



ITC CORPORATION LIMITED

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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2006

FINANCIAL HIGHLIGHTS

• Turnover	HK\$358 million
• Profit attributable to equity holders	HK\$196 million
• Basic earnings per share	HK10.7 cents
• Diluted earnings per share	HK9.0 cents
• Interim dividend per share	HK1.5 cents
• Current ratio	8.7
• Gearing ratio	14.2%

RESULTS

The board of directors (the “Board”) of ITC Corporation Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September, 2006, together with the comparative figures for the corresponding period in 2005. The interim results for the six months ended 30th September, 2006 are not audited, but have been reviewed by the auditors, Deloitte Touche Tohmatsu, in accordance with the Statement of Auditing Standards 700 “Engagements to Review Interim Financial Reports” issued by the Hong Kong Institute of Certified Public Accountants, and the Audit Committee of the Company.

Condensed Consolidated Income Statement

		(Unaudited)	
		Six months ended	
	Notes	30.9.2006 HK\$'000	30.9.2005 HK\$'000 (Restated)
Turnover	4	358,174	42,771
Cost of sales		(305,947)	(28,899)
Gross profit		52,227	13,872
Other income		–	3,966
Administrative expenses		(32,765)	(23,006)
Loss on changes in fair value of derivative financial instruments		(199)	–
Loss on changes in fair value of gold trading contract		(541)	(4,074)
Loss on changes in fair value of financial assets at fair value through profit or loss		(2,389)	(720)
Loss on changes in fair value of conversion option embedded in convertible notes/bonds		(11,731)	–
Discount on acquisition of additional interest in a subsidiary		–	2,578
Allowance for amounts due from associates and related companies		(1,415)	(1,085)
Loss on disposal and dilution of interests in associates	5	(481)	(27,796)
Share of results of associates		200,483	76,357
Finance costs	6	(8,241)	(14,283)
Profit for the period	7	<u>194,948</u>	<u>25,809</u>

		(Unaudited)	
		Six months ended	
	Notes	30.9.2006 HK\$'000	30.9.2005 HK\$'000 (Restated)
Attributable to:			
Equity holders of the Company		195,753	27,456
Minority interests		(805)	(1,647)
		<u>194,948</u>	<u>25,809</u>
Dividends approved	9	<u>31,237</u>	<u>16,080</u>
Earnings per share	10		
Basic (HK cents)		<u>10.7</u>	<u>2.6</u>
Diluted (HK cents)		<u>9.0</u>	<u>2.0</u>

Condensed Consolidated Balance Sheet

	Notes	(Unaudited) 30.9.2006 HK\$'000	(Audited) 31.3.2006 HK\$'000
Non-current assets			
Property, plant and equipment	11	50,988	50,835
Investment properties	11	4,199	4,016
Prepaid lease payments – non-current portion		88,544	89,651
Other intangible assets		1,080	1,080
Interests in associates	12	1,247,905	1,179,749
Deposit paid for acquisition of additional interest in an associate		43,343	–
Available-for-sale investments		73,922	83,730
Debt portion of convertible notes/bonds	13	101,960	–
		<u>1,611,941</u>	<u>1,409,061</u>
Current assets			
Debtors, deposits and prepayments	14	32,494	14,370
Prepaid lease payments – current portion		2,214	2,214
Amounts due from associates		213,743	205,083
Amounts due from related companies		101,441	247,362
Loans receivable		32,000	205,400
Financial assets at fair value through profit or loss		111,777	138,474
Conversion option embedded in convertible notes/bonds	13	6,621	–
Restricted deposit in a financial institution	15	346,600	–
Short-term bank deposits, bank balances and cash		107,403	227,808
Other current assets		26,892	10,928
		<u>981,185</u>	<u>1,051,639</u>
Current liabilities			
Creditors and accrued expenses	16	14,346	25,383
Bank borrowings – due within one year		55,139	30,667
Dividend payable		31,237	–
Other current liabilities		11,765	25,631
		<u>112,487</u>	<u>81,681</u>
Net current assets		<u>868,698</u>	<u>969,958</u>
Total assets less current liabilities		<u>2,480,639</u>	<u>2,379,019</u>

	(Unaudited) 30.9.2006 HK\$'000	(Audited) 31.3.2006 HK\$'000
Non-current liabilities		
Redeemable convertible preference shares	292,305	286,811
Bank borrowings – due after one year	60,100	60,100
Deferred tax liabilities	99	99
	<u>352,504</u>	<u>347,010</u>
Net assets	<u>2,128,135</u>	<u>2,032,009</u>
Capital and reserves		
Share capital	183,750	183,750
Reserves	1,923,126	1,826,195
	<u>2,106,876</u>	<u>2,009,945</u>
Equity attributable to equity holders of the Company		
Minority interests	21,259	22,064
Total equity	<u>2,128,135</u>	<u>2,032,009</u>

Condensed Consolidated Cash Flow Statement

	(Unaudited) Six months ended	
	30.9.2006 HK\$'000	30.9.2005 HK\$'000 (Restated)
Net cash from operating activities	<u>311,155</u>	<u>10,715</u>
Net cash (used in) from investing activities		
Deposit in a financial institution	(346,600)	–
Deposit paid for acquisition of additional interest in an associate	(43,343)	–
Investment in convertible notes	(30,000)	–
Others	(32,742)	14,542
	<u>(452,685)</u>	<u>14,542</u>
Net cash from (used in) financing activities		
Net increase in bank overdrafts	24,472	1,709
Others	(2,747)	(26,567)
	<u>21,725</u>	<u>(24,858)</u>
Net (decrease) increase in cash and cash equivalents	<u>(119,805)</u>	<u>399</u>
Cash and cash equivalents at beginning of the period	227,808	16,032
Effect of foreign exchange rate changes	(600)	(559)
Cash and cash equivalents at end of the period and short-term bank deposits, bank balances and cash	<u>107,403</u>	<u>15,872</u>

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values.

In the current period, the Group has applied, for the first time, the following new, or amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), HKAS and Interpretations (“HK(IFRIC) – INTs”) (hereinafter collectively referred to as the “new HKFRSs”) which are effective for accounting periods beginning on or after 1st December, 2005, 1st January, 2006 or 1st March, 2006:

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendments)	Financial Guarantee Contracts
HK(IFRIC) – INT 4	Determining Whether an Arrangement Contains a Lease
HK(IFRIC) – INT 5	Rights to Interests Arising from Decommissioning Restoration and Environmental Rehabilitation Funds
HK(IFRIC) – INT 6	Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
HK(IFRIC) – INT 7	Applying the Restatement Approach under HKAS 29 “Financial Reporting in Hyperinflationary Economies”

The adoption of the new HKFRSs had no material effect on how the results for the current or prior accounting periods have been prepared and presented.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 31st March, 2006. In addition, the Group has applied the following accounting policies during the current interim period:

Debt portion of convertible notes/bonds

Convertible notes/bonds held by the Group are separately disclosed as a debt portion and conversion option embedded in convertible notes/bonds. On initial recognition, the debt portion represents the residual between the principal amount of the convertible notes/bonds and the fair value of the embedded conversion option. The debt portion is subsequently measured at amortised cost according to the effective interest method.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are separated from the relevant host contracts and deemed as held for trading when the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contracts, and the combined contracts are not measured at fair value through profit or loss. In all other circumstances, derivatives embedded are not separated and are accounted for together with the host contracts in accordance with appropriate standards. Where the Group needs to separate an embedded derivative but is unable to measure the embedded derivative, the entire combined contracts are treated as held for trading.

In the period ended 30th September, 2005, the Group elected to apply HKFRS 3 “Business Combinations” retrospectively to business combinations for which the agreement date is on or after 1st December, 2002. As stated in the Company’s 2005 Interim Report, a contingent liability of an associate at the date of the acquisition that took place in December 2002 was recognised on the balance sheet. At 31st March, 2006, the directors of the Company reviewed the financial position of the associate at the acquisition date and determined not to recognise such contingent liability. The comparative figures for the period ended 30th September, 2005 were restated to conform to the accounting treatment applied in the annual financial statements for the year ended 31st March, 2006. The restatement has resulted in a decrease in the profit for the six months ended 30th September, 2005 by approximately HK\$64,215,000.

The following table summarises the impact on both basic and diluted earnings per share as a result of the reversal of contingent liability of the associate for the six months ended 30th September, 2005:

	Impact on basic earnings per share <i>HK cents</i>	Impact on diluted earnings per share <i>HK cents</i>
Earnings per share		
Figures before adjustments	8.6	5.4
Adjustments arising from the reversal of contingent liability of the associate	(6.0)	(3.4)
Restated	<u>2.6</u>	<u>2.0</u>

The Group has not early applied the following new standard, amendment or interpretations that have been issued but are not yet effective and are pertinent to the operations of the Group:

HKAS 1 (Amendment)	Capital Disclosure ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HK(IFRIC) – INT 8	Scope of HKFRS 2 ²
HK(IFRIC) – INT 9	Reassessment of Embedded Derivatives ³
HK(IFRIC) – INT 10	Interim Financial Reporting and Impairment ⁴

¹ Effective for annual periods beginning on or after 1st January, 2007

² Effective for annual periods beginning on or after 1st May, 2006

³ Effective for annual periods beginning on or after 1st June, 2006

⁴ Effective for annual periods beginning on or after 1st November, 2006

The directors of the Company anticipate that the application of the above standard, amendment and interpretations will have no material impact on the results and the financial position of the Group.

3. CHANGE IN ACCOUNTING POLICY

In the current period, the Group and its associates have changed its accounting policy for recognising purchase of additional shares in a subsidiary. Prior to 1st April, 2006, such acquisition was recognised by calculating the goodwill or discount as the difference between the consideration paid for the additional interest and the carrying amount of the net assets of the subsidiary. Under the new accounting policy, the Group and its associates revalue all of the identifiable assets and liabilities of the subsidiary to fair value and recognised its additional share of the fair value by debiting the capital reserve. Goodwill or discount arising on the purchase of the additional interest is calculated as the difference between the additional cost of the interest acquired and the increase in the Group's or the associate's interest, based on the fair value of all identifiable assets and liabilities of the subsidiary. This change in accounting policy had no impact on the profit for the current and prior interim period. In relation to this change, a prior year adjustment of approximately HK\$61,304,000 was credited to the accumulated profits as at 1st April, 2006 and debited to the capital reserve.

4. TURNOVER AND SEGMENT INFORMATION

Business segments

For management purposes, the Group's operations are currently organised into four operating divisions, namely finance, investment (including treasury investment), property investment and trading of building materials and machinery. These divisions are the basis on which the Group reports its primary segment information.

Six months ended 30th September, 2006

	Finance HK\$'000	Investment HK\$'000	Property investment HK\$'000	Trading of building materials and machinery HK\$'000	Unallocated HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
TURNOVER							
External sales	28,552	321,274	349	2,494	5,505	-	358,174
Inter-segment sales	9,654	-	2,563	-	-	(12,217)	-
Total	<u>38,206</u>	<u>321,274</u>	<u>2,912</u>	<u>2,494</u>	<u>5,505</u>	<u>(12,217)</u>	<u>358,174</u>
RESULT							
Segment result	<u>813</u>	<u>14,142</u>	<u>(522)</u>	<u>133</u>	<u>2,345</u>	<u>-</u>	<u>16,911</u>
Unallocated corporate expenses	-	-	-	-	(13,724)	-	(13,724)
Loss on disposal and dilution of interests in associates	-	-	-	-	(481)	-	(481)
Share of results of associates	-	-	-	-	200,483	-	200,483
Finance costs	-	-	-	-	(8,241)	-	(8,241)
Profit for the period							<u>194,948</u>

Six months ended 30th September, 2005 (Restated)

	Finance HK\$'000	Investment HK\$'000	Property investment HK\$'000	Trading of building materials and machinery HK\$'000	Unallocated HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
TURNOVER							
External sales	7,745	29,711	328	2,580	2,407	-	42,771
Inter-segment sales	692	-	2,528	-	-	(3,220)	-
Total	<u>8,437</u>	<u>29,711</u>	<u>2,856</u>	<u>2,580</u>	<u>2,407</u>	<u>(3,220)</u>	<u>42,771</u>
RESULT							
Segment result	<u>(2,494)</u>	<u>1,892</u>	<u>(440)</u>	<u>210</u>	<u>(169)</u>	<u>-</u>	<u>(1,001)</u>
Unallocated corporate expenses	-	-	-	-	(10,046)	-	(10,046)
Discount on acquisition of additional interest in a subsidiary	-	-	-	-	2,578	-	2,578
Loss on disposal and dilution of interests in associates	-	-	-	-	(27,796)	-	(27,796)
Share of results of associates	-	-	-	-	76,357	-	76,357
Finance costs	-	-	-	-	(14,283)	-	(14,283)
Profit for the period							<u>25,809</u>

Inter-segment sales are charged at prevailing market rate or, where no market rate was available, at terms determined and agreed by both parties.

5. LOSS ON DISPOSAL AND DILUTION OF INTERESTS IN ASSOCIATES

	Six months ended	
	30.9.2006 HK\$'000	30.9.2005 HK\$'000 (Restated)
Loss on disposal of interests in associates	–	(27,796)
Loss on dilution of interests in associates	(481)	–
	<u>(481)</u>	<u>(27,796)</u>

6. FINANCE COSTS

	Six months ended	
	30.9.2006 HK\$'000	30.9.2005 HK\$'000
Interest on:		
Convertible notes	–	5,906
Redeemable convertible preference shares	5,494	5,489
Others	2,747	2,888
	<u>8,241</u>	<u>14,283</u>

7. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2006 HK\$'000	30.9.2005 HK\$'000 (Restated)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	2,604	2,230
Loss on disposal of gold bullion	–	351
Loss on disposal of property, plant and equipment	–	60
Release of prepaid lease payments	1,107	1,107
Share of taxation of associates (included in share of results of associates)	(5,519)	34,554
Gain on disposal of property, plant and equipment	(18)	–
Unrealised holding gain on gold bullion	–	(4,317)
Net realised gain on held for trading investments (<i>Note</i>)	<u>(15,843)</u>	<u>(2,574)</u>
<i>Note:</i>		
Proceeds on sale of held for trading investments (included in turnover)	(320,089)	(29,668)
Less: Cost of sales (included in cost of sales)	304,246	27,094
Net realised gain on held for trading investments	<u>(15,843)</u>	<u>(2,574)</u>

8. TAXATION

Hong Kong Profits Tax is calculated at the rate of 17.5% (1.4.2005 to 30.9.2005: 17.5%) of the estimated assessable profits derived from Hong Kong for the period.

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group has no assessable profit for the period.

9. DIVIDENDS APPROVED

	Six months ended	
	30.9.2006 HK\$'000	30.9.2005 HK\$'000
Dividends recognised as distributions to equity holders of the Company		
Final dividend approved for prior year		
– HK1.7 cents (2005: HK1.5 cents) per ordinary share	<u>31,237</u>	<u>16,080</u>
Dividends declared:		
Interim dividend declared for the current period		
– HK1.5 cents (2005: HK1.5 cents) per ordinary share	<u>27,954</u>	<u>16,121</u>

The amount of the interim dividend declared for the six months ended 30th September, 2006, which will be payable in cash with an option to elect scrip, has been calculated by reference to the 1,863,611,108 issued ordinary shares outstanding as at the date of this announcement.

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	Six months ended	
	30.9.2006	30.9.2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)
Profit for the period attributable to equity holders of the Company and earnings for the purposes of basic earnings per share	195,753	27,456
Effect of dilutive potential ordinary shares:		
Adjustment to the share of results of associates based on dilution of their earnings per share	(11,703)	(279)
Adjustment of finance costs on redeemable convertible preference shares	5,494	5,489
Adjustment of finance costs on convertible notes	–	5,906
Earnings for the purposes of diluted earnings per share	<u>189,544</u>	<u>38,572</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,837,495,145	1,072,008,541
Effect of dilutive potential ordinary shares:		
Redeemable convertible preference shares	272,085,692	272,085,692
Convertible notes	–	548,333,333
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>2,109,580,837</u>	<u>1,892,427,566</u>

11. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the period, the Group spent approximately HK\$1,719,000 (1.4.2005 to 30.9.2005: HK\$5,427,000) on property, plant and equipment.

As the directors considered that the carrying amounts of the Group's leasehold land and buildings and investment properties do not differ significantly from those which would be determined using fair values at 30th September, 2006, no revaluation surplus or deficit has been recognised in the current period.

12. INTERESTS IN ASSOCIATES

	(Unaudited)	(Audited)
	30.9.2006	31.3.2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets of associates:		
Listed in Hong Kong	1,234,073	1,172,442
Listed overseas	10,104	4,042
Goodwill	3,728	3,265
	<u>1,247,905</u>	<u>1,179,749</u>
Market value of listed securities:		
Hong Kong	1,362,159	1,359,053
Overseas	112,147	93,771
	<u>1,474,306</u>	<u>1,452,824</u>

During the period, discounts on acquisition of approximately HK\$21,278,000 arising on acquisition of additional equity interest in an associate of the Company, Hanny Holdings Limited ("Hanny"), have been included in the determination of the Group's share of results of associates.

13. DEBT PORTION OF CONVERTIBLE NOTES/BONDS AND CONVERSION OPTION EMBEDDED IN CONVERTIBLE NOTES/BONDS

In April 2006, the Group agreed to subscribe at face value for 1% convertible notes with a principal amount of HK\$30,000,000 which were issued by Macau Prime Properties Holdings Limited ("MPP") on 15th June, 2006 and will mature on 14th June, 2011 (the "MPP Notes"), entitling the holder of the MPP Notes to convert into shares in MPP at an initial conversion price of HK\$0.7 per share. On maturity, MPP shall redeem the MPP Notes at the redemption amount which is 110% of the principal amount of the MPP Notes plus the outstanding interest.

In May 2006, the directors of PYI Corporation Limited ("PYI"), an associate of the Company, resolved to declare a special dividend by way of distribution ("PYI Distribution Scheme") of the value derived from PYI's divestment in an associate of PYI. Under the PYI Distribution Scheme, for every 500 shares in PYI, the PYI's shareholders would be entitled to receive the value derived from 40 shares in Group Dragon Investments Limited ("GDI") in the form of either (a) eight shares of Hanny plus HK\$14.4 in cash, or (b) eight 2% convertible bonds due 2011 issued by Hanny ("Hanny Bonds"). The Group elected and received the special dividend in the form of Hanny Bonds with an aggregate principal amount of approximately HK\$95,966,000 issued by Hanny on 17th and 23rd June, 2006 with maturity on 17th and 23rd June, 2011, respectively, entitling the bond holder to convert into shares in Hanny at an initial conversion price of HK\$9 per share. On maturity, Hanny shall redeem the Hanny Bonds at the principal amount of the Hanny Bonds plus the outstanding interest.

The Group classified the debt portion of the convertible notes/bonds as loans and receivables and the embedded conversion option as financial assets at fair value through profit or loss on initial recognition. The fair values of the convertible notes/bonds on initial recognition and as at the balance sheet date are determined by the directors of the Company with reference to the valuation performed by Greater China Appraisal Limited, a firm of independent valuers.

At the balance sheet date, the fair values of debt portion and the embedded conversion option of MPP Notes were approximately HK\$23,316,000 and HK\$2,672,000 respectively. The fair values of debt portion and the embedded conversion option of the Hanny Bonds at the balance sheet date were approximately HK\$81,956,000 and HK\$3,949,000 respectively.

14. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade debtors of approximately HK\$11,642,000 (31.3.2006: HK\$11,747,000) and their aged analysis at the balance sheet date is as follows:

	(Unaudited) 30.9.2006 HK\$'000	(Audited) 31.3.2006 HK\$'000
Trade debtors		
0-30 days	4,773	11,587
31-60 days	17	129
61-90 days	6,852	28
Over 90 days	-	3
	<u>11,642</u>	<u>11,747</u>

Trade debtors arising from property investment business are payable monthly in advance and the credit terms granted by the Group to other trade debtors normally range from 30 days to 90 days.

15. RESTRICTED DEPOSIT IN A FINANCIAL INSTITUTION

During the period, the Group has set aside HK\$346,600,000 by way of cash deposit in a financial institution for satisfying part of the total consideration for the acquisition of all the issued shares of Hanny. The deposit carries interest at a variable rate, ranging from 3.3% to 4% per annum.

16. CREDITORS AND ACCRUED EXPENSES

Included in creditors and accrued expenses are trade payables of approximately HK\$640,000 (31.3.2006: HK\$758,000) and their aged analysis at the balance sheet date is as follows:

	(Unaudited) 30.9.2006 HK\$'000	(Audited) 31.3.2006 HK\$'000
Trade creditors		
0-30 days	623	730
31-60 days	11	22
61-90 days	2	4
Over 90 days	4	2
	<u>640</u>	<u>758</u>

INTERIM DIVIDEND

The Board has resolved to pay an interim dividend of HK1.5 cents per ordinary share for the six months ended 30th September, 2006 (2005: HK1.5 cents) to holders of ordinary shares whose names appear on the register of holders of ordinary shares of the Company as at the close of business on 24th January, 2007. The interim dividend is expected to be paid to holders of ordinary shares of the Company by post on or about 27th February, 2007. The Board has also proposed that the interim dividend should be satisfied in cash, with an option to elect scrip dividend of ordinary shares, in respect of part or all of such dividend. The market value of the ordinary shares to be issued under scrip dividend proposal will be fixed by reference to the average of the closing prices of the ordinary shares of the Company for the three consecutive trading days ending 24th January, 2007 less a discount of five per cent. of such average price, or the par value of ordinary shares, whichever is the higher. The proposed scrip dividend is conditional upon the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the new ordinary shares to be issued. A circular giving full details of the scrip dividend proposal and a form of election will be sent to holders of ordinary shares of the Company.

CLOSE OF REGISTER OF HOLDERS OF ORDINARY SHARES

The register of holders of ordinary shares of the Company will be closed from 22nd January, 2007 to 24th January, 2007, both days inclusive, during which period no ordinary share transfer shall be effected. In order to qualify for the interim dividend, all transfers of ordinary shares accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:00 p.m. on 19th January, 2007.

BUSINESS REVIEW AND OUTLOOK

RESULTS AND FINANCIAL HIGHLIGHTS

The principal activities of the Group comprise investment holding, the provision of finance, the provision of management services, property investment, treasury investment, trading of building materials and machinery and the provision and operation of an internet-based precious metals trading platform through Trasy Gold Ex Limited (“Trasy”).

During the period under review, consolidated turnover increased by approximately 733% to approximately HK\$358 million due to the increase in turnover from treasury investment and the provision of finance. The Group reported a profit attributable to equity holders of approximately HK\$196 million, an increase of approximately 626% as compared to approximately HK\$27 million for the last corresponding period. The increase in profit was mainly due to the increase in contribution from Hanny. Basic earnings per ordinary share was HK10.7 cents (2005: HK2.6 cents). The Board has resolved the payment of an interim dividend of HK1.5 cents per ordinary share, which represents a dividend payment of approximately HK\$28 million based on the issued ordinary share capital at the date of this announcement (2005: HK\$16 million).

Regarding the financial position of the Group, the total assets increased by 5% to approximately HK\$2,593 million and the equity attributable to equity holders increased by 5% to approximately HK\$2,107 million.

REVIEW OF OPERATIONS

During the six months ended 30th September, 2006, the Group continued to hold significant interests, directly or indirectly, in a number of companies listed in Hong Kong, Canada, Singapore, the United States, Australia and Germany and other high potential unlisted investments pursuant to its long-term strategy of exploring potential investments in an aggressive, but cautious, manner and enhancing a balanced and diversified investment portfolio.

Strategic Investments

As at 30th September, 2006, the Group had the following significant strategic investments:

Listed subsidiaries and strategic investments directly held

Hanny

Hanny is an investment holding company. Following the completion of the disposal of the business of trading of computer related products and consumer electronic products and marketing of data storage media relating to the brand “Memorex®” in April 2006, the Hanny group is principally engaged in the trading of securities, property investment and trading, holding of vessels for sand mining and other strategic investments including investments in associated companies which are listed on the Hong Kong Stock Exchange and the Singapore Exchange Limited and long-term convertible notes issued by companies whose shares are listed on the Hong Kong Stock Exchange. For the six months ended 30th September, 2006, Hanny reported a consolidated profit of approximately HK\$491.4 million and its overall after tax contribution to the Group was a profit of approximately HK\$118.4 million.

PYI

Based in Hong Kong, the PYI group focuses on infrastructure investments in and operation of bulk cargo port and logistics facilities in the Yangtze River region in the PRC. It also engages in land and property development in association with port facilities. In addition, PYI provides comprehensive services in engineering and construction, project management and facilities management through Paul Y. Engineering Group Limited (“Paul Y. Engineering”). For the six months ended 30th September, 2006, PYI reported a consolidated profit of approximately HK\$231.6 million and its overall after tax contribution to the Group was a profit of approximately HK\$64.0 million.

Trasy

The Trasy group is principally engaged in the provision and operation of an internet-based precious metals trading platform known as the “Trasy System”. Trading in Trasy’s shares has been suspended since 10th June, 2003. Trasy has submitted a resumption proposal to the Hong Kong Stock Exchange in November 2006 for consideration. The board of directors of Trasy considers that the current scale of operations of the Trasy group is sufficient to warrant continued listing of its shares. For the six months ended 30th September, 2006, Trasy’s after tax contribution to the Group was a loss of approximately HK\$1.1 million.

Burcon NutraScience Corporation (“Burcon”)

Burcon is a research and development company developing a portfolio of composition, application and process patents around its plant protein extraction and purification technology. Burcon’s patented process utilises inexpensive oilseed meals for the production of purified plant proteins that exhibit valuable nutritional, functional or nutraceutical profiles. Burcon, in conjunction with Archer Daniels Midland, is currently focusing its efforts on developing the world’s first commercial canola proteins, namely Puratein® and Supertein™ (the “Products”). Canola, recognised for its nutritional qualities, is the second-largest oilseed crop in the world after soybeans. Burcon’s goal is to develop the Products to participate with soy, dairy and egg proteins in the expanding multi-billion-dollar protein ingredient market, with potential uses in prepared foods, nutritional supplements and personal care products. For the six months ended 30th September, 2006, Burcon’s after tax contribution to the Group was a loss of approximately HK\$3.0 million.

Hong Kong listed strategic investments indirectly held

Paul Y. Engineering

Established in 1946, Paul Y. Engineering is an international engineering services group serving Hong Kong, the PRC and the international market with its 60 years of expertise. It has three core areas of business: management contracting, project management and facilities management.

MPP

The MPP group is principally engaged in property development and investment in Macau, the PRC and Hong Kong. The MPP group is also engaged in operations of golf resort and hotel in the PRC, securities investment, the trading of motorcycles, the sale and manufacturing of western pharmaceutical products, Chinese pharmaceutical and health products.

See Corporation Limited (“See”)

The See group is principally engaged in the entertainment and media business, which includes film and television programme production; event production; and artiste and model management. It also owns significant interest in TVB Pay Vision Holdings Limited, which operates a pay-television business in Hong Kong.

Wing On Travel (Holdings) Limited (“Wing On Travel”)

The Wing On Travel group is principally engaged in the business of providing package tours, travel and other related services, and hotel operation including a hotel chain with the “Rosedale” brand in Hong Kong and the PRC.

Overseas listed strategic investments indirectly held

PSC Corporation Ltd (“PSC”)

PSC focuses on three core business activities in consumer business, healthcare and packaging which involves in food trading, logistics, manufacturing and retail franchising, providing turnkey solutions in developing primary to tertiary healthcare facilities, healthcare consultancy and services as well as turnkey construction and hospital management, and packaging through Tat Seng Packaging Group Ltd. (“Tat Seng Packaging”).

China Enterprises Limited (“China Enterprises”)

The China Enterprises group is engaged in the business of property investment and development in the PRC and has substantial interests in certain investment holding companies, the subsidiaries of which are principally engaged in the business of manufacturing and marketing of tires in the PRC and other countries abroad and the business of providing package tours, travel and other related services, and hotel operation.

MRI Holdings Limited (“MRI”)

MRI is an investment company, which has a major investment in one of the leading health and fitness chains in Australia. The MRI group continues to identify appropriate, strategic investment opportunities that maximize returns to shareholders, within the clear mandate determined by shareholders.

Intraco Limited (“Intraco”)

The Intraco group has developed its business portfolio under five core areas, which are commodities trading, projects, semiconductors, info-communications and seafoods.

Tat Seng Packaging

Tat Seng Packaging is one of Singapore’s leading manufacturers of corrugated paper packaging product with operations in Singapore and Suzhou and Hefei, the PRC. Tat Seng Packaging designs, manufactures and sells corrugated paper packaging products for the packing of diverse range of products according to customers’ specifications. Its key products include corrugated paper boards, corrugated paper cartons, die-cut boxes, assembly cartons, heavy duty corrugated paper products and other packaging related products.

The Group's interests in listed subsidiary and strategic investments are summarised below:

Listed subsidiaries and strategic investments directly held

Name of investee company	Place of listing	Stock code	Shareholding percentage	
			As at 30.9.2006	As at the date of this announcement
Hanny	Hong Kong Stock Exchange	275	24.4%	64.0%
PYI	Hong Kong Stock Exchange	498	27.3%	27.4%
Trasy	The Growth Enterprise Market of Hong Kong Stock Exchange	8063	56.5%	56.5%
Burcon	TSX Venture Exchange and Frankfurt Stock Exchange	BU WKN 157793	25.5%	25.5%

Hong Kong listed strategic investments indirectly held

Name of investee company	Place of listing	Stock code	Effective interest	
			As at 30.9.2006	As at the date of this announcement
Paul Y. Engineering	Hong Kong Stock Exchange	577	17.7% (Note a)	17.7% (Note a)
MPP	Hong Kong Stock Exchange	199	3.8% (Note b)	9.9% (Note b)
See	Hong Kong Stock Exchange	491	4.4% (Note b)	11.5% (Note b)
Wing On Travel	Hong Kong Stock Exchange	1189	2.7% (Note c)	7.1% (Note c)

Overseas listed strategic investments indirectly held

Name of investee company	Place of listing	Stock code	Effective interest	
			As at 30.9.2006	As at the date of this announcement
PSC	Singapore Exchange Limited	PSC	8.0% (Note d)	17.6% (Note d)
China Enterprises	OTC Bulletin Board, U.S.A.	CSHEF	13.3% (Note b)	34.9% (Note b)
MRI	Australian Securities Exchange	MRI	13.8% (Note b)	36.2% (Note b)
Tat Seng Packaging	Singapore Exchange Limited	TAT SENG	5.1% (Note e)	11.2% (Note e)
Intraco	Singapore Exchange Limited	INTRACO	2.4% (Note e)	5.2% (Note e)

Notes:

- (a) The Group's interest is held through its direct interest in PYI.
- (b) The Group's interest is held through its direct interests in Hanny.
- (c) The Group's interest is held through its indirect interest in China Enterprises.
- (d) Other than the Group's direct interest of approximately 2.0% as at 30th September, 2006 and as at the date of this announcement, the Group's interest is held through its direct interest in Hanny.
- (e) The Group's interest is held through its indirect interest in PSC.

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. Cash, bank balances and deposits as at 30th September, 2006 amounted to approximately HK\$107.4 million. As at 30th September, 2006, the Group had bank borrowings of approximately HK\$115.2 million of which approximately HK\$55.1 million is repayable within one year or on demand. The redeemable convertible preference shares with an aggregate redemption value of approximately HK\$283.0 million will be redeemed on 3rd November, 2007 (or the next following business day if it is not a business day) unless they are previously converted, redeemed or purchased and cancelled.

As at 30th September, 2006, all the Group's borrowings, except the redeemable convertible preference shares, are at floating interest rates and the Group's current ratio was 8.72.

EXCHANGE RATE EXPOSURE

As at 30th September, 2006, approximately 29.4% of the cash, bank balances and deposits were in other currencies and only approximately 4.1% of the Group's total borrowings of approximately HK\$407.5 million was denominated in Canadian dollars. The Canadian dollars denominated borrowings are directly tied in with the Group's business in Canada.

GEARING RATIO

The Group's gearing ratio, which was calculated using the Group's net borrowings of approximately HK\$300.1 million and the equity attributable to equity holders of approximately HK\$2,106.9 million, was 14.2% as at 30th September, 2006, as compared to 7.5% as at 31st March, 2006.

PLEDGE OF ASSETS

As at 30th September, 2006, certain of the Group's properties, margin accounts receivable, held for trading investments and derivative financial instruments with an aggregate carrying value of approximately HK\$216.2 million were pledged to banks and financial institutions to secure general facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30th September, 2006, the Group has contingent liabilities in respect of guarantee given to banks on general banking facilities granted to an associate and financial support given to the associate of HK\$56 million and approximately HK\$8.9 million, respectively.

EMPLOYEE AND REMUNERATION POLICY

As at 30th September, 2006, the Group employed a total of 92 employees. It is the Group's remuneration policy that the employees' remuneration is based on the employees' skills, knowledge and involvement in the Company's affairs and is determined by reference to the Company's performance, as well as remuneration benchmark in the industry and the prevailing market conditions. The ultimate objective of the remuneration policy is to ensure that the Group is able to attract, retain and motivate a high-calibre team which is essential to the success of the Company. The Group also offers other benefits to employees including discretionary bonus, training, provident funds and medical coverage. Share option schemes are established for the eligible employees but no share option was granted during the period and there was no outstanding share options granted by the Company as at 30th September, 2006.

MAJOR EVENTS

Subscription of convertible exchangeable notes of Hanny

In June 2006, the Company conditionally agreed to subscribe at face value for 1% convertible exchangeable notes due 2011 to be issued by Hanny with a principal amount of US\$75 million (equivalent to approximately HK\$582.5 million) (the "Hanny Notes") entitling the holder of the Hanny Notes to convert into shares in Hanny at an initial conversion price of US\$0.51 per share. The holders of the Hanny Notes shall also have the right to exchange the principal amount of the Hanny Notes, subject to a maximum amount equal to approximately 66% of the face value of the Hanny Notes, for the same principal amount of the convertible notes to be issued by China Enterprises (the "China Enterprises Notes"), entitling the holders of the China Enterprises Notes to convert into shares of China Enterprises at an initial conversion price of US\$3 per share. The subscription of Hanny Notes by the Company was approved by the shareholders of the Company in September 2006.

Acquisition of Hanny shares and conditional mandatory cash offers for Hanny

In August 2006, Famex Investment Limited ("Famex"), an indirect wholly-owned subsidiary of the Company, conditionally agreed to acquire 22,812,359 shares of Hanny at a price of HK\$3.8 per share amounted to approximately HK\$86.7 million. The acquisition was completed in November 2006. Upon completion, Famex was required to make a conditional mandatory cash offer to acquire all the issued shares of Hanny at HK\$3.8 per share and to make a comparable offer to the holders of the existing convertible bonds of Hanny under the Takeovers Code (the "Offers"). The Offers were closed on 13th December, 2006. Taking into account the acceptances of shares of Hanny received and the on-market purchases by Famex during the offer period, the shareholding interest in Hanny held by the Group has increased to approximately 64.0% and accordingly Hanny became a subsidiary of the Company.

SECURITIES IN ISSUE

As a result of the issue of new ordinary shares under scrip dividend alternative scheme in November 2006 and the conversion of redeemable convertible preference shares in December 2006, the total numbers of issued ordinary shares and issued redeemable convertible preference shares of the Company of HK\$0.10 each are 1,863,611,108 and 266,062,000, respectively, as at the date of this announcement.

OUTLOOK

Although there are indications of economic slow-down in the US, the global economy is still very favourable and remained on track. The recent easing in oil prices and the pause in interest rate hikes have reduced some downside risks to the global economy. In Hong Kong, the forecast GDP growth for 2006 has been revised upwards in November 2006. The positive wealth effects from the buoyant stock market, the improving labour market and rising wages have stimulated local consumption and investment. The economy of the PRC remained robust despite its tightening measures and will continue to provide the main impetus for Hong Kong in the coming years.

With the goal to maximize its shareholder's value and maintain a stable dividend payout, the Group will continue to balance its investment portfolio in a diversified manner and capture investment opportunities that can provide sustainable growth and returns. Upon the close of the Offers in December 2006, the Group successfully increased its controlling interests in Hanny at a discount to Hanny's underlying net asset value and accordingly Hanny became a subsidiary of the Company. The existing principal activities of the Hanny group will remain unchanged. Looking ahead, barring unforeseen circumstances, the Group is confident about the future prospects of its investment and business operation.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30th September, 2006, there were no purchases, sales or redemptions by the Company, or any of its subsidiaries, of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has, throughout the period ended 30th September, 2006, complied with the code provisions of the code on corporate governance practices as set out in Appendix 14 of the Listing Rules except that the Chairman of the Board could not attend the annual general meeting of the Company held on 13th September, 2006 due to a business trip abroad. Despite of that, representatives of the Board including executive directors and independent non-executive directors of the Company were present at the meeting to answer questions on the Group's businesses.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. All directors of the Company have confirmed, following specific enquiry by the Company, that they complied with the required standard set out in Model Code during the six months ended 30th September, 2006.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Company's website at www.itc.com.hk and the website of the Hong Kong Stock Exchange. The Interim Report will be despatched to the shareholders of the Company and made available at the aforesaid websites in due course.

On behalf of the Board
Dr. Chan Kwok Keung, Charles
Chairman

Hong Kong, 27th December, 2006

As at the date of this announcement, the Board comprises:–

Executive Directors

Directors:

Dr. Chan Kwok Keung, Charles (*Chairman*)

Ms. Chau Mei Wah, Rosanna

(*Deputy Chairman & Managing Director*)

Mr. Chan Kwok Hung

Mr. Chan Fut Yan

Mr. Cheung Hon Kit

Independent Non-Executive

Mr. Chuck, Winston Calptor

Mr. Lee Kit Wah

Hon. Shek Lai Him, Abraham, JP

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