



# ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 372)

## ANNOUNCEMENT

The Company announces that the Company has reached a settlement with Hoi Sing on 1 December 2005 in respect of the Proceedings, the Appeal and the Claim, pursuant to which Hoi Sing and its Liquidators have irrevocably and unconditionally released the Company from all claims made in respect of the Proceedings, the Appeal and the liquidation of Hoi Sing generally and the Company and Hoi Sing have agreed, among other things, to dismiss all actions brought under the Proceedings and the Appeal but to admit to proof part of the Claim in the Hoi Sing liquidation on condition that up to a certain level of dividend entitlement comprised in the Claim be deferred after other creditors.

Reference is made to the announcement of ITC Corporation Limited (the "Company") dated 13 July 1998 and to the "Material Litigation" section in the annual report (the "Annual Report") of the Company for the year ended 31 March 2005, in respect of the proceedings (the "Proceedings") instituted by the Liquidators of Hoi Sing Construction Company Limited ("Hoi Sing") against the Company on 19 July 1998 pursuant to an alleged guarantee given by the Company. As disclosed in the Annual Report, the Company raised a defence by way of "set off" arising from a claim against Hoi Sing for moneys owed to the Company (the "Claim"), and took out an application to strike out the Proceedings in July 2004 on the ground of Hoi Sing's inordinate and inexcusable delay. This application was dismissed in May 2005, and the Company has thereafter filed an appeal against that decision (the "Appeal").

The Company announces that on 1 December 2005 it reached a settlement with Hoi Sing and its Liquidators in respect of the Proceedings, the Appeal and the Claim. Pursuant to the terms of that settlement:

1. Hoi Sing and the Liquidators irrevocably and unconditionally release the Company from all claims in the Proceedings, the Appeal and the liquidation of Hoi Sing generally, and have warranted that no further such claims will be brought against the Company;
2. Save as set out in paragraph 3 below, the Company irrevocably and unconditionally releases Hoi Sing and the Liquidators from all claims in the Proceedings, the Appeal and the liquidation of Hoi Sing generally, and has warranted that no further such claims will be brought against Hoi Sing and the Liquidators. The Company and Hoi Sing have agreed to the dismissal of the Proceedings and the Appeal; and
3. Part of the Claim will be admitted to proof in the liquidation of Hoi Sing, and the Company has agreed to defer its dividend entitlement comprised in the Claim up to a certain level after other creditors in the Hoi Sing liquidation.

Based on the information available to the Company regarding the status of the Hoi Sing liquidation, the Company believes that the likelihood of any meaningful recovery in respect of the Claim is low irrespective of whether there is any deferral of its dividend entitlement after other creditors or not. Further, the Company has already made full provision against the Claim. Accordingly, the Company does not expect that the settlement will give rise to any material financial effect on the Company.

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

Hong Kong, 1 December 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