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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, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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

13th February, 2004

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DEFINITIONS

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

“Board”	the board of directors of the Company
“Director(s)”	the director(s) of the Company
“Disposal”	disposal by Hollyfield Group Limited, a wholly-owned subsidiary of the Company, of 190 million Paul Y. - ITC shares on 21st January, 2004
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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”	10th February, 2004, 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
“Paul Y. - ITC scrip shares”	Paul Y. - ITC shares issued on 3rd February, 2004 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
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars
“%”	percentage

LETTER FROM THE BOARD



ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

Executive 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

13th February, 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 PAUL Y. - ITC CONSTRUCTION HOLDINGS LIMITED

INTRODUCTION

On 26th January, 2004, the Directors announced that Hollyfield Group Limited, a wholly-owned subsidiary of the Company, had 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 issued share capital of Paul Y. - ITC of 1,093,703,466 shares before the issue of Paul Y. - ITC scrip shares, and 14.12% of the issued share capital of 1,345,249,019 shares as enlarged by the issue of the Paul Y. - ITC scrip shares.

THE DISPOSAL

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 was approximately HK\$133 million, before tax and expenses, and has been satisfied in cash. The Directors believe the Disposal represented a good opportunity for the Company to realise part of its investment in Paul Y. - ITC. From the proceeds of approximately HK\$133 million resulting from the Disposal, approximately HK\$20 million is intended to fund the proposed redemption of the convertible notes issued by the Company in the aggregate principal amount of HK\$96 million as disclosed in the announcement of the Company dated 16th January, 2004 and the circular of the Company dated 9th February, 2004, and the remaining will be allocated for the reduction of borrowings and for general working capital.

LETTER FROM THE BOARD

REASONS FOR AND BENEFIT OF THE DISPOSAL

As informed by Paul Y. - ITC, 251,545,553 Paul Y. - ITC scrip shares have been issued on 3rd February, 2004 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 has increased from 1,093,703,466 shares to 1,345,249,019 shares.

On 20th January, 2004, the Company had elected to receive 190 million Paul Y. - ITC scrip shares, then valued at approximately HK\$133 million, in lieu of the cash alternative of HK\$133 million. After the Disposal and receipt of the Paul Y. - ITC scrip shares, the number of Paul Y. - ITC shares held by the Company remains the same at 740,668,056 Paul Y. - ITC 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 has decreased from 67.72% of the then 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. The Disposal represented a good opportunity for the Company to realise part of its investment in Paul Y. - ITC and to increase the public float and widen the shareholding base of Paul Y. - ITC. The Company has no current intention to further dispose of its remaining shareholding interest in Paul Y. - ITC. As a result of the Disposal and the scrip dividend, and consequential dilution of interest in Paul Y. - ITC, 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, 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 the Group comprise investment holding, provision of finance, and trading of building materials and machinery.

INFORMATION ON PAUL Y. - ITC

The principal activities of the Paul Y. - ITC Group are building construction, civil engineering, specialist works, property investment, and manufacturing and trading of construction materials. In addition, its investment in major associated companies are 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:

	Six months ended	Year ended 31st March,	
	30th September,	2003	2002
	2003		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	<u>1,674,441</u>	<u>3,636,182</u>	<u>5,343,810</u>
Profit (loss) before taxation	77,056	(316,718)	125,243
Taxation	<u>(47,359)</u>	<u>(32,496)</u>	<u>(47,935)</u>
Profit (loss) after taxation	<u>29,697</u>	<u>(349,214)</u>	<u>77,308</u>

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, before distribution of the interim dividend and special dividend including 251,545,553 Paul Y. - ITC scrip shares, was about HK\$2,732 million. Paul Y. - ITC had declared an interim dividend for the six months ended 30th September, 2003 of HK\$0.01 per share and a special dividend of HK\$0.29 per share, with an option to elect Paul Y. - ITC scrip shares in respect of part or all of such dividends.

LETTER FROM THE BOARD

As stated in the 2003 annual report of Paul Y. - ITC, the Paul Y. - ITC Group had recorded a loss of approximately HK\$349 million for the year ended 31st March, 2003 mainly due to intensified competition in the construction market in Hong Kong and declining tender price of construction projects together with provisions of approximately HK\$209 million arising from an impairment loss of property, plant and equipment and revaluation of investment properties.

GENERAL INFORMATION

The Disposal constitutes a discloseable transaction for the Company under the Listing Rules.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to 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 jointly and severally 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, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement herein misleading.

The information in this circular relating to the Paul Y. - ITC Group has been extracted or summarized from information provided by Paul Y. - ITC at the request of the Company or from publicly available information. The Directors have made all reasonable enquiries and collectively and individually accept responsibility for the accuracy of extracts or summaries of such information.

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 existing issued ordinary share capital of the Company
Chan Kwok Keung, Charles	Interest of controlled corporation (Note 1)	Long position	219,681,911	-	33.58%
Chan Kwok Keung, Charles	Beneficial owner	Long position	-	833,333,333 (Note 2)	127.36%

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 an aggregate 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 existing issued share capital of Paul Y. - ITC
Chan Kwok Keung, Charles	Interest of controlled corporation (Note)	Long position	740,668,056	55.06%
Chan Kwok Keung, Charles	Beneficial owner	Long position	11,603,952	0.86%
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 33.58% of the issued ordinary share capital of the Company, Dr. Chan Kwok Keung, Charles was deemed to be interested in these shares.

(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 existing issued share capital of Hanny
Chan Kwok Keung, Charles	Interest of controlled corporation (Note)	Long position	45,798,813	–	27.75%
Chan Kwok Keung, Charles	Beneficial owner	Long position	–	4,000,000	2.42%
Chan Kwok Hung	Beneficial owner	Long position	–	1,750,000	1.06%

Note: The shares were held by a wholly-owned subsidiary of the Company. By virtue of his deemed interests in approximately 33.58% of the issued ordinary share capital of the Company, Dr. Chan Kwok Keung, Charles was deemed to be interested in these shares.

The Company had entered into placing and subscription agreement on 28th January, 2004 with Hanny and Young Champion Securities Limited (“Young Champion”) under which Young Champion agreed to place, as an agent of the Company, 21,500,000 existing shares in Hanny held by the Company at a price of HK\$4.00 per share and the subscription of 21,500,000 new shares in Hanny by the Company at a price of HK\$4.00 per share.

(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 existing issued share capital of Burcon
Chau Mei Wah, Rosanna	Beneficial owner	Long position	280,000	-	1.56%
Chau Mei Wah, Rosanna	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	Approximate % of the existing issued share capital of China Strategic
Chan Kwok Keung, Charles	Interest of controlled corporation (<i>Note</i>)	Long position	258,819,795	30.21%

Note: The shares were held by a wholly-owned subsidiary of Paul Y. - ITC, of which a wholly-owned subsidiary of the Company owned approximately 55.06% of the issued share capital of Paul Y. - ITC. By virtue of his deemed interests in approximately 33.58% of the issued ordinary share capital of the Company, Dr. Chan Kwok Keung, Charles was deemed to be interested in these shares.

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 33.58% 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 executives 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 existing issued ordinary share capital of the Company
Chan Kwok Keung, Charles	<i>Note</i>	Interest of controlled corporation	Long position	219,681,911	–	33.58%
Chan Kwok Keung, Charles	<i>Note</i>	Beneficial owner	Long position	–	833,333,333	127.36%
Chinaview International Limited	<i>Note</i>	Interest of controlled corporation	Long position	219,681,911	–	33.58%
Galaxyway Investments Limited	<i>Note</i>	Beneficial owner	Long position	219,681,911	–	33.58%
Ng Yuen Lan, Macy	<i>Note</i>	Interest of spouse	Long position	219,681,911	–	33.58%
Ng Yuen Lan, Macy	<i>Note</i>	Interest of spouse	Long position	–	833,333,333	127.36%

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 an aggregate 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 an aggregate 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 existing issued ordinary share capital of the Company
Tai Fook Finance Company Limited		Security interest	Long position	–	400,000,000	61.13%
Tai Fook (BVI) Limited	1	Interest of controlled corporation	Long position	–	400,000,000	61.13%
Tai Fook Securities Group Limited	1	Interest of controlled corporation	Long position	–	400,000,000	61.13%
Leung Choi Yin		Beneficial owner	Long position	32,053,333	–	4.90%
Leung Choi Yin	9	Beneficial owner	Long position	–	43,333,333	6.62%
Cheng Hairong	2	Interest of controlled corporation	Long position	1,000,000	–	0.16%
Cheng Hairong	2 & 9	Interest of controlled corporation	Long position	–	33,333,332	5.09%
Yang Yan	2	Interest of spouse	Long position	1,000,000	–	0.16%
Yang Yan	2	Interest of spouse	Long Position	–	33,333,332	5.09%
Gold Device Ltd.	9	Beneficial owner	Long position	–	80,000,000	12.23%
Wang Yung-tyng	3	Interest of controlled corporation	Long position	–	80,000,000	12.23%
Bookman Properties Limited	9	Beneficial owner	Long position	–	66,666,666	10.19%
Ferrex Holdings Limited	4	Interest of controlled corporation	Long position	–	66,666,666	10.19%
Yugang International (B.V.I.) Limited	4	Interest of controlled corporation	Long position	–	66,666,666	10.19%
Yugang International Limited	4	Interest of controlled corporation	Long position	–	66,666,666	10.19%

APPENDIX
GENERAL INFORMATION

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 existing issued ordinary share capital of the Company
Chongqing Industrial Limited	4	Interest of controlled corporation	Long position	–	66,666,666	10.19%
Palin Holdings Limited	4	Interest of controlled corporation/ trustee of a trust	Long position	–	66,666,666	10.19%
Cheung Chung Kiu	5	Interest of controlled corporation/ founder of a trust	Long position	–	66,666,666	10.19%
Million Dollar Trading Limited	9	Beneficial owner	Long position	–	33,333,333	5.09%
New World CyberBase Limited	6	Interest of controlled corporation	Long position	–	33,333,333	5.09%
Halluck Limited	9	Beneficial owner	Long position	–	33,333,333	5.09%
Ho Hau Hay, Hamilton	7	Interest of controlled corporation	Long position	–	33,333,333	5.09%
Grand Ocean Investments Limited	9	Beneficial owner	Long position	–	66,666,666	10.19%
Chang Wa Shan	8	Beneficial owner	Long position	200,000	–	0.03%
Chang Wa Shan	8	Interest of controlled corporation/ Interest of spouse	Long position	–	66,666,666	10.19%
Cheung Wing Har, Linda	8	Interest of spouse	Long position	200,000	–	0.03%
Cheung Wing Har, Linda	8	Interest of controlled corporation/ Interest of spouse	Long position	–	66,666,666	10.19%

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 Future 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 Future 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.
9. Leung Choi Yin, Gold Device Ltd., Bookman Properties Limited, Million Dollar Trading Limited, Halluck Limited, Grand Ocean Investments Limited, Attractive Future Limited and Gladstone Rise Limited were Redeemed Noteholders (as defined in the circular of the Company dated 9th February, 2004 (“Circular”)) in relation to the proposed redemption of the convertible notes issued by Company in an aggregate principal amount of HK\$96,000,000, details of which can be referred to the Circular.

(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 executives 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	Approximate % of the existing 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%
Paul Y. - ITC	Aeneas Capital Management LP as investment manager	12.6%

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 held 5% or more of the voting rights of the Company 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 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 31st December, 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 as 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

- The secretary of the Company is Law Hon Wa, William, AHKSA, FCCA.
- 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.
- 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.
- The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.