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ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)
(Stock code: 372)



PAUL Y. - ITC CONSTRUCTION HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(Stock code: 498)

DISCLOSEABLE TRANSACTION

Acquisition of an approximately 54.06% indirect interest in a joint venture company to build and operate a bulk handling sea port at Yangkou Port, Nantong City, Jiangsu, China

The directors of ITC Corporation Limited (“ITC Corporation”) and Paul Y. - ITC Construction Holdings Limited (“Paul Y. - ITC”) announce that Century Harbour Limited (“Century Harbour”), a wholly owned subsidiary of Paul Y. - ITC has agreed on 30th March, 2004 to acquire 90.1% of the shares in, and all shareholders’ loans to, Global Achiever Limited (“Global Achiever”) from Steady Forth Limited (“Steady Forth”) which is an independent third party not connected with the directors, chief executives and substantial shareholders of ITC Corporation and Paul Y. - ITC or their subsidiaries or any of their respective associates, as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

Global Achiever indirectly holds a 60% interest in a sino-foreign equity joint venture company, Jiangsu Yangtong Investment and Development Co., Ltd. (江蘇洋通開發投資有限公司) (“Jiangsu Yangtong Investment”), established to build and operate a bulk handling sea port at Yangkou Port, Nantong City, Jiangsu, China for a period of fifty years commencing on 28th October, 2003. The remaining balance of 40% interest in Jiangsu Yangtong Investment is held by 江蘇洋口港投資開發有限公司 (Jiangsu Yangkou Port Investment and Development Co., Ltd.) (“Jiangsu Yangkou Port Investment”), a state owned enterprise, which is to contribute rights to form and develop land and marine expandable rights to reclaim land initially amounting in area to approximately 42 square kilometres and for an additional 15 square kilometres. Jiangsu Yangkou Port Investment is an independent third party not connected with the directors, chief executives and substantial shareholders of ITC Corporation and Paul Y. - ITC or their subsidiaries or any of their respective associates, as defined under the Listing Rules. The registered capital of Jiangsu Yangtong Investment is approximately US\$30.0 million, equivalent to approximately HK\$234.0 million; Global Achiever will contribute approximately US\$18.0 million, equivalent to approximately HK\$140.4 million, in cash and Jiangsu Yangkou Port Investment will contribute approximately US\$12.0 million, equivalent to approximately HK\$93.6 million, in the form of the land and marine rights and other assets to be transferred by it to Jiangsu Yangtong Investment. As at the date of this announcement, the paid up capital of Jiangsu Yangtong Investment is US\$2.0 million, equivalent to approximately HK\$15.6 million, all of which has been contributed by Global Achiever.

The purchase consideration payable by Paul Y. - ITC is HK\$396.0 million together with the committed financing, the total consideration is approximately HK\$520.8 million. This will be funded from the internal resources and existing banking facilities of Paul Y. - ITC.

The transaction is a discloseable transaction for both ITC Corporation and Paul Y. - ITC. As at the date of this announcement, ITC Corporation held approximately 55.1% of Paul Y. - ITC. In accordance with the requirements of the Listing Rules, a circular will be sent to the respective shareholders of ITC Corporation and Paul Y. - ITC giving details of the transaction.

The acquisition agreement

Vendor: Steady Forth, a company beneficially owned by a resident and national of China who is an independent third party not connected with the directors, chief executives and substantial shareholders of ITC Corporation and Paul Y. - ITC or their subsidiaries or any of their respective associates, as defined by the Listing Rules.

Purchaser: Century Harbour, a wholly owned subsidiary of Paul Y. - ITC which is in turn an approximately 55.1% held subsidiary of ITC Corporation as at the date of this announcement.

Date: 30th March, 2004

Assets to be acquired

90.1% of the issued share capital of and, all shareholders' loans to, Global Achiever, which holds indirectly 60% interest in a sino-foreign equity joint venture company, Jiangsu Yangtong Investment. The remaining balance of 9.9% in Global Achiever is held by Steady Forth. The remaining balance of 40% interest in Jiangsu Yangtong Investment is held by Jiangsu Yangkou Port Investment.

Global Achiever was incorporated in the British Virgin Islands on 8th January, 2004. It was founded by Steady Forth. The principal business of Global Achiever is investment holding and its principal asset is 60% indirect interest in Jiangsu Yangtong Investment acquired from an independent third party to ITC Corporation and Paul Y. - ITC. The net asset value and paid up capital of Global Achiever is US\$1,000, equivalent to approximately HK\$7,800.

Consideration

The consideration payable by Century Harbour to Steady Forth under the acquisition agreement is HK\$396.0 million. Century Harbour has also undertaken to advance to Global Achiever an amount up to US\$16.0 million, equivalent to approximately HK\$124.8 million to enable it or its subsidiary to pay up its proportion of the registered capital of Jiangsu Yangtong Investment or for the general working capital of Global Achiever. As at the date of this announcement, an advance in the form of shareholders' loan from Steady Forth to Global Achiever amounted to US\$2.0 million, equivalent to approximately HK\$15.6 million, which has been assigned to Century Harbour pursuant to the acquisition agreement. In respect of the further advance of US\$16 million, Paul Y. - ITC will ensure full compliance with the Listing Rules. The shareholders' loan to Global Achiever is unsecured, non-interest bearing and repayable on demand. There is a remaining commitment from Century Harbour to advance to Global Achiever for its subsidiary to pay up its proportion of the registered capital of Jiangsu Yangtong Investment or for the general working capital of Global Achiever of US\$16.0 million, equivalent to approximately HK\$124.8 million.

The total aggregate consideration, inclusive of the initial consideration of HK\$396.0 million, will be approximately HK\$520.8 million upon full advance from Century Harbour to Global Achiever of US\$16.0 million, equivalent to approximately HK\$124.8 million.

The initial consideration of HK\$396.0 million shall be payable as to:

- HK\$55.0 million, on 2nd April, 2004;
- HK\$86.0 million, on 8th April, 2004;
- HK\$55.0 million, on 16th April, 2004;
- HK\$50.0 million, on 23rd April, 2004;
- HK\$50.0 million, on 30th April, 2004;
- HK\$50.0 million within 3 days after the obligations of Jiangsu Yangkou Port Investment to inject not less than 13.3 square kilometers of marine rights under the joint venture contract have been complied with; and
- HK\$50.0 million, 10 days after such compliance.

The consideration will be paid out of the internal resources and existing banking facilities of Paul Y. - ITC.

The consideration of HK\$396.0 million represents a premium of approximately HK\$387.6 million over 54.06% of the unaudited net asset value of Jiangsu Yangtong Investment of approximately HK\$15.6 million as at the date of this announcement, which mainly comprises of the paid up capital in the form of cash and development cost paid. The unaudited net asset value of Jiangsu Yangtong Investment does not reflect the value attributed to the land and marine rights and other assets to be transferred to it by Jiangsu Yangkou Port Investment and the cash subscription for the registered capital of Jiangsu Yangtong Investment by Global Achiever or its subsidiary. At this stage, reclamation of approximately 22 square kilometers of land is about 70% completed. This premium was negotiated on an arm's length basis and reflects an assessment by ITC Corporation and Paul Y. - ITC of the substantial future potential of Jiangsu Yangtong Investment and the considerable effort and time which has been expended to negotiate its terms.

The joint venture company

Global Achiever currently holds a 60% indirect interest in a sino-foreign equity joint venture company established to build and operate a bulk handling sea port at Yangkou Port, Nantong City, Jiangsu, China for a period of fifty years commencing on 28th October, 2003. Since its incorporation, the remaining balance of 40% interest in Jiangsu Yangtong Investment has been held by Jiangsu Yangkou Port Investment, a state owned enterprise, which is to contribute rights to form and develop land and marine expandable rights to reclaim land initially amounting in area to approximately 42 square kilometres and for an additional 15 square kilometres. Jiangsu Yangkou Port Investment is an independent third party not connected with the directors, chief executives and substantial shareholders of ITC Corporation and Paul Y. - ITC or their subsidiaries or any of their respective associates, as defined under the Listing Rules. The committed total investment of Jiangsu Yangtong Investment is approximately US\$30.0 million, equivalent to approximately HK\$234.0 million. The registered capital of Jiangsu Yangtong Investment is approximately US\$30.0 million, equivalent to approximately HK\$234.0 million; Global Achiever will contribute approximately US\$18.0 million, equivalent to approximately HK\$140.4 million, in cash and Jiangsu Yangkou Port Investment will contribute approximately US\$12.0 million, equivalent to approximately HK\$93.6 million, in the form of land and marine rights and other assets to be transferred by it to Jiangsu Yangtong Investment. As at the date of this announcement, the paid up capital of Jiangsu Yangtong Investment is US\$2.0 million, equivalent to approximately HK\$15.6 million, all of which has been contributed by Global Achiever. The remaining contributions will be made by the joint venture parties in accordance with the joint venture agreement and the relevant laws and regulations in China. As stated in the joint venture agreement, the capital will be contributed within three years from the date of its incorporation, being 27th October, 2006.

Since Jiangsu Yangtong Investment has only recently been formed, it has not produced accounts to show its results for any accounting period.

Reasons for the transaction

Paul Y. - ITC has decided to lever off its experience of managing large construction and infrastructural projects in China, Hong Kong and internationally to develop and operate both sea and river port facilities as well as their associated bulk handling and logistic facilities. It is the belief of the directors of ITC Corporation and Paul Y. - ITC that with the continued rapid growth of China's economy, it is vital that larger deep water and river port facilities are developed and that there is a substantial increase in the logistic facilities available for the handling and storage of strategic raw materials and fuel which are essential for the sustained development of the economy and its import and export commodity trades. In addition, the reclaimed land reserve of up to 57 square kilometers will provide a long term land bank for the development of a consolidated industrial park. The directors of ITC Corporation and Paul Y. - ITC consider that the economic importance of well sited, sizable facilities will also result in the satisfactory recurring returns being earned for owning and operating them over the life of Jiangsu Yangtong Investment. It is foreseen that the accounts of both Global Achiever and Jiangsu Yangtong Investment will be consolidated into the accounts of ITC Corporation and Paul Y. - ITC.

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, interests in Hanny Holdings Limited, China Strategic Holdings Limited, Downer EDI Limited, Burcon NutraScience Corporation, M Channel Corporation Limited, Wing On Travel (Holdings) 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 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 EDI Limited and China Strategic Holdings Limited.

General

As at the date of this announcement, the board of directors of ITC Corporation comprises nine directors, of which (i) seven are executive directors, namely Dr. Chan Kwok Keung, Charles, Mr. Tom Ko Yuen Lau, Ms. Chau Mei Wah, Rosanna, Mr. Chan Kwok Hung, Mr. Chan Fut Yan, Mr. Wong Kun To and Mr. Cheung Hon Kit; (ii) two are independent non-executive directors, namely Mr. Dominic Lai and Mr. Winston Calptor Chuck.

The board of directors of Paul Y. - ITC comprises ten directors, of which (i) eight are executive directors, namely Dr. Chan Kwok Keung, Charles, Mr. Tom Ko Yuen Lau, Mr. Chan Fut Yan, Mr. Wong Wing Hoo, Billy, Ms. Chau Mei Wah, Rosanna, Mr. Cheung Hon Kit, Mr. Law Man Wah, Conrad and Mr. Lee Hon Chiu; (ii) two are independent non-executive directors, namely Mr. Cheung Ting Kau, Vincent and Mr. Kwok Shiu Keung, Ernest.

The transaction constitutes a discloseable transaction for both ITC Corporation and Paul Y. - ITC under the Listing Rules. Accordingly, a circular containing the information required to be published will be sent to the respective shareholders of ITC Corporation and Paul Y. - ITC in due course.

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

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

Hong Kong, 13th April, 2004

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