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# **ITC CORPORATION LIMITED**

*(Incorporated in Bermuda with limited liability)*

## **DISCLOSEABLE TRANSACTION DISPOSAL OF SHARES IN PAUL Y. - ITC CONSTRUCTION HOLDINGS LIMITED AND RESUMPTION OF TRADING**

The directors of the Company wish to inform that its wholly owned subsidiary has disposed of 190 million Paul Y. - ITC shares representing 17.37% of the existing issued share capital of Paul Y. - ITC.

At the request of the Company, trading in the securities of the Company was suspended since 9:30 a.m. on 26th January, 2004 pending the release of this announcement. The Company has applied for resumption of trading in the securities of the Company with effect from 9:30 a.m. on 27th January, 2004.

### **Disposal of shares in Paul Y. - ITC**

The directors of the Company wish to inform that its wholly owned subsidiary has disposed of 190 million Paul Y. - ITC shares through on-market sales on 21st January, 2004 to independent third parties not connected with the directors, chief executives and substantial shareholders of the Company or its subsidiaries or any of their respective associates, as defined under the Listing Rules. The 190 million Paul Y. - ITC shares represented 17.37% of the existing issued share capital of Paul Y. - ITC of 1,093,703,466 shares.

The 190 million Paul Y. - ITC shares were disposed at a market price of HK\$0.70 per share on 21st January, 2004. As a result, the total consideration of the disposal of 190 million Paul Y. - ITC shares is approximately HK\$133 million, before tax and expenses, and will be satisfied in cash. As at the date of this announcement, the proceeds resulting from the Disposal are intended to be applied for payment of the consideration of the proposed redemption of convertible notes issued by the Company as disclosed in the announcement of the Company dated 16th January, 2004, for the reduction of borrowings and for general working capital.

As informed by Paul Y. - ITC, subject to the Stock Exchange granting listing of and permission to deal in the Paul Y. - ITC scrip shares, 251,545,553 Paul Y. - ITC scrip shares will be issued in accordance with the scrip dividend alternative scheme of Paul Y. - ITC dated 6th January, 2004 in relation to the interim dividend and special dividend for the six months ended 30th September, 2003. As a result, the issued share capital of Paul Y. - ITC will increase from 1,093,703,466 shares to

1,345,249,019 shares. Thus, as a result of the Disposal and the election of Paul Y. - ITC scrip shares by the Company, the shareholding interest of the Company in Paul Y. - ITC will decrease from 67.72% of the existing issued share capital of Paul Y. - ITC, to 55.06% of the issued share capital of Paul Y. - ITC as enlarged by the issue of the Paul Y. - ITC scrip shares. After the Disposal and receipt of the Paul Y. - ITC scrip shares, the number of Paul Y. - ITC shares held by the Company will remain the same at 740,668,056 Paul Y. - ITC shares.

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

The Company has elected to receive 190 million Paul Y. - ITC scrip shares, then valued at approximately HK\$133 million, pursuant to the scrip dividend alternative scheme of Paul Y. - ITC dated 6th January, 2004 in relation to the interim dividend and special dividend of Paul Y. - ITC for the six months ended 30th September, 2003 which was declared by Paul Y. - ITC on 19th December, 2003. The Disposal represents a good opportunity for the Company to realise part of its investment in Paul Y. - ITC and to increase the public float of Paul Y. - ITC. It is expected that, as a result of the Disposal and the scrip dividend, the Group will report an estimated aggregate loss of approximately HK\$92 million.

### **Information on ITC Corporation**

The Company is an investment holding company which directly and indirectly holds strategic investments in a number of listed companies. In addition to its interest in Paul Y. - ITC, a non-wholly owned subsidiary, the Group holds interests in associated companies including Hanny Holdings Limited, China Strategic Holdings Limited, Burcon NutraScience Corporation and Downer EDI Limited, and other investments including Star East Holdings Limited and M Channel Corporation Limited. Through the above associated companies, the Group has indirect interests in 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 business carried out through Paul Y. - ITC, the principal activities of the Group comprise 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 associated companies includes Downer EDI Limited and China Strategic Holdings Limited.

The following is a summary of the unaudited consolidated results of the Paul Y. - ITC group for the six months ended 30th September, 2003 and the audited consolidated results of the Paul Y. - ITC group for the two years ended 31st March, 2003 and 31st March, 2002 respectively:

	<b>Six months ended 30th September, 2003</b>	<b>Year ended 31st March, 2003</b>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	1,674,441	3,636,182	5,343,810
Profit (loss) before taxation	77,056	(316,718)	125,243
Taxation	(47,359)	(32,496)	(47,935)
Profit (loss) after taxation	29,697	(349,214)	77,308

The audited consolidated net asset value of the Paul Y. - ITC group as at 31st March, 2003 was about HK\$2,712 million and the unaudited consolidated net asset value as at 30th September, 2003 was about HK\$2,732 million.

### **General**

The Disposal constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing the details of the Disposal will be sent to the shareholders of the Company as soon as practicable.

The Board has noted the recent increase in the price of the ordinary shares of the Company and wish to state that save as disclosed above and the announcement of the Company dated 16th January, 2004, the Board is not aware of the reasons for such increase.

Further, save as disclosed above and the announcement of the Company dated 16th January, 2004, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under paragraph 3 of the Listing Agreement, neither is the Board aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature.

At the request of the Company, trading in the securities of the Company has been suspended since 9:30 a.m. on 26th January, 2004 pending the release of this announcement. The Company has applied for resumption of trading in the securities of the Company with effect from 9:30 a.m. on 27th January, 2004.

### **Definition**

“Board”	the board of directors of the Company
“Disposal”	Disposal by the Group of 190 million Paul Y. - ITC shares on 21st January, 2004
“Company”	ITC Corporation Limited, a company whose securities are listed on the Stock Exchange
“Group”	the Company and its subsidiaries
“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
“Paul Y. - ITC scrip shares”	Paul Y. - ITC shares to be issued pursuant to the scrip dividend alternative scheme of Paul Y. - ITC dated 6th January, 2004 in relation to the interim dividend and special dividend of Paul Y. - ITC for the six months ended 30th September, 2003
“Paul Y. - ITC shares”	share(s) of HK\$0.10 each in the share capital of Paul Y. - ITC
“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

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

Hong Kong, 26th January, 2004

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