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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular, you should consult a licensed securities dealer, 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, 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)*

(Stock code: 372)

**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**

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# CONTENTS

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	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b>	
Introduction .....	3
The Acquisition Agreement .....	3
Reasons for the Acquisition .....	5
Information on ITC Corporation .....	5
Information on Paul Y. - ITC .....	5
Additional Information .....	5
<b>Appendix – General information</b> .....	6

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## DEFINITIONS

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

“Acquisition”	acquisition by Century Harbour from Steady Forth of 90.1% of the issued share capital of, and all shareholder’s loan to, Global Achiever, which holds indirectly a 60% interest in Jiangsu Yangtong Investment
“Acquisition Agreement”	the sale and purchase agreement dated 30th March, 2004 entered into between Century Harbour and Steady Forth in relation to the Acquisition
“Announcement”	the announcement dated 13th April, 2004 made jointly by ITC Corporation and Paul Y. - ITC
“associates”	has the meaning ascribed thereto under the Listing Rules
“Century Harbour”	Century Harbour Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Paul Y. - ITC which is in turn an approximately 55.1% held subsidiary of ITC Corporation as at the Latest Practicable Date
“China”	the People’s Republic of China
“Director(s)”	the director(s) of the Company
“Global Achiever”	Global Achiever Limited, a company incorporated in the British Virgin Islands
“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
“Jiangsu Yangtong Investment”	Jiangsu Yangtong Investment and Development Co., Ltd. (江蘇洋通開發投資有限公司), a sino-foreign equity joint venture company established in China
“Jiangsu Yangkou Port Investment”	江蘇洋口港投資開發有限公司 (Jiangsu Yangkou Port Investment and Development Co., Ltd.), a state-owned enterprise
“Latest Practicable Date”	28th April, 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 and an approximately 55.1% held subsidiary of ITC Corporation as at the Latest Practicable Date
“Paul Y. - ITC Group”	Paul Y. - ITC and its subsidiaries
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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## DEFINITIONS

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“Steady Forth “	Steady Forth Limited, a company incorporated in the British Virgin Islands and is beneficially owned by a resident and national of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars
“US\$”	United States dollars
“%”	percentage

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

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## LETTER FROM THE BOARD

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# 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

5th May, 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

### **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**

#### INTRODUCTION

On 13th April, 2004, the directors of ITC Corporation and Paul Y. - ITC jointly announced that Century Harbour has agreed on 30th March, 2004 to acquire 90.1% of the shares in, and all shareholder's loans to, Global Achiever from Steady Forth.

The Acquisition constitutes a discloseable transaction for ITC Corporation under the Listing Rules.

#### 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.

**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 Latest Practicable Date.

**Date:** 30th March, 2004

#### Assets to be acquired

The assets to be acquired comprise 90.1% of the issued share capital of, and all shareholder's loans to, Global Achiever, which holds indirectly a 60% interest in 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.

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## LETTER FROM THE BOARD

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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 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. 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 Latest Practicable Date, an advance in the form of shareholder's 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 shareholder's 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 payment schedule of the initial consideration of HK\$396.0 million is as follows:

- (a) HK\$55.0 million, on 2nd April, 2004;
- (b) HK\$86.0 million, on 8th April, 2004;
- (c) HK\$55.0 million, on 16th April, 2004;
- (d) HK\$50.0 million, on 23rd April, 2004;
- (e) HK\$50.0 million, on 30th April, 2004;
- (f) 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
- (g) HK\$50.0 million, 10 days after such compliance.

As at the Latest Practicable Date, instalment (a), (b), (c) and (d) have been paid and remaining instalments will be payable according to the above payment schedule.

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 the 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 of HK\$387.6 million 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 Jiangsu Yangtong Investment, 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

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## LETTER FROM THE BOARD

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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. 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 the 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 the subsidiary of Global Achiever. The remaining contributions will be made by Global Achiever or its subsidiary and Jiangsu Yangkou Port Investment 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 ACQUISITION

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

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 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 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.

### 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 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.

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, 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.



(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	–	24.55%
Chan Kwok Keung, Charles	Beneficial owner	Long position	–	5,600,000	3.00%
Chan Kwok Hung	Beneficial owner	Long position	–	3,350,000	1.80%

*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.

**(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	-	1.55%
Chau Mei Wah, Rosanna	Beneficial owner	Long position	-	65,000	0.36%

**(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 (Note)	Long position	258,819,795	29.36%

*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.

**(b) Interests and short positions of other persons 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
Leung Choi Yin	Beneficial owner	Long position	32,053,333	–	4.90%
Leung Choi Yin	Beneficial owner	Long position	–	26,666,667	4.08%
Gold Device Ltd.	Beneficial owner	Long position	–	40,000,000	6.11%
Wang Yung-tyng	<i>Note</i> Interest of controlled corporation	Long position	–	40,000,000	6.11%

*Note:* 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..

**(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
D & C Engineering (H.K.) Limited	Artery Construction Management Limited	45.0%
Hamker Concrete Products Limited	Lau Kwok Cheung	15.0%
Jiangsu Yangtong Investment	Jiangsu Yangkou Port Investment	40.0%
Paul Y. - CREC Engineering Co., Limited	China Railway Engineering Corporation	30.0%
Paul Y. - ITC	Aeneas Capital Management LP as Investment Manager	12.6%
Paul Y. Seli Limited	Societa Esecuzione Lavori Idraulici S.p.A.	49.0%

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 was involved in the following material litigation:

- a. 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.
- b. Paul Y. - ITC has claimed against an ex-shareholder under a guarantee to recover losses incurred by an associated company amounting to approximately HK\$123,711,000. Paul Y. - ITC has commenced court proceedings on 9th June, 2000 against the ex-shareholder to recover these losses together with interest and other expenses incurred. The directors of Paul Y. - ITC, having taken legal advice, believe that the suit is valid and losses can be fully recovered from the ex-shareholder.

The ex-shareholder has commenced proceedings on 4th March, 2004 against Paul Y. - ITC alleging that Paul Y. - ITC failed to minimize the losses of the associated company and claiming damages to the extent of that failure together with interest and other expenses. The directors of Paul Y. - ITC, having taken legal advice, believe that Paul Y. - ITC has a good defence and that the action is without merit.

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**

- 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 of the Company in Hong Kong 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.