
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in ITC Corporation Limited, you should at once hand this circular to the purchaser or the transferee or to the bank manager, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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,
A SUBSIDIARY OF ITC CORPORATION LIMITED**

6th January, 2004

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	3
The Disposal	4
Incentive Option Agreement	4
Reasons for and benefit of the Disposal and the Incentive Option Agreement	4
Information on ITC Corporation	5
Information on Downer	5
General information	5
Additional information	5
Appendix – General information	6

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Announcement”	the announcement dated 16th December, 2003 made jointly by ITC Corporation and Paul Y. - ITC
“Director(s)”	the director(s) of ITC Corporation
“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 Share(s)”	consolidated shares in Downer as adjusted as a result of consolidation of 4 shares into 1 new share of Downer on 28th November, 2003
“Executives”	certain executives of the Downer Group. They include 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 ITC Corporation or its subsidiaries or any of their respective associates, as defined under the Listing Rules
“Grantee”	the grantee under the Incentive Option Agreement. The grantee is a company controlled by the Executives
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Incentive Option Agreement”	the incentive option agreement dated 28th April, 2003 entered into between Paul Y. - ITC, a subsidiary of Paul Y. - ITC and the Grantee
“ITC Corporation” or the “Company”	ITC Corporation Limited, a limited liability company incorporated in Bermuda, the shares of which are listed on the Stock Exchange
“ITC Corporation Group” or the “Group”	ITC Corporation and its subsidiaries
“Latest Practicable Date”	30th December, 2003, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules
“Paul Y. - ITC”	Paul Y. - ITC Construction Holdings Limited, a limited liability company incorporated in Bermuda, the shares of which are listed on the Stock Exchange
“Paul Y. - ITC Group”	Paul Y. - ITC and its subsidiaries

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“A\$”	Australian dollars
“HK\$”	Hong Kong dollars
“%”	percentage

Amounts denominated in A\$ have been translated, for the purpose of illustration only, into HK\$ at the historical market rate when the relevant events occurred.

LETTER FROM THE BOARD



ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

Directors:

Chan Kwok Keung, Charles (*Chairman*)
Lau Ko Yuen, Tom (*Deputy Chairman*)
Chau Mei Wah, Rosanna (*Managing Director*)
Chan Kwok Hung
Chan Fut Yan
Wong Kun To
Cheung Hon Kit

Independent non-executive directors:

Lai, Dominic
Chuck, Winston Calptor

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Principal place of business
in Hong Kong:*

33rd Floor
Paul Y. Centre
51 Hung To Road
Kwun Tong
Kowloon
Hong Kong

6th January, 2004

*To the ordinary shareholders and, for information only,
the holders of the preference shares
and convertible notes issued by the Company*

Dear Sir and Madam,

DISCLOSEABLE TRANSACTION DISPOSAL OF SHARES IN DOWNER EDI LIMITED BY PAUL Y. - ITC CONSTRUCTION HOLDINGS LIMITED, A SUBSIDIARY OF ITC CORPORATION LIMITED

INTRODUCTION

On 16th December, 2003, the directors of ITC Corporation and Paul Y. - ITC jointly announced that a subsidiary of Paul Y. - ITC, a 64.96% 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, Paul Y. - ITC and a subsidiary of Paul Y. - ITC entered into the Incentive Option Agreement with a company controlled by the Executives whom has an option to purchase 8.75 million Downer Shares from the Paul Y. - ITC Group at A\$2.2 per Downer Share (equivalent to approximately HK\$12.6 per Downer Share). If all the option was 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 as announced on 11th November, 2003 and the Incentive Option Agreement constitute a discloseable transaction for 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.

LETTER FROM THE BOARD

THE DISPOSAL

The directors of ITC Corporation wished to inform that Paul Y. - ITC, a 64.96% 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 ITC Corporation or its 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 Latest Practicable Date, the directors of Paul Y. - ITC intend to apply the proceeds resulting from the disposal of 20 million Downer Shares for the payment of interim and special dividends of about HK\$328.1 million. The directors of Paul Y. - ITC will carefully evaluate the situation and hold the remaining 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:

	Number of shares in Downer	Shareholding (in percentage)
As at 1st November, 2003	354,674,196	31.5
Disposal during November, 2003	(35,000,000)	(3.1)
	<u>319,674,196</u>	<u>28.4</u>
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 (Note)</u>

Note: Assuming the exercise of the option under the Incentive Option Agreement, the shareholding interests in Downer of Paul Y. - ITC should further decrease of 8,750,000 Downer Shares (equivalent to approximately 3.1%) to 51,168,549 Downer Shares (equivalent to approximately 18.2%).

INCENTIVE OPTION AGREEMENT

On 28th April, 2003, Paul Y. - ITC and a subsidiary of Paul Y. - ITC entered into the Incentive Option Agreement with the Grantee, under which the Grantee has an option to purchase 8.75 million Downer Shares from the Paul Y. - ITC Group at A\$2.2 per Downer Share (equivalent to approximately HK\$12.6 per Downer Share). If all the option was 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.

REASONS FOR AND BENEFIT OF THE DISPOSAL AND THE INCENTIVE OPTION AGREEMENT

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 the intention of Paul Y. - ITC to hold its remaining shareholding interest in Downer as long term investment.

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.

It is expected that the Paul Y. - ITC Group will report an estimated profit of approximately HK\$196 million on the Disposal and approximately HK\$15 million if all the option under the Incentive Option Agreement is exercised. The aggregate book value of the Downer Shares under the Disposal and the Incentive Option Agreement is approximately HK\$398.2 million.

LETTER FROM THE BOARD

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 business 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 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	94,743	542,877	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 INFORMATION

The Disposal and the Incentive Option Agreement constitute a discloseable transaction for ITC Corporation under the Listing Rules.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix of this circular.

Your faithfully,
For and on behalf of the board of
ITC Corporation Limited
Dr. Chan Kwok Keung, Charles
Chairman

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

DISCLOSURE OF INTERESTS

(A) Directors' interests and short positions in shares, underlying shares and debentures

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) and the Model Code and which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO were as follows:

(a) *Interests and short positions in shares and underlying shares and debentures of the Company*

Name of Director	Capacity	Long position/ Short position	No. of ordinary shares of the Company held	No. of underlying shares (in respect of convertible notes (unlisted equity derivatives)) of the Company held	Approximate % of the issued ordinary share capital of the Company
Chan Kwok Keung, Charles	Interest of controlled corporation (Note 1)	Long position	219,681,911	-	34.82%
	Beneficial owner	Long position	-	833,333,333 (Note 2)	132.07%

Notes:

- Galaxyway Investments Limited was a wholly-owned subsidiary of Chinaview International Limited which was, in turn, wholly owned by Dr. Chan Kwok Keung, Charles. Dr. Chan Kwok Keung, Charles was deemed to be interested in 219,681,911 ordinary shares held by Galaxyway Investments Limited.
- Dr. Chan Kwok Keung, Charles owned convertible notes issued by the Company in the principal amount of HK\$250,000,000 carrying rights to convert into 833,333,333 ordinary shares of the Company at an initial conversion price of HK\$0.30 per share, subject to adjustment. Out of the aforesaid convertible notes of HK\$250,000,000, HK\$120,000,000 convertible notes (representing 400,000,000 underlying shares) were pledged by Dr. Chan Kwok Keung, Charles for his personal interests.

(b) *Interests and short positions in shares, underlying shares and debentures of the following associated corporations*(i) **Paul Y. - ITC**

Name of Director	Capacity	Long position/ Short position	No. of shares of Paul Y. - ITC held	Approximate % of the issued share capital of Paul Y. - ITC
Chan Kwok Keung, Charles	Interest of controlled corporation (Note)	Long position	710,482,056	64.96%
	Beneficial owner	Long position	11,603,952	1.06%
Cheung Hon Kit	Beneficial owner	Long position	400	0.00%

Note: The shares were held by a wholly-owned subsidiary of the Company. By virtue of his deemed interests in approximately 34.82% of the issued ordinary share capital of the Company, Dr. Chan Kwok Keung, Charles was deemed to be interested in these shares. Out of the aforesaid 710,482,056 shares, 702,514,056 shares were pledged.

(ii) **Hanny Holdings Limited (“Hanny”)**

Name of Director	Capacity	Long position/ Short position	No. of shares of Hanny held	No. of underlying shares (in respect of the share options (unlisted equity derivatives)) of Hanny held	Approximate % of the issued share capital of Hanny
Chan Kwok Keung, Charles	Interest of controlled corporation (Note)	Long position	45,798,813	–	28.57%
	Beneficial owner	Long position	–	4,000,000	2.49%
Chan Kwok Hung	Beneficial owner	Long position	–	1,750,000	1.09%

Note: The shares were held by a wholly-owned subsidiary of the Company. By virtue of his deemed interests in approximately 34.82% of the issued ordinary share capital of the Company, Dr. Chan Kwok Keung, Charles was deemed to be interested in these shares.

(iii) **Burcon NutraScience Corporation (“Burcon”)**

Name of Director	Capacity	Long position/ Short position	No. of shares of Burcon held	No. of underlying shares (in respect of the share options (unlisted equity derivatives)) of Burcon held	Approximate % of the issued share capital of Burcon
Chau Mei Wah, Rosanna	Beneficial owner	Long position	280,000	–	1.56%
	Beneficial owner	Long position	–	40,000	0.22%

(iv) China Strategic Holdings Limited (“China Strategic”)

Name of Director	Capacity	Long position/ Short position	No. of shares of China Strategic held	No. of underlying shares (in respect of the warrants (listed equity derivatives)) of China Strategic held	Approximate % of the issued share capital of China Strategic
Chan Kwok Keung, Charles	Interest of controlled corporation (Note)	Long position	258,819,795	–	30.99%
	Interest of controlled corporation (Note)	Long position	–	24,142,950	2.89%

Note: The shares and warrants were held by a wholly-owned subsidiary of Paul Y. - ITC, of which a wholly-owned subsidiary of the Company owned approximately 64.96% of the issued share capital of Paul Y. - ITC. By virtue of his deemed interests in approximately 34.82% of the issued ordinary share capital of the Company, Dr. Chan Kwok Keung, Charles was deemed to be interested in these shares and warrants.

Paul Y. - ITC, Hanny, Burcon and China Strategic are associated corporations, within the meaning of Part XV of the SFO, of the Company.

Dr. Chan Kwok Keung, Charles was, by virtue of his deemed interest in approximately 34.82% of the issued ordinary share capital of the Company, deemed to be interested in the shares and underlying shares (in respect of equity derivatives), if any, of associated corporations (within the meaning of Part XV of the SFO) of the Company held by the Group under Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company, had, under Divisions 7 and 8 of Part XV of the SFO, nor were they taken to or deemed to have under such provisions of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) or any interests which are required to be entered into the register kept by the Company pursuant to section 352 of the SFO or any interests which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(B) Interests and short positions of substantial shareholders/other persons recorded in the register kept under the SFO

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, the following parties had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

(a) Interests and short positions of substantial shareholders in shares and underlying shares of the Company

Name	Capacity	Long position/ Short position	No. of ordinary shares of the Company held	No. of underlying shares (in respect of unlisted equity derivatives) of the Company held	Approximate % of the issued ordinary share capital of the Company	
Chan Kwok Keung, Charles	<i>Note</i>	Interest of controlled corporation	Long position	219,681,911	–	34.82%
Chan Kwok Keung, Charles	<i>Note</i>	Beneficial owner	Long position	–	833,333,333	132.07%
Chinaview International Limited	<i>Note</i>	Interest of controlled corporation	Long position	219,681,911	–	34.82%
Galaxyway Investments Limited	<i>Note</i>	Beneficial owner	Long position	219,681,911	–	34.82%
Ng Yuen Lan, Macy	<i>Note</i>	Interest of spouse	Long position	219,681,911	–	34.82%
Ng Yuen Lan, Macy	<i>Note</i>	Interest of spouse	Long position	–	833,333,333	132.07%

Note: Galaxyway Investments Limited was a wholly-owned subsidiary of Chinaview International Limited which was in turn wholly owned by Dr. Chan Kwok Keung, Charles. Ms. Ng Yuen Lan, Macy was the spouse of Dr. Chan Kwok Keung, Charles. Chinaview International Limited, Dr. Chan Kwok Keung, Charles and Ms. Ng Yuen Lan, Macy were deemed to be interested in the ordinary shares held by Galaxyway Investments Limited.

Dr. Chan Kwok Keung, Charles owned convertible notes issued by the Company in the principal amount of HK\$250,000,000 carrying rights to convert into 833,333,333 ordinary shares of the Company at an initial conversion price of HK\$0.30 per share, subject to adjustment. Ms. Ng Yuen Lan, Macy, being the spouse of Dr. Chan Kwok Keung, Charles, was deemed to be interested in the underlying shares (in respect of the convertible notes (unlisted equity derivatives)) held by Dr. Chan Kwok Keung, Charles. Out of the aforesaid convertible notes in the principal amount of HK\$250,000,000, HK\$120,000,000 convertible notes (representing 400,000,000 underlying shares) were pledged by Dr. Chan Kwok Keung, Charles for his personal interests.

(b) Interests and short positions of other persons in shares and underlying shares of the Company

Name	Notes	Capacity	Long position/ Short position	No. of ordinary shares of the Company held	No. of underlying shares (in respect of unlisted equity derivatives) of the Company held	Approximate % of the issued ordinary share capital of the Company
Tai Fook Finance Company Limited		Security interest	Long position	–	400,000,000	63.40%
Tai Fook (BVI) Limited	1	Interest of controlled corporation	Long position	–	400,000,000	63.40%
Tai Fook Securities Group Limited	1	Interest of controlled corporation	Long position	–	400,000,000	63.40%
Leung Choi Yin		Beneficial owner	Long position	7,720,000	–	1.22%
Leung Choi Yin		Beneficial owner	Long position	–	66,666,666	10.57%
Cheng Hairong	2	Interest of controlled corporation	Long position	1,000,000	–	0.16%
Cheng Hairong	2	Interest of controlled corporation	Long position	–	33,333,332	5.28%
Yang Yan	2	Interest of spouse	Long position	1,000,000	–	0.16%
Yang Yan	2	Interest of spouse	Long Position	–	33,333,332	5.28%
Gold Device Ltd.		Beneficial owner	Long position	–	80,000,000	12.68%
Wang Yung-tyng	3	Interest of controlled corporation	Long position	–	80,000,000	12.68%
Bookman Properties Limited		Beneficial owner	Long position	–	66,666,666	10.57%
Ferrex Holdings Limited	4	Interest of controlled corporation	Long position	–	66,666,666	10.57%
Yugang International (BVI) Limited	4	Interest of controlled corporation	Long position	–	66,666,666	10.57%
Yugang International Limited	4	Interest of controlled corporation	Long position	–	66,666,666	10.57%

Name	Notes	Capacity	Long position/ Short position	No. of ordinary shares of the Company held	No. of underlying shares (in respect of unlisted equity derivatives) of the Company held	Approximate % of the issued ordinary share capital of the Company
Chongqing Industrial Limited	4	Interest of controlled corporation	Long position	–	66,666,666	10.57%
Palin Holdings Limited	4	Interest of controlled corporation/ trustee of a trust	Long position	–	66,666,666	10.57%
Cheung Chung Kiu	5	Interest of controlled corporation/ founder of a trust	Long position	–	66,666,666	10.57%
Million Dollar Trading Limited		Beneficial owner	Long position	–	33,333,333	5.28%
New World CyberBase Limited	6	Interest of controlled corporation	Long position	–	33,333,333	5.28%
Halluck Limited		Beneficial owner	Long position	–	33,333,333	5.28%
Ho Hau Hay, Hamilton	7	Interest of controlled corporation	Long position	–	33,333,333	5.28%
Grand Ocean Investments Limited		Beneficial owner	Long position	–	66,666,666	10.57%
Chang Wa Shan	8	Beneficial owner	Long position	2,320,000	–	0.36%
Chang Wa Shan	8	Interest of controlled corporation/ Interest of spouse	Long position	–	66,666,666	10.57%
Cheung Wing Har, Linda	8	Interest of spouse	Long position	2,320,000	–	0.36%
Cheung Wing Har, Linda	8	Interest of controlled corporation/ Interest of spouse	Long position	–	66,666,666	10.57%

Notes:

1. Tai Fook Finance Company Limited had interests in underlying shares (in respect of the unlisted equity derivatives) as security interests.

Tai Fook Finance Company Limited was a wholly-owned subsidiary of Tai Fook (BVI) Limited which was in turn wholly owned by Tai Fook Securities Group Limited. Tai Fook (BVI) Limited and Tai Fook Securities Group Limited were deemed to have security interests in the underlying shares interested by Tai Fook Finance Company Limited.
2. Gladstone Rise Limited and Attractive Futures Limited, both were wholly owned by Mr. Cheng Hairong, held ordinary shares and underlying shares (in respect of the unlisted equity derivatives). Mr. Cheng Hairong and Ms. Yang Yan, the spouse of Mr. Cheng Hairong, were deemed to be interested in these ordinary shares and underlying shares held by Gladstone Rise Limited and Attractive Futures Limited.
3. Gold Device Ltd. was wholly owned by Mr. Wang Yung-tyng. Mr. Wang Yung-tyng was deemed to be interested in the underlying shares (in respect of the unlisted equity derivatives) held by Gold Device Ltd..
4. The underlying shares (in respect of the unlisted equity derivatives) refer to the same block of underlying shares beneficially owned by Bookman Properties Limited with the same particulars as disclosed under the interests of Mr. Cheung Chung Kiu as shown in note 5 below.
5. Mr. Cheung Chung Kiu was deemed to be interested in the underlying shares (in respect of the unlisted equity derivatives) in the Company by virtue of his indirect shareholding interest in Bookman Properties Limited which owned these underlying shares. Bookman Properties Limited was a wholly-owned subsidiary of Ferrex Holdings Limited. Ferrex Holdings Limited was a wholly-owned subsidiary of Yugang International (B.V.I.) Limited, which was, in turn, a wholly-owned subsidiary of Yugang International Limited. Chongqing Industrial Limited owned 37.79% of the issued share capital of Yugang International Limited. Chongqing Industrial Limited was controlled by a discretionary trust. Mr. Cheung Chung Kiu is the founder of the said discretionary trust and Palin Holdings Limited which is controlled by Mr. Cheung Chung Kiu is the trustee of the said discretionary trust.
6. Million Dollar Trading Limited was a wholly-owned subsidiary of New World CyberBase Limited. New World CyberBase Limited was deemed to be interested in the underlying shares (in respect of the unlisted equity derivatives) held by Million Dollar Trading Limited.
7. Halluck Limited was wholly owned by Mr. Ho Hau Hay, Hamilton. Mr. Ho Hau Hay, Hamilton was deemed to be interested in the underlying shares (in respect of the unlisted equity derivatives) held by Halluck Limited.
8. Grand Ocean Investments Limited was owned as to 50% by Ms. Cheung Wing Har, Linda and as to 50% by Mr. Chang Wa Shan, the spouse of Ms. Cheung Wing Har, Linda. Mr. Chang Wa Shan and Ms. Cheung Wing Har, Linda were deemed to be interested in the underlying shares (in respect of the unlisted equity derivatives) held by Grand Ocean Investments Limited. Ms. Cheung Wing Har, Linda was deemed to be interested in the ordinary shares held by Mr. Chang Wa Shan.

(C) Substantial shareholding in other members of the Group

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, the following parties, other than a Director or chief executive of the Company, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of subsidiary	Name of shareholder	% of issued share capital
Hamker Concrete Products Limited	Lau Kwok Cheung	30.0%
D & C Engineering (H.K.) Limited	Artery Construction Management Limited	45.0%
Paul Y. Seli Limited	Societa Esecuzione Lavori Idraulici S.p.A.	49.0%
Paul Y. - CREC Engineering Co., Limited	China Railway Engineering Corporation	30.0%

Save as disclosed above, the Directors and the chief executives of the Company are not aware that there is any party who, as at the Latest Practicable Date, had an interest or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such shares.

SERVICE CONTRACTS

None of the Directors has entered into any service contracts with any member of the Group which is not terminable by the Group within one year without any payment of compensation, other than statutory compensation.

LITIGATION

As at the Latest Practicable Date, the Group is involved in the following material litigation:

The liquidators of Hoi Sing Construction Company Limited (“Hoi Sing”), a former wholly-owned subsidiary of the Company, instituted proceedings against the Company on 10th July, 1998 claiming approximately HK\$297,441,000 plus interest pursuant to an alleged guarantee by the Company for debt owed by Hoi Sing Builders Limited, a former wholly-owned subsidiary of the Company, to Hoi Sing. The Company does not admit the existence of the guarantee, and has put Hoi Sing to strict proof of its terms and the amounts claimed under it. Even if the Court upholds the alleged guarantee, the Company has a defence of “set off” arising from a claim against Hoi Sing for approximately HK\$308,207,000. As at 30th September, 2003, the Company is a principal unsecured creditor of Hoi Sing and the liquidators of Hoi Sing have admitted a substantial portion of the Company's claim. The balance is being adjudicated by the liquidators of Hoi Sing.

Save as disclosed above, there is no other member of the Group is at the Latest Practicable Date engaged in any litigation or claim of material importance to the Group and no litigation or claim of material importance to the Group is known to the Directors to be pending or threatened against any member of the Group.

GENERAL

- a. The secretary of the Company is Law Hon Wa, William, AHKSA, FCCA.
- b. The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business in Hong Kong of the Company is at 33rd Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong.
- c. The principal share registrars and transfer office of the Company is Butterfield Fund Services (Bermuda) Limited of Rosebank Centre, 11 Bermudiana Road, Pembroke, Bermuda and the branch share registrars and transfer office of the Company is Secretaries Limited of Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- d. The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.