



# ITC CORPORATION LIMITED

*(Incorporated in Bermuda with limited liability)*

(Stock code: 372)

## ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2007

<b>FINANCIAL HIGHLIGHTS</b>			
	<b>30/9/2007</b>	<b>30/9/2006</b>	<b>Change</b>
• Profit attributable to equity holders	HK\$303 million	HK\$196 million	+55%
• Equity attributable to equity holders	HK\$3,272 million	HK\$2,107 million	+55%
• Basic EPS	HK12.5 cents	HK8.9 cents	+40%
• Diluted EPS	HK9.9 cents	HK7.5 cents	+32%
• Interim dividend per share	HK1.30 cents	HK1.25 cents	+4%

### 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, 2007, together with the comparative figures for the corresponding period in 2006. The interim results for the six months ended 30th September, 2007 are not audited, but have been reviewed by the auditors, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), and the Audit Committee of the Company.

## Condensed Consolidated Income Statement

		(Unaudited)	
		Six months ended	
		30.9.2007	30.9.2006
	Notes	HK\$'000	HK\$'000
Revenue	3	333,574	358,174
Cost of sales		<u>(266,838)</u>	<u>(305,947)</u>
Gross profit		66,736	52,227
Other income		7,540	–
Administrative expenses		(81,868)	(32,765)
Gain on disposal of available-for-sale investments		20,613	–
Other gains (losses), net	4	142,991	(14,860)
Finance costs	5	(46,296)	(8,241)
Impairment loss recognised in respect of available-for-sale investments		(20,960)	–
Allowance for amounts due from associates and related companies		(1,317)	(1,415)
Loss on disposal and dilution of interests in subsidiaries and associates	6	(74,400)	(481)
Share of results of associates		<u>362,731</u>	<u>200,483</u>
Profit before taxation		375,770	194,948
Taxation	7	<u>(10,669)</u>	–
Profit for the period	8	<u><u>365,101</u></u>	<u><u>194,948</u></u>
Attributable to:			
Equity holders of the Company		303,318	195,753
Minority interests		<u>61,783</u>	<u>(805)</u>
		<u><u>365,101</u></u>	<u><u>194,948</u></u>
Distributions	9	<u><u>43,480</u></u>	<u><u>31,237</u></u>
Earnings per share	10		
Basic (HK cents)		<u><u>12.5</u></u>	<u><u>8.9</u></u>
Diluted (HK cents)		<u><u>9.9</u></u>	<u><u>7.5</u></u>

## Condensed Consolidated Balance Sheet

		(Unaudited) 30.9.2007 <i>HK\$'000</i>	(Audited) 31.3.2007 <i>HK\$'000</i>
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>59,599</b>	179,765
Investment properties	11	<b>5,058</b>	150,421
Prepaid lease payments		<b>86,332</b>	87,437
Intangible assets		<b>830</b>	4,580
Interests in associates	12	<b>2,377,592</b>	1,594,047
Debt portion of convertible notes		<b>175,033</b>	274,304
Conversion options embedded in convertible notes		<b>14,763</b>	98,466
Deposits paid for acquisition of subsidiaries		–	50,000
Deposits for acquisition of long-term investments		–	145,000
Deposits paid for acquisition of available-for-sale investments		<b>12,434</b>	–
Payments for acquisition of interest in properties		–	58,830
Available-for-sale investments		<b>30,524</b>	1,033,823
Deferred tax assets		–	1,464
		<hr/> <b>2,762,165</b>	<hr/> 3,678,137
<b>Current assets</b>			
Inventories		<b>230</b>	239
Prepaid lease payments		<b>2,214</b>	2,214
Other assets		–	229,288
Debtors, deposits and prepayments	13	<b>35,553</b>	404,029
Margin account receivables		<b>139,086</b>	17,523
Deposits paid for acquisition of investments held for trading		<b>165,453</b>	73,289
Amounts due from associates		<b>303,099</b>	500,050
Amounts due from related companies		<b>123,068</b>	7,262
Loans receivable		<b>25,000</b>	340,549
Financial assets designated at fair value through profit or loss		<b>5,299</b>	147,238
Investments held for trading		<b>110,559</b>	626,649
Tax recoverable		–	1,438
Short-term bank deposits, bank balances and cash		<b>191,410</b>	282,304
		<hr/> <b>1,100,971</b>	<hr/> 2,632,072

	<i>Notes</i>	(Unaudited) 30.9.2007 HK\$'000	(Audited) 31.3.2007 HK\$'000
<b>Current liabilities</b>			
Margin account payables		141,474	6,794
Creditors and accrued expenses	14	42,206	91,884
Dividend payable		43,480	–
Amounts due to associates		490	163,015
Amounts due to related companies		669	–
Derivative financial instruments		2,134	222
Redeemable convertible preference shares		290,542	286,137
Tax payable		–	63,977
Borrowings – due within one year		2,450	517,100
Bank overdrafts		37,092	71,599
		<u>560,537</u>	<u>1,200,728</u>
<b>Net current assets</b>		<u>540,434</u>	<u>1,431,344</u>
<b>Total assets less current liabilities</b>		<u>3,302,599</u>	<u>5,109,481</u>
<b>Non-current liabilities</b>			
Borrowings – due after one year		27,650	141,350
Convertible notes payable		–	556,980
Deferred tax liabilities		2,844	39,091
		<u>30,494</u>	<u>737,421</u>
<b>Net assets</b>		<u><u>3,272,105</u></u>	<u><u>4,372,060</u></u>
<b>Capital and reserves</b>			
Share capital		217,400	187,298
Share premium and reserves		3,054,705	2,623,128
<b>Equity attributable to equity holders of the Company</b>		<u>3,272,105</u>	2,810,426
Convertible option reserve of a subsidiary		–	55,279
Minority interests		–	1,506,355
<b>Total equity</b>		<u><u>3,272,105</u></u>	<u><u>4,372,060</u></u>

## Condensed Consolidated Cash Flow Statement

	(Unaudited)	
	Six months ended	
	30.9.2007	30.9.2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash (used in) from operating activities	<u>(114,744)</u>	<u>311,155</u>
Net cash used in investing activities		
Dilution of interests in subsidiaries, net of cash and cash equivalents disposed	(82,120)	–
Disposal of partial interests in subsidiaries	131,768	–
Disposal of interests in associates	46,040	–
Proceeds from disposal of available-for-sale investments	45,918	–
Investment in convertible notes	(69,964)	(30,000)
Additions to available-for-sale investments	(18,603)	–
Investment in financial assets designated at fair value through profit or loss	(158,279)	–
Deposits for acquisition of long-term investments	(110,000)	–
Deposit in a financial institution	–	(346,600)
Deposit paid for acquisition of additional interest in an associate	–	(43,343)
Others	(6,992)	(32,742)
	<u>(222,232)</u>	<u>(452,685)</u>
Net cash from (used in) financing activities		
Proceeds from issue of shares	215,488	–
Proceeds from issue of shares of a subsidiary	142,415	–
Repayments of bank borrowings	(31,162)	–
Interest paid	(48,398)	(2,747)
	<u>278,343</u>	<u>(2,747)</u>
Net decrease in cash and cash equivalents	(58,633)	(144,277)
Cash and cash equivalents at beginning of the period	210,705	199,591
Effect of foreign exchange rate changes	2,246	(600)
Cash and cash equivalents at end of the period	<u><u>154,318</u></u>	<u><u>54,714</u></u>
Analysis of the balances of cash and cash equivalents		
Short-term bank deposits, bank balances and cash	191,410	107,403
Less: bank overdrafts	(37,092)	(52,689)
	<u><u>154,318</u></u>	<u><u>54,714</u></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 34 “Interim Financial Reporting” issued by the 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 revalued amounts or fair values, where appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st March, 2007.

In the current interim period, the Group has applied, for the first time, a new standard, amendment and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning 1st April, 2007. The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective:

HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC) – INT 12	Service Concession Arrangements <sup>2</sup>
HK(IFRIC) – INT 13	Customer Loyalty Programmes <sup>3</sup>
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st January, 2009

<sup>2</sup> Effective for annual periods beginning on or after 1st January, 2008

<sup>3</sup> Effective for annual periods beginning on or after 1st July, 2008

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

### 3. REVENUE AND SEGMENT INFORMATION

#### Business segments

For management purposes, the Group's operations are organised into five operating divisions, namely finance, securities investment (investments held for trading), other 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, 2007*

	Finance <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Other investment <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Trading of building materials and machinery <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>REVENUE</b>								
External sales	28,871	268,518	27,629	465	2,547	5,544	-	333,574
Inter-segment sales	14,204	-	998	2,586	-	-	(17,788)	-
Total	<u>43,075</u>	<u>268,518</u>	<u>28,627</u>	<u>3,051</u>	<u>2,547</u>	<u>5,544</u>	<u>(17,788)</u>	<u>333,574</u>
<b>RESULT</b>								
Segment result	<u>15,866</u>	<u>70,453</u>	<u>103,326</u>	<u>117</u>	<u>24</u>	<u>2,095</u>	<u>-</u>	191,881
Unallocated corporate expenses								(58,146)
Finance costs								(46,296)
Loss on disposal and dilution of interests in subsidiaries and associates								(74,400)
Share of results of associates								<u>362,731</u>
Profit before taxation								375,770
Taxation								<u>(10,669)</u>
Profit for the period								<u>365,101</u>

Six months ended 30th September, 2006

	Finance HK\$'000	Securities investment HK\$'000	Other investment HK\$'000	Property investment HK\$'000	Trading of building materials and machinery HK\$'000	Unallocated HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>REVENUE</b>								
External sales	28,552	311,934	9,340	349	2,494	5,505	-	358,174
Inter-segment sales	9,654	-	-	2,563	-	-	(12,217)	-
Total	<u>38,206</u>	<u>311,934</u>	<u>9,340</u>	<u>2,912</u>	<u>2,494</u>	<u>5,505</u>	<u>(12,217)</u>	<u>358,174</u>
<b>RESULT</b>								
Segment result	<u>813</u>	<u>5,100</u>	<u>9,042</u>	<u>(522)</u>	<u>133</u>	<u>2,345</u>	<u>-</u>	16,911
Unallocated corporate expenses								(13,724)
Finance costs								(8,241)
Loss on dilution of interests in associates								(481)
Share of results of associates								<u>200,483</u>
Profit before taxation								194,948
Taxation								<u>-</u>
Profit for the period								<u>194,948</u>

Inter-segment sales are charged at prevailing market rate or at terms determined and agreed by both parties.



#### 4. OTHER GAINS (LOSSES), NET

	Six months ended	
	30.9.2007	30.9.2006
	HK\$'000	HK\$'000
Net other gains (losses) arising from changes in fair values of:		
– Conversion options embedded in convertible notes	77,236	(11,731)
– Derivative financial instruments	(2,134)	(199)
– Financial assets designated at fair value through profit or loss	10,963	51
– Investments held for trading	56,991	(2,440)
– Gold trading contracts	(65)	(541)
	<u>142,991</u>	<u>(14,860)</u>

#### 5. FINANCE COSTS

	Six months ended	
	30.9.2007	30.9.2006
	HK\$'000	HK\$'000
Interest on:		
– Bank borrowings wholly repayable within five years	588	540
– Bank borrowings not wholly repayable within five years	2,998	1,621
– Convertible notes payable	8,734	–
– Redeemable convertible preference shares	5,464	5,494
– Other borrowings wholly repayable within five years	25,995	–
– Margin account payables	2,146	586
– Others	371	–
	<u>46,296</u>	<u>8,241</u>

#### 6. LOSS ON DISPOSAL AND DILUTION OF INTERESTS IN SUBSIDIARIES AND ASSOCIATES

	Six months ended	
	30.9.2007	30.9.2006
	HK\$'000	HK\$'000
Loss on dilution of interests in subsidiaries	(160,207)	–
Loss on disposal of interests in subsidiaries	(56,644)	–
Gain (loss) on dilution of interests in associates	65,768	(481)
Gain on disposal of interests in associates	76,683	–
	<u>(74,400)</u>	<u>(481)</u>

## 7. TAXATION

	Six months ended	
	30.9.2007	30.9.2006
	HK\$'000	HK\$'000
Current tax:		
Hong Kong Profits Tax	10,726	–
Deferred Tax	(57)	–
	<u>10,669</u>	<u>–</u>

Hong Kong Profits Tax is calculated at the rate of 17.5% of the estimated assessable profits of Hanny Holdings Limited (“Hanny”) derived from Hong Kong for both periods.

No provision for taxation was made in prior period as the Group had no assessable profit for that period.

## 8. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2007	30.9.2006
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	6,783	2,604
Donation	688	–
Release of prepaid lease payments	1,107	1,107
Share of taxation of associates (included in share of results of associates)	124,993	(5,519)
Gain on disposal of property, plant and equipment	(1,665)	(18)
Net realised gain on investments held for trading ( <i>Note</i> )	<u>(12,644)</u>	<u>(4,525)</u>
<i>Note:</i>		
Proceeds on sale of investments held for trading (included in revenue)	(267,283)	(306,966)
Less: Cost of sales (included in cost of sales)	<u>254,639</u>	<u>302,441</u>
Net realised gain on investments held for trading	<u>(12,644)</u>	<u>(4,525)</u>

## 9. DISTRIBUTIONS

Dividends recognised as distributions to equity holders of the Company:

	<b>Six months ended</b>	
	<b>30.9.2007</b>	30.9.2006
	<b>HK\$'000</b>	HK\$'000
Final dividend declared for the year ended 31st March, 2007		
– HK2.0 cents (2006: HK1.7 cents) per ordinary share	<b><u>43,480</u></b>	<u>31,237</u>
Dividend declared on 21st December, 2007:		
Interim dividend declared for the current period		
– HK1.3 cents (2006: HK1.5 cents) per ordinary share	<b><u>34,563</u></b>	<u>27,954</u>

The amount of the interim dividend declared for the six months ended 30th September, 2007, which will be payable in cash with an option to elect scrip dividend of ordinary shares, has been calculated by reference to the 2,658,718,149 issued ordinary shares outstanding as at the date of this announcement.

Subsequent to 30th September, 2007,

- (a) a dividend of HK2.0 cents per ordinary share was paid to the holders of ordinary shares of the Company as a final dividend for the year ended 31st March, 2007 of which approximately HK\$29,875,000 was settled in a form of 49,916,232 new ordinary shares of the Company; and
- (b) the Company issued 434,800,319 bonus shares to the holders of ordinary shares of the Company on the basis of one new ordinary share for every five ordinary shares held on 15th October, 2007.

## 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:

	<b>Six months ended</b>	
	<b>30.9.2007</b>	30.9.2006
	<b>HK\$'000</b>	HK\$'000
Profit for the period attributable to equity holders of the Company and earnings for the purposes of basic earnings per share	<b>303,318</b>	195,753
Effect of dilutive potential ordinary shares:		
Adjustment to the share of results of associates and subsidiaries based on dilution of their earnings per share	<b>(36,404)</b>	(11,703)
Adjustment of finance costs on redeemable convertible preference shares	<b>5,464</b>	5,494
Earnings for the purposes of diluted earnings per share	<b><u>272,378</u></b>	<u>189,544</u>
	<b>Number of shares</b>	Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>2,432,864,465</b>	2,204,994,174
Effect of dilutive potential ordinary shares:		
Redeemable convertible preference shares	<b><u>325,071,706</u></b>	<u>326,527,948</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<b><u>2,757,936,171</u></b>	<u>2,531,522,122</u>

The weighted average number of ordinary shares for the current and prior periods has been adjusted for the effect of bonus issue of new ordinary shares of the Company set out in note 9(b), on the basis of one new ordinary share for every five ordinary shares held.

## 11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the period, the Group spent approximately HK\$741,000 (1.4.2006 to 30.9.2006: HK\$1,719,000) on property, plant and equipment.

As the directors of the Company 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, 2007, no revaluation surplus or deficit has been recognised in the current period.

## 12. INTERESTS IN ASSOCIATES

	(Unaudited) 30.9.2007 HK\$'000	(Audited) 31.3.2007 HK\$'000
Share of net assets of associates:		
Listed in Hong Kong	2,369,439	997,900
Listed overseas	7,961	271,506
Unlisted	192	324,641
	<u>2,377,592</u>	<u>1,594,047</u>
Market value of listed securities:		
Hong Kong	1,808,144	1,477,663
Overseas	224,648	362,788
	<u>2,032,792</u>	<u>1,840,451</u>

## 13. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade debtors of approximately HK\$6,752,000 (31.3.2007: HK\$13,892,000) and their aged analysis at the balance sheet date is as follows:

	(Unaudited) 30.9.2007 HK\$'000	(Audited) 31.3.2007 HK\$'000
Trade debtors		
0-30 days	6,630	7,018
31-60 days	77	28
61-90 days	41	1
Over 90 days	4	6,845
	<u>6,752</u>	<u>13,892</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.

#### 14. CREDITORS AND ACCRUED EXPENSES

Included in creditors and accrued expenses are trade payables of approximately HK\$926,000 (31.3.2007: HK\$18,396,000) and their aged analysis at the balance sheet date is as follows:

	(Unaudited) 30.9.2007 HK\$'000	(Audited) 31.3.2007 HK\$'000
Trade creditors		
0-30 days	870	18,320
31-60 days	26	47
61-90 days	27	–
Over 90 days	3	29
	<hr/>	<hr/>
	<b>926</b>	<b>18,396</b>
	<hr/> <hr/>	<hr/> <hr/>

#### INTERIM DIVIDEND

The Board has resolved to pay an interim dividend of HK1.30 cents per ordinary share for the six months ended 30th September, 2007 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 30th January, 2008. The interim dividend is expected to be paid to holders of ordinary shares of the Company by post on or about 14th March, 2008. 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 30th January, 2008 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 with 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 MEMBERS

The register of holders of ordinary shares of the Company will be closed from 28th January, 2008 to 30th January, 2008, both days inclusive, during which period no transfer of ordinary shares 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 branch share registrar in Hong Kong, Tricor 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 25th January, 2008.

## **BUSINESS REVIEW AND OUTLOOK**

### **RESULTS AND FINANCIAL HIGHLIGHTS**

The Company is an investment holding company which directly and indirectly holds strategic investments in a number of listed companies. The principal activities of the Group comprise investment holding, the provision of finance, property investment and treasury investment.

For the six months ended 30th September, 2007, consolidated revenue decreased by approximately 7% to approximately HK\$334 million mainly due to the decrease in revenue from securities investment. During the period under review, the Group disposed of all its interest in Trasy Gold Ex Limited (“Trasy”) and reported a gain of approximately HK\$163 million on the disposal. In addition, the contribution from Hanny has fully offset the effect of the non-cash loss of approximately HK\$240 million on disposal and dilution of interests in Hanny. As mentioned in the annual report of the Company for the year ended 31st March, 2007, the Group recognised a non-cash book gain arising from the discount on acquisition of controlling interest in Hanny which increased the carrying cost of Hanny to the Group and accordingly gave rise to such non-cash loss even though the disposal price was higher than the offer price in the general offer of shares of Hanny in November 2006. In spite of the above non-cash loss, the Group still reported a profit attributable to equity holders of approximately HK\$303 million, an increase of approximately 55% as compared with approximately HK\$196 million for the last corresponding period. Basic earnings per ordinary share was HK12.5 cents (2006: HK8.9 cents). The Board has resolved to pay an interim dividend of HK1.30 cents (2006: HK1.25 cents, as adjusted by the bonus issue on 5th November, 2007) per ordinary share, which represents a dividend payment of approximately HK\$35 million based on the total number of ordinary shares in issue as at the date of this announcement (2006: HK\$28 million).

Regarding the financial position of the Group compared to last year end date, total assets decreased by approximately 39% to approximately HK\$3,863 million as Hanny and Trasy ceased to be subsidiaries of the Group during the period under review. Equity attributable to equity holders increased to approximately HK\$3,272 million mainly due to the issue of 300,000,000 new ordinary shares in June 2007 and the profit for the period under review.

### **REVIEW OF OPERATIONS**

During the six months ended 30th September, 2007, the Group continued to hold significant interests, directly and indirectly, in a number of companies listed in Hong Kong, Canada, Singapore, the United States (“US”), Australia and Germany, as well as holding high-potential unlisted investments pursuant to its long-term strategy of exploring potential investments in an aggressive but cautious manner and maintaining a portfolio of diversified investments.

#### **Strategic Investments**

As at 30th September, 2007, the Group had the following significant strategic investments:

##### ***Listed strategic investments directly held***

###### ***Hanny***

Hanny is an investment holding company. 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 (i) a subsidiary, the shares of which are

listed on the Australian Securities Exchange; (ii) a subsidiary, the shares of which are traded on the OTC Bulletin Board in the US; (iii) associated companies whose shares are listed on the Hong Kong Stock Exchange or the Singapore Exchange Limited; and (iv) long-term convertible notes issued by companies whose shares are listed on the Hong Kong Stock Exchange. For the six months ended 30th September, 2007, Hanny reported a consolidated profit attributable to equity holders of approximately HK\$581.1 million and its overall after tax contribution to the Group was a profit of approximately HK\$302 million.

*PYI Corporation Limited (“PYI”)*

Based in Hong Kong, the PYI group focuses on the infrastructure investment in and the operation of bulk cargo ports and logistics facilities in the Yangtze River region in the Mainland China. It also engages in land and property development in association with port facilities. In addition, PYI provides comprehensive engineering and property-related services through Paul Y. Engineering Group Limited (“Paul Y. Engineering”). For the six months ended 30th September, 2007, PYI reported a consolidated profit attributable to equity holders of approximately HK\$312.2 million and its overall after tax contribution to the Group was a profit of approximately HK\$84.1 million.

*Burcon NutraScience Corporation (“Burcon”)*

Burcon is a research and development company developing a portfolio of composition, application and process patents related to its plant protein extraction and purification technologies. Burcon’s patented process recovers valuable purified plant proteins from inexpensive oilseed meal. Burcon, in conjunction with Archer Daniels Midland, is currently focusing its efforts on developing the world’s first commercial Canola proteins, Puratein® and Supertein™ (the “Products”). Canola is the second-largest oilseed crop in the world after soybeans. Burcon’s immediate goal is to position the Products to compete with soy, dairy and egg proteins as an ingredient in prepared foods, nutritional supplements and personal care products. In June 2007, Burcon was recognised as a TSX Venture 50™ company. The TSX Venture 50™ ranks the top 50 emerging public companies listed on the TSX Venture Exchange in Canada. For the six months ended 30th September, 2007, Burcon’s loss attributable to the Group was approximately HK\$3.1 million.

***Hong Kong listed strategic investments indirectly held***

*Paul Y. Engineering*

Paul Y. Engineering is an international engineering services group, serving Hong Kong, the Mainland China and the international market. It has three core areas of business: management contracting, property development management and property investment. Paul Y. Engineering serves a wide spectrum of distinguished clients, including the government and major enterprises.

*ITC Properties Group Limited (“ITC Properties”)*

*(formerly known as Macau Prime Properties Holdings Limited)*

The ITC Properties group is principally engaged in property development and investment in Macau, the Mainland China and Hong Kong. The ITC Properties group is also engaged in golf resort and leisure operations, securities investment, and loan financing services.



*See Corporation Limited (“See Corp”)*

The See Corp group is principally engaged in the entertainment and media business, which includes film and television programme production; music 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 with branches in Hong Kong, Macau, Canada and the United Kingdom, and hotel operation business including a hotel chain with the “Rosedale” brand in Hong Kong and the Mainland China.

***Overseas listed strategic investments indirectly held***

*PSC Corporation Ltd (“PSC”)*

PSC focuses on two business clusters which are “Customer Essentials” and “Strategic Investments”. Its business activities involve grocery franchising and mini-mart chain, food manufacturing, paper products manufacturing and distribution, media contents production and distribution, healthcare consultancy and hospital management services, and strategic investments in high growth sectors including packaging through Tat Seng Packaging Group Ltd. (“Tat Seng Packaging”).

*China Enterprises Limited (“China Enterprises”)*

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

*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 sectors, which are agri-business and foods, energy and environment, industrial materials, building materials and security solutions, and semiconductors.

*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 of the Mainland China. 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 shareholding interests in listed strategic investments are summarised below:

***Listed strategic investments directly held***

Name of investee company	Place of listing	Stock code	Shareholding percentage	
			As at 30.9.2007	As at the date of this announcement
Hanny	Hong Kong Stock Exchange	275	49.9%	49.9%
PYI	Hong Kong Stock Exchange	498	26.8%	26.8%
Burcon	TSX Venture Exchange and Frankfurt Stock Exchange	BU WKN 157793	25.1%	25.0%

***Hong Kong listed strategic investments indirectly held***

Name of investee company	Place of listing	Stock code	Effective interest	
			As at 30.9.2007	As at the date of this announcement
Paul Y. Engineering	Hong Kong Stock Exchange	577	17.0% (Note a)	16.9% (Note a)
ITC Properties	Hong Kong Stock Exchange	199	8.2% (Note b)	14.2% (Note b)
See Corp	Hong Kong Stock Exchange	491	8.9% (Note c)	9.2% (Note c)
Wing On Travel	Hong Kong Stock Exchange	1189	9.3% (Note d)	15.2% (Note d)

***Overseas listed strategic investments indirectly held***

Name of investee company	Place of listing	Stock code	Effective interest	
			As at 30.9.2007	As at the date of this announcement
PSC	Singapore Exchange Limited	PSC	14.1% <i>(Note e)</i>	14.1% <i>(Note e)</i>
China Enterprises	OTC Bulletin Board, US	CSHEF	27.6% <i>(Note c)</i>	27.6% <i>(Note c)</i>
MRI	Australian Securities Exchange	MRI	28.6% <i>(Note c)</i>	28.6% <i>(Note c)</i>
Tat Seng Packaging	Singapore Exchange Limited	TAT SENG	9.0% <i>(Note f)</i>	9.0% <i>(Note f)</i>
Intraco	Singapore Exchange Limited	INTRACO	4.2% <i>(Note f)</i>	4.2% <i>(Note f)</i>

*Notes:*

- (a) The Group's interest is held through PYI.
- (b) Hanny holds a shareholding interest in ITC Properties. The Group's effective interest includes its approximately 5.9% direct shareholding interest in ITC Properties as at the date of this announcement.
- (c) The Group's interest is held through Hanny.
- (d) Hanny and China Enterprises each hold a shareholding interest in Wing On Travel. The Group's effective interest includes its approximately 0.7% and 9.1% direct shareholding interest in Wing On Travel, respectively, as at 30th September, 2007 and as at the date of this announcement.
- (e) Hanny holds a shareholding interest in PSC. The Group's effective interest includes its approximately 2% direct shareholding interest in PSC as at 30th September, 2007 and as at the date of this announcement.
- (f) The Group's interest is held through 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, 2007 amounted to approximately HK\$191.4 million. As at 30th September, 2007, the Group had bank borrowings of approximately HK\$67.2 million, approximately HK\$39.5 million of which is repayable within one year or on demand. In addition, the redeemable convertible preference shares (Stock code: 206) (the “Preference Shares”) with an aggregate redemption value of approximately HK\$281 million were redeemed on 5th November, 2007.

As at 30th September, 2007, all the Group’s borrowings, except the Preference Shares, were at floating interest rates and the Group’s current ratio was 2.

## **EXCHANGE RATE EXPOSURE**

As at 30th September, 2007, approximately 2% of the cash, bank balances and deposits were in other currencies and only approximately 5% of the Group’s total borrowings of approximately HK\$357.7 million were 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, calculated on the basis of the Group’s net borrowings of approximately HK\$166.3 million over equity attributable to equity holders of approximately HK\$3,272.1 million, was 5.1% as at 30th September, 2007, as compared with 45.9% as at 31st March, 2007.

## **PLEDGE OF ASSETS**

As at 30th September, 2007, certain of the Group’s properties, certain shares of associates, margin account receivables, held for trading investments and derivative financial instruments with an aggregate carrying value of approximately HK\$269.9 million were pledged to banks and financial institutions to secure general facilities granted to the Group.

## **CONTINGENT LIABILITIES**

As at 30th September, 2007, the Group had 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\$54.8 million and approximately HK\$7.6 million, respectively.

## **EMPLOYEE AND REMUNERATION POLICY**

As at 30th September, 2007, the Group employed a total of 71 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 with 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, among others, the eligible employees but no share option was granted during the period under review and there was no outstanding share option granted by the Company as at 30th September, 2007.

## MAJOR EVENTS

The major events of the Group during the six months ended 30th September, 2007 are summarised below:

### *The Company*

In June 2007, a placing and subscription agreement was entered into between the Company, Dr. Chan Kwok Keung, Charles (“Dr. Chan”) and a placing agent, pursuant to which the placing agent agreed to place 300,000,000 existing ordinary shares of the Company at the price of HK\$0.74 per share on behalf of Dr. Chan and Dr. Chan agreed to subscribe for 300,000,000 new ordinary shares of the Company at the price of HK\$0.74 per share. The placing and subscription were both completed in June 2007.

In July 2007, the Company proposed a bonus issue of new ordinary shares on the basis of one new ordinary share for every five ordinary shares held by members whose names appear on the register of holders of ordinary shares of the Company as at the close of business on 15th October, 2007. In November 2007, 434,800,319 bonus shares were issued.

In September 2007, a placing agreement was entered into between the Company and a placing agent for the proposed issue and placing of 5% convertible notes due 2009 (the “Convertible Notes”). The placing agent agreed to place, on a best effort basis, up to a maximum aggregate principal amount of HK\$200,000,000 Convertible Notes at an initial conversion price of HK\$0.75 per ordinary share. In November 2007, the Convertible Notes were issued at the principal amount of HK\$200,000,000. Due to the bonus shares of the Company issued in November 2007, the conversion price was adjusted from HK\$0.75 to HK\$0.63 per ordinary share.

### *Hanny*

In April 2007, a placing and subscription agreement was entered into between the Company, Hanny and a placing agent, pursuant to which the placing agent agreed to place 43,500,000 existing shares of Hanny at the price of HK\$3.40 per share on behalf of the Company and the Company agreed to subscribe for 43,500,000 new shares of Hanny at the price of HK\$3.40 per share. The placing and subscription were both completed in April 2007.

In April 2007, Hanny group conditionally agreed to subscribe for 125,000,000 new shares of Wonson International Holdings Limited (Stock code: 651) (“Wonson”) at the price of HK\$0.16 per share and HK\$40 million redeemable convertible notes of Wonson at face value. The subscriptions were completed in May 2007.

In May 2007, the Group disposed of 21,000,000 shares of Hanny at HK\$5 per share to independent third parties. Upon the conversion of convertible bonds of Hanny by independent third parties, Hanny ceased to be a subsidiary of the Company.

In August 2007, the Group acquired the 2% convertible bonds due 2011 of Hanny in the principal amount of HK\$88,217,520 at a consideration of HK\$69,691,840.

In August 2007, the Company and Hanny entered into a subscription agreement, pursuant to which the Company agreed to subscribe for up to 499,000,000 new shares of Hanny at the price of HK\$0.35 per share. As a result of bonus issue of Hanny, the subscription price was adjusted to HK\$0.29 per share in September 2007. The subscription was completed in October 2007.

The Group's shareholding interest in Hanny is approximately 49.9% as at the date of this announcement.

### *Trasy*

In May 2007, the Hong Kong Stock Exchange approved the resumption of trading in the shares of Trasy following the submission of a resumption proposal with updated information on Trasy in terms of its operation, financial position and performance, corporate governance, and the adequacy and effectiveness of its internal control system.

In June 2007, Trasy ceased to be a subsidiary of the Company upon the exercise of Trasy share options by an independent third party.

In June, August and September 2007, three respective sets of placing and subscription agreements were entered into between the Group, Trasy and placing agents, pursuant to which the placing agents agreed to place 550,000,000, 330,000,000 and 335,000,000 existing shares of Trasy at prices of HK\$0.20, HK\$0.19 and HK\$0.162 per share respectively on behalf of the Group and the Group agreed to subscribe for 550,000,000, 330,000,000 and 335,000,000 new shares of Trasy at the respective prices of HK\$0.20, HK\$0.19 and HK\$0.162 per share. The placings and subscriptions were completed in June and September 2007.

In September 2007, the Group disposed of 1,197,451,139 shares of Trasy on the Hong Kong Stock Exchange, through broker, at a price of HK\$0.1 per share. In addition, the Group donated 10,000,000 shares of Trasy to the Community Chest of Hong Kong. Immediately after the disposal and the donation, the Group ceased to hold any shares of Trasy.

## **MAJOR SUBSEQUENT EVENT**

In November 2007, all outstanding Preference Shares were redeemed at HK\$1.06 per share. Listing of the Preference Shares was withdrawn after 4:00 p.m. on 5th November, 2007.

## **SECURITIES IN ISSUE**

As a result of the issue of new ordinary shares under scrip dividend scheme, bonus issue and the conversion of Preference Shares during the period under review and the redemption of the Preference Shares in November 2007, the total number of issued ordinary shares of the Company of HK\$0.10 each is 2,658,718,149 as at the date of this announcement.

## **OUTLOOK**

The Hong Kong economy has achieved above-trend growth over the past sixteen quarters. Despite the impact of macroeconomic measures in the Mainland China, and tighter credit conditions arising from the recent sub-prime mortgage problem, the Hong Kong economy is expected to grow at a steady pace on the back of the envisaged benefits from further integration and co-ordination with the Mainland China economy.

The Group's long-standing aim is to maintain a portfolio of diversified investments and increase their value. A prime example in this interim period is the successful resumption of trading in the shares of Trasy by which we captured a significant gain on realizing the investment. Building on our strength, we will continue to pursue quality investments, in an aggressive but cautious manner, which can provide sustainable growth and returns, and to pursue high-potential investments that are undervalued by the market. The Group will continue to provide full support to the investee companies, and to enhance their value through participation in or close liaisons with their managements. The strategic framework that has led us to success provides us the basis to prosper on sustained growth, and to maximise shareholders return. Barring unforeseen circumstances, the Group is confident about the prospects of its investment and business operation.

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

During the six months ended 30th September, 2007, there were no purchases or sales by the Company, or any of its subsidiaries, of the Company's listed securities except for the redemption of 265,062,000 Preference Shares at the redemption price of HK\$1.06 per share with an aggregate redemption value of approximately HK\$281 million on 5th November, 2007.

#### **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has, throughout the six months ended 30th September, 2007, complied with the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules.

#### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company (the "Model Code"). All directors of the Company have confirmed, following specific enquiry by the Company, that they complied with the required standard set out in the Model Code for the six months ended 30th September, 2007.

#### **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This results announcement is available for viewing on the website of the Hong Kong Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) under "Latest Listed Company Information" and on the website of the Company at [www.itc.com.hk](http://www.itc.com.hk) under "Announcement and Circulars". The interim report will be despatched to the shareholders of the Company and will also be available at the aforesaid websites.

By Order of the Board  
**Dr. Chan Kwok Keung, Charles**  
*Chairman*

Hong Kong, 21st December, 2007

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

*Executive Directors:*

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

Ms. Chau Mei Wah, Rosanna

(*Deputy Chairman and Managing Director*)

Mr. Chan Kwok Chuen, Augustine

Mr. Chan Fut Yan

Mr. Cheung Hon Kit

*Independent non-executive Directors:*

Mr. Chuck, Winston Calptor

Mr. Lee Kit Wah

Hon. Shek Lai Him, Abraham, *SBS, JP*

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