



# ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 372)

## ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH, 2005

### RESULTS

The board of directors (the “Board”) of ITC Corporation Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (hereafter collectively referred as the “Group”) for the year ended 31st March, 2005, together with comparative figures for the previous year, as follows:

		For the year ended 31st March,	
	Notes	2005 HK\$'000	2004 HK\$'000
Turnover	2	2,026,328	3,434,666
Cost of sales		(1,869,539)	(3,288,566)
Gross profit		156,789	146,100
Other operating income		24,002	80,091
Administrative expenses		(109,128)	(154,429)
Negative goodwill recognised arising from acquisition of subsidiaries		20,938	–
Profit from operations	3	92,601	71,762
Finance costs		(16,588)	(38,722)
Net investment expenses	4	(8,182)	(43,183)
Deficit arising from revaluation of investment properties		–	(14,000)
Allowance for amounts due from associates and a related company		(17,001)	(40,985)
Net (loss) gain on disposal and dilution of interests in subsidiaries and associates		(98,114)	83,600
Share of results of associates		319,967	156,400
Share of results of jointly controlled entities		117	9,074
Profit before taxation		272,800	183,946
Taxation	5	(57,788)	(53,719)
Profit before minority interests		215,012	130,227
Minority interests		(28,284)	(101,295)
Profit for the year		186,728	28,932
Dividend	6	33,301	–
Earnings per share	7		
Basic		HK\$0.24	HK\$0.02
Diluted		HK\$0.11	HK\$0.01

*Notes:*

**1. POTENTIAL IMPACT ARISING FROM THE RECENTLY ISSUED ACCOUNTING STANDARDS**

In 2004, the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) issued a number of new or revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards (“HKFRSs”) (hereinafter collectively referred to as the “new HKFRSs”) which are effective for accounting periods beginning on or after 1st January, 2005 except for HKFRS 3 “Business Combinations”. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31st March, 2005. HKFRS 3 is applicable to business combination for which the agreement date is on or after 1st January, 2005. The Group has adopted the transitional provision of HKFRS 3 for its acquisition of Trasy Gold Ex Limited (“Trasy”) in March 2005. Details of the acquisition are set out in the section headed “Major Events”. Under HKFRS 3, the negative goodwill arising from the acquisition is determined as the excess of the Group’s interest in fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition over the cost of acquisition and is recognised in the income statement immediately on acquisition. The negative goodwill arising from the acquisition of Trasy is approximately HK\$21 million. HKFRS 3 does not require retrospective adjustment of business combinations occurred prior to 1st January, 2005.

The Group has commenced considering the potential impact of the new HKFRSs but is not yet in a position to determine whether the new HKFRSs would have a significant impact on how the results of operations and financial position of the Group are prepared and presented. The new HKFRSs may result in changes in the future as how the results and financial position are prepared and presented.

**2. TURNOVER AND SEGMENTAL INFORMATION**

**Business segments**

For management purposes, the Group’s operations are currently organised into two operating divisions namely, investment and finance, and property investment. These divisions are the basis on which the Group reports its primary segment information.

As disclosed in the circular dated 5th November, 2004, Paul Y. - ITC Construction Holdings Limited (“Paul Y. - ITC”) has become an associate of the Group since 20th October, 2004 after the disposal of 77 million shares in Paul Y. - ITC by the Group. Accordingly, the Group has ceased to carry out the businesses of building construction, civil engineering, specialist works and construction materials since 20th October, 2004 as these operations are solely carried out through Paul Y. - ITC.

Analyses of the Group's turnover and contribution to profit from operations by business segments are as follows:

	2005			2004		
	External	Inter-	Total	External	Inter-	Total
	HK\$'000	segment	HK\$'000	HK\$'000	segment	HK\$'000
		HK\$'000	HK\$'000		HK\$'000	HK\$'000
Turnover						
Continuing operations:						
Investment and finance	71,376	2,038	73,414	46,142	800	46,942
Property investment	24,806	10,288	35,094	48,269	17,022	65,291
Others	8,179	29	8,208	6,179	88	6,267
	<u>104,361</u>	<u>12,355</u>	<u>116,716</u>	<u>100,590</u>	<u>17,910</u>	<u>118,500</u>
Discontinued operations:						
Construction and other contracting businesses:						
Building construction	1,424,932	-	1,424,932	2,418,339	28,713	2,447,052
Civil engineering	272,972	-	272,972	463,440	-	463,440
Specialist works	223,239	98,977	322,216	448,849	76,384	525,233
Construction materials	824	33,150	33,974	3,448	71,029	74,477
	<u>1,921,967</u>	<u>132,127</u>	<u>2,054,094</u>	<u>3,334,076</u>	<u>176,126</u>	<u>3,510,202</u>
	<u>2,026,328</u>	<u>144,482</u>	<u>2,170,810</u>	<u>3,434,666</u>	<u>194,036</u>	<u>3,628,702</u>
Elimination	-	(144,482)	(144,482)	-	(194,036)	(194,036)
	<u>2,026,328</u>	<u>-</u>	<u>2,026,328</u>	<u>3,434,666</u>	<u>-</u>	<u>3,434,666</u>
				<b>2005</b>		<b>2004</b>
				<b>HK\$'000</b>		<b>HK\$'000</b>
Contribution to profit from operations						
Continuing operations:						
Investment and finance				5,212		57,128
Property investment				21,706		14,935
Others				(276)		802
				<u>26,642</u>		<u>72,865</u>
Discontinued operations:						
Construction and other contracting businesses:						
Building construction				41,812		(8,633)
Civil engineering				7,841		(5,632)
Specialist works				6,413		(4)
Construction materials				24		(24,923)
				<u>56,090</u>		<u>(39,192)</u>
				<u>82,732</u>		<u>33,673</u>
Release of negative goodwill				27,130		53,139
Negative goodwill recognised arising from acquisition of subsidiaries				20,938		-
Unallocated corporate expenses				(38,199)		(15,050)
Profit from operations				<u>92,601</u>		<u>71,762</u>

## Geographical segments

Analysis of the Group's turnover by geographical markets is as follows:

	Turnover	
	2005	2004
	HK\$'000	HK\$'000
Hong Kong	2,000,276	3,341,252
People's Republic of China other than Hong Kong and Macau (the "Mainland")	5,753	89,611
Others	20,299	3,803
	<u>2,026,328</u>	<u>3,434,666</u>

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

### 3. PROFIT FROM OPERATIONS

	2005	2004
	HK\$'000	HK\$'000
Profit from operations has been arrived at after charging:		
Depreciation and amortisation of property, plant and equipment ( <i>Note</i> )	34,948	74,969
Net loss on disposal of listed other investments and after crediting:	1,574	–
Release of negative goodwill (included in other operating income)	27,130	53,139
Net gain on disposal of listed other investments	<u>–</u>	<u>26,643</u>
<i>Note:</i>		
Depreciation and amortisation of property, plant and equipment	35,882	78,977
Less: Amount capitalised in respect of contracts in progress	(934)	(4,008)
	<u>34,948</u>	<u>74,969</u>

### 4. NET INVESTMENT EXPENSES

	2005	2004
	HK\$'000	HK\$'000
Gain on disposal of investment securities	–	17,180
Impairment loss on investment securities	(9,821)	(5,340)
Gain (loss) on disposal of investment properties	1,129	(2,152)
Reverse of provision of (loss on) settlement of option agreement	510	(52,871)
	<u>(8,182)</u>	<u>(43,183)</u>

## 5. TAXATION

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
The charge comprises:		
Hong Kong Profits Tax		
Current year	–	–
Underprovision in previous years	21	166
Overseas taxation	3,995	3,322
Deferred taxation	12,389	(6,832)
	<u>16,405</u>	<u>(3,344)</u>
Share of taxation attributable to associates	41,383	57,063
	<u>57,788</u>	<u>53,719</u>

Hong Kong Profits Tax is calculated at the rate of 17.5% of the estimated assessable profit for the year.

Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

Deferred taxation has been provided for on temporary differences arising during the year.

## 6. DIVIDENDS

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Interim dividend paid for 2005 – 1.0 cent (2004: Nil) per share	6,543	–
Final dividend proposed for 2005 – 1.5 cents (2004: Nil) per share	16,080	–
Dividend for preference shares – 4 cents (2004: Nil) per share	10,678	–
	<u>33,301</u>	<u>–</u>

The amount of the final dividend proposed for the year ended 31st March, 2005, which will be payable in cash with an option to elect scrip, has been calculated by reference to the 1,072,008,541 issued ordinary shares as at the date of the announcement.

The amount of preference share dividend in respect of the twelve month period ending on but excluding 3rd November, 2005 has been calculated by reference to the 266,952,000 redeemable convertible preference shares in issue as at the date of the announcement.

## 7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Profit for the year	186,728	28,932
Dividend for preference shares	(15,312)	(18,491)
Profit for the purposes of basic earnings per share	<u>171,416</u>	<u>10,441</u>
Effect of dilutive potential ordinary shares:		
Interest and amortisation of deferred expenditure on convertible notes	13,830	–
Dividend on redeemable convertible preference shares	4,369	–
Adjustment to the share of results of subsidiaries based on dilution of their earnings per share	–	(2,963)
Adjustment to the share of results of associates based on dilution of their earnings per share	(271)	–
Profit for the purposes of diluted earnings per share	<u>189,344</u>	<u>7,478</u>
	<b>Number of shares</b>	<b>Number of shares</b>
Weighted average number of ordinary shares for the purposes of basic earnings per share	722,619,374	636,379,717
Effect of dilutive potential ordinary shares:		
Redeemable convertible preference shares	111,337,564	–
Convertible notes	897,979,908	–
	<u>1,731,936,846</u>	<u>636,379,717</u>

For the year ended 31st March, 2004, the convertible notes and compulsorily convertible cumulative preference shares were anti-dilutive as the exercise of these convertible notes and compulsorily convertible cumulative preference shares resulted in an increase in earnings per share.

## FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of 1.5 cents per ordinary share for the year ended 31st March, 2005 (2004: Nil) 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 5th October, 2005. The final dividend is expected to be paid to shareholders by post on or around 3rd November, 2005. The Board has also proposed that the final dividend should be satisfied by cash, with an option to elect scrip dividend of ordinary shares, in respect of part or all of such dividend. The market value of the ordinary shares to be issued under the scrip dividend alternate will be fixed by reference to the average of the closing prices of the ordinary shares of the Company for the three consecutive trading days ending 5th October, 2005 less a discount of five per cent. of such average price or the par value of ordinary shares, whichever is the higher. The proposed scrip dividend is conditional upon The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) granting listing of, and permission to deal in, the new shares to be issued and the passing at the forthcoming annual general meeting of the Company of an ordinary

resolution to approve the final dividend. A circular giving full details of the scrip dividend alternate and a form of election will be sent to shareholders of the Company.

### **DIVIDEND ON PREFERENCE SHARES**

The Board has resolved to pay a dividend of HK\$0.04 per redeemable convertible preference share of the Company of HK\$0.10 each in respect of the twelve month period ending on but excluding 3rd November, 2005 to holders of redeemable convertible preference shares whose names appear on the register of redeemable convertible preference shares as at the close of business on 14th October, 2005. The dividend on redeemable convertible preference shares is expected to be paid to holders of redeemable convertible preference shares by post on or around 3rd November, 2005.

### **CLOSE OF REGISTER OF MEMBERS**

The register of holders of ordinary shares of the Company will be closed from 3rd October, 2005 to 5th October, 2005, both dates inclusive, during which period no ordinary share transfers shall be effected. In order to qualify for the proposed final 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 for registration by no later than 4:00 p.m. on 30th September, 2005.

The register of holders of redeemable convertible preference shares of the Company will be closed from 12th October, 2005 to 14th October, 2005, both dates inclusive, during which period no redeemable convertible preference share transfers shall be effected. In order to qualify for the dividend on redeemable convertible preference shares, all transfers of redeemable convertible preference shares accompanied by the relevant share certificates must be lodged with the Company's share registrars in Hong Kong, Secretaries Limited, at the aforesaid address for registration by no later than 4:00 p.m. on 10th October, 2005.

### **RESULTS AND FINANCIAL HIGHLIGHTS**

During the year ended 31st March, 2005, Hong Kong was in a period of economic rebound. The appreciation in value of the stock and property markets together with the drop in unemployment rate have revived the confidence of people in Hong Kong. The Group has also benefited from the economic rebound and reported a satisfactory result for the year ended 31st March, 2005.

The results and financial position of the Group for the year ended 31st March, 2005 are summarised in the table below:

	<b>2005</b>	2004	Percentage Change
Consolidated turnover (HK\$'million)	<b>2,026.3</b>	3,434.7	-41.0%
Profit from operations (HK\$'million)	<b>92.6</b>	71.8	+29.0%
Profit for the year (HK\$'million)	<b>186.7</b>	28.9	+546.0%
Total assets (HK\$'million)	<b>1,930.2</b>	4,982.5	-61.3%
Shareholders' funds (HK\$'million)	<b>1,614.7</b>	1,353.2	+19.3%
Basic earnings per ordinary share (HK\$)	<b>0.24</b>	0.02	+1,100.0%
Current ratio	<b>0.56</b>	1.58	-64.6%

The Group has ceased to consolidate Paul Y. - ITC as a subsidiary in the accounts of the Group since the disposal of 77 million shares in Paul Y. - ITC by the Group on 20th October, 2004 as disclosed in the circular dated 5th November, 2004. Since then the Group shared its results as an associate using the equity accounting method. Such change accounted for most of the significant fluctuation for the year under review when compared with the last corresponding year, especially the decrease in consolidated turnover and the consolidated total assets of the Group.

For the year ended 31st March, 2005, the Group reported a profit of approximately HK\$186.7 million. The significant increase was mainly due to the increase in contribution from Paul Y. - ITC. Accordingly, the shareholders' funds increased to approximately HK\$1,614.7 million.

As the convertible notes of principal amount of approximately HK\$164.5 million will be redeemed on 3rd March, 2006, it has been classified as current liability at the balance sheet date, leading to the decrease in current ratio. However, the current ratio will be improved significantly after the Group receives the special cash dividend of approximately HK\$475.1 million from Paul Y. - ITC by the end of July 2005.



**The Condensed Consolidated Balance Sheet as at 31st March, 2005  
is as follows:**

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
<b>Non-current assets</b>		
Investment properties and property, plant and equipment	151,785	967,374
Negative goodwill	–	(314,540)
Interests in associates and jointly controlled entities	1,652,095	1,765,306
Other non-current assets	1,840	77,608
	<u>1,805,720</u>	<u>2,495,748</u>
<b>Current assets</b>		
Amounts due from customers for contract works	–	273,210
Debtors, deposits and prepayments	4,612	1,214,942
Short term bank deposits, bank balances and cash	16,032	303,051
Other current assets	103,844	695,562
	<u>124,488</u>	<u>2,486,765</u>
<b>Current liabilities</b>		
Amounts due to customers for contract works	–	456,140
Creditors and accrued expenses	20,306	888,474
Bank borrowings – due within one year	17,372	58,247
Other loans – due within one year	18,774	17,317
Convertible notes – due within one year	164,378	–
Other current liabilities	93	153,129
	<u>220,923</u>	<u>1,573,307</u>
<b>Net current (liabilities) assets</b>	<u>(96,435)</u>	<u>913,458</u>
<b>Total assets less current liabilities</b>	<u>1,709,285</u>	<u>3,409,206</u>
<b>Minority interests</b>	<u>29,659</u>	<u>1,195,365</u>
<b>Non-current liabilities</b>		
Convertible notes – due after one year	–	289,050
Bank borrowings – due after one year	62,550	517,000
Provision for long service payments	–	1,727
Deferred tax liabilities	2,396	52,882
	<u>64,946</u>	<u>860,659</u>
<b>Net assets</b>	<u>1,614,680</u>	<u>1,353,182</u>
<b>Capital and reserves</b>		
Share capital	133,896	92,227
Reserves	1,480,784	1,260,955
<b>Shareholders' funds</b>	<u>1,614,680</u>	<u>1,353,182</u>

## **REVIEW OF OPERATIONS**

During the year ended 31st March, 2005, the Group continued to hold significant interests, both directly or indirectly, in a number of companies listed in Hong Kong, Canada, Australia, Singapore, Germany and the United States (“U.S.”) and also high potential unlisted investments pursuant to its long term strategy of exploring potential investments and enhancing the value of its strategic investments by active participation in or close liaisons with the management of the companies invested by the Group.

On 23rd March, 2005, the Group acquired approximately 50.07% interest in Trasy and, subsequent to the year end, the interest was increased to approximately 56.45% after the close of the cash offers.

The principal business of the Trasy group is the provision and operation of an Internet-based electronic platform to facilitate the trading of precious metals.

The Group is now conducting a detailed review on the business operation and financial position of the Trasy group in order to formulate business and/or financing plans and strategies for the Trasy group’s future business development with an aim to strengthening the Trasy group’s overall business performance. Subject to the results of the financial and operational review and should suitable opportunities arise, the Group may consider diversifying the business of Trasy group with a view to broadening its income stream and capturing further business opportunities. Trading in the shares of Trasy has been suspended since 10th June, 2003 at the request of Trasy and an application for trading resumption has been submitted for the consideration by the Hong Kong Stock Exchange.

### **Strategic Investments**

As at 31st March, 2005, the Group had the following significant strategic investments:

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

##### *Paul Y. - ITC*

The Paul Y. - ITC group is principally engaged in the development and investment in port and infrastructure projects, property development and investment, treasury investment and, through Paul Y. Engineering Group Limited (“Paul Y. Engineering”) and its subsidiaries, in building construction, civil engineering and specialist works. In addition, Paul Y. - ITC group holds approximately 29.4% interest in China Strategic Holdings Limited (“China Strategic”) as at 31st March, 2005. For the year ended 31st March, 2005, Paul Y. - ITC reported a consolidated profit for the year of HK\$522.9 million and its overall after tax contribution to the Group was a profit of HK\$289.2 million. In addition,

the Group has reported a loss of approximately HK\$38.1 million due to the disposal of 77 million shares in Paul Y. - ITC.

*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, and securities trading. The Hanny group also made strategic investments in information technology, supply of household consumer products and other businesses. For the year ended 31st March, 2005, Hanny reported a consolidated loss for the year of HK\$160.9 million and its after tax contribution to the Group was a loss of HK\$35.6 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 is currently focusing its efforts on developing the world’s first commercial canola proteins, namely Puratein® and Supertein™ (the “Products”). Canola, recognised for its nutritional qualities, is the second-largest oilseed crop in the world after soybeans. Burcon’s goal is to develop the Products to participate with soy, dairy and egg proteins in the expanding multi-billion-dollar protein ingredient market, with potential uses in prepared foods, nutritional supplements and personal care products. For the year ended 31st March, 2005, Burcon’s after tax contribution to the Group was a loss of HK\$4.8 million.

**Listed strategic investments indirectly held**

*Paul Y. Engineering*

The principal activities of Paul Y. Engineering group include building construction, civil engineering, specialist works, and manufacturing and trading of construction materials.

*China Strategic*

China Strategic is an investment holding company. Through its subsidiaries, China Strategic is engaged in the business of trading and manufacturing 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 tour, travel and other related services; and hotel and leisure related businesses.

*PSC Corporation Ltd (“PSC”)*

The PSC group focuses on three core businesses, namely food, healthcare and education. It is involved in food trading, logistics, manufacturing and retail franchising as well as healthcare consultancy and services, and logistics and supply chain management training.

*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 investment companies, the subsidiaries of which are principally engaged in the business of providing package tour, travel, hotel operation and other related services, and the manufacturing and trading of tires in the Mainland and other countries abroad.

*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.

*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 tour, 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**

Name of investee company	Place of listing	Stock code	Shareholding percentage	
			As at 31st March, 2005	As at the date of this announcement
Trasy	The Growth Enterprise Market of Hong Kong Stock Exchange	8063	50.1%	56.5%
Paul Y. - ITC	Hong Kong Stock Exchange	498	49.6%	49.6%
Hanny	Hong Kong Stock Exchange	275	20.5%	20.5%
Burcon	TSX Venture Exchange and Frankfurt Stock Exchange	BU WKN 157793	25.0%	25.0%

## Listed strategic investments indirectly held

Name of investee company	Place of listing	Stock code	Effective interest	
			As at 31st March, 2005	As at the date of this announcement
Paul Y. Engineering	Hong Kong Stock Exchange	577	32.3% (Note a)	32.3% (Note a)
China Strategic	Hong Kong Stock Exchange	235	20.6% (Note b)	20.6% (Note b)
PSC	Singapore Exchange Securities Trading Limited	PSC	4.4% (Note c)	4.9% (Note c)
China Enterprises	OTC Bulletin Board, U.S.	CSHEF	11.4% (Note d)	11.4% (Note d)
MRI	Australian Stock Exchange	MRI	11.8% (Note d)	11.8% (Note d)
Wing On Travel	Hong Kong Stock Exchange	1189	2.4% (Note e)	3.2% (Note e)

### Notes:

- (a) The Group's interest is held through its direct interest in Paul Y. - ITC.
- (b) The Group's interest is held through its direct interests in Paul Y. - ITC and Hanny.
- (c) 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 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 31st March, 2005 amounted to approximately HK\$16.0 million. As at 31st March, 2005, the Group had bank borrowings of approximately HK\$79.9 million and other loan of approximately HK\$18.8 million of which HK\$17.4 million and HK\$18.8 million, respectively, are repayable within one year or on demand.

During the year, convertible notes in an aggregate principal amount of HK\$125.0 million were converted into ordinary shares at the conversion price of HK\$0.3 per ordinary share. The balance 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.

As at 31st March, 2005, all the Group's borrowings are at floating interest rates and the Group's current ratio was 0.56.

## **EXCHANGE RATE EXPOSURE**

As at 31st March, 2005, approximately 18.1% of the cash, bank balances and deposits were in other currencies and only 5.7% of the Group's total borrowings of HK\$263.1 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 HK\$247.1 million and the shareholders' funds of HK\$1,614.7 million, was 15.3% as at 31st March, 2005, as compared to 42.8% as at 31st March, 2004.

## **PLEDGE OF ASSETS**

As at 31st March, 2005, certain of the Group's properties with an aggregate carrying value of approximately HK\$143.1 million were pledged to banks and financial institutions to secure general facilities granted to the Group.

## **CONTINGENT LIABILITIES**

The Group did not have any significant contingent liabilities as at 31st March, 2005.

## **EMPLOYEE AND REMUNERATION POLICY**

As at 31st March, 2005, the Group employed a total of approximately 54 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 year.

## **MAJOR EVENTS**

### **Disposal of shares in Paul Y. - ITC**

On 18th August, 2004, the Board announced that the Group intended to place out sufficient shares in Paul Y. - ITC so that on completion of the placement Paul Y. - ITC will become an associate of the Company. On 20th October, 2004, the Company disposed of 77 million shares in Paul Y. - ITC at a consideration of HK\$1.05 per share. After the disposal and upon the receipt of scrip shares from Paul Y. - ITC on 29th October, 2004, the Group's interest was decreased from approximately 55.06% to approximately 49.58% and Paul Y. - ITC has become an associate of the Company with effect from 20th October, 2004.

### **Acquisition of property interest in Hong Kong**

On 20th October, 2004, a wholly-owned subsidiary of the Company entered into a provisional sale and purchase agreement with a third party to acquire the whole of the 30th Floor and 4 carparking spaces on 4th Floor, Bank of America Tower, No. 12 Harcourt Road, Hong Kong at a consideration of approximately HK\$102 million. The acquisition of the property has been approved by the ordinary shareholders of the Company on 26th November, 2004 and was completed on 30th December, 2004. The property is being used as a downtown office of the Group.

### **Conversion of convertible preference shares into redeemable convertible preference shares**

Upon the approval by the ordinary shareholders and preference shareholders on 13th October, 2004, the conversion of the convertible preference shares into redeemable convertible preference shares has taken effect from 3rd November, 2004. The redeemable convertible preference shares will be redeemed, according to their terms, at HK\$1.06 per share on 3rd November, 2007.

### **Acquisition of interest in Trasy**

On 23rd March, 2005, Golden Hall Holdings Limited (“Golden Hall”), a wholly-owned subsidiary of the Company, acquired approximately 50.07% interest in Trasy at an aggregate consideration of HK\$8 million, representing approximately HK\$0.00575 per share of Trasy. As a result of the acquisition, Golden Hall made unconditional mandatory cash offers for all the shares of Trasy at HK\$0.00575 each and for all the options of Trasy at HK\$1 for every 1,000,000 options not already owned by it and its concert parties.

On 25th May, 2005, the cash offers were closed and the Group’s interest in Trasy was increased to approximately 56.45%.

### **SECURITIES IN ISSUE**

As a result of the issue of new ordinary shares under the conversion of the convertible notes and the redeemable convertible preference shares, the total number of issued ordinary shares and issued redeemable convertible preference shares of the Company as at the date of this announcement are 1,072,008,541 and 266,952,000, respectively of HK\$0.10 each.

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

During the year ended 31st March, 2005, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## **OUTLOOK**

The year ahead will continue to be challenging. On the one hand, the opening of Hong Kong Disneyland, the ongoing relaxation of Individual Visit Scheme and the improvement in unemployment rate are expected to prolong tourism boom and boost consumer sentiment which will sustain the growth of Hong Kong economy. On the other hand, the impact of the record high oil price and the rising interest rate is still uncertain in the long run. However, the Group is cautiously optimistic about the business operation in the coming year. Building on its existing assets base and growing diversified investment portfolio, the Group aims at sustaining stable income growth and capitalising high growth opportunities while hedging the Group's performance against unforeseeable business risks in any particular sector. It is the ultimate goal of the Group to increase shareholder value and reward shareholders with stable dividend payout. With the strong cash position gained from the special cash dividend received from Paul Y. - ITC, the Group will proactively yet prudently explore and take advantage of any business investment and expansion opportunities that may enhance long term profitability. Barring unforeseen circumstances, the Group is confident in meeting future challenges.

## **APPRECIATION**

On behalf of the Board, I would like to take this opportunity to thank the shareholders for their continuous support to the Company and extend my appreciation to all management and staff members for their contribution and dedication throughout the year.

## **CODE OF BEST PRACTICE**

None of the directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the year ended 31st March, 2005, in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules which was in force prior to 1st January, 2005, except that the independent non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws.

## **PROPOSED AMENDMENTS TO THE BYE-LAWS**

In order to ensure compliance with the Code on Corporate Governance Practices as contained in current Appendix 14 to the Listing Rules, it is proposed that certain amendments to be made to the Bye-laws of the Company. A special resolution to give effect to the proposed amendments to the Bye-laws of the Company will be proposed at the forthcoming annual general



meeting of the Company. Details of the proposed amendments to the Bye-laws of the Company will be set out in the circular and the notice of the forthcoming annual general meeting to be despatched to the shareholders of the Company.

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

A detailed results announcement of the Group containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Listing Rules will be published on the Hong Kong Stock Exchange's website in due course.

## **GENERAL**

As at the date of this announcement, the Board comprises nine directors, of which (i) six are executive directors, namely, Dr. Chan Kwok Keung, Charles, Mr. Lau Ko Yuen, Tom, Ms. Chau Mei Wah, Rosanna, Mr. Chan Kwok Hung, Mr. Chan Fut Yan and Mr. Cheung Hon Kit; and (ii) three are independent non-executive directors, namely, Mr. Chuck Winston Calptor, Mr. Lee Kit Wah and Mr. Wong Kam Cheong, Stanley.

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

Hong Kong, 22nd July, 2005

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

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