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 premium of approximately 4.9% to the closing price of HK\$1.43 per PYI Share as quoted on the Stock Exchange on 8 November 2005; and
- a premium of approximately 2.7% to the average closing price of HK\$1.46 per PYI Share as quoted on the Stock Exchange for the last 10 trading days up to and including 8 November 2005.

Upon approval by the Shareholders of the proposed disposal which constitutes a major transaction for the Company, the Company will closely monitor the disposal of PYI Shares to ensure that the aggregate consideration of the disposals will not give rise to a very substantial disposal. If such an event should occur, the Company will either discontinue further disposals or adhere to any additional requirements under the Listing Rules, including seeking further approval by the Shareholders, if required, before proceeding with further disposals of PYI Shares.

FINANCIAL EFFECT OF THE DISPOSAL ON ITC

On the basis of the minimum price of HK\$1.5, the disposal of up to 178,000,000 PYI Shares will raise up to approximately HK\$267 million in cash, before expenses and tax, for ITC on completion. As at the date of this announcement, 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 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 178,000,000 PYI Shares of approximately HK\$54 million, before expenses and tax, based on the minimum price of HK\$1.5. 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 178,000,000 PYI Shares, before expenses and tax, will be reduced to approximately HK\$15 million, based on the minimum price of HK\$1.5.

REASONS FOR THE DISPOSAL

The disposal of 178,000,000 PYI Shares will enable 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 portfolio. 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 no acquisition or investment proposals are currently under negotiation, the proceeds after disposal, amounting up to approximately HK\$267 million based on the minimum price of HK\$1.5, 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 precious metals trading platform through Trasy.

INFORMATION ON PYI

PYI Group focuses on the development and investment in port and other infrastructure projects 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	2005
	HK\$'000	HK\$'000
Profit before taxation	208,566	533,684
Taxation	(45,678)	(11,812)
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Profit after taxation (before minority interests)	162,888	521,872
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GENERAL

A circular containing, among other things, the details of possible disposal and a notice convening a special general meeting of the Company will be despatched to the shareholders of the Company as soon as practicable.

DEFINITIONS

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

“Board”	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
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PYI”	PYI Corporation Limited, a company whose shares are listed on the Stock Exchange
“PYI Group”	PYI and its subsidiaries
“PYI Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of PYI
“Shareholder(s)”	holder(s) of ordinary share(s) of HK\$0.10 each in the ordinary share capital of ITC

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“HK\$”

Hong Kong dollars

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

Hong Kong, 10 November, 2005

As at the date of this announcement, the composition of the Board is as follows:–

Executive Directors

Dr. Chan Kwok Keung, Charles (*Chairman*)

Ms. Chau Mei Wah, Rosanna

(*Deputy Chairman & Managing Director*)

Mr. Chan Kwok Hung

Mr. Chan Fut Yan

Mr. Cheung Hon Kit

Independent Non-Executive Directors:

Mr. Chuck, Winston Calptor

Mr. Lee Kit Wah

Mr. Wong Kam Cheong, Stanley

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