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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 or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

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

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.

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**ITC CORPORATION LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock code: 372)

**DISCLOSEABLE TRANSACTION  
ACQUISITION OF PROPERTY INTEREST BY  
PAUL Y. - ITC CONSTRUCTION HOLDINGS LIMITED  
(A 55.1% OWNED SUBSIDIARY OF  
ITC CORPORATION LIMITED UNTIL 20 OCTOBER 2004)**

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## DEFINITIONS

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

“Board”	the board of Directors;
“China Velocity”	China Velocity Group Limited, a company incorporated in Bermuda whose shares are listed on the Main Board of the Stock Exchange;
“Company”	ITC Corporation Limited, a company incorporated in Bermuda whose shares are listed on the Main Board of the Stock Exchange;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries (excluding Paul Y. - ITC which has ceased to be a subsidiary of the Company since 20 October 2004);
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Latest Practicable Date”	29 October 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”	the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules;
“Paul Y. Construction”	Paul Y. - ITC Construction Holdings (B.V.I.) Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Paul Y. - ITC;
“Paul Y. Construction Group”	Paul Y. Construction and its subsidiaries, excluding Paul Y. - ITC Management Limited and its subsidiaries (except Paul Y. Management Limited) which will be transferred to Paul Y. - ITC pursuant to the restructuring (which has not been completed as at the Latest Practicable Date), the details of which were set out in the announcement of the Company dated 4 June 2004;
“Paul Y. - ITC”	Paul Y. - ITC Construction Holdings Limited, a company incorporated in Bermuda whose shares are listed on the Main Board of the Stock Exchange and a 55.1% owned subsidiary of the Company until 20 October 2004 and since then an associated company of the Company;
“Paul Y. - ITC Group”	Paul Y. - ITC and its subsidiaries;
“Property”	the development site of “Tai Shan Orient Pointe”, Lang De Dong, Dong Men, Fu Cheng Town, Taishan Municipality, Guangdong Province, the PRC with an aggregate site area of approximately 231,759 square metres located at designated areas for commercial and residential use in respect of which land use rights certificates (台國用(2000)字第01096, 01097 and 01098號) have been issued for a term expiring on 4 November 2063;
“PRC”	the People’s Republic of China;
“Purchaser”	Time First Investments Limited, a company incorporated on 23 July 2002 under the laws of British Virgin Islands and a wholly-owned subsidiary of Paul Y. - ITC;
“Remaining Paul Y. - ITC Group”	Paul Y. - ITC and its subsidiaries, excluding the Paul Y. Construction Group and Skynet (International Group) Holdings Limited and its subsidiaries, after the completion of the proposed restructuring to dispose of the Paul Y. Construction Group (which has not been completed as at the Latest Practicable Date), the details of which were set out in the announcement of the Company dated 4 June 2004;

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## DEFINITIONS

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“Sale and Purchase Agreement”	the sale and purchase agreement dated 28 September 2004 entered into between the Vendor and the Purchaser for the sale and purchase of the Sale Shares and the Sale Loan;
“Sale Loan”	the sum of approximately HK\$75,372,486, representing the total outstanding amount of shareholder’s loan due from Yetwide to the Vendor as at 31 August 2004 and was advanced by the Vendor to Yetwide for the acquisition of the Property and general working capital purposes;
“Sale Shares”	two shares of HK\$1.00 each in the issued share capital of Yetwide, representing the entire issued share capital of Yetwide;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	Bremer Assets Limited, a company incorporated on 13 May 1992 under the laws of the British Virgin Islands and a wholly-owned subsidiary of China Velocity; and
“Yetwide”	Yetwide Investments Limited, a company incorporated on 11 March 1993 under the laws of Hong Kong.

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## LETTER FROM THE BOARD

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# ITC CORPORATION LIMITED

*(Incorporated in Bermuda with limited liability)*  
(Stock code: 372)

*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  
Cheung Hon Kit

*Independent Non-executive Directors:*

Chuck Winston Calptor  
Lee Kit Wah  
Wong Kam Cheong, Stanley

*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

2 November 2004

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

Dear Sirs,

**DISCLOSEABLE TRANSACTION  
ACQUISITION OF PROPERTY INTEREST BY  
PAUL Y. - ITC CONSTRUCTION HOLDINGS LIMITED  
(A 55.1% OWNED SUBSIDIARY OF  
ITC CORPORATION LIMITED UNTIL 20 OCTOBER 2004)**

### INTRODUCTION

In an announcement dated 11 October 2004, the Directors announced that the Purchaser, a wholly-owned subsidiary of Paul Y. - ITC (a 55.1% owned subsidiary of the Company until 20 October 2004 and a 49.6% owned associated company of the Company as at the Latest Practicable Date), has on 28 September 2004 entered into the Sale and Purchase Agreement with the Vendor, a wholly-owned subsidiary of China Velocity, for the purchase by the Purchaser of the Sale Shares and the Sale Loan at an aggregate consideration of HK\$31 million.

### SALE AND PURCHASE AGREEMENT DATED 28 SEPTEMBER 2004

Parties: (1) Vendor

Bremer Assets Limited, a wholly-owned subsidiary of China Velocity. The Company understands from the Vendor that the ultimate controlling shareholder of the Vendor and China Velocity is Mr. Chan Yeung Nam. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor, China Velocity and Mr. Chan Yeung Nam are third parties independent of and not connected with the Company, the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or their respective associates as defined in the Listing Rules. China Strategic Holdings Limited, an associated company owned as to approximately 29.4% by Paul Y. - ITC, currently holds an approximately 22.7% interest in China Velocity.

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## LETTER FROM THE BOARD

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(2) Purchaser

Time First Investments Limited, a wholly-owned subsidiary of Paul Y. - ITC which was a 55.1% owned subsidiary of the Company until 20 October 2004. Since then, Paul Y. - ITC has become an associated company of the Company as a result of the completion of a disposal by a wholly-owned subsidiary of the Company of 77,000,000 shares of Paul Y. - ITC, details of which were set out in the joint announcement of the Company and Paul Y. - ITC dated 19 October 2004. The Purchaser is not a subsidiary of the Paul Y. Construction Group.

**Summary:** The Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Shares and the Sale Loan for an aggregate consideration of HK\$31 million. The aggregate consideration of HK\$31 million represents a premium of HK\$1.5 million to the unaudited net asset value of Yetwide (excluding the Sale Loan) of approximately HK\$29.5 million as at 31 August 2004 based on the latest unaudited management accounts of Yetwide as at 31 August 2004. This premium is reflective of the open market valuation of the Property of HK\$60 million as at 31 August 2004 (based on a valuation report prepared by RHL Appraisal Ltd., an independent professional property valuer, on the Property dated 28 September 2004), which exceeds by approximately HK\$1.5 million the book value of the Property of approximately HK\$58.5 million as at 31 August 2004.

Yetwide is wholly owned by the Vendor and the Sale Shares represent the entire issued share capital of Yetwide.

**Completion:** Completion of the Sale and Purchase Agreement has taken place on 19 October 2004. Yetwide has become a wholly-owned subsidiary of Paul Y. - ITC.

**Consideration:** The aggregate consideration of the Sale Shares and the Sale Loan was HK\$31 million, of which HK\$2.00 represented the consideration for the Sale Shares and HK\$30,999,998 represented the consideration for the Sale Loan, and was payable in cash. A sum of HK\$31 million had been paid by the Purchaser to the Vendor upon the signing of the Sale and Purchase Agreement as a refundable deposit which was applied at completion of the Sale and Purchase Agreement towards payment of the consideration.

Such consideration was determined after arm's length negotiations between the parties by reference to the unaudited net asset value of Yetwide (excluding the Sale Loan) of approximately HK\$29.5 million as at 31 August 2004 (based on the unaudited management accounts as at 31 August 2004) and taking into account the open market value of the Property in its existing state as at 31 August 2004 according to a valuation report prepared by RHL Appraisal Ltd., an independent professional property valuer, on the Property.

**Other terms:** The Purchaser shall procure within 3 months from the date of completion the release by a bank of the guarantee dated 20 August 2003 given by China Velocity for the purpose of financing the construction works on the Property.

### INFORMATION ON YETWIDE

Yetwide is a property holding company incorporated in Hong Kong on 11 March 1993 and is the sole beneficial owner of the Property. Based on the information provided to the Company by the Vendor, at that time, Yetwide was owned by International Tak Cheung Investments Limited, a subsidiary of G-Prop (Holdings) Limited (formerly known as International Tak Cheung Holdings Limited) which as at the Latest Practicable Date, to the best of the Directors knowledge, information and belief having made all reasonable enquiry, is a third party independent of and not connected with the Company, the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or their respective associates as defined in the Listing Rules. Yetwide was acquired by the Vendor on 14 December 2000. The Property is a development site located at Lang De Dong, Fu Cheng, Taishan Municipality, Guangdong Province, the PRC. As at the Latest Practicable Date, phase 1 of the construction works on the Property (consisting of a gross floor area of 17,178 square metres) have been newly completed around end July 2004 and the remaining portion of the Property is vacant (consisting of a gross floor area of 325,266 square metres). Phase 1 of the construction works on the Property consists of a total of 7 garden houses, 120 apartments and 108 motorcycle garages. The aggregate site area of the Property is approximately 231,759 square metres and is designated for a large-scale residential and commercial development known as "Tai Shan Orient Pointe" with a total gross floor area of approximately 342,444 square metres. Apart from the Property, Yetwide does not have any other assets or business operations. No revenue has been recorded by Yetwide up to the Latest Practicable Date.

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## LETTER FROM THE BOARD

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Based on the latest unaudited management accounts of Yetwide as at 31 August 2004, the unaudited net liability of Yetwide as at 31 August 2004 was approximately HK\$45.9 million and the unaudited net asset value of Yetwide as at 31 August 2004, without taking account of the Sale Loan, was approximately HK\$29.5 million. Based on the property valuation report of RHL Appraisal Ltd., an independent professional property valuer, dated 28 September 2004, the open market value of the Property in its existing state as at 31 August 2004 was approximately HK\$60 million. The unaudited total assets of Yetwide, taking into account the valuation of the Property of HK\$60 million plus the unaudited current assets of Yetwide as at 31 August 2004 of HK\$0.5 million (based on the unaudited management accounts of Yetwide as at 31 August 2004), were approximately HK\$60.5 million. The book value of the Property as at 31 August 2004 was approximately HK\$58.5 million. The Sale Loan in the sum of approximately HK\$75,372,486 represents the total outstanding amount of shareholder's loan due from Yetwide to the Vendor as at 31 August 2004, which was advanced by the Vendor to Yetwide for the acquisition of the Property and general working capital purposes. The Sale Loan is unsecured, non-interest bearing and is repayable on demand. The audited net loss both before and after taxation attributable to Yetwide for the year ended 31 December 2003 was HK\$5,815,600 and for the year ended 31 December 2002 was HK\$17,250. The increase in the audited net loss was mainly due to impairment loss of approximately HK\$5,800,000 recognised in respect of the Property under the development during the year ended 31 December 2003.

As at the Latest Practicable Date, Paul Y. - ITC is an associated company of the Company in which the Company has 49.6% interest. The Company will equity account for the results of the Paul Y. - ITC Group (including Yetwide, being a wholly-owned subsidiary of Paul Y. - ITC). Due to the fact that Paul Y. - ITC has become an associated company of the Company since 20 October 2004 and the results of which will be equity accounted for by the Company, there is no significant impact on earnings, assets and liabilities of the Group arising from the acquisition.

### **PRINCIPAL ACTIVITIES OF PAUL Y. - ITC AND THE VENDOR**

The Paul Y. - ITC Group carries on the business of building construction, civil engineering, specialist works, property development and investment, development and investment in infrastructure projects and manufacturing and trading of construction materials. In addition, its investment in major associated companies includes Downer EDI Limited and China Strategic Holdings Limited.

Based on the information provided to the Company by the Vendor, the Vendor's principal activity is investment holding and China Velocity is principally engaged in property development in the PRC.

### **REASONS FOR AND BENEFITS OF THE ACQUISITION**

Through the acquisition of Yetwide, Paul Y. - ITC will indirectly own the Property which provides land and development site for the Paul Y. - ITC Group to develop and invest in commercial and residential premises in the PRC. The acquisition will hence broaden the property development and investment portfolio of Paul Y. - ITC. At this stage, the Paul Y. - ITC Group is acquiring the Property for development and investment purposes and intends to hold the Property primarily for sale in the future.

The consideration of HK\$31 million payable by the Purchaser under the Sale and Purchase Agreement will be financed by the Remaining Paul Y. - ITC Group from cash on hand as at the date of the Sale and Purchase Agreement.

The Directors believe that the terms of the Sale and Purchase Agreement are fair and reasonable and are in the interest of the shareholders of the Company as a whole.

### **INFORMATION ON THE COMPANY**

The Company is an investment holding company which directly or indirectly holds strategic investments in a number of listed companies. The Group holds interests in a number of associated companies, namely, Paul Y. - ITC, Hanny Holdings Limited and Burcon NutraScience Corporation. Through the above listed associated companies, the Group has indirect interests in China Strategic Holdings Limited, Downer EDI Limited, Wing On Travel (Holdings) Limited, China Enterprises Limited and MRI Holdings Limited. The principal activities of the Group comprise investment holding of listed companies, provision of finance, provision of management services, leasing of property and trading of building materials and machinery.

### **ADDITIONAL INFORMATION**

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

Yours 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, 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 is a wholly-owned subsidiary of Chinaview International Limited which is, 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 at an initial conversion price of HK\$0.30 per ordinary 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	678,791,961	49.58%
Chan Kwok Keung, Charles	Beneficial owner	Long position	11,840,896	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	–	24.54%
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	285,769	-	1.58%
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 owns approximately 49.58%. 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 and 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 and short positions in the shares, underlying shares or debentures of the Company which are required to be notified to the Company and the Stock Exchange 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 or 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 is a wholly-owned subsidiary of Chinaview International Limited which is in turn wholly owned by Dr. Chan Kwok Keung, Charles. Ms. Ng Yuen Lan, Macy is 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 at an initial conversion price of HK\$0.30 per ordinary 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. is 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..

Save as disclosed above, the Directors or 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 was, 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.

**DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors and their respective associates were considered to have interests in businesses apart from the Group's businesses which compete, or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to rule 8.10 of the Listing Rules.

**QUALIFICATION OF EXPERT**

The following is the qualification of the expert whose name has been included in this circular:

Name	Qualification
RHL Appraisal Ltd.	Professional property surveyors and valuers

RHL Appraisal Ltd. has given and has not withdrawn its written consent to the Company to the issue of this circular with the inclusion therein of references to its name and the valuation of the Property referred to its valuation report. The valuation report was not made by RHL Appraisal Ltd. for incorporation in this circular. As at the Latest Practicable Date, RHL Appraisal Ltd. did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

**SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed 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:

The liquidators of Hoi Sing Construction Company Limited (“Hoi Sing”), a former wholly-owned subsidiary of the Company, instituted proceedings against the Company on 10 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 under a proof of debt for a recorded receivable of approximately HK\$308,207,000 which was fully provided for by the Company. As at 31 July 2004, the Company was 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. There has not been any significant progress since early 2000. As at the Latest Practicable Date, the litigation is still in progress.

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 and the qualified accountant of the Company is Law Hon Wa, William, CPA, 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.