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PAUL Y. - ITC CONSTRUCTION HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 498)

ANNOUNCEMENT

The Board announces the details of financial assistance given to and trading balances due from, the Company's affiliated companies as at 31st March, 2004 pursuant to Rule 13.16 of the Listing Rules.

The Stock Exchange is of the view that the Company may have breached the Listing Rules in respect of what it considers to be the Company's late reporting of matters required by Rule 13.16 of the Listing Rules and reserves its rights to take appropriate actions.

The board of directors of the Company (the "Board") wishes to disclose pursuant to Rule 13.16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") details of the financial assistance given to the Company's affiliated companies including trading balances due from the Company's affiliated companies to the Company and its subsidiaries (the "Group"), which in aggregate exceeds 8% of the consideration ratio as set out in Rule 14.07 of the Listing Rules. Reference is also made to the announcement of the Company of even date in relation to information on the amounts due in respect of money lent ("Advances") to and trading balances due from entities pursuant to Rules 13.13, 13.14 and 13.15 of the Listing Rules.

ANALYSIS OF FINANCIAL ASSISTANCE INCLUDING TRADING BALANCES

Details of the financial assistance given to and trading balances due from, the Company's affiliated companies as at 31st March, 2004 are as follows:

Affiliated companies	Percentage of interest (%)	Amount of Advances given (HK\$'000)	Interest rate in respect of Advances	Amount of trading balance receivable (HK\$'000)	Total (HK\$'000)
China Strategic Holdings Limited ("China Strategic") and its subsidiaries	29.4	175,700	Prime rate + 2%	636	176,336
Bongear Enterprises Limited	45.0	80,206	Prime rate + 1%	–	80,206
Paul Y. – Penta-Ocean Joint Venture	50.0	2,000	Nil	–	2,000
Icfox International Limited ("Icfox") and its subsidiaries	27.3	3,000	Nil	1,677	4,677
Domain – Paul Y. Sdn. Bhd.	49.0	–	Nil	1,505	1,505
DL & PY JV Limited	50.0	–	Nil	210	210
Downer EDI Limited ("Downer") and its subsidiaries	21.3	–	Nil	14	14
Total:		<u>260,906</u>		<u>4,042</u>	<u>264,948</u>

(note)

Note: This represents 5.6% of the total assets of the Group of HK\$4,765,459,000 as at 30th September, 2003 according to the Group's consolidated balance sheet as at 30th September, 2003 and 30.8% of the average closing price of the Company as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding 31st March, 2004.

The Group made the Advances to these affiliated companies for their general working capital purpose.

The amounts above are repayable on demand by cash. There are no security in respect of the above amounts. All of the trading balances above are interest free. The Group advanced the monies to these entities for their general working capital purpose in return of interest income. The trading balances above represent amounts arising from rental and related building management services, sharing of administrative services and construction and project management services and staff secondment services rendered to the respective entities as follows:

	Rental and related building management services <i>HK\$'000</i>	Construction and project management services <i>HK\$'000</i>	Share of administrative services <i>HK\$'000</i>	Staff secondment services <i>HK\$'000</i>	Total <i>HK\$'000</i>
China Strategic Group	3	465	168	–	636
Icfox Group	1,137	–	540	–	1,677
Domain – Paul Y. Sdn. Bhd.	–	–	–	1,505	1,505
DL & PY JV Limited	–	210	–	–	210
Downer EDI Group	–	–	14	–	14
	<u>1,140</u>	<u>675</u>	<u>722</u>	<u>1,505</u>	<u>4,042</u>

As at 31st March, 2004, apart from the amounts set out above, there are no other financial assistance or committed capital injection to affiliated companies which are required to be disclosed by way of an announcement pursuant to Rule 13.16 of the Listing Rules.

The Stock Exchange is of the view that the Company may have breached the Listing Rules in respect of what it considers to be the Company's late reporting of matters required by Rule 13.16 of the Listing Rules and reserves its rights to take appropriate actions.

GENERAL

As at the date of this announcement, the Board comprises ten directors of which (i) eight are executive directors, namely Dr. Chan Kwok Keung, Charles, Mr. Lau Ko Yuen, Tom, 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.

By Order of the Board
Mui Ching Hung, Joanna
Company Secretary

Hong Kong, 24th September, 2004

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