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**PAUL Y. - ITC CONSTRUCTION  
HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**ITC CORPORATION  
LIMITED**

*(Incorporated in Bermuda with limited liability)*

**DISCLOSEABLE TRANSACTION  
DISPOSAL OF SHARES IN DOWNER EDI LIMITED BY  
PAUL Y. - ITC CONSTRUCTION HOLDINGS LIMITED**

The directors of Paul Y. - ITC and ITC Corporation jointly announce that a subsidiary of Paul Y. - ITC, a 64.23% owned subsidiary of ITC Corporation, has disposed of 20 million Downer shares on 8th December, 2003 to independent third parties for a total consideration of A\$73.6 million, which is equivalent to approximately HK\$421.7 million, at a price of A\$3.68 per Downer share, which is equivalent to approximately HK\$21.09 per Downer share.

On 28th April, 2003, a subsidiary of Paul Y. - ITC entered into an incentive option agreement with a company controlled by the group and divisional chief executive officers, chief financial officers, general managers, and departmental head of different key operation of the Downer group whom has an option to purchase 8.75 million Downer shares (adjusted from 35 million shares in Downer as a result of consolidation of 4 shares in Downer into 1 Downer share on 28th November, 2003) from the Paul Y. - ITC group at A\$2.2 per Downer share (equivalent to approximately HK\$12.6). If all the option were exercised on 28th April, 2003, the total consideration amounted to A\$19.3 million (equivalent to approximately HK\$92.8 million).

The disposal of 20 million Downer shares, together with the prior disposal of 8.75 million Downer shares (adjusted from 35 million shares in Downer as a result of consolidation of 4 shares in Downer into 1 Downer share on 28th November, 2003) as announced on 11th November, 2003 and the incentive option agreement, constitute a discloseable transaction for Paul Y. - ITC and ITC Corporation under the Listing Rules.

The 20 million Downer shares and the 8.75 million Downer shares disposed, and the 8.75 million Downer shares under the incentive option agreement represented 7.1%, 3.1% and 3.1% of the total issued share capital of Downer respectively. A circular containing further details of the Disposal and the incentive option agreement will be sent to the shareholders of Paul Y. - ITC and ITC Corporation as soon as practicable.

### **Disposal of shares in Downer**

Reference is made to the announcement of Paul Y. - ITC on 11th November, 2003 in relation to, amongst other things, the placing of 35 million shares in Downer by Paul Y. - ITC (adjusted to 8.75 million Downer shares as a result of the consolidation of 4 shares in Downer into 1 Downer share on 28th November, 2003). Downer is an associate of Paul Y. - ITC and separately listed on the Australian Stock Exchange. The directors of ITC Corporation considered the placing of 35 million shares in Downer by Paul Y. - ITC was not price sensitive. In addition, the placing did not constitute notifiable transaction for ITC Corporation under the Listing Rules and thus did not require to be disclosed on 11th November, 2003.

The directors of Paul Y. - ITC and ITC Corporation wish to inform that Paul Y. - ITC, a 64.23% owned subsidiary of ITC Corporation, has arranged its subsidiary for the disposal of 20 million Downer shares on the Australian stock market on 8th December, 2003 to independent third parties not connected with the directors, chief executives and substantial shareholders of Paul Y. - ITC and ITC Corporation or their respective subsidiaries or any of their respective associates, as defined under the Listing Rules. The 20 million Downer shares represented 7.1% of the total issued share capital of Downer.

The 20 million Downer shares were disposed at a market price of A\$3.68 per Downer share, which is equivalent to approximately HK\$21.09 per Downer share on 8th December, 2003. As a result, the total consideration of the disposal of 20 million Downer shares is approximately A\$73.6 million, before tax and expenses, which is equivalent to approximately HK\$421.7 million, and was satisfied in cash. As at the date of this announcement, the directors of Paul Y. - ITC have no specific plan regarding the use of the proceeds resulting from the disposal of 20 million Downer shares. The directors of Paul Y. - ITC will carefully evaluate the situation and hold the proceeds as short term deposits for as long as the directors of Paul Y. - ITC consider it to be in the best interest of the Paul Y. - ITC group and the shareholders of Paul Y. - ITC taken as a whole.

As a result of the Disposal, the shareholding interest of Paul Y. - ITC in Downer has decreased from 31.5% to 21.3%.

The following table sets out the changes of Paul Y. - ITC shareholding interests in Downer arising from the Disposal:

	<b>Number of shares in Downer</b>	<b>Shareholding (in percentage)</b>
As at 1st November, 2003	354,674,196	31.5
Disposal during November, 2003	(35,000,000)	(3.1)
Balance immediate before share consolidation	<u>319,674,196</u>	<u>28.4</u>
Share consolidation of 4 shares in Downer into 1 new Downer share		
Balance immediate after share consolidation	79,918,549	28.4
Disposal in December, 2003	(20,000,000)	(7.1)
	<u>59,918,549</u>	<u>21.3</u>

### **Reasons for and benefit of the Disposal**

The directors of Paul Y. - ITC consider that the Disposal represents a good opportunity for Paul Y. - ITC to realise part of its investment. It is expected that the Paul Y. - ITC group will report an estimated aggregate profit of approximately HK\$196 million on the Disposal. It is the intention of Paul Y. - ITC to hold its remaining shareholding interest in Downer as long term investment.

### **Incentive option agreement**

On 28th April, 2003, a subsidiary of Paul Y. - ITC entered into an incentive option agreement with the Grantee, under which the Grantee has an option to purchase 8.75 million Downer shares (adjusted from 35 million shares in Downer as a result of consolidation of 4 shares in Downer into 1 Downer share on 28th November, 2003) from the Paul Y. - ITC group at A\$2.2 per Downer share (equivalent to approximately HK\$12.6). If all the option were exercised on 28th April, 2003, the total consideration amounted to A\$19.3 million (equivalent to approximately HK\$92.8 million). The option is exercisable on or before 27th April, 2004 unless extended in accordance with its terms. Although Downer is just an associate of Paul Y. - ITC, it represents a very significant investment of Paul Y. - ITC. Therefore, the management of Downer was given the incentive to enhance the value of Downer and Paul Y. - ITC as a whole.

## Information on ITC Corporation

ITC Corporation is an investment holding company which directly and indirectly holds strategic investments in a number of listed companies including, in addition to Paul Y. - ITC and Downer, interests in Hanny Holdings Limited, China Strategic Holdings Limited, Burcon NutraScience Corporation, Star East Holdings Limited, M Channel Corporation Limited, Wing On Travel (Holdings) Limited, Rosedale Hotel Group Limited, Dong Fang Gas Holdings Limited, China Enterprises Limited and MRI Holdings Limited. In addition to those businesses carried out through Paul Y. - ITC, the principal activities of ITC Corporation and its subsidiaries comprise the investment holding, provision of finance, and trading of building materials and machinery.

## Information on Paul Y. - ITC

The principal activities of Paul Y. - ITC group include building construction, civil engineering, specialist works, property investment, and manufacturing and trading of construction materials. In addition, its investment in major associates includes Downer and China Strategic Holdings Limited.

## Information on Downer

Downer has become an associate of Paul Y. - ITC since 2001. Downer is listed on the Australian Stock Exchange and the New Zealand Stock Exchange. The principal activities of Downer group include provision of comprehensive engineering and infrastructure management services to the public and private power, rail, road, telecommunications, mining and minerals processing sectors in Australia, New Zealand, Asia and the Pacific.

The following is a summary of the audited consolidated results of the Downer group for the two years ended 30th June, 2003 and 30th June, 2002 respectively:

	2003		2002	
	A\$'000	HK\$'000	A\$'000	HK\$'000
Revenue	<u>2,679,930</u>	<u>15,355,999</u>	<u>2,430,390</u>	<u>13,926,135</u>
Profits before taxation	<u>94,743</u>	<u>542,877</u>	79,301	454,395
Taxation	<u>(28,171)</u>	<u>(161,420)</u>	<u>(22,870)</u>	<u>(131,045)</u>
Profits after taxation	<u>66,572</u>	<u>381,457</u>	<u>56,431</u>	<u>323,350</u>

The audited consolidated net asset value of the Downer group as at 30th June, 2003 was about A\$760.2 million, equivalent to about HK\$4,355.9 million.

## General

The Disposal and the incentive option agreement constitute a discloseable transaction for Paul Y. - ITC and ITC Corporation under the Listing Rules. A circular containing the details of the Disposal and the incentive option agreement will be sent to the shareholders of Paul Y. - ITC and ITC Corporation as soon as practicable.

## **Definition**

Disposal	Disposal by Paul Y. - ITC group of 20 million Downer shares on 8th December, 2003 together with the prior disposal by the Paul Y. - ITC group of 8.75 million Downer shares as announced on 11th November, 2003 by Paul Y. - ITC
Downer	Downer EDI Limited, a company whose securities are listed on the Australian Stock Exchange and the New Zealand Stock Exchange
Downer group	Downer and its subsidiaries
Downer shares	consolidated shares in Downer as adjusted as a result of consolidation of 4 shares into 1 new share of Downer on 28th November, 2003
Grantee	the grantee under the incentive option agreement. The grantee is a company controlled by the group and divisional chief executive officers, chief financial officers, general managers and departmental head of different key operation of the Downer group, whom are not connected with the directors, chief executives and substantial shareholders of Paul Y. - ITC and ITC Corporation or their respective subsidiaries or any of their respective associates, as defined under the Listing Rules
incentive option agreement	the incentive option agreement dated 28th April, 2003 entered between the subsidiary of Paul Y. - ITC and the Grantee
ITC Corporation	ITC Corporation Limited, a company whose securities are listed on the Stock Exchange
Paul Y. - ITC	Paul Y. - ITC Construction Holdings Limited, a company whose shares are listed on the Stock Exchange
Paul Y. - ITC group	Paul Y. - ITC and its subsidiaries
Stock Exchange	The Stock Exchange of Hong Kong Limited
Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange

HK\$ Hong Kong dollars

A\$ Australian dollars

By Order of the Board  
**Paul Y. - ITC Construction Holdings Limited**  
**Mui Ching Hung, Joanna**  
*Company Secretary*

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

Hong Kong, 16th December, 2003

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