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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 or as to the action you should take, you should consult a licensed securities dealer, 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 form of election 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 Chuen, Augustine  
Chan Fut Yan  
Cheung Hon Kit

*Independent Non-executive Directors:*

Chuck, Winston Calptor  
Lee Kit Wah  
Shek Lai Him, Abraham

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Principal place of business  
in Hong Kong:*

30th Floor, Bank of America Tower  
12 Harcourt Road  
Central  
Hong Kong

16th October, 2007

*To the holders of ordinary shares of the Company and,  
for information only, the holders of  
redeemable convertible preference shares of the Company*

Dear Sir or Madam,

### **SCRIP DIVIDEND SCHEME IN RELATION TO THE FINAL DIVIDEND FOR THE YEAR ENDED 31ST MARCH, 2007**

On 27th July, 2007, ITC Corporation Limited (the "Company") announced that the board of directors of the Company (the "Board") recommended the payment of a final dividend of HK\$0.02 per ordinary share of HK\$0.10 each in the share capital of the Company (the "Ordinary Share") for the year ended 31st March, 2007, such final dividend to be satisfied by cash, with an option to elect scrip dividend of Ordinary Shares (the "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 15th October, 2007 (the ‘‘Scrip Dividend Scheme’’). The final dividend was approved at the annual general meeting of the Company held on 19th September, 2007. The register of Ordinary Shareholders was closed from 11th October, 2007 to 15th October, 2007, 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 branch share registrar in Hong Kong, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on 10th October, 2007.

### Particulars of the Scrip Dividend Scheme

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

- (a) HK\$0.02 in cash for each existing Ordinary Share held on 15th October, 2007; or
- (b) an allotment of Scrip Shares at HK\$0.5985 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 of (a) and partly of (b) above.

As stated in the announcement of 27th July, 2007, 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 15th October, 2007 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 of the closing prices of the Ordinary Shares on the Stock Exchange for the three consecutive trading days ended 15th October, 2007 was HK\$0.63 (the ‘‘Average Closing Price’’), the entitlements of Ordinary Shareholders who elect to receive Scrip Shares under the Scrip Dividend Scheme shall be determined based on the price of HK\$0.5985 (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 Scheme will be calculated by the following formula:

$$\begin{array}{rclcl}
 \text{Number of Scrip Shares} & & \text{Number of existing Ordinary Shares} & & \\
 \text{to be received under} & & \text{held on 15th October, 2007} & & \\
 \text{the Scrip Dividend Scheme} & = & \text{for which the dividend is to be satisfied} & \times & \frac{0.02}{0.5985} \\
 & & \text{in Ordinary Shares under} & & \\
 & & \text{the Scrip Dividend Scheme} & & 
 \end{array}$$

If all Ordinary Shareholders elect to receive their entitlements in Scrip Shares, based on 2,174,001,598 Ordinary Shares in issue as at 15th October, 2007, not more than 72,648,340 Scrip Shares will be issued under the Scrip Dividend 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 of the Scrip Shares save that they will not rank for the final dividend for the year ended 31st March, 2007 and the bonus issue of Ordinary Shares as announced in the Company’s announcements dated 27th July, 2007 and 1st August, 2007. 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 form of election (the "Scrip Election Form") is enclosed. **Any Ordinary Shareholder who wishes to receive only cash in respect of his final dividend entitlement needs not complete the Scrip Election Form. No Scrip Election Forms are being sent to Ordinary Shareholders who have previously lodged forms of election electing to receive all future 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 Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on 31st October, 2007. 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 as at 15th October, 2007, 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 15th October, 2007 (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 the British Virgin Islands, one Ordinary Shareholder in China, one Ordinary Shareholder in Singapore and two Ordinary Shareholders in Australia.

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. Accordingly, all such overseas Ordinary Shareholders are permitted to participate in the Scrip Dividend Scheme.

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 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 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 sale of the Ordinary Shares which may apply outside Hong Kong. Ordinary Shareholders with registered addresses 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 Scheme will be deemed to have received this circular and/or the Scrip Election Form for information only.

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

The Scrip Dividend 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 Listing Committee of the Stock Exchange for listing of and permission to deal in the Scrip Shares. Subject to the said application being granted by the Listing Committee of the Stock Exchange, 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 5th November, 2007. 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 5th November, 2007, the Scrip Election Form will be disregarded and the full cash dividend will be paid in the way as described above.

The primary listing of the existing Ordinary Shares is on the Stock Exchange. 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 6th November, 2007.

#### **Advantages of the Scrip Dividend Scheme**

The Scrip Dividend 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 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,  
On behalf of the Board of  
**ITC Corporation Limited**  
**Dr. Chan Kwok Keung, Charles**  
*Chairman*