

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, 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 announcement.



ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 372)

ANNOUNCEMENT

The Board announces the details of advances to certain entities as at 31st March, 2004 and updated to the date of this Announcement pursuant to Rules 13.13, 13.14 and 13.15 of the Listing Rules.

The Board announces the details of trading balances due from certain entities as at 31st March, 2004 and updated to 8th July, 2004 pursuant to Rules 13.13, 13.14 and 13.15 of the Listing Rules.

The Stock Exchange is of the view that the Company may have breached the Listing Rules in respect of what it considers to be the Company's late reporting of matters required by Rules 13.13 to 13.15 of the Listing Rules and reserves its rights to take appropriate actions.

ANALYSIS OF THE ADVANCES AND TRADING BALANCES AS AT 31ST MARCH, 2004

The board of directors of the Company (the "Board") wishes to disclose pursuant to Rules 13.13 and 13.15 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") details of amounts due in respect of money lent (the "Advance") to, and trading balances due from, certain entities (as defined in Rule 13.11(2)(c)) by/to the Company and its subsidiaries (the "Group"), which exceeded 8% of one or more of the relevant percentage ratios as set out in Rule 14.07 of the Listing Rules.

This announcement is made as a result of the implementation of the revised Listing Rules which took effect on 31st March, 2004 in which the criteria triggering the disclosure obligations for "advances to an entity" has changed from the previous practice note 19 of the previous Listing Rules to Rules 13.13 and 13.15 of the new Listing Rules. As the value of the "advances to entities" set out in this Announcement did not exceed 25 percent of the net assets of the Group, no previous announcement was required to be made pursuant to practice note 19 of the previous Listing Rules.

With the implementation of the revised Listing Rules which took effect on 31st March, 2004, the Board wishes to disclose the details of the Advances to and trading balances due from the entities as at 31st March, 2004 which are as follows:

Entities	Amount of Advances HK\$'000	Interest rate in relation to the Advances	Amount of trading balances HK\$'000 (Note 1)	Total HK\$'000	Percentage of Total Assets (Note 2)	Percentage of Market Capitalisation (Note 3)
China Strategic Holdings Limited ("China Strategic"), its subsidiaries and its affiliated companies, excluding China Velocity Group Limited ("China Velocity") and Wing On Travel (Holdings) Limited ("Wing On") (Note 7)	175,700	Prime rate + 2%	1,858	177,558	3.6%	67.2%
Hanny Holdings Limited ("Hanny"), its subsidiaries and its affiliated companies, excluding China Strategic (Note 7)	150,717	Prime rate + 2%	256	150,973	3.0%	57.1%
China Velocity, its subsidiaries and its affiliated companies (Note 7)	131,702 (Note 4)	Prime rate + 0.25%	641	132,343	2.7%	50.1%
Wing On, its subsidiaries and its affiliated companies (Note 7)	87,879	Prime rate + 2%	2,665	90,544	1.8%	34.3%
Bongear Enterprises Limited (Note 7)	80,206	Prime rate + 1%	–	80,206	1.6%	30.3%
Banyan Profits Limited (Note 8)	69,869	Prime rate – 2%	–	69,869	1.4%	26.4%
SMI Corporation Limited ("SMI"), its subsidiaries and its affiliated companies (including M Channel Corporation Limited ("M Channel") and its subsidiaries (Note 6)) (Note 8)	33,400 (Note 5) 21,339 (Note 5)	Prime rate +2% Prime rate + 3%	2,252	56,991	1.1%	21.6%
Digital World Technology Limited (Note 8)	16,741	Prime rate +2%	23,666	40,407	0.8%	15.3%
Gold Signature Securities Limited (Note 8)	22,664	Prime rate +2%	–	22,664	0.5%	8.6%

Notes:

- All of the trading balances are interest free.

2. “Total Assets” means the total assets of the Group of HK\$4,988,972,000 as at 30th September, 2003 according to the Group’s consolidated balance sheet as at 30th September, 2003.
3. “Market Capitalisation” is the average closing price of the Company as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding 31st March, 2004.
4. The Advances are repayable by instalment with final maturity on 30th June, 2005.
5. Advances are repayable as to HK\$15,297,000 on 30th September, 2004, HK\$18,103,000 on 30th November, 2004 (subsequently extended to 30th April, 2005) and HK\$21,339,000 on 31st December, 2004.
6. The amounts of Advances and trading balance due from M Channel and its subsidiaries were approximately HK\$18,103,000 and HK\$129,000 respectively.
7. Hanny is owned as to 24.6% by the Company. China Strategic and Bongear Enterprises Limited are owned as to 29.4% and 45% respectively by Paul Y. – ITC Construction Holdings Limited, a subsidiary of the Company. All of them are affiliated companies of the Company (as defined in Rule 13.11(2)(a) of the Listing Rules). Wing On and China Velocity are indirectly owned as to 32.2% and 22.7% by China Strategic, respectively.
8. The Company has 2.2% interest in SMI and does not have any interests in Gold Signature Securities Limited, Digital World Technology Limited, and Banyan Profits Limited.

The amounts are unsecured and, except as otherwise stated above in notes 4 and 5, are repayable on demand.

The Group made the Advances to these entities for their general working capital purpose in return of interest income. The trading balances above represent amounts arising from rental and related building management services, sharing of administrative services and construction and project management services rendered to the respective entities as follows:

	Rental and related building management services <i>HK\$'000</i>	Construction and project management services <i>HK\$'000</i>	Share of administrative services <i>HK\$'000</i>	Total <i>HK\$'000</i>
China Strategic Group	176	977	705	1,858
Hanny Group	–	–	256	256
China Velocity Group	–	641	–	641
Wing On Group	1,726	–	939	2,665
SMI Group	45	–	2,207	2,252
Digital World Technology Limited	–	23,666	–	23,666
	<u>1,947</u>	<u>25,284</u>	<u>4,107</u>	<u>31,338</u>

TRADE BALANCES FROM TRADE CUSTOMERS AS AT 31ST MARCH, 2004

As at 31st March, 2004, the Group has trading balances including retention monies (“Trade Receivable(s)”) due from five trade customers, their subsidiaries and their affiliated companies which exceeded 8% of one or more of the relevant percentage ratios as set out in Rule 14.07 of the Listing Rules.

Details of which are set out as below:

	Amount of Trade Receivable <i>HK\$'000</i>	Percentage of Total Assets	Percentage of Market Capitalisation
Cyber-port Limited	318,228	6.4%	120.4%
Cheung Kong (Holdings) Limited, its subsidiaries and its affiliated companies (<i>note</i>)	230,887	4.6%	87.3%
Hutchison Whampoa Limited, its subsidiaries and its affiliated companies (<i>note</i>)	173,793	3.5%	65.7%
Hong Kong Housing Authority	45,141	0.9%	17.1%
Tak Shing Investment Co Ltd	35,285	0.7%	13.3%

Note: The amounts of Trade Receivable from (i) Cheung Kong (Holdings) Limited, its subsidiaries and its affiliated companies and (ii) Hutchison Whampoa Limited, its subsidiaries and its affiliated companies set out in the table above both include the Trade Receivables from Hutchison Whampoa Limited and its subsidiaries in the sum of approximately HK\$95,087,000.

The Trade Receivables, which are unsecured, interest free and with payment terms within 1.5 months from the date of certification, arose from construction services rendered by the Group to the relevant customers. As at 31st March, 2004, there are no other balances due by the entities listed above.

ADVANCES AND TRADING BALANCES AS AT CERTAIN DATES IN APRIL, MAY, JUNE AND JULY 2004

As at 29th April, 2004, pursuant to Rule 13.13 of the Listing Rules, the Company has Trade Receivable due from CLP Power Hong Kong Limited of approximately HK\$22,055,000 which exceeded 8% of the Company's average market capitalisation for the five business days immediately preceding 29th April, 2004.

As at 31st May, 2004, pursuant to Rule 13.13 of the Listing Rules, the Company has Trade Receivable due from Highways Department of approximately HK\$22,251,000 which exceeded 8% of the Company's average market capitalisation for the five business days immediately preceding 31st May, 2004.

As at 8th July, 2004, pursuant to Rule 13.13 of the Listing Rules, the Company has Trade Receivable due from Gainer Developments Ltd. of approximately HK\$16,586,000 which exceeded 8% of the Company's average market capitalisation for the five business days immediately preceding 8th July, 2004.

The above Trade Receivables are unsecured, interest free and with payment terms within 1.5 months from the date of certification and arose from construction services rendered by the Group.

As at 5th May, 2004, pursuant to Rule 13.13 of the Listing Rules, the Company has advances (including accrued interest) and trade balance due from M Channel, its subsidiaries and its affiliated companies in the sum of approximately HK\$18,216,000 and approximately HK\$162,000, respectively. The sum of approximately HK\$18,216,000 represents the loan principal of approximately HK\$16,843,000 and accrued interest of approximately HK\$1,373,000. The trade

balance represents rental and management fee of approximately HK\$75,000 and sharing of administrative services of approximately HK\$87,000. The total of approximately HK\$18,378,000 exceeded 8% of the Company's average market capitalisation for the five business days immediately preceding 5th May, 2004. The advance is unsecured and the repayment date of the advance was extended from 30th November, 2004 to 30th April, 2005 pursuant to a supplemental loan agreement dated 23rd June, 2004 between a subsidiary of the Company, ITC Management Limited and a subsidiary of M Channel, Mobile Media Management Limited and has an interest rate of 2% over prime rate. Under the supplemental loan agreement dated 23rd June, 2004, the loan facility was also increased from HK\$17,000,000 to HK\$18,500,000 (which amount has been determined by aggregating the principal amount of HK\$16,843,000 and outstanding interest as at 23rd June, 2004 of HK\$1,531,198 and handling charges). The above trade receivables are unsecured, interest free and repayable on demand.

As at 15th May, 2004, pursuant to Rule 13.13 of the Listing Rules, the Company has advances due from Fine On Co. of approximately HK\$17,231,000 which exceeded 8% of the Company's average market capitalisation for the five business days immediately preceding 15th May, 2004. The advances are unsecured, bear interests at 1% over prime rate to 2% over prime rate and are repayable on demand. The advances are made to the entity for its general working capital purpose in return of interest income.

DISCLOSURE PURSUANT TO RULE 13.14 OF THE LISTING RULES Wing On

In accordance with Rule 13.14 of the Listing Rules, the Advance made to, and trading balance due from Wing On, its subsidiaries and its affiliated companies was increased during the period from 31st March, 2004 to 21st April, 2004, and the aggregate increase in advances and trading balances during such period exceeded 3% of the Company's average market capitalisation for the five business days immediately preceding 21st April, 2004 (i.e. the average closing price of the Company as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding 21st April, 2004). For the period from 31st March, 2004 to 21st April, 2004, the additional aggregate Advances made to Wing On, its subsidiaries and its affiliated companies for the purposes of general working capital purposes was approximately HK\$51,551,000 and the additional aggregate increase in trading balances was approximately HK\$161,000. The increase in trading balances represents rental and building management fee due from Wing On, its subsidiaries and its affiliated companies. The total additional aggregate advance and trade balances represented 20.7% of the Company's average market capitalisation for the five business days immediately preceding 21st April, 2004 (i.e. the average closing price of the Company as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding 21st April, 2004). The total Advances made to and the total trading balances due from Wing On, its subsidiaries and its affiliated companies as at 21st April, 2004 was approximately HK\$139,430,000 and approximately HK\$2,826,000 respectively.

The additional advances and the trading balances are unsecured and are repayable on demand. The additional advances bore interest at 2% over prime rate. The additional trading balances are interest free.

Hanny

As at 22nd June, 2004, the advances and trading balances due from Hanny, its subsidiaries and its affiliated companies were approximately HK\$331,594,000 and approximately HK\$1,808,000 respectively. The total increase of approximately HK\$5,887,000 as compared to the balances due as at 31st March, 2004 represented 3% of the Company's average market capitalisation for the five business days immediately preceding 22nd June, 2004. The total trade balances due from Hanny as at 22nd June, 2004 of approximately HK\$1,808,000 represent rental and building management fee of approximately HK\$1,516,000 and sharing of administrative services of approximately HK\$292,000. As at 27th August, 2004, the advances and trading balances further increased to approximately HK\$335,712,000 and approximately HK\$2,902,000, respectively. The total further increase of approximately HK\$5,212,000 represented 3% of the Company's average market capitalisation for the five business days immediately preceding 27th August, 2004. The increase in advances represented the interest accrued on the advances and the increase in trading balances represented rental and building management fee and sharing of administrative services due from Hanny, its subsidiaries and its affiliated companies. The total trade balances due from Hanny as at 27th August, 2004 of approximately HK\$2,902,000 represent rental and building management fee of approximately HK\$2,555,000 and sharing of administrative services of approximately HK\$347,000.

Other Trade Receivables

In addition, in accordance with Rule 13.14 of the Listing Rules, the following Trade Receivables increased by more than 3% of one or more of the relevant percentage ratios:

Cheung Kong (Holdings) Limited

As at 14th April, 2004, the Trade Receivable due from Cheung Kong (Holdings) Limited increased by approximately HK\$19,142,000 as compared with the balances as at 31st March, 2004 to an aggregate balance of approximately HK\$250,029,000. The increase represented 7.4% of the Company's average market capitalisation for the five business days immediately preceding 14th April, 2004. As at 4th May, 2004 and 13th May, 2004, the Trade Receivable further increased by approximately HK\$7,731,000 (as compared with the balances as at 14th April, 2004) and approximately HK\$14,128,000 (as compared with the balances as at 4th May, 2004) respectively, which represented 3.3% and 6.3% of the Company's average market capitalisation for the five business days immediately preceding the respective dates.

Cyber-port Limited

As at 30th April, 2004, the Trade Receivable due from Cyber-port Limited increased by approximately HK\$16,363,000 as compared with the balances as at 31st March, 2004 to an aggregate balance of approximately HK\$334,591,000. The increase represented 6.9% of the Company's average market capitalisation for the five business days immediately preceding 30th April, 2004.

Tak Shing Investment Co Ltd

As at 30th April, 2004, the Trade Receivable due from Tak Shing Investment Co Ltd increased by approximately HK\$14,041,000 as compared with the balances as at 31st March, 2004 to an aggregate balance of approximately HK\$49,326,000. The increase represented 5.9% of the Company's average market capitalisation for the five business days immediately preceding 30th April, 2004.

CLP Power Hong Kong Limited

As at 28th May, 2004, the Trade Receivable due from CLP Power Hong Kong Limited increased by approximately HK\$6,448,000 as compared with the balances as at 29th April, 2004 to an aggregate balance of approximately HK\$28,503,000. The increase represented 3.3% of the Company's average market capitalisation for the five business days immediately preceding 28th May, 2004.

The Trade Receivables are unsecured, interest free and with payment terms within 1.5 months from the date of certification and arose from construction services rendered by the Group.

TIMING OF DISCLOSURE

In relation to the information on the trade balances for the Group's construction projects, as one of the principal business of the Group is in the construction industry, the operations of the Group of which are mainly project based. Under the accounting policy of the Group, value of contract works is recognised by reference to the stage of completion of the contract activity at the balance sheet date. To recognise the value of contract work, the Group's accounting policy requires the obtaining of a certification for each project. Certification is performed on a monthly basis, commencing from the commencement date of the project (for example if a project commences on 25th February, then the monthly value of contract work for that project will be certified for each monthly period commencing on the 25th day of each month and ending on or around the 24th day of the following month). The Group will make an application at the end of each project monthly period for each project, with an estimate of the value of contract work performed. The application will be valued by a quantity surveyor which normally takes 2-4 weeks and after the application has been valued, the relevant appointed architect will confirm the valuation of the quantity surveyor and issue a certification (this will take another further 2-4 weeks). Accounting recognition will be based on the certification of the architect and in cases where the end of each monthly project period is not the actual month end, the value of contract work will be calculated on a pro rata basis for the actual month end.

The certificates in respect of the construction projects for the month ended 31st March, 2004 were received by the Company throughout April and May, 2004, with the last certificate having been received on 25th May, 2004. The Company then had to carry out consolidation, adjustments for the certified value of contract work undertaken for that period and analyse balances for each customer group and as soon as practicable after the Company has finalised such financial information, it has submitted this announcement to the Stock Exchange for clearance in order to comply with the disclosure obligation under Rules 13.13 and 13.15.

The Stock Exchange is of the view that the Company may have breached the Listing Rules in respect of what it considers to be the Company's late reporting of matters required by Rules 13.13 to 13.15 of the Listing Rules and reserves its rights to take appropriate actions.

GENERAL

As at the date of this announcement, the Board comprises eight 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; (ii) two are independent non-executive directors, namely Mr. Chuck Winston Calptor and Mr. Lee Kit Wah.

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

Hong Kong, 24th September, 2004

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