ITC CORPORATION LIMITED

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

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2005

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, 2005, together with the comparative figures for the corresponding period in 2004. The interim results for the six months ended 30th September, 2005 are not audited, but have been reviewed by the auditors, Deloitte Touche Tohmatsu, in accordance with the Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants and the Audit Committee of the Company.

Condensed Consolidated Income Statement

		(Unaudited) Six months ended	
	NOTES	**30/9/2005** *HK$'000*	30/9/2004 *HK$'000* (Restated)
Continuing operations			
Turnover	*4*	**42,771**	47,315
Cost of sales		**(28,899)**	(1,563)
Gross profit		**13,872**	45,752
Other operating expenses		**(828)**	(3,626)
Administrative expenses		**(23,197)**	(45,698)
Discount on acquisition released to income		**3,874**	–
Investment expenses – net	*5*	**–**	(485)
Allowance for amounts due from an associate and a related company		**(1,085)**	(799)
Loss on disposal and dilution of interests in associates	*6*	**(25,733)**	(15,556)
Share of results of associates		**137,404**	(59,334)
Finance costs		**(14,283)**	(12,809)
Profit (loss) before taxation		**90,024**	(92,555)
Taxation	*7*	**–**	(260)
Profit (loss) for the period from continuing operations		**90,024**	(92,815)
Discontinued operations			
Profit for the period from discontinued operations		**–**	110,445
Profit for the period	*8*	**90,024**	17,630
Attributable to:			
Equity holders of the parent		**91,671**	(3,610)
Minority interests		**(1,647)**	21,240
		90,024	17,630
Dividend	*9*	**16,121**	6,543
Earnings (loss) per share	*10*		
From continuing and discontinued operations:			
Basic (cents)		**8.6**	(2.0)
Diluted (cents)		**5.4**	(2.0)

Condensed Consolidated Balance Sheet

	NOTES	(Unaudited) 30/9/2005 HK$'000	(Audited) 31/3/2005 HK$'000 (Restated)
Non-current assets			
Property, plant and equipment	*11*	**154,372**	151,785
Interests in associates	*12*	**1,272,767**	1,841,889
Available-for-sale investments		**50,400**	–
Other non-current assets		**1,840**	1,840
		1,479,379	1,995,514
Current assets			
Debtors, deposits and prepayments	*13*	**243,224**	4,612
Amounts due from associates		**149,779**	8,538
Loan receivable		**190,975**	23,231
Gold bullion		**43,960**	65,303
Investments in securities		**–**	5,025
Investments held for trading		**9,753**	–
Short-term bank deposits, bank balances and cash		**15,872**	16,032
Other current assets		**91,047**	1,747
		744,610	124,488
Current liabilities			
Creditors and accrued expenses	*14*	**14,977**	20,306
Precious metals contracts		**3,391**	–
Bank borrowings – due within one year		**19,081**	17,372
Other loans – due within one year		**–**	18,774
Convertible notes		**163,630**	162,628
Other current liabilities		**16,250**	93
		217,329	219,173
Net current assets (liabilities)		**527,281**	(94,685)
Total assets less current liabilities		**2,006,660**	1,900,829
Non-current liabilities			
Redeemable convertible preference shares		**292,026**	286,537
Bank borrowings – due after one year		**62,550**	62,550
Deferred tax liabilities		**2,396**	2,396
		356,972	351,483
		1,649,688	1,549,346
Capital and reserves			
Share capital		**107,201**	107,201
Reserves		**1,518,216**	1,412,486
Equity attributable to equity holders of the parent		**1,625,417**	1,519,687
Minority interests		**24,271**	29,659
Total equity		**1,649,688**	1,549,346

Condensed Consolidated Cash Flow Statement

	(Unaudited) Six months ended 30/9/2005 HK$'000	30/9/2004 HK$'000
Net cash from operating activities	**261,915**	84,451
Net cash used in investing activities		
Acquisition of subsidiaries	**–**	(293,785)
Acquisition of investments held for trading	**(43,200)**	–
Acquisition of investments in securities	**–**	(24,675)
Deposits paid for acquisition of an associate	**–**	(31,000)
Sales proceeds of investments in securities	**–**	27,301
Sales proceeds of investment properties	**–**	61,129
Loan to an associate	**(120,000)**	–
Loan to a related company	**(88,000)**	(22,582)
Others	**14,542**	2,928
	(236,658)	(280,684)
Net cash (used in) from financing activities	**(26,567)**	167,731
Net decrease in cash and cash equivalents	**(1,310)**	(28,502)
Cash and cash equivalents at beginning of the period	**1,110**	271,804
Effect of foreign exchange rate changes	**(559)**	(385)
Cash and cash equivalents at end of the period	**(759)**	242,917
Analysis of the balances of cash and cash equivalents		
Short-term bank deposits, bank balances and cash	**15,872**	270,303
Bank overdrafts	**(16,631)**	(27,386)
	(759)	242,917

Notes:

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

2. **PRINCIPAL ACCOUNTING POLICIES**
The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair value or revalued amounts, as appropriate.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2005, except as described below.

In the current period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), HKASs and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are effective for accounting periods beginning on or after 1st January, 2005. The application of the new HKFRSs has resulted in a change in the presentation of the income statement, balance sheet and the statement of changes in equity. In particular, the presentation of minority interests and share of tax of associates have been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current and prior accounting periods are prepared and presented:

Business Combinations
In the current period, the Group has elected to apply HKFRS 3 "Business Combinations" retrospectively to goodwill existing at or acquired after, and to business combinations for which the agreement date is on or after 1st December, 2002. The principal effects of the application of HKFRS 3 to the Group are summarised below:

Goodwill
In previous periods, goodwill arising on acquisitions prior to 1st April, 2001 was held in reserves, and goodwill arising on acquisitions after 1st April, 2001 was capitalised and amortised over its estimated useful life. The Group has applied the relevant transitional provisions in HKFRS 3 retrospectively to goodwill existing at or acquired after, and to business combinations for which the agreement date is on or after 1st December, 2002. Goodwill previously recognised in reserves has been transferred to the accumulated profits of the Group on 1st December, 2002. With respect to goodwill previously capitalised on the balance sheet, the Group has discontinued amortising such goodwill from 1st December, 2002 (the date on which the Group applied the HKFRS 3 with retrospective effect) onwards and goodwill will be tested for impairment at least annually/in the financial year in which the acquisition takes place. Goodwill arising on acquisitions after 1st December, 2002 is measured at cost less accumulated impairment losses (if any) after initial recognition. As a result of this change in accounting policy, no amortisation of goodwill has been charged in the current period. Comparative figures have been restated.

Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as "negative goodwill")
In accordance with HKFRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition ("discount on acquisition") is recognised immediately in profit or loss in the period in which the acquisition takes place. In previous periods, negative goodwill arising on acquisitions prior to 1st April, 2001 was held in reserves, and negative goodwill arising on acquisitions on or after 1st April, 2001 was presented as a deduction from assets and released to income based on an analysis of the circumstances from which the balance resulted. In accordance with the relevant transitional provisions in HKFRS 3, the Group has derecognised all negative goodwill of HK$434,580,000 at 1st December, 2002 which was previously presented as a deduction from assets or hold in reserve, with a corresponding increase to accumulated profits.

Contingent Liabilities of Acquirees
In accordance with HKFRS 3, contingent liabilities of an acquiree are recognised at the date of the acquisition if the fair value of the contingent liabilities can be measured reliably. Previously, contingent liabilities of acquirees were not recognised separately from goodwill. As the Group has elected to apply the revised accounting policy retrospectively to business combinations for which the agreement date is on or after 1st December, 2002, contingent liabilities of an acquiree with fair value of HK$123,711,000 measured at the date of an acquisition that took place in December 2002 have been recognised on the balance sheet. The contingent liabilities arise on a dispute with an ex-shareholder of the acquiree on the potential loss on a contract. The acquiree proceeded a court action against the ex-shareholder to recover the losses together with interest and expenses incurred. Comparative figures have been restated.

Financial Instruments
In the current period, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application. The application of HKAS 39, which is effective for accounting periods beginning on or after 1st January, 2005, generally does not permit to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 and HKAS 39 are summarised below:

Convertible notes and redeemable convertible preference shares
HKAS 32 requires an issuer of a compound financial instrument (that contains both financial liability and equity components) to separate the compound financial instrument into its liability and equity components on its initial recognition and to account for these components separately. In subsequent periods, the liability component is carried at amortised cost using the effective interest method. The principal impact of HKAS 32 on the Group is in relation to the convertible notes and the redeemable convertible preference shares issued by the Company that contain both liability and equity components. Previously, the convertible notes and the redeemable convertible preference shares were classified as liabilities and equity, respectively, on the balance sheet. Because HKAS 32 requires retrospective application, comparative figures have been restated. Comparative results for 2004 has been restated in order to reflect the increase in effective interest on the liability component.

Classification and measurement of financial assets and financial liabilities
The Group has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

By 31st March, 2005, the Group classified and measured its debt and equity securities in accordance with the benchmark treatment of Statement of Standard Accounting Practice 24 "Accounting for Investments in Securities" ("SSAP 24"). Under SSAP 24, investments in debt or equity securities are classified as "investment securities" or "other investments" as appropriate. "Investment securities" are carried at cost less impairment losses (if any) while "other investments" are measured at fair value, with unrealised gains or losses included in the profit or loss. From 1st April, 2005 onwards, the Group classifies and measures its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss" or "available-for-sale financial assets". The classification depends on the purpose for which the assets are acquired. "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity, respectively.

On 1st April, 2005, the Group has classified and measured its debt and equity securities in accordance with the requirements of HKAS 39. The adoption of the HKAS 39 has had no material effect on the previous carrying amounts of assets and liabilities at 1st April, 2005 and, accordingly, no adjustment has been made to the Group's accumulated profits.

Owner-occupied Leasehold Interest in Land
In previous periods, owner-occupied leasehold land and buildings were included in property, plant and equipment and measured using the revaluation model. In the current period, the Group has applied HKAS 17 "Leases". Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. This change in accounting policy has been applied retrospectively. As the allocation between the land and buildings elements cannot be made reliably, the leasehold interests in land continue to be accounted for as property, plant and equipment.

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The effects of the changes in the accounting policies described above on the results for the respective periods are as follows:

	Six months ended	
	30/9/2005	30/9/2004
	HK$'000	*HK$'000*
Discount on acquisition released to income	**3,874**	–
Decrease in amortisation of negative goodwill (included in administrative expenses)	**–**	(23,590)
(Increase)/decrease in loss on disposal and dilution of interests in associates	**(41,660)**	79
Increase in interest on the liability component of convertible notes (included in finance costs)	**(936)**	(1,545)
Increase in interest on the liability component of redeemable convertible preference shares (included in finance costs)	**(5,489)**	–
Increase (decrease) in share of results of associates	**45,011**	(4,825)
Increase (decrease) in profit for the period	**800**	(29,881)

The cumulative effects of the application of the new HKFRSs at the respective year ends are summarised below:

As at 31st March, 2005 and 1st April, 2005:

	31/3/2005 *HK$'000* (Originally stated)	**Effect of HKFRS 3** *HK$'000*	**Effect of HKAS 32** *HK$'000*	**31/3/2005** *HK$'000* (Restated)	**Share of effect of HKAS 39 on associates** *HK$'000*	**1/4/2005** *HK$'000* (Restated)
Balance sheet items						
Interests in associates	1,652,095	189,794	–	1,841,889	22,788	1,864,677
Convertible notes	(164,378)	–	1,750	(162,628)	–	(162,628)
Redeemable convertible preference shares	–	–	(286,537)	(286,537)	–	(286,537)
Total effects on assets and liabilities	1,487,717	189,794	(284,787)	1,392,724	22,788	1,415,512
Share capital	133,896	–	(26,695)	107,201	–	107,201
Share premium	293,220	–	(256,274)	36,946	–	36,946
Other reserve	(1,721)	2,675	–	954	(780)	174
Goodwill reserve	(44,851)	44,851	–	–	–	–
Convertible notes reserve	–	–	11,016	11,016	–	11,016
Preference shares reserve	–	–	871	871	–	871
Accumulated profits	78,391	142,268	(13,705)	206,954	23,568	230,522
Total effects on equity	458,935	189,794	(284,787)	363,942	22,788	386,730
	1,028,782	–	–	1,028,782	–	1,028,782

As at 31st March, 2004:

	31/3/2004 *HK$'000* (Originally stated)	**Effect of HKFRS 3** *HK$'000*	**Effect of HKAS 32** *HK$'000*	**1/4/2004** *HK$'000* (Restated)
Balance sheet items				
Interests in associates	1,750,489	30,290	–	1,780,779
Negative goodwill	(314,540)	314,540	–	–
Other payables	–	(123,711)	–	(123,711)
Convertible notes	(289,050)	–	6,210	(282,840)
Total effects on assets and liabilities	1,146,899	221,119	6,210	1,374,228
Other reserve	7,130	2,675	–	9,805
Goodwill reserve	(49,067)	49,067	–	–
Convertible notes reserve	–	–	12,568	12,568
Accumulated profits	(1,085,101)	224,973	(6,358)	(866,486)
Minority interests	–	1,139,769	–	1,139,769
Total effects on equity	(1,127,038)	1,416,484	6,210	295,656
Minority interests	1,195,365	(1,195,365)	–	–
	1,078,572	–	–	1,078,572

4. TURNOVER AND SEGMENT INFORMATION

Business segments

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

Six months ended 30th September, 2005

	Continuing operations						Discontinued operations							
	Investment and finance *HK$'000*	Property investment *HK$'000*	Trading of building materials and machinery *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Sub-total *HK$'000*	Building construction *HK$'000*	Civil engineering *HK$'000*	Specialist works *HK$'000*	Construction materials *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Sub-total *HK$'000*	Consolidated *HK$'000*
TURNOVER														
External sales	37,085	328	2,580	2,778	–	42,771	–	–	–	–	–	–	–	42,771
Inter-segment sales	2,857	363	–	–	(3,220)	–	–	–	–	–	–	–	–	–
Total	39,942	691	2,580	2,778	(3,220)	42,771	–	–	–	–	–	–	–	42,771
RESULT														
Segment result	1,929	(110)	210	(3,408)	–	(1,379)	–	–	–	–	–	–	–	(1,379)
Unallocated corporate expenses						(8,774)							–	(8,774)
Discount on acquisition released to income	–	–	–	3,874	–	3,874	–	–	–	–	–	–	–	3,874
Allowance for amounts due from associates and a related company	–	–	–	(1,085)	–	(1,085)	–	–	–	–	–	–	–	(1,085)
Loss on disposal and dilution of interests in associates	–	–	–	(25,733)	–	(25,733)	–	–	–	–	–	–	–	(25,733)
Share of results of associates	–	–	–	137,404	–	137,404	–	–	–	–	–	–	–	137,404
Finance costs						(14,283)							–	(14,283)
Profit before taxation						90,024							–	90,024
Taxation						–							–	–
Profit for the period						90,024							–	90,024

Six months ended 30th September, 2004

	Continuing operations						Discontinued operations							
	Investment and finance *HK$'000*	Property investment *HK$'000*	Trading of building materials and machinery *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Sub-total *HK$'000*	Building construction *HK$'000*	Civil engineering *HK$'000*	Specialist works *HK$'000*	Construction materials *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Sub-total *HK$'000*	Consolidated *HK$'000*
TURNOVER														
External sales	22,369	21,210	2,279	1,457	–	47,315	1,248,557	234,406	174,475	183	–	–	1,657,621	1,704,936
Inter-segment sales	449	8,549	25	–	(9,023)	–	–	–	57,760	30,374	–	(88,134)	–	–
Total	22,818	29,759	2,304	1,457	(9,023)	47,315	1,248,557	234,406	232,235	30,557	–	(88,134)	1,657,621	1,704,936
RESULT														
Segment result	7,615	8,238	92	(150)	–	15,795	17,648	18,329	10,840	(7,909)	–	–	38,908	54,703
Unallocated corporate expenses						(19,367)							–	(19,367)
Net investment expenses	(1,614)	1,129	–	–	–	(485)	–	–	–	–	–	–	–	(485)
Allowance for amounts due from associates and a related company	–	–	–	(799)	–	(799)	–	–	–	–	–	–	–	(799)
Loss on disposal and dilution of interests in associates	–	–	–	(15,556)	–	(15,556)	–	–	–	–	878	–	878	(14,678)
Share of results of associates														
– an associate of PYI engaged in engineering and infrastructure service	–	–	–	–	–	–	2,137	–	–	–	77,398	–	79,535	79,535
– others	–	–	–	(59,334)	–	(59,334)	–	(5)	–	(422)	–	–	(427)	(59,761)
Share of results of jointly controlled entities	–	–	–	–	–	–	–	118	–	–	–	–	118	118
Finance costs						(12,809)							–	(12,809)
Profit before taxation						(92,555)							119,012	26,457
Taxation	–	(287)	–	27	–	(260)	(862)	(448)	–	38	(7,295)	–	(8,567)	(8,827)
Profit for the period						(92,815)							110,445	17,630

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

As disclosed in the circular dated 5th November, 2004 issued by the Company, PYI Corporation Limited ("PYI", formerly known as Paul Y. – ITC Construction Holdings Limited) has become an associate of the Group since October 2004 after the disposal of 77 million shares in PYI by the Group. After the disposal, the Group's shareholding in PYI decreased from approximately 55.06% to approximately 49.58%. Accordingly, the Group has ceased to carry out the businesses of building construction, civil engineering, specialist works and construction materials since October 2004 as these operations are solely carried out through PYI.

5. INVESTMENT EXPENSES – NET

	Six months ended	
	30/9/2005	30/9/2004
	HK$'000	*HK$'000*
		(Restated)
Gain on disposal of investment properties	**–**	1,129
Impairment loss on investment securities	**–**	(1,614)
	–	(485)

6. LOSS ON DISPOSAL AND DILUTION OF INTERESTS IN ASSOCIATES

	Six months ended	
	30/9/2005	30/9/2004
	HK$'000	*HK$'000*
Loss on disposal of interests in associates	**(25,733)**	–
Loss on dilution of interests in associates	**–**	(15,649)
Gain on dilution of interests in associates	**–**	93
	(25,733)	(15,556)

7. TAXATION

	Six months ended	
	30/9/2005	30/9/2004
	HK$'000	*HK$'000*
		(Restated)

The tax charge is attributable to continuing operations and comprises:

Deferred taxation	**–**	260

Hong Kong Profits Tax is calculated at the rate of 17.5% (1.4.2004 to 30.9.2004: 17.5%) of the estimated assessable profits derived from Hong Kong for the period.

For the period ended 30th September, 2005, no tax was payable on the profit for the period arising in Hong Kong since the assessable profit was wholly absorbed by tax losses brought forward.

8. PROFIT FOR THE PERIOD

	Six months ended 30/9/2005 HK$'000	Six months ended 30/9/2004 HK$'000 (Restated)
Profit for the period has been arrived at after charging:		
Depreciation and amortisation of property, plant and equipment	**3,528**	29,590
Less: Amount capitalised in respect of contracts in progress	**–**	(799)
	3,528	28,791
Loss on disposal of listed investments	**–**	1,579
Loss on disposal of property, plant and equipment	**60**	1,640
Unrealised holding loss on listed other investments	**–**	7,528
Decrease in fair value of investments held for trading	**720**	–
Loss on disposal of gold bullion	**351**	–
Decrease in fair value of gold trading contract	**4,074**	–
Share of taxation of associates		
– included in share of result of associates	**14,617**	16,937
– included in discontinued operations	**–**	23,108
and after crediting:		
Unrealised holding gain on gold bullion	**4,317**	–

9. DIVIDEND

	Six months ended 30/9/2005 HK$'000	Six months ended 30/9/2004 HK$'000
Interim dividend – 1.5 cents (2004: 1 cent) per share	**16,121**	6,543

The amount of the interim dividend declared for the six months ended 30th September, 2005, which will be payable in cash, has been calculated by reference to the 1,074,761,815 issued ordinary shares outstanding as at the date of this announcement.

10. EARNINGS (LOSS) PER SHARE (from continuing and discontinued operations)

The calculation of the basic and diluted earnings (loss) per share attributable to the ordinary equity holders of the parent is based on the following data:

	Six months ended 30/9/2005 HK$'000	Six months ended 30/9/2004 HK$'000 (Restated)
Profit (loss) for the period attributable to equity holders of the parent	**91,671**	(3,610)
Dividend for preference shares	**–**	(9,245)
Earnings (loss) for the purposes of basic earnings (loss) per share	**91,671**	(12,855)
Effect of dilutive potential ordinary shares:		
Adjustment to the share of results of associates based on dilution of their earnings per share	**(279)**	–
Adjustment of finance costs on redeemable convertible preference shares	**5,489**	–
Adjustment of finance costs on convertible notes	**5,906**	–
Earnings (loss) for the purposes of diluted earnings (loss) per share	**102,787**	(12,855)
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	**1,072,008,541**	654,294,107
Effect of dilutive potential ordinary shares:		
Redeemable convertible preference shares	**272,085,692**	–
Convertible notes	**548,333,333**	–
Weighted average number of ordinary shares for the purposes of diluted earnings (loss) per share	**1,892,427,566**	654,294,107

For the period ended 30th September, 2004, the convertible notes and compulsorily convertible cumulative preference shares which became redeemable convertible preference shares in November 2004, were anti-dilutive as the exercise of these convertible notes and compulsorily convertible cumulative preference shares resulted in a decrease in loss per share.

11. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK$5,427,000 (1.4.2004 to 30.9.2004: HK$6,243,000) on property, plant and equipment to expand and upgrade its operating capacity.

As the directors considered that the carrying amounts of the Group's leasehold land and buildings do not differ significantly from that which would be determined using fair value at 30th September, 2005, no revaluation surplus or deficit has been recognised in the current period.

12. INTERESTS IN ASSOCIATES

	(Unaudited) **30/9/2005** ***HK$'000***	(Audited) 31/3/2005 *HK$'000* (Restated)
Share of net assets:		
Listed in Hong Kong	**1,266,699**	1,838,657
Listed overseas	**5,441**	2,704
Unlisted	**(129)**	–
Goodwill	**756**	528
	1,272,767	1,841,889
Market value of listed shares:		
In Hong Kong	**971,095**	1,866,436
In overseas	**80,280**	23,468
	1,051,375	1,889,904

In September 2005, the Group disposed of 150 million shares in PYI, representing approximately 11.04% of the then issued share capital of PYI, at the price of HK$1.5 each. Immediately after the disposal, the Group's shareholding interest in PYI decreased from approximately 49.96% to approximately 38.92%.

13. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade debtors of approximately HK$4,467,000 (31.3.2005: HK$2,090,000) and their aged analysis at the balance sheet date is as follows:

	(Unaudited) **30/9/2005** ***HK$'000***	(Audited) 31/3/2005 *HK$'000*
Trade debtors		
0-30 days	**4,149**	1,852
31-60 days	**260**	24
61-90 days	**42**	90
Over 90 days	**16**	124
	4,467	2,090

Trade debtors arising from property leasing 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.

Included in debtors, deposits and prepayments at 30th September, 2005 are other receivables of approximately HK$220,248,000 (31.3.2005: Nil) due from the placing agent in connection with the disposal of 11.04% interest in PYI as described in note 12. The amount has been received subsequent to 30th September, 2005.

14. CREDITORS AND ACCRUED EXPENSES

Included in creditors and accrued expenses are trade payables of approximately HK$5,139,000 (31.3.2005: HK$4,925,000) and their aged analysis at the balance sheet date is as follows:

	(Unaudited) **30/9/2005** ***HK$'000***	(Audited) 31/3/2005 *HK$'000*
Trade payables		
0-30 days	**5,083**	4,817
31-60 days	**45**	54
61-90 days	**7**	33
Over 90 days	**4**	21
	5,139	4,925

INTERIM DIVIDEND

The Board has resolved to pay an interim dividend of 1.5 cents per ordinary share for the six months ended 30th September, 2005 (2004: 1 cent) 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 18th January, 2006. The interim dividend is expected to be paid to holders of ordinary shares of the Company by post on or around 17th February, 2006.

CLOSE OF REGISTER OF HOLDERS OF ORDINARY SHARES

The register of holders of ordinary shares of the Company will be closed from 16th January, 2006 to 18th January, 2006, both days inclusive, during the period which no ordinary share transfer shall be effected. In order to qualify for the interim dividend, all transfers of ordinary shares accompanied by the relevant share certificates must be lodged with the Company's share registrars in Hong Kong, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong (with effect from 3rd January, 2006, the address of Secretaries Limited will be relocated to 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong) for registration by no later than 4:00 p.m. on 13th January, 2006.

RESULTS AND FINANCIAL HIGHLIGHTS

The results and financial position of the Group for the period under review are summarised in the table below:

Results	*Notes*	**Six months ended 30/9/2005**	30/9/2004 (Restated)	**Percentage change**
Consolidated turnover from continuing operations *(HK$'million)*	*a*	**42.8**	47.3	-9.5%
Gross Profit *(HK$'million)*	*b*	**13.9**	45.8	-69.7%
Profit (loss) attributable to equity holders *(HK$'million)*	*c*	**91.7**	(3.6)	N/A
Basic earnings (loss) per ordinary share *(HK cents)*	*c*	**8.6**	(2.0)	N/A

Financial position		**As at 30/9/2005**	As at 31/3/2005 (Restated)	**Percentage change**
Total assets *(HK$'million)*		**2,224.0**	2,120.0	+4.9%
Equity attributable to equity holders *(HK$'million)*		**1,625.4**	1,519.7	+7.0%
Current ratio	*d*	**3.43**	0.57	+501.8%

Notes:

(a) Despite the increase of turnover from treasury investment, the increase was fully offset by the decrease of turnover from property investment which was due to the exclusion of turnover from PYI after the Group ceased to consolidate PYI as a subsidiary since October 2004.

(b) Decrease mainly due to decrease in turnover and margin from property investment.

(c) Increase mainly due to the increase in contribution from PYI.

(d) Increase mainly due to the receipt of special dividend from PYI and net proceed receivable from disposal of 150 million shares of PYI.

REVIEW OF OPERATIONS

During the six months ended 30th September, 2005, the Group continued to hold significant interests, directly or indirectly, in a number of companies listed in Hong Kong, Canada, Singapore, 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 the value of its strategic investments by active participation in or close liaisons with the management of the investee companies of the Group.

Trasy Gold Ex Limited ("Trasy")

After the close of the general offer in May 2005, the Group's interest in Trasy was increased to approximately 56.45%.

The principal business of the Trasy group is the provision and operation of an internet precious metals (including gold, silver, platinum and palladium) trading system known as the "Trasy System". Trasy also provides instant online precious metals quotations from the Trasy System and other market information through its website www.trasy.com.

Trasy has put in place a sustainable business plan for future growth of the business of the Trasy group. It is the objective of the Trasy group to continue, strengthen and grow its principal business of provision and operation of an internet precious metals trading system.

With the support of the Group, the Trasy group launched its new business development initiatives and procured a portfolio of new institutional users and high net-worth private clients of the Trasy System, and has demonstrated an immediate growth in trading volume on the Trasy System since August 2005. With the considerable progress that Trasy has made in strengthening its operation, it is anticipated that the business of the Trasy System will continue to grow progressively. Trasy has submitted information to update the Hong Kong Stock Exchange on its latest development and is continuing to seek approval from the Hong Kong Stock Exchange for resumption of trading in its shares. For the six months ended 30th September, 2005, Trasy's after tax contribution to the Group was a loss of approximately HK$2.0 million.

Strategic Investments

As at 30th September, 2005, in addition to Trasy, the Group had the following significant strategic investments:

Listed strategic investments directly held

PYI

The PYI group now focuses on infrastructure investment in port facilities in China with two significant investments in bulk cargo port facilities in the Yangtze Delta. As at 30th September, 2005, PYI owns 65.2% of Paul Y. Engineering Group Limited ("Paul Y. Engineering") which engages in the provision of international engineering services. For the six months ended 30th September, 2005, PYI reported a consolidated profit of approximately HK$149.3 million and its overall after tax contribution to the Group was a profit of approximately HK$136.1 million. Due to the contribution of profit from PYI for the period which increased the carrying costs per share of PYI for the Group, the Group reported a loss of approximately HK$25.7 million on the disposal of 150 million shares in PYI.

Hanny Holdings Limited ("Hanny")

The Hanny group is principally engaged in the trading of computer related products, consumer electronic products which comprise the manufacturing, distribution and marketing of data storage media (primarily floppy disks, CD-R, CD-RW and DVD), the distribution and marketing of computer accessories and storage media drives, scanners, audio and video cassettes, minidisks, household electronic products and telecommunication accessories, securities trading and properties trading. The Hanny group also made strategic investments in information technology, supply of household consumer products and other businesses. For the six months ended 30th September, 2005, Hanny reported a consolidated profit of approximately HK$16.4 million and its overall after tax contribution to the Group was a profit of approximately HK$3.4 million.

Burcon NutraScience Corporation ("Burcon")

Burcon is a research and development company developing a portfolio of composition, application and process patents around its plant protein extraction and purification technology. The goal of Burcon's research is to develop its patented process to utilise inexpensive oilseed meals for the production of purified plant proteins that exhibit valuable nutritional, functional or nutraceutical profiles. Burcon, in conjunction with Archer Daniels Midland, is currently focusing its efforts on developing the world's first commercial canola proteins, namely Puratein® and Supertein™ (the "Products"). Canola, recognised for its nutritional qualities, is the second-largest oilseed crop in the world after soybeans. Burcon's goal is to develop the Products to participate with soy, dairy and egg proteins in the expanding multi-billion-dollar protein ingredient market, with potential uses in prepared foods, nutritional supplements and personal care products. In December 2005, Burcon has been selected for inclusion in the TSX Venture 50™, the first ever ranking of the top 50 emerging public companies listed on the TSX Venture Exchange in Canada. For the six months ended 30th September, 2005, Burcon's after tax contribution to the Group was a loss of approximately HK$2.0 million.

Listed strategic investments indirectly held

Paul Y. Engineering

The Paul Y. Engineering group is an international engineering services group which has three core areas of operation: project management, construction management and facilities management.

China Strategic Holdings Limited ("China Strategic")

China Strategic is an investment holding company. Through its subsidiaries, China Strategic is engaged in the business of manufacturing and trading of batteries and property investment and development in the Mainland; and through its associates engaged in manufacturing and marketing of tires in the Mainland and other countries abroad; and the business of providing package tours, travel and other related services, and hotel operation.

PSC Corporation Ltd. ("PSC")

The PSC group is principally engaged in manufacturing of food and other products, distribution of food and other fast moving consumer good, logistics and franchising, healthcare consultancy and services, and education.

China Enterprises Limited ("China Enterprises")

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

MRI Holdings Limited ("MRI")

MRI, as an investment company, has continued to actively seek for suitable investment opportunities to meet the strategic goals of MRI.

Intraco Limited ("Intraco")

The Intraco group focuses on four core businesses, which include commodities trading, projects, info-communications and the distribution of semiconductors.

Wing On Travel (Holdings) Limited ("Wing On Travel ")

Wing On Travel is an investment holding company. Its subsidiaries are principally engaged in the business of providing package tours, travel and other related services, and hotel operation including a hotel chain branded under the name of "Rosedale" in Hong Kong and the Mainland.

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

Listed subsidiary and strategic investments directly held

		Shareholding percentage	
Name of investee company	**Place of listing**	**As at 30/9/2005**	**As at the date of this announcement**
Trasy	The Growth Enterprise Market of Hong Kong Stock Exchange	56.5%	56.5%
PYI	Hong Kong Stock Exchange	38.9%	39.8%
Hanny	Hong Kong Stock Exchange	20.5%	25.5%
Burcon	TSX Venture Exchange and Frankfurt Stock Exchange	25.0%	25.8%

Listed strategic investments indirectly held

Name of investee company	**Place of listing**	**Effective interest** As at 30/9/2005	**Effective interest** As at the date of this announcement
Paul Y. Engineering	Hong Kong Stock Exchange	25.4% *(Note a)*	25.8% *(Note a)*
China Strategic	Hong Kong Stock Exchange	17.5% *(Note b)*	19.2% *(Note b)*
PSC	Singapore Exchange Securities Trading Limited	5.0% *(Note c)*	6.4% *(Note c)*
China Enterprises	OTC Bulletin Board, U.S.A.	9.6% *(Note d)*	10.6% *(Note d)*
MRI	Australian Stock Exchange	10.0% *(Note d)*	11.0% *(Note d)*
Intraco	Singapore Exchange Securities Trading Limited	1.5% *(Note e)*	1.9% *(Note e)*
Wing On Travel	Hong Kong Stock Exchange	2.7% *(Note f)*	2.9% *(Note f)*

Notes:

(a) The Group's interest is held through its direct interest in PYI.
(b) The Group's interest is held through its direct interests in PYI and Hanny.
(c) Other than the Group's direct interest of approximately 0.2%, the Group's interest is held through its direct interest in Hanny.
(d) The Group's interest is held through its indirect interest in China Strategic.
(e) The Group's interest is held through its indirect interest in PSC.
(f) The Group's interest is held through its indirect interest in China Enterprises.

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, 2005 amounted to approximately HK$15.9 million. As at 30th September, 2005, the Group had bank borrowings of approximately HK$81.6 million of which approximately HK$19.1 million is repayable within one year or on demand. The convertible notes in an aggregate principal amount of HK$164.5 million will be redeemed on 3rd March, 2006 (or the next following business day if it is not a business day) unless they are previously converted, redeemed or purchased and cancelled. The redeemable convertible preference shares with an aggregate redemption value of approximately HK$283.0 million will be redeemed on 3rd November, 2007 (or the next following business day if it is not a business day) unless they are previously converted, redeemed or purchased and cancelled.

As at 30th September, 2005, all the Group's borrowings, except the redeemable convertible preference shares, are at floating interest rates and the Group's current ratio was 3.43.

EXCHANGE RATE EXPOSURE

As at 30th September, 2005, approximately 19.4% of the cash, bank balances and deposits were in other currencies and only approximately 3.1% of the Group's total borrowings of approximately HK$537.3 million was denominated in Canadian dollars. The Canadian dollars denominated borrowings are directly tied in with the Group's business in Canada.

GEARING RATIO

The Group's gearing ratio, which was calculated using the Group's net borrowings of approximately HK$521.4 million and the equity attributable to equity holders of approximately HK$1,625.4 million, was 32.1% as at 30th September, 2005, as compared to 35.0% as at 31st March, 2005.

PLEDGE OF ASSETS

As at 30th September, 2005, certain of the Group's properties with an aggregate carrying value of approximately HK$142.3 million were pledged to banks and financial institutions to secure general facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30th September, 2005, the Group has contingent liabilities in respect of guarantee given to banks on general banking facilities granted to an associate and financial support given to the associate of approximately HK$56 million and approximately HK$9.3 million, respectively.

EMPLOYEE AND REMUNERATION POLICY

As at 30th September, 2005, the Group employed a total of approximately 73 employees. The Group's remuneration package is structured with reference to the individual performance and the prevailing salary levels in the market. The Group also offers other benefits to employees including discretionary bonus, training, provident funds and medical coverage. Share option schemes are established for the eligible employees but no share option was granted during the period and there was no outstanding share options granted by the Company as at 30th September, 2005.

MAJOR EVENTS

Disposal of shares in PYI

In September 2005, the Company's wholly-owned subsidiary, Hollyfield Group Limited, disposed of 150 million shares of PYI at HK$1.5 per share to more than six independent third parties through the placing agent. Immediately after such disposal, the Company's shareholding interest in PYI decreased from approximately 49.96% to approximately 38.92%.

In November 2005, the directors of the Company announced their intention to seek the approval of the holders of the ordinary shares for the possible disposal of up to 178 million shares of PYI, representing approximately 13.0% of the existing issued share capital of PYI, within 12 months of the shareholders' approval. Assuming that the maximum of 178 million shares of PYI are sold, the Group's shareholding interest in PYI will further decrease to approximately 26.8%. The disposal price of the aforesaid 178 million shares of PYI will be subject to a minimum price of HK$1.5 per share.

Acquisition of shares in Hanny

In October 2005, a wholly-owned subsidiary of the Company, Famex Investment Limited, has acquired 11 million shares of Hanny on market for a consideration of approximately HK$44 million. After the acquisition, the Group's shareholding interest in Hanny increased from approximately 20.61% to approximately 25.48%.

SECURITIES IN ISSUE

As a result of the issue of new ordinary shares under scrip dividend alternative scheme of the Company in November 2005, the total number of issued ordinary shares and issued redeemable convertible preference shares of the Company as at the date of this announcement are 1,074,761,815 and 266,952,000, respectively of HK$0.10 each.

OUTLOOK

Improving employment rate and continued growth in Gross Domestic Product reflecting the more entrenched economic recovery in Hong Kong. However, downside such as the persistently high oil price and the unpredictable outbreak of avian flu may impinge on the momentum of economic growth both locally and globally. Nevertheless, the Group is cautiously optimistic for its business operation in the second half of the financial year.

The Group aims to be leading diversified investment conglomerate that excels at investing in and maximizing returns of companies with high growth potential. Going forward, the Group will continue to strengthen its quality investments and build its asset value. To maintain a diversified and balanced strategic investment portfolio, the Group will continue to adopt an active yet prudent strategy in exploring investment opportunities with good potential of providing sustainable growth and returns for the Group. With sound financial management, the Group possesses a strong financial position to facilitate any future investments and expansions as well as to maintain a stable dividend payout. Barring unforeseen circumstances, the Group remains confident of its growth prospects.

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

During the six months ended 30th September, 2005, there were no purchases, sales or redemptions by the Company, or any of its subsidiaries, of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has, throughout the period ended 30th September, 2005, complied with the code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules except for the following deviation from code provision A.4.2 of the Code:

Under code provision A.4.2 of the Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The rotation of directors at the annual general meeting of the Company held on 12th September, 2005 was in accordance with the Company's previous bye-laws which stipulate, inter alia, that one-third of the directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not greater than one-third) shall retire from office by rotation provided that notwithstanding anything therein, the Chairman of the Board and/or the Managing Director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year. This deviated from the requirements of code provision A.4.2.

To fully comply with code provision A.4.2, relevant amendments to the Company's bye-laws were proposed and approved by the shareholders at the same annual general meeting of the Company, pursuant to which every director shall be subject to retirement by rotation at least once every three years at the annual general meeting in future.

PUBLICATION OF INTERIM RESULTS ON THE HONG KONG STOCK EXCHANGE'S WEBSITE

The interim results of the Group for the six months ended 30th September, 2005 containing all the information required by paragraph 46 of Appendix 16 to the Listing Rules will be published on the Hong Kong Stock Exchange's website in due course.

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

Hong Kong, 13th December, 2005

As at the date of this announcement, the composition of the Board is as follows: –

Executive Directors
Dr. Chan Kwok Keung, Charles *(Chairman)*
Ms. Chau Mei Wah, Rosanna
(Deputy Chairman & Managing Director)
Mr. Chan Kwok Hung
Mr. Chan Fut Yan
Mr. Cheung Hon Kit

Independent Non-Executive Directors:
Mr. Chuck, Winston Calptor
Mr. Lee Kit Wah
Mr. Wong Kam Cheong, Stanley

The full version of this announcement can also be accessed on the Company's website: http://www.itc.com.hk.

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