

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ITC CORPORATION LIMITED
(德祥企業集團有限公司)

(Incorporated in Bermuda with limited liability)

(Stock code: 372)

ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2009

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, 2009, together with the comparative figures for the corresponding period in 2008. The interim results for the six months ended 30th September, 2009 are not audited, but have been reviewed by the auditor, 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 Statement of Comprehensive Income

		(Unaudited)	
		Six months ended	
	<i>Notes</i>	30.9.2009	30.9.2008
		HK\$’000	HK\$’000
Turnover			
– gross proceeds	3	<u>25,893</u>	<u>231,965</u>
Revenue	3	<u>25,835</u>	<u>29,456</u>
Management and other related service income		2,215	2,053
Net gain (loss) on financial instruments	4	20,044	(13,620)
Interest income		20,419	19,528
Property rental income		1,946	1,756
Other income		220	556
Loss on changes in fair values of investment properties		–	(11,278)
Administrative expenses		(29,153)	(33,101)
Impairment loss recognised in respect of available-for-sale investments		–	(5,445)
Finance costs		(7,971)	(8,299)
Net (loss) gain on deemed disposal and disposal of interests in associates		(138,841)	30,523
Share of results of associates			
– share of results		51,046	(325,285)
– discount on acquisitions of associates		3,172	41,136

		(Unaudited)	
		Six months ended	
	<i>Notes</i>	30.9.2009	30.9.2008
		HK\$'000	HK\$'000
Loss before taxation	5	(76,903)	(301,476)
Taxation	6	<u>–</u>	<u>1,739</u>
Loss for the period		<u>(76,903)</u>	<u>(299,737)</u>
Other comprehensive income:			
Exchange differences arising on translation of foreign operations		5,581	(1,046)
Share of other comprehensive income of associates		46,560	44,737
Fair value gain (loss) on available-for-sale investments		18,009	(6,664)
Gain (loss) arising on revaluation of:			
– prepaid lease payments upon transfer to investment properties		–	33,513
– land and buildings		–	(2,449)
Deferred tax arising on revaluation of land and buildings		–	(4,890)
Released on deemed disposal and disposal of partial interests in associates		(6,664)	(12)
Released on disposal of available-for-sale investments		(12,879)	–
Impairment loss on available-for-sale investments		<u>–</u>	<u>5,445</u>
Other comprehensive income for the period (net of tax)		<u>50,607</u>	<u>68,634</u>
Total comprehensive expenses for the period		<u>(26,296)</u>	<u>(231,103)</u>
Loss for the period attributable to equity holders of the Company		<u>(76,903)</u>	<u>(299,737)</u>
Total comprehensive expenses for the period attributable to equity holders of the Company		<u>(26,296)</u>	<u>(231,103)</u>
		HK\$	HK\$
Loss per share	8		
Basic and diluted		<u>(0.12)</u>	<u>(0.64)</u>

Condensed Consolidated Statement of Financial Position

		(Unaudited) 30.9.2009	(Audited) 31.3.2009
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	9	71,030	68,484
Investment properties	9	56,010	54,592
Prepaid lease payments		57,120	57,892
Intangible assets		830	830
Interests in associates		2,396,704	2,305,330
Debt portion of convertible notes		285,284	192,377
Conversion options embedded in convertible notes		1,771	–
Available-for-sale investments		33,020	39,239
		<u>2,901,769</u>	<u>2,718,744</u>
Current assets			
Inventories		37	28
Prepaid lease payments		1,544	1,544
Debtors, deposits and prepayments	10	2,285	10,862
Margin account receivables		108	55
Amounts due from associates		19,832	218,626
Amount due from a related company		96	96
Loan receivable		21,969	25,000
Investments held for trading		3,096	2,073
Derivative financial instruments		–	2,876
Short-term bank deposits, bank balances and cash		189,920	13,700
		<u>238,887</u>	<u>274,860</u>

		(Unaudited) 30.9.2009 HK\$'000	(Audited) 31.3.2009 HK\$'000
	<i>Notes</i>		
Current liabilities			
Margin account payables		–	4,231
Creditors and accrued expenses	11	12,095	12,935
Amounts due to associates		2,201	6,040
Bank borrowings – due within one year		3,123	2,973
Bank overdrafts		32,084	16,476
Convertible notes payable	12	199,602	197,299
		<u>249,105</u>	<u>239,954</u>
Net current (liabilities) assets		<u>(10,218)</u>	<u>34,906</u>
Total assets less current liabilities		<u>2,891,551</u>	<u>2,753,650</u>
Non-current liabilities			
Bank borrowings – due after one year		66,003	64,394
Deferred tax liabilities		8,104	8,104
		<u>74,107</u>	<u>72,498</u>
Net assets		<u><u>2,817,444</u></u>	<u><u>2,681,152</u></u>
Capital and reserves			
Share capital		7,537	269,461
Share premium and reserves		2,809,907	2,411,691
Total equity		<u><u>2,817,444</u></u>	<u><u>2,681,152</u></u>

Condensed Consolidated Statement of Cash Flows

	(Unaudited)	
	Six months ended	
	30.9.2009	30.9.2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash from (used in) operating activities	168,736	(49,694)
Net cash (used in) from investing activities		
Acquisition of additional interests in associates	(102,382)	(138,225)
Acquisition of convertible notes	(85,592)	–
Additions to available-for-sale investments	(3,544)	(514)
Proceeds from disposal of available-for-sale investments	27,772	–
Disposal of non-current assets held for sale	–	143,556
Others	(808)	(1,303)
	(164,554)	3,514
Net cash from (used in) financing activities		
Gross proceeds from issue of shares	167,790	–
Interest paid	(5,668)	(6,159)
Payment of transaction costs attributable to issue of shares of the Company	(5,348)	–
Others	1,791	–
	158,565	(6,159)
Net increase (decrease) in cash and cash equivalents	162,747	(52,339)
Cash and cash equivalents at beginning of the period	(2,776)	40,840
Effect of foreign exchange rate changes	(2,135)	449
Cash and cash equivalents at end of the period	157,836	(11,050)
Analysis of the balance of cash and cash equivalents		
Short-term bank deposits, bank balances and cash	189,920	25,860
Bank overdrafts	(32,084)	(36,910)
	157,836	(11,050)

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group 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.

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the Group’s loss of HK\$76,903,000 for the six months ended 30th September, 2009 and the fact that its current liabilities exceeded its current assets by HK\$10,218,000 at 30th September, 2009. The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into account the completion of the issue of 5% convertible notes with principal amount of HK\$200,000,000 in November 2009 as detailed in Note 12. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

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.

In the current interim period, the Group has applied, for the first time, new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1st April, 2009.

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group’s primary reporting format was business segments. The application of HKFRS 8 has resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3). The adoption of the other new and revised HKFRSs has had no material effect on the reported results and 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, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 ²
HKAS 24 (Revised)	Related Party Disclosures ³
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements ¹
HKAS 32 (Amendment)	Classification of Rights Issues ⁴
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ⁵
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ⁵
HKFRS 3 (Revised 2008)	Business Combinations ¹
HKFRS 9	Financial Instruments ⁶
HK(IFRIC)-Int 14 (Amendment)	Repayments of a Minimum Funding Requirements ³
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments ⁷

¹ Effective for annual periods beginning on or after 1st July, 2009

² Amendments that are effective for annual periods beginning on or after 1st July, 2009 or 1st January, 2010, as appropriate

³ Effective for annual periods beginning on or after 1st January, 2011

⁴ Effective for annual periods beginning on or after 1st February, 2010

⁵ Effective for annual periods beginning on or after 1st January, 2010

⁶ Effective for annual periods beginning on or after 1st January, 2013

⁷ Effective for annual periods beginning on or after 1st July, 2010

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combination for which the acquisition dates are on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31st March, 2009.

3. TURNOVER, REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable from outside customers for the period and includes net gain on disposal of investments held for trading and the net gains arising from changes in fair value of financial instruments.

Segment information

The Group has adopted HKFRS 8 Operating Segments with effect from 1st April, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor standard, HKAS 14 Segment Reporting, required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segment. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

In prior years, primary segment information was analysed on the basis of the Group's operating divisions namely finance, securities investment, other investment, property investment and unallocated segment. However, information reported to the chief operating decision maker, the Executive Directors, for the purposes of resource allocation and performance assessment focuses more specifically on each type of investments held by the Group. The principal types of investment held by the Group are finance, long term investment and other investment. The adoption of HKFRS 8 has not changed the basis of measurement of segment profit or loss.

The Group's reportable segments under HKFRS 8 are as follows:

Finance	–	loan financing services
Long term investment	–	investments in associates and investments in convertible notes issued by the associates
Other investment	–	investment in available-for-sale investments and trading of securities
Others	–	leasing of investment properties, leasing of motor vehicles and management services

Information regarding the above segments is reported below. Amounts reported for the prior period have been restated to conform to the requirements of HKFRS 8.

Gross proceeds included in turnover represents the amounts received and receivables from outside customers for the period together with gross proceeds from disposal of financial instruments which arise incidental to the main revenue generating activities of the Group.

Six months ended 30th September, 2009

	Finance HK\$'000	Long term investment HK\$'000	Other investment HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
TURNOVER						
– gross proceeds	<u>12,184</u>	<u>13,076</u>	<u>1,123</u>	<u>6,266</u>	<u>(6,756)</u>	<u>25,893</u>
REVENUE						
External sales	7,334	13,076	1,065	4,360	–	25,835
Inter-segment sales	<u>4,850</u>	<u>–</u>	<u>–</u>	<u>1,906</u>	<u>(6,756)</u>	<u>–</u>
Total	<u>12,184</u>	<u>13,076</u>	<u>1,065</u>	<u>6,266</u>	<u>(6,756)</u>	<u>25,835</u>
RESULT						
Segment result	<u>(9,082)</u>	<u>12,925</u>	<u>20,086</u>	<u>991</u>	<u>–</u>	<u>24,920</u>
Central administration costs						(9,229)
Finance costs						(7,971)
Net loss on deemed disposal and disposal of interests in associates						(138,841)
Share of results of associates						
– share of results						51,046
– discount on acquisitions of associates						3,172
Loss before taxation						(76,903)
Taxation						–
Loss for the period						<u>(76,903)</u>

Six months ended 30th September, 2008

	Finance HK\$'000	Long term investment HK\$'000	Other investment HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
TURNOVER						
– gross proceeds	18,033	13,257	203,049	6,306	(8,680)	231,965
REVENUE						
External sales	11,395	7,868	5,929	4,264	–	29,456
Inter-segment sales	6,638	–	–	2,042	(8,680)	–
Total	18,033	7,868	5,929	6,306	(8,680)	29,456
RESULT						
Segment result	(9,691)	6,315	(12,673)	(10,644)	–	(26,693)
Central administration costs						(12,858)
Finance costs						(8,299)
Net gain on deemed disposal and disposal of interests in associates						30,523
Share of results of associates – share of results – discount on acquisitions of associates						(325,285)
						41,136
Loss before taxation						(301,476)
Taxation						1,739
Loss for the period						(299,737)

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

Segment result represents the result of each segment without allocation of central administration costs, directors' salaries and finance costs.

4. NET GAIN (LOSS) ON FINANCIAL INSTRUMENTS

	Six months ended	
	30.9.2009	30.9.2008
	HK\$'000	HK\$'000
Net gain (loss) on:		
– Conversion options embedded in convertible notes	(96)	(1,546)
– Derivative financial instruments	7,773	–
– Investments held for trading	(1,577)	(12,811)
Gain on disposal of available-for-sale investments	12,879	–
Dividend income on investments held for trading	1,065	737
	<u>20,044</u>	<u>(13,620)</u>

5. LOSS BEFORE TAXATION

	Six months ended	
	30.9.2009	30.9.2008
	HK\$'000	HK\$'000
Loss before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	4,575	4,643
Donation	–	1,000
Release of prepaid lease payments	772	828
(Gain) loss on disposal of property, plant and equipment	(15)	13
	<u>(15)</u>	<u>13</u>

6. TAXATION

	Six months ended	
	30.9.2009	30.9.2008
	HK\$'000	HK\$'000
Deferred tax credit	–	1,739
	<u>–</u>	<u>1,739</u>

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profit for both periods.

7. DISTRIBUTIONS

	Six months ended	
	30.9.2009	30.9.2008
	HK\$'000	HK\$'000
Dividends recognised as distributions to equity holders of the Company:		
– Final dividend declared for the year ended 31st March, 2009		
– Nil (2008: HK0.3 cent) per ordinary share	–	8,084
Bonus warrants (<i>note</i>)	–	512
	<u>–</u>	<u>8,596</u>

Note:

On 30th September, 2008, the shareholders of the Company approved the issuance of bonus warrants to the holders of ordinary shares of the Company on the basis of one warrant for every five ordinary shares of the Company held on 20th October, 2008 at an initial subscription price of HK\$0.22 per ordinary share (subject to anti-dilutive adjustments). The fair value of the warrant was determined by the directors of the Company with reference to the valuation as at the date of declaration, which is the date of approval of the issue of the warrants on 30th September, 2008 performed by an independent professional valuer, not connected with the Group, using the Binomial Model.

The directors do not recommend the payment of an interim dividend for the six months ended 30th September, 2009 (2008: Nil).

8. LOSS PER SHARE

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

	Six months ended	
	30.9.2009	30.9.2008
	HK\$'000	HK\$'000
Loss for the period attributable to equity holders of the Company and loss for the purposes of basic and diluted loss per share	<u>(76,903)</u>	<u>(299,737)</u>

	Six months ended	
	30.9.2009	30.9.2008
	<i>Number of shares</i>	<i>Number of shares</i>
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>667,554,685</u>	<u>470,284,880</u>

The weighted average number of ordinary shares for the purposes of basic and diluted loss per share for both periods have been adjusted for the capital reorganisation of the Company in April 2009 and the issue of four rights shares for every reorganised share in May 2009.

The potential ordinary shares attributable to the Company's outstanding convertible notes payable has anti-dilutive effect for both periods. The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options and warrants as the exercise prices of those options and warrants are higher than the average market price for shares for both periods.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the period, the Group spent HK\$833,000 (1.4.2008 to 30.9.2008: HK\$1,303,000) on property, plant and equipment.

At 30th September, 2009, the directors of the Company considered that the carrying amount of the Group's leasehold land and buildings classified as property, plant and equipment and investment properties carried at revalued amounts do not differ significantly from that which would be determined using fair values at the reporting date. Consequently, no revaluation surplus or deficit has been recognised in the current period. At 30th September, 2008, the leasehold land and buildings classified as property, plant and equipment and investment properties were revalued by an independent professional valuer not connected with the Group. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The resulting revaluation deficit of HK\$2,449,000 for property, plant and equipment and HK\$11,278,000 for investment properties have been debited to the properties revaluation reserve and recognised directly in the condensed consolidated statement of comprehensive income, respectively.

In April 2008, a portion of self-use office premises has been leased to an associate for rental income. At the date of transfer, the fair values of the building portion classified as property, plant and equipment of HK\$3,623,000 and the land portion classified as prepaid lease payments of HK\$59,915,000 were revalued by an independent professional valuer not connected with the Group using the direct comparison method and were transferred to investment properties. The resulting revaluation surplus of the land portion on the date of transfer amounting to HK\$33,513,000 has been credited to the properties revaluation reserve.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade debtors of HK\$910,000 (31.3.2009: HK\$9,575,000) and their aged analysis at the end of the reporting period is as follows:

	(Unaudited) 30.9.2009 HK\$'000	(Audited) 31.3.2009 HK\$'000
Trade debtors		
0-30 days	897	2,627
31-60 days	4	4
61-90 days	4	4
Over 90 days	5	6,940
	<u>910</u>	<u>9,575</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 (31.3.2009: 30 days to 90 days).

11. CREDITORS AND ACCRUED EXPENSES

Included in creditors and accrued expenses are trade payables of HK\$4,617,000 (31.3.2009: HK\$4,791,000) and their aged analysis at the end of the reporting period is as follows:

	(Unaudited) 30.9.2009 HK\$'000	(Audited) 31.3.2009 HK\$'000
Trade creditors		
0-30 days	441	672
31-60 days	4,175	4,118
Over 90 days	1	1
	<u>4,617</u>	<u>4,791</u>

12. CONVERTIBLE NOTES PAYABLE

The Company issued 5% convertible notes at the principal amount of HK\$200,000,000 (the "Notes") in November 2007. The Notes entitle the holders to convert it into ordinary shares of the Company at an initial conversion price of HK\$0.75 per conversion share at any time and from time to time during the period commencing immediately on and including the 7th day after the date of issue of the Notes up to and including the date which is 7 days prior to the maturity date on 2nd November, 2009. During the period, the conversion price of the Notes was adjusted to HK\$4.12 per conversion share as a result of the capital reorganisation and the issue of rights shares. The Notes were fully settled on the maturity date of 2nd November, 2009.

On 2nd November, 2009, the Company issued 5% convertible notes at principal amount of HK\$200,000,000 with maturity date on 2nd November, 2011 (the "New Notes"). The New Notes in an aggregate principal amount of HK\$128,000,000 have been issued to the holders of the Notes as consideration upon settlement of the outstanding Notes at their par value of HK\$128,000,000 and the remaining portion of HK\$72,000,000 have been issued for cash.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30th September, 2009 (2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL PERFORMANCE AND POSITION

For the six months ended 30th September, 2009, the Group recorded a consolidated turnover of approximately HK\$26 million compared with approximately HK\$232 million in the same period in 2008, primarily due to the scale-down in securities investment activities in the wake of the financial tsunami. Loss attributable to equity holders for the same period was approximately HK\$77 million and basic loss per ordinary share was HK\$0.12 (2008: loss HK\$0.64). The improvement in results compared with the last corresponding period was mainly due to the increase in profit contribution from the Group's strategic investments attributed to the rebound of the economy in the reporting period.

Analysis of the Group's performance is as follows:

	Six months ended	
	30th September	
	2009	2008
	<i>HK\$'M</i>	<i>HK\$'M</i>
Profit (loss) on contribution from strategic investments:		
PYI	36	20
Hanny	29	(320)
ITC Properties	9	(8)
Wing On Travel	(19)	(13)
Others	(4)	(4)
	<hr/> 51	<hr/> (325)
Net (loss) gain on deemed disposal and disposal of interests in associates	(139)	31
Discount on acquisition of associates	3	41
Other investments and operations, net of expenses	8	(47)
	<hr/> (77)	<hr/> (300)
Loss attributable to equity holders	<u>(77)</u>	<u>(300)</u>

PYI Corporation Limited (“PYI”) recorded an increase in profit attributable to its equity holders of 56% to approximately HK\$116 million for the six months ended 30th September, 2009, mainly due to the increase in profit contributed from the gain on revaluation of investment properties in relation to the 7.11 sq km land parcel in Yangkou Port and Xiao Yangkou. Also, the trading of securities was recovered from the loss of last period and contributed profit to PYI. As a result, contribution from PYI to the Group increased from approximately HK\$20 million to approximately HK\$36 million.

Hanny Holdings Limited’s (“Hanny”) results for the six months ended 30th September, 2009 has improved significantly from a loss attributable to its equity holders of approximately HK\$641 million of the last corresponding period to a profit attributable to its equity holders of approximately HK\$64 million. Such turn-around was mainly attributable to the increase in market value on its investment property, the net gain on disposal of certain investments versus a net significant loss for the corresponding period of last year, and the increase in fair value of the available-for-sale investments. Accordingly, the Group shared a profit of approximately HK\$29 million.

ITC Properties Group Limited (“ITC Properties”) recorded a profit of approximately HK\$115 million attributable to its equity holders for the six months ended 30th September, 2009, which marked a significant turn-around as compared to the loss of approximately HK\$119 million of the last corresponding period. Such improvement was mainly owing to the recognition of increase in fair value of its investment properties and the reversal of write-down on properties held for sale due to the boom in the property market in Hong Kong since the second quarter of 2009. Moreover, ITC Properties has realised certain investments in financial instruments and recorded a gain as a result of the rebound of stock market in Hong Kong since the second quarter of 2009. The share attributable to the Group was a profit of approximately HK\$9 million.

Wing On Travel (Holdings) Limited (“Wing On Travel”) recorded a loss of approximately HK\$115 million attributable to its equity holders for the six months ended 30th June, 2009, compared with a loss of approximately HK\$80 million of the corresponding period of last year. The results were adversely affected by the financial tsunami and the pandemic of human swine flu in May 2009. Moreover, Wing On Travel has disposed of certain of its non-performing available-for-sale investments mainly in Mainland China and recorded losses. As a result, the Group shared a loss of approximately HK\$19 million.

The current period’s net loss on deemed disposal and disposal of interests in associates of approximately HK\$139 million mainly represented non-cash losses arising from the placement of shares by Hanny and Wing On Travel. The gain of approximately HK\$31 million of the same period of last year was largely attributed to a gain of approximately HK\$30 million arising from the disposal of an associate which held an investment property in the Central District of Hong Kong.

The discount on acquisition of associates of approximately HK\$3 million for the six months ended 30th September, 2009 was recorded when the Group's direct interest in Wing On Travel increased from approximately 14.0% to 14.3% by acquiring shares on the open-market in August 2009 with a consideration at a discount to the fair value of the assets acquired. The amount of approximately HK\$41 million of the last corresponding period was recorded when the Group's respective direct interests in Wing On Travel increased from approximately 14.2% to 16.7% and ITC Properties increased from approximately 6.5% to 7.6% during the six months ended 30th September, 2008.

The gain on other investments and operations (net of expenses) was approximately HK\$8 million for the six months ended 30th September, 2009, compared with a loss of approximately HK\$47 million of the same period in 2008. Such improvement was mainly due to the gain of approximately HK\$20 million on financial instruments recorded in the current period (2008: loss of approximately HK\$14 million) attributable to the recovery of the financial market. Moreover, there were a loss of changes in fair value of investment properties of approximately HK\$11 million and an impairment loss of approximately HK\$5 million for the available-for-sale investments recorded for the six months ended 30th September, 2008.

Regarding the overall financial position as at 30th September, 2009, the Group was able to maintain a strong balance sheet with both total assets and equity attributable to equity holders increased by 5% to approximately HK\$3,141 million and HK\$2,817 million respectively compared to the last year end date.

REVIEW OF OPERATIONS

The principal activities of the Group comprise investment holding, the provision of finance, property investment and treasury investment.

During the six months ended 30th September, 2009, the Group continued to hold significant interests, directly and indirectly, in a number of companies listed in Hong Kong, Canada, the United States of America ("U.S.A."), 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.

Listed strategic investments directly held

PYI Corporation Limited ("PYI")

Based in Hong Kong, PYI focuses on infrastructure investment in and the operation of bulk cargo port and logistics facilities in the Yangtze River region in 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.

Hanny Holdings Limited (“Hanny”)

Hanny is an investment holding company. Hanny is principally engaged in the trading of securities, holding of vessels for sand mining, industrial water supply business, property development and trading, and other strategic investments including (i) a subsidiary whose issued shares are listed on the Australian Securities Exchange; (ii) an associated company whose issued shares are traded on the OTC Securities Market in the U.S.A.; and (iii) convertible notes issued by companies whose issued shares are listed on the Hong Kong Stock Exchange.

ITC Properties Group Limited (“ITC Properties”)

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

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

Wing On Travel is principally engaged in the business of providing package tours, travel and other related services, and luxury train services with branches in Hong Kong, Macau, Mainland China, Canada and the United Kingdom. It is also engaged in hotel operation business including a hotel chain with the “Rosedale” brand in Hong Kong and Mainland China.

Burcon NutraScience Corporation (“Burcon”)

Burcon is a leader in nutrition, health and wellness in the field of functional, renewable plant proteins. Since 1999, Burcon has developed a portfolio of composition, application and process patents originating from its plant protein extraction and purification technology. Burcon is developing the world’s first commercial canola proteins isolates, Puratein® and Supertein™, which are the first canola isolates to have attained self-attained GRAS status in the U.S.A. Burcon is also developing CLARISOY™, a soy protein isolate which is 100% soluble and completely transparent in acidic solutions. Burcon’s common share listing graduated from the TSX Venture Exchange to the Toronto Stock Exchange in June 2009.

Listed strategic investments indirectly held

Paul Y. Engineering Group Limited (“Paul Y. Engineering”)

Paul Y. Engineering is an engineering and property services group headquartered in Hong Kong. It provides all-round construction and property-related services to a wide spectrum of distinguished clients, including the government and major enterprises in Hong Kong, Macau, Mainland China and the Middle East.

See Corporation Limited (“See Corp”)

See Corp is principally engaged in the entertainment and media business, which includes film and TV programme production; event production; artiste and model management; music production; and investments in securities.

China Enterprises Limited (“China Enterprises”)

China Enterprises is principally engaged in investment holding, which includes investment in an associated company which is principally engaged in manufacturing and trading of tires products in Mainland China and other countries; and investment in financial assets.

MRI Holdings Limited (“MRI”)

MRI is an investment company, which has investment in securities and financial assets. MRI continues to identify, within the clear mandate determined by its shareholders, appropriate strategic investment opportunities that maximise shareholders’ return.

The Group’s shareholding interests in the major listed strategic investments are summarised below:

Listed strategic investments directly held

Name of investee company	Place of listing	Stock code	Approximate shareholding percentage	
			As at 30.9.2009	As at the date of this announcement
PYI	Hong Kong Stock Exchange	498	26.7%	26.7%
Hanny	Hong Kong Stock Exchange	275	42.7%	42.7%
ITC Properties	Hong Kong Stock Exchange	199	14.8% <i>(Note a)</i>	14.8% <i>(Note a)</i>
Wing On Travel	Hong Kong Stock Exchange	1189	15.4% <i>(Note b)</i>	15.4% <i>(Note b)</i>
Burcon	Toronto Stock Exchange and Frankfurt Stock Exchange	BU WKN157793	21.8%	21.7%

Listed strategic investments indirectly held

Name of investee company	Place of listing	Stock code	Approximate effective interest	
			As at 30.9.2009	As at the date of this announcement
Paul Y. Engineering	Hong Kong Stock Exchange	577	16.7% (Note c)	16.6% (Note c)
See Corp	Hong Kong Stock Exchange	491	8.9% (Note d)	0.0% (Note d)
China Enterprises	OTC Securities Market, U.S.A.	CSHEF	11.1% (Note e)	11.1% (Note e)
MRI	Australian Securities Exchange	MRI	24.4% (Note e)	24.4% (Note e)

Notes:

- (a) Hanny and China Enterprises each holds a shareholding interest in ITC Properties. The Group's effective interest includes its approximately 7.7% direct shareholding interest in ITC Properties as at 30th September, 2009 and as at the date of this announcement, respectively.
- (b) China Enterprises holds a shareholding interest in Wing On Travel. The Group's effective interest includes its approximately 14.2% direct shareholding interest in Wing On Travel as at 30th September, 2009 and as at the date of this announcement, respectively.
- (c) The Group's interest is held through PYI.
- (d) Hanny, Wing On Travel and China Enterprises each holds a shareholding interest in See Corp. The Group's effective interest includes its approximately 0.5% direct shareholding interest in See Corp as at 30th September, 2009 and no shareholding as at the date of this announcement, respectively.
- (e) The Group's interest is held through Hanny.

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, 2009 amounted to approximately HK\$190 million. As at 30th September, 2009, the Group had bank borrowings of approximately HK\$101 million, approximately HK\$35 million of which is repayable within one year or on demand.

As at 30th September, 2009, all the Group's borrowings, except the convertible notes, were at floating interest rates and the Group's current ratio was approximately 1.0.

GEARING RATIO

The Group's gearing ratio as at 30th September, 2009 was approximately 3.9%, calculated on the basis of the Group's net borrowings of approximately HK\$111 million over equity attributable to equity holders of approximately HK\$2,817 million. The lower gearing ratio compared with approximately 10.0% as at 31st March, 2009 was mainly due to the proceeds from the fund-raising activities as described under the section headed "Major Events".

EXCHANGE RATE EXPOSURE

As at 30th September, 2009, approximately 1.3% of the cash, bank balances and deposits were in other currencies and only approximately 5.5% of the Group's total borrowings of approximately HK\$17 million was denominated in Canadian dollars. The Canadian dollars denominated borrowings are directly tied to the Group's business in Canada.

PLEDGE OF ASSETS

As at 30th September, 2009, certain of the Group's properties and listed securities of an associate with an aggregate carrying value of approximately HK\$325 million were pledged to banks and financial institutions to secure general facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30th September, 2009, the Group had no contingent liabilities, except that on disposal of an associate, the Group had given an indemnity to the purchaser relating to unrecorded taxation liabilities, if any, and the affairs and business of the associate up to the date of disposal.

EMPLOYEE AND REMUNERATION POLICY

As at 30th September, 2009, the Group employed a total of 70 employees. It is the Group's remuneration policy that the employees' remuneration is based on the employees' skill, 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 benefits to employees including discretionary bonus, training, provident funds and medical coverage. Share option scheme is established for the eligible participants (including employees) but no share option was granted during the period under review. There were 197,600,000 outstanding share options granted by the Company as at 1st April, 2009. Due to adjustments arising from the capital reorganisation and rights issue of the Company and lapse of share options during the period under review, the outstanding share options of the Company as at 30th September, 2009 and as at the date of this announcement is 29,447,750 with a current exercise price of HK\$2.52 per share (subject to adjustments).

MAJOR EVENTS

The major events of the Group completed during the six months ended 30th September, 2009 are summarised below:

Capital reorganisation

In April 2009, a capital reorganisation of the Company (the “Capital Reorganisation”) comprising, inter alia, a consolidation of every twenty shares of HK\$0.10 each into one consolidated share of HK\$2.00 each, a reduction of paid-up capital of each consolidated share from HK\$2.00 to HK\$0.01, a subdivision of each of the authorised but unissued shares of HK\$0.10 into ten shares of HK\$0.01 each, and the credit arising from the capital reduction to be credited to the contributed surplus account of the Company has been effective. Thereafter, the board lot size of the shares has been changed from 4,000 shares to 2,000 shares.

Fund raising activities

In May 2009, the Company successfully completed its rights issue of shares on the basis of four rights shares for every share held at the subscription price of HK\$0.20 per rights share (the “Rights Issue”). Approximately 539 million shares of the Company were issued and approximately HK\$108 million of gross proceeds were raised.

In June 2009, the Company has placed, through a placing agent, 80 million new shares to more than six independent third parties at HK\$0.75 per share (the “Placing”) and HK\$60 million of gross proceeds were raised.

These fund raising activities have enlarged the shareholder base and capital base of the Company, and have strengthened the Group’s financial position for future strategic investments as and when opportunities arise.

Strategic investments

During the interim period, the Group has demonstrated its support to the following strategic investments by increasing its investment in them:

Wing On Travel

In May and June 2009, the Group acquired an aggregate principal amount of approximately HK\$108 million of Wing On Travel’s 2% convertible exchangeable notes (“Wing On Travel Notes”) with an aggregate consideration of approximately HK\$85 million. The convertible exchangeable notes were being acquired at a discount to the principal amount. As at the date of this announcement, the Group holds approximately HK\$114 million Wing On Travel Notes.

In August 2009, the Group acquired an aggregate of approximately 32 million shares of Wing On Travel on the open market at a total consideration of approximately HK\$1.4 million with an aim to take advantage of the potential up-side in the investment in Wing On Travel in consideration of the gradual pick-up of the economy and the result of the booming of the travel industry in the near future. Upon completion of the acquisition, the Company's direct interest in Wing On Travel was approximately 14.3%.

PYI

In July 2009, the Group subscribed its pro-rata entitlement of approximately 809 million rights shares of PYI at HK\$0.12 per rights share with a total consideration of approximately HK\$97 million. The subscription of rights shares allowed the Group to maintain its pro rata shareholding in PYI and to share the benefit from the growth of PYI.

MAJOR SUBSEQUENT EVENTS

The major events of the Group completed subsequent to the six months ended 30th September, 2009 is summarised below:

Fund raising activity

In September 2009, the Company received acceptance of its offer to repurchase 5% convertible notes due 2nd November 2009 ("2009 CN") in the aggregate principal amount of HK\$128 million at their face value (the "Repurchase Offer"). The purchase price was satisfied by the issuance of the same principal amount of 5% convertible notes due 2nd November, 2011 ("2011 CN") with rights to subscribe for shares of the Company at an initial conversion price of HK\$0.50 per share (subject to adjustments). The remaining 2009 CN in the aggregate principal amount of HK\$72 million, which were not repurchased under the Repurchase Offer, were repaid in November 2009 by the net proceeds generated from the issuance of 2011 CN in the aggregate principal amount of HK\$72 million pursuant to the placing agreement between the Company and the placing agent made in September 2009. In November, the Repurchase Offer and the placing of 2011 CN were completed, no 2009 CN remained outstanding and 2011 CN in the aggregate principal amount of HK\$200 million were issued.

Strategic investments

Wing On Travel

In December 2009, Wing On Travel proposed a capital reorganisation which included the consolidation of twenty shares into one share and proposed a rights issue of shares on the basis of five rights shares for one share held (after adjusted for the capital reorganisation) at the subscription price of HK\$0.15 per rights share. Accordingly, the Group has undertaken, inter alia, to subscribe or procure to subscribe for its pro-rata entitlement of approximately 390 million to 547 million rights shares with an aggregate consideration of approximately HK\$59 million to HK\$82 million. The participation by

the Group will enable the Group to maintain its shareholding in Wing On Travel and share the benefit of its growth. Moreover, Wing On Travel has offered to repurchase Wing On Travel Notes at a price payable in cash equal to 80% of their outstanding principal amount (“Wing On Travel Offer”). The above rights issue and Wing On Travel Offer are subject to the approval by the independent shareholders of Wing On Travel.

OUTLOOK

The massive quantitative measures and bailouts rolled out by the various governments in the wake of the financial tsunami have steered up the major economies from their trough in the past six months. However, there are skepticisms as to the longevity of the rebound. Against this background, the Group continues to be vigilant by identifying and assessing new investment opportunities as well as supporting its strategic investments with a prudent approach to avoid the risks and uncertainties surrounding the aftermath of the financial tsunami. With a strong balance sheet and a low gearing level, we remain cautiously optimistic of our business and we believe we are well-poised for facing the challenges ahead.

SECURITIES IN ISSUE

As a result of the issue of shares arising from warrant exercises, the Capital Reorganisation, the Rights Issue and the Placing, the number of issued ordinary shares of the Company of HK\$0.01 each is 753,695,343 as at the date of this announcement. Following the expiry of the warrants of the Company on 4th November 2009, there are no outstanding warrants of the Company as at the date of this announcement.

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

During the six months ended 30th September, 2009, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company’s listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has, throughout the six months ended 30th September, 2009, 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, 2009.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk under “Listed Company Information” and on the website of the Company at www.itc.com.hk under “Investors”. The interim report will be despatched to the shareholders of the Company and will also be available for viewing at the aforesaid websites in due course.

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

Hong Kong, 22nd December, 2009

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
Mr. Chan Yiu Lun, Alan

Independent non-executive Directors:

Mr. Chuck, Winston Calptor
Mr. Lee Kit Wah
Hon. Shek Lai Him, Abraham, *SBS, JP*