

CHAIRMAN'S STATEMENT

The board of directors (the "Board") of Paul Y. - ITC Construction Holdings Limited (the "Company") is pleased to present the interim report and the condensed financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30th September, 2001. The consolidated income statement, consolidated cash flow statement and consolidated statement of recognised gains and losses of the Group for the six months ended 30th September, 2001, and the consolidated balance sheet of the Group as at 30th September, 2001, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 13 to 28 of this report and have been reviewed by the auditors. This interim report has been reviewed by the Company's audit committee.

INTERIM DIVIDEND

The Board resolved to pay an interim dividend of 1 cent per share for the six months ended 30th September, 2001 (2000: 1 cent per share) to shareholders whose names appear on the register of members of the Company as at the close of business on 8th February, 2002 (the "Record Date"). The interim dividend is expected to be paid to shareholders by post on or around 22nd March, 2002.

The Board also proposed that the above interim dividend should be satisfied by way of a scrip dividend of shares, with an option to elect cash in respect of part or all of such dividend, subject to the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of and permission to deal in the new shares to be issued. The market value of the shares to be issued under the scrip dividend proposal will be fixed by reference to the average of the closing prices of the Company's shares for the five consecutive trading days ending the Record Date less a discount of five per cent. of such average price or the par value of shares, whichever is the higher. A circular giving full details of the scrip dividend proposal and a form of election will be sent to shareholders.

BONUS WARRANT ISSUE

The Board proposed that a bonus issue ("Bonus Warrant Issue") of new warrants ("Bonus Warrants") will be made to shareholders (other than overseas shareholders) whose names appear on the register of members of the Company as at the close of business on the Record Date. Details of the Bonus Warrant Issue are contained in a separate announcement. It is believed that such issue will not only create additional value to the qualifying shareholders, it will also provide the Company with means to possibly raise additional equity funding through the conversion of these Bonus Warrants.

CLOSE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 6th February, 2002 to 8th February, 2002, both dates inclusive, during which period no share transfer shall be effected. In order to qualify for the interim dividend and Bonus Warrant Issue, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrars in Hong Kong, Secretaries Limited at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong for registration by no later than 4:00 p.m. on 5th February, 2002.