



ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 372)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2008

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, 2008, together with the comparative figures for the corresponding period in 2007. The interim results for the six months ended 30th September, 2008 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 Income Statement

		(Unaudited)	
		Six months ended	
	Notes	30.9.2008	30.9.2007
		HK\$'000	HK\$'000
			(Restated)
Continuing operations			
Turnover	3	<u>231,965</u>	<u>331,027</u>
Revenue	3	<u>29,456</u>	<u>133,987</u>
Management and other related service income		2,053	3,153
Net (loss) gain on financial instruments	4	(13,620)	175,734
Interest income		19,528	47,958
Property rental income		1,756	465
Other income		556	9,817
Loss on changes in fair values of investment properties		(11,278)	–
Administrative expenses		(33,101)	(82,456)
Impairment loss recognised in respect of available-for-sale investments		(5,445)	(20,960)
Finance costs		(8,299)	(46,296)
Net gain (loss) on deemed disposal and disposal of subsidiaries and associates		30,523	(74,400)
Share of results of associates			
– share of results		(325,285)	352,281
– discount on acquisitions of associates		<u>41,136</u>	<u>10,450</u>

		(Unaudited)	
		Six months ended	
	<i>Notes</i>	30.9.2008	30.9.2007
		HK\$'000	HK\$'000
			(Restated)
(Loss) profit before taxation	5	(301,476)	375,746
Taxation	6	1,739	(10,669)
		<hr/>	<hr/>
(Loss) profit for the period from continuing operations		(299,737)	365,077
		<hr/>	<hr/>
Discontinued operation			
Profit for the period from discontinued operation		–	24
		<hr/>	<hr/>
(Loss) profit for the period		(299,737)	365,101
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Equity holders of the Company		(299,737)	303,318
Minority interests		–	61,783
		<hr/>	<hr/>
		(299,737)	365,101
		<hr/> <hr/>	<hr/> <hr/>
Distributions	7	8,596	43,480
		<hr/> <hr/>	<hr/> <hr/>
(Loss) earnings per share	8		
From continuing and discontinued operations			
Basic (<i>HK cents</i>)		(11.1)	12.5
		<hr/> <hr/>	<hr/> <hr/>
Diluted (<i>HK cents</i>)		(11.1)	9.9
		<hr/> <hr/>	<hr/> <hr/>
From continuing operations			
Basic (<i>HK cents</i>)		(11.1)	12.5
		<hr/> <hr/>	<hr/> <hr/>
Diluted (<i>HK cents</i>)		(11.1)	9.9
		<hr/> <hr/>	<hr/> <hr/>

Condensed Consolidated Balance Sheet

		(Unaudited) 30.9.2008 <i>HK\$'000</i>	(Audited) 31.3.2008 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	9	77,948	88,621
Investment properties	9	61,523	9,511
Prepaid lease payments		58,664	85,223
Intangible assets		830	830
Interests in associates		2,654,071	2,745,768
Debt portion of convertible notes		186,367	180,555
Conversion options embedded in convertible notes		377	1,923
Available-for-sale investments		111,227	117,377
		<u>3,151,007</u>	<u>3,229,808</u>
Current assets			
Inventories		27	33
Prepaid lease payments		1,544	2,214
Debtors, deposits and prepayments	10	10,261	8,898
Margin account receivables		125	2,930
Amounts due from associates		262,163	261,294
Amounts due from related companies		6,961	6,753
Loans receivable		25,000	25,000
Financial assets designated at fair value through profit or loss		–	5,390
Investments held for trading		8,962	33,433
Derivative financial instruments		3,438	–
Short-term bank deposits, bank balances and cash		25,860	70,297
		<u>344,341</u>	<u>416,242</u>
Non-current assets classified as held for sale		–	59,482
		<u>344,341</u>	<u>475,724</u>

		(Unaudited) 30.9.2008 HK\$'000	(Audited) 31.3.2008 HK\$'000
	<i>Notes</i>		
Current liabilities			
Margin account payables		–	1,835
Creditors and accrued expenses	11	14,763	20,524
Dividend payable		8,596	–
Amounts due to associates		2,508	832
Borrowings - due within one year		2,450	2,450
Bank overdrafts		36,910	29,457
		<u>65,227</u>	<u>55,098</u>
Net current assets		<u>279,114</u>	<u>420,626</u>
Total assets less current liabilities		<u>3,430,121</u>	<u>3,650,434</u>
Non-current liabilities			
Borrowings – due after one year		55,200	55,200
Convertible notes payable		195,092	192,952
Deferred tax liabilities		9,002	5,851
		<u>259,294</u>	<u>254,003</u>
Net assets		<u><u>3,170,827</u></u>	<u><u>3,396,431</u></u>
Capital and reserves			
Share capital		269,460	269,460
Share premium and reserves		2,901,367	3,126,971
Total equity		<u><u>3,170,827</u></u>	<u><u>3,396,431</u></u>

Condensed Consolidated Cash Flow Statement

	(Unaudited)	
	Six months ended	
	30.9.2008	30.9.2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash used in operating activities	<u>(49,694)</u>	<u>(114,744)</u>
Net cash from (used in) investing activities		
Disposal of non-current assets held for sale	143,556	–
Acquisition of additional interests in associates	(138,225)	–
Additions to available-for-sale investments	(514)	(18,603)
Disposal of interests in associates	–	46,040
Deemed disposal of subsidiaries, net of cash and cash equivalents disposed	–	(82,120)
Disposal of partial interests in subsidiaries	–	131,768
Proceeds from disposal of available-for-sale investments	–	45,918
Acquisition of convertible notes	–	(69,964)
Investment in financial assets designated at fair value through profit or loss	–	(158,279)
Deposit paid for acquisition of long-term investments	–	(110,000)
Others	(1,303)	(6,992)
	<u>3,514</u>	<u>(222,232)</u>
Net cash from financing activities		
Net increase (decrease) in bank overdrafts	7,453	(34,507)
Interest paid	(6,159)	(48,398)
Gross proceeds from issue of shares	–	222,000
Gross proceeds from issue of shares of a subsidiary	–	147,900
Repayments of bank borrowings	–	(31,162)
Payment of transaction costs attributable to issue of shares of the Company and a subsidiary	–	(11,997)
	<u>1,294</u>	<u>243,836</u>
Net decrease in cash and cash equivalents	(44,886)	(93,140)
Cash and cash equivalents at beginning of the period	70,297	282,304
Effect of foreign exchange rate changes	<u>449</u>	<u>2,246</u>
Cash and cash equivalents at end of the period, representing by short-term bank deposits, bank balances and cash	<u><u>25,860</u></u>	<u><u>191,410</u></u>

Notes:

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

In the current interim period, the Group has applied, for the first time, new interpretations and amendments (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1st April, 2008. The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

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

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKAS 1 (Revised)	Presentation of Financial Statements ²
HKAS 23 (Revised)	Borrowing Costs ²
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ²
HKAS 39 (Amendment)	Eligible Hedged Items ³
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ²
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ²
HKFRS 3 (Revised)	Business Combinations ³
HKFRS 8	Operating Segments ²
HK(IFRIC) – Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate ²
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation ⁵
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ³

¹ Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009

² Effective for annual periods beginning on or after 1st January, 2009

³ Effective for annual periods beginning on or after 1st July, 2009

⁴ Effective for annual periods beginning on or after 1st July, 2008

⁵ Effective for annual periods beginning on or after 1st October, 2008

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent'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, 2008.

3. TURNOVER, REVENUE AND SEGMENT INFORMATION

Turnover represents the amounts received and receivable 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. Revenue represents the amount 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.

Business segments

For management purposes, the Group's operations are organised into five operating divisions, namely finance, securities investment, other investment, property investment and trading of building materials and machinery. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Finance	– loan financing services
Securities investment	– trading of securities
Other investment	– investments in financial instruments except investments held for trading
Property investment	– leasing of investment properties
Trading of building materials and machinery	– trading of building materials and machinery
Unallocated segment	– leasing of motor vehicles, management services and sand mining business

On 26th October, 2007, the Group disposed of its entire interest in a subsidiary engaged in trading of building materials and machinery business.

Six months ended 30th September, 2008

	Continuing operations						Discontinued operation		
	Finance HK\$'000	Securities investment HK\$'000	Other investment HK\$'000	Property investment HK\$'000	Unallocated HK\$'000	Eliminations HK\$'000	Total	Trading of building materials and machinery HK\$'000	Consolidated HK\$'000
TURNOVER -									
GROSS PROCEEDS	<u>18,033</u>	<u>203,048</u>	<u>13,523</u>	<u>3,798</u>	<u>2,243</u>	<u>(8,680)</u>	<u>231,965</u>	<u>-</u>	<u>231,965</u>
REVENUE									
External sales	<u>11,395</u>	<u>5,929</u>	<u>8,133</u>	<u>1,756</u>	<u>2,243</u>	<u>-</u>	<u>29,456</u>	<u>-</u>	<u>29,456</u>
Inter-segment sales	<u>6,638</u>	<u>-</u>	<u>-</u>	<u>2,042</u>	<u>-</u>	<u>(8,680)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>18,033</u>	<u>5,929</u>	<u>8,133</u>	<u>3,798</u>	<u>2,243</u>	<u>(8,680)</u>	<u>29,456</u>	<u>-</u>	<u>29,456</u>
RESULT									
Segment result	<u>(9,691)</u>	<u>(12,673)</u>	<u>6,580</u>	<u>(10,144)</u>	<u>(765)</u>	<u>-</u>	<u>(26,693)</u>	<u>-</u>	<u>(26,693)</u>
Unallocated corporate expenses							(12,858)	-	(12,858)
Finance costs							(8,299)	-	(8,299)
Net gain on deemed disposal and disposal of associates							30,523	-	30,523
Share of results of associates - share of results							(325,285)	-	(325,285)
- discount on acquisitions of associates							41,136	-	41,136
Loss before taxation							(301,476)	-	(301,476)
Taxation							1,739	-	1,739
Loss for the period							<u>(299,737)</u>	<u>-</u>	<u>(299,737)</u>

Six months ended 30th September, 2007

	Continuing operations						Discontinued operation		Consolidated HK\$'000
	Finance HK\$'000	Securities investment HK\$'000	Other investment HK\$'000	Property investment HK\$'000	Unallocated HK\$'000	Eliminations HK\$'000	Total HK\$'000	Trading of building materials and machinery HK\$'000	
TURNOVER -									
GROSS PROCEEDS	43,075	268,518	28,627	3,051	5,544	(17,788)	331,027	2,547	333,574
REVENUE									
External sales	28,871	70,870	28,237	465	5,544	-	133,987	2,547	136,534
Inter-segment sales	14,204	-	998	2,586	-	(17,788)	-	-	-
Total	43,075	70,870	29,235	3,051	5,544	(17,788)	133,987	2,547	136,534
RESULT									
Segment result	15,866	70,453	103,326	117	2,095	-	191,857	24	191,881
Unallocated corporate expenses							(58,146)	-	(58,146)
Finance costs							(46,296)	-	(46,296)
Net loss on deemed disposal and disposal of subsidiaries and associates							(74,400)	-	(74,400)
Share of results of associates							352,281	-	352,281
- share of results									
- discount on acquisitions of associates							10,450	-	10,450
Profit before taxation							375,746	24	375,770
Taxation							(10,669)	-	(10,669)
Profit for the period							365,077	24	365,101

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

4. NET (LOSS) GAIN ON FINANCIAL INSTRUMENTS

	Continuing operations		Discontinued operation		Consolidated	
	Six months ended		Six months ended		Six months ended	
	30.9.2008	30.9.2007	30.9.2008	30.9.2007	30.9.2008	30.9.2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net (loss) gain on:						
– Conversion options embedded in convertible notes	(1,546)	77,236	–	–	(1,546)	77,236
– Derivative financial instruments	–	(3,265)	–	–	–	(3,265)
– Financial assets designated at fair value through profit or loss	–	10,280	–	–	–	10,280
– Investments held for trading	(12,811)	69,635	–	–	(12,811)	69,635
– Gold trading contracts	–	(65)	–	–	–	(65)
Gain on disposal of:						
– Available-for-sale investments	–	20,613	–	–	–	20,613
– Precious metals	–	65	–	–	–	65
Dividend income on investments held for trading	737	1,235	–	–	737	1,235
	(13,620)	175,734	–	–	(13,620)	175,734

5. (LOSS) PROFIT BEFORE TAXATION

	Continuing operations		Discontinued operation		Consolidated	
	Six months ended		Six months ended		Six months ended	
	30.9.2008	30.9.2007	30.9.2008	30.9.2007	30.9.2008	30.9.2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss) profit before taxation has been arrived at after charging (crediting):						
Depreciation of property, plant and equipment	4,643	6,781	–	2	4,643	6,783
Release of prepaid lease payments	828	1,107	–	–	828	1,107
Loss (gain) on disposal of property, plant and equipment	13	(1,665)	–	–	13	(1,665)

6. TAXATION

	Continuing operations		Discontinued operation		Consolidated	
	Six months ended		Six months ended		Six months ended	
	30.9.2008	30.9.2007	30.9.2008	30.9.2007	30.9.2008	30.9.2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax:						
Hong Kong Profits Tax	-	10,726	-	-	-	10,726
Deferred Tax	(1,739)	(57)	-	-	(1,739)	(57)
	<u>(1,739)</u>	<u>10,669</u>	<u>-</u>	<u>-</u>	<u>(1,739)</u>	<u>10,669</u>

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profit tax rate by 1% to 16.5% effective from the year of assessment 2008-2009. The effect of such decrease has been reflected in measuring the current and deferred tax for the six months ended 30th September, 2008.

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

7. DISTRIBUTIONS

	Six months ended	
	30.9.2008	30.9.2007
	HK\$'000	HK\$'000
Dividends recognised as distributions to equity holders of the Company:		
– Final dividend declared for the year ended 31st March, 2008		
HK0.3 cent (2007: HK2.0 cents) per ordinary share	8,084	43,480
Bonus warrants (<i>note</i>)	512	-
	<u>8,596</u>	<u>43,480</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 with a term of one year. The fair value of the warrant, at the date of approval (i.e. 30th September, 2008), was determined by the directors of the Company with reference to the valuation 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, 2008 (2007: interim dividend of HK1.3 cents declared per ordinary share in cash with scrip option).

Subsequent to 30th September, 2008,

- (i) a cash dividend of HK0.3 cent per ordinary share was paid to the holders of ordinary shares of the Company as a final dividend for the year ended 31st March, 2008; and
- (ii) the Company issued 538,921,053 bonus warrants to the holders of ordinary shares of the Company as detailed in note above.

8. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operation

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

	Six months ended	
	30.9.2008	30.9.2007
	HK\$'000	HK\$'000
(Loss) profit for the period attributable to equity holders of the Company and (loss) earnings for the purpose of basic (loss) earnings per share	(299,737)	303,318
Effect of dilutive potential ordinary shares:		
Adjustment to the share of results of associates based on dilution of their earnings per share	–	(36,404)
Adjustment of finance costs on redeemable convertible preference shares	–	5,464
	<u> </u>	<u> </u>
(Loss) earnings for the purpose of diluted (loss) earnings per share	<u>(299,737)</u>	<u>272,378</u>

	Six months ended	
	30.9.2008	30.9.2007
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	2,694,605,269	2,432,864,465
Effect of dilutive potential ordinary shares:		
Redeemable convertible preference shares	–	325,071,706
	<u> </u>	<u> </u>
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	<u>2,694,605,269</u>	<u>2,757,936,171</u>

The potential ordinary shares attributable to the Company's outstanding convertible notes payable and share options have anti-dilutive effect for the current period.

From continuing operations

The calculation of the basic and diluted (loss) earnings per share from continuing operations attributable to the equity holders of the Company is based on the following data:

	Six months ended	
	30.9.2008	30.9.2007
	HK\$'000	HK\$'000
(Loss) profit for the period attributable to equity holders of the Company and (loss) earnings for the purpose of basic (loss) earnings per share	(299,737)	303,318
Less: Profit for the period from discontinued operation	—	(24)
	<hr/>	<hr/>
(Loss) earnings for the purpose of basic (loss) earnings per share from continuing operations	(299,737)	303,294
Effect of dilutive potential ordinary shares:		
Adjustment to the share of results of associates based on dilution of their earnings per share	—	(36,404)
Adjustment of finance cost on redeemable convertible preference shares	—	5,464
	<hr/>	<hr/>
(Loss) earnings for the purpose of diluted (loss) earnings per share from continuing operations	(299,737)	272,354
	<hr/> <hr/>	<hr/> <hr/>

The denominators used are the same as those detailed above for both basic and diluted (loss) earnings per share.

From discontinued operation

Basic and diluted earnings per share for the discontinued operation is negligible for the period ended 30th September, 2007, based on the profit for the period from the discontinued operation of HK\$24,000 and the denominators detailed above for both basic and diluted earnings per share.

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

During the period, the Group spent approximately HK\$1,303,000 (1.4.2007 to 30.9.2007: HK\$741,000) on property, plant and equipment.

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 approximately HK\$3,623,000 and the land portion classified as prepaid lease payments of approximately 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.

The Group's leasehold land and building classified as property, plant and equipment and investment properties were revalued by an independent professional valuer not connected with the Group at 30th September, 2008. 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 income statement respectively.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade debtors of approximately HK\$8,280,000 (31.3.2008: HK\$7,346,000) and their aged analysis at the balance sheet date is as follows:

	(Unaudited) 30.9.2008 HK\$'000	(Audited) 31.3.2008 HK\$'000
Trade debtors		
0-30 days	1,344	7,338
31-60 days	5	3
61-90 days	2	3
Over 90 days	6,929	2
	<u>8,280</u>	<u>7,346</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 (31.3.2008: 30 days to 90 days).

11. CREDITORS AND ACCRUED EXPENSES

Included in creditors and accrued expenses are trade payables of approximately HK\$4,542,000 (31.3.2008: HK\$4,299,000) and their aged analysis at the balance sheet date is as follows:

	(Unaudited) 30.9.2008 HK\$'000	(Audited) 31.3.2008 HK\$'000
Trade creditors		
0-30 days	362	138
31-60 days	4,175	4,161
Over 90 days	5	-
	<u>4,542</u>	<u>4,299</u>

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30th September, 2008 (2007: HK1.3 cents per ordinary share).

RESULTS AND FINANCIAL HIGHLIGHTS

For the six months ended 30th September, 2008, the Group recorded a consolidated revenue of approximately HK\$29.5 million, representing a decrease of 78% compared to the same period last year, mainly due to the fall in revenue from securities investment. Loss attributable to equity holders for the same period was approximately HK\$299.7 million and basic loss per ordinary share was HK11.1 cents (2007: earnings HK12.5 cents).

Analysis of the Group's performance is as follows:

	Six months ended	
	30.9.2008	30.9.2007
	<i>HK\$'M</i>	<i>HK\$'M</i>
(Loss) profit on contribution from strategic investments:		
Hanny	(320.1)	302.0
PYI	20.0	84.1
Others	(25.2)	(3.1)
	<u>(325.3)</u>	<u>383.0</u>
Discount on acquisition of associates	41.1	10.5
Other investments and operations, net of expenses	(15.5)	(90.2)
	<u>41.1</u>	<u>(79.7)</u>
(Loss) profit attributable to equity holders	<u><u>(299.7)</u></u>	<u><u>303.3</u></u>

Hanny Holdings Limited ("Hanny") suffered a loss of approximately HK\$641.4 million for the six months ended 30th September, 2008, compared to a profit of approximately HK\$581.1 million in the same period last year, mainly attributable to loss arising from the disposal of listed equity held for trading and change in fair value of financial assets. As Hanny was being equity accounted for as an associate of the Group for the period under review, the Group shared a loss of approximately HK\$320.1 million accordingly, and such loss represented the majority of the Group's loss.

PYI Corporation Limited ("PYI") recorded a fall in profit of 76% to approximately HK\$74.1 million for the period under review mainly due to reduction in revaluation gain on its investment properties. As a result, contribution from PYI to the Group decreased from approximately HK\$84.1 million to approximately HK\$20.0 million.

The discount on acquisition of associates of approximately HK\$41.1 million was recorded since the Group increased its interests in ITC Properties Group Limited and Wing On Travel (Holdings) Limited during the period under review with a consideration at a discount to the fair value of the assets acquired.

Included in other investments and operations (net of expenses) were (i) a net gain of approximately HK\$30.4 million arising from the disposal of an associate, which held an investment property in the Central District of Hong Kong, in April 2008; and (ii) a loss of approximately HK\$30.3 million on the investments in financial assets.

Before the financial tsunami intensified in September 2008, the Group had taken decisive actions to cut back its investments, and has successfully limited its exposure to risky financial assets and refrained from investing in derivative financial products for non-strategic purpose. As a result, the Group's exposure to financial assets as at 30th September, 2008, was reduced compared to the last year end date such as (i) financial assets designated at fair value through profit or loss, which comprised equity linked notes of approximately HK\$5.4 million, were completely disposed; and (ii) investments held for trading, which comprised listed securities, decreased from approximately HK\$33.4 million to approximately HK\$9.0 million. The Group's derivative financial instruments of approximately HK\$3.4 million as at 30th September, 2008, represent the warrants issued by its associates.

Regarding the overall financial position of the Group as at 30th September, 2008, total assets decreased by 6% to approximately HK\$3,495.3 million compared to the last year end date whereas equity attributable to equity holders decreased by 7% to approximately HK\$3,170.8 million. Such decrease was mainly due to the loss for the period under review.

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, 2008, the Group continued to hold significant interests, directly and indirectly, in a number of companies listed in Hong Kong, Canada, Singapore, 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. As at 30th September, 2008, the Group had the following major listed strategic investments:

Listed strategic investments directly held

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 investments in (i) a subsidiary whose issued shares are listed on the Australian Securities Exchange; (ii) an associate whose issued shares are traded on the OTC Bulletin Board in the U.S.A.; (iii) associates whose issued shares are listed on the Hong Kong Stock Exchange or the Singapore Exchange Limited; and (iv) long-term convertible notes issued by companies whose issued shares are listed on the Hong Kong Stock Exchange.

PYI Corporation Limited (“PYI”)

Based in Hong Kong, PYI focuses on infrastructure investment in and the operation of bulk cargo ports 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.

ITC Properties Group Limited (“ITC Properties”)

ITC Properties is principally engaged in property development and investment in Macau, Mainland China and Hong Kong. ITC Properties is also engaged in 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 with branches in Hong Kong, Macau, Mainland China, Canada and the United Kingdom, and hotel operation business including a hotel chain with the “Rosedale” brand in Hong Kong and Mainland China.

Burcon NutraScience Corporation (“Burcon”)

Burcon is a research and development company developing a portfolio of composition, application and process patents around its plant protein extraction and purification technology. Burcon, in conjunction with Archer Daniels Midland, is commercialising versatile new canola proteins, Puratein[®] and Supertein[™], with valuable nutritional profiles and each with unique functional properties. Burcon’s Puratein[®] and Supertein[™] are the first canola isolates to have attained GRAS status in the U.S.A.. Burcon’s goal is to develop Puratein[®] and Supertein[™] to participate in the expanding multi-billion dollar protein ingredient market, with potential uses in functional beverages, prepared foods, and nutritional supplements. Burcon has also developed Clarisoy[™], a soy protein isolate that is 100% soluble and transparent, even in highly acidic solutions. Burcon expects Clarisoy[™] to be a next generation soy protein isolate offering all the benefits of soy protein but with minimal impact on the properties of the beverage to which it is added.

PSC Corporation Ltd (“PSC”)

PSC focuses on two business clusters which are “Consumer Essentials” and “Strategic Investments”. The Consumer Essentials cluster comprises of FMCG manufacturing, marketing and brand management, franchise management, health solutions and services, and media education and entertainment. The Strategic Investment cluster generates value and financial asset capabilities by investing in promising enterprises in high growth sectors, including packaging and integrated solutions trading.

Listed strategic investments indirectly held

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

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

See Corporation Limited (“See Corp”)

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

China Enterprises Limited (“China Enterprises”)

China Enterprises is principally engaged in investment holding, which includes investment in an associate 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 investments in securities and financial assets. MRI continues to identify appropriate, strategic investment opportunities that maximise returns to shareholders, within the clear mandate determined by shareholders of MRI.

Intraco Limited (“Intraco”)

Intraco has developed its business portfolio under five core sectors, which are agri-business and foods; energy and environment; industrial materials; building materials and security solutions; and semiconductors.

Tat Seng Packaging Group Ltd. (“Tat Seng Packaging”)

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

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

Listed strategic investments directly held

Name of investee company	Place of listing	Stock code	Shareholding percentage	
			As at 30.9.2008	As at the date of this announcement
Hanny	Hong Kong Stock Exchange	275	49.9%	49.9%
PYI	Hong Kong Stock Exchange	498	26.8%	26.8%
ITC Properties	Hong Kong Stock Exchange	199	15.7% <i>(Note a)</i>	15.8% <i>(Note a)</i>
Wing On Travel	Hong Kong Stock Exchange	1189	18.4% <i>(Note b)</i>	18.4% <i>(Note b)</i>
Burcon	TSX Venture Exchange and Frankfurt Stock Exchange	BU WKN 157793	24.7%	24.7%
PSC	Singapore Exchange Limited	PSC	14.1% <i>(Note c)</i>	14.3% <i>(Note c)</i>

Listed strategic investments indirectly held

Name of investee company	Place of listing	Stock code	Effective interest	
			As at 30.9.2008	As at the date of this announcement
Paul Y. Engineering	Hong Kong Stock Exchange	577	16.7% <i>(Note d)</i>	16.7% <i>(Note d)</i>
See Corp	Hong Kong Stock Exchange	491	10.4% <i>(Note e)</i>	10.4% <i>(Note e)</i>
China Enterprises	OTC Bulletin Board, U.S.A.	CSHEF	13.0% <i>(Note f)</i>	13.0% <i>(Note f)</i>
MRI	Australian Securities Exchange	MRI	28.5% <i>(Note f)</i>	28.5% <i>(Note f)</i>
Intraco	Singapore Exchange Limited	INTRACO	4.2% <i>(Note g)</i>	4.2% <i>(Note g)</i>
Tat Seng Packaging	Singapore Exchange Limited	TAT SENG	9.0% <i>(Note g)</i>	9.1% <i>(Note g)</i>

Notes:

- (a) Hanny and China Enterprises hold shareholding interests in ITC Properties. The Group's effective interest includes its approximately 7.6% and 7.7% direct shareholding interest in ITC Properties as at 30th September, 2008 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 16.7% direct shareholding interest in Wing On Travel as at 30th September, 2008 and as at the date of this announcement, respectively.
- (c) Hanny holds a shareholding interest in PSC. The Group's effective interest includes its approximately 2.0% and 2.1% direct shareholding interest in PSC as at 30th September, 2008 and as at the date of this announcement, respectively.
- (d) The Group's interest is held through PYI.
- (e) Hanny and China Enterprises hold shareholding interests in See Corp. The Group's effective interest includes its approximately 0.5% direct shareholding interest in See Corp as at 30th September, 2008 and as at the date of this announcement, respectively.
- (f) The Group's interest is held through Hanny.
- (g) The Group's interest is held through PSC.

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. Cash, bank balances and deposits as at 30th September, 2008 amounted to approximately HK\$25.9 million. As at 30th September, 2008, the Group had bank borrowings of approximately HK\$94.6 million, approximately HK\$39.4 million of which is repayable within one year or on demand.

As at 30th September, 2008, all the Group's borrowings were at floating interest rates and the Group's current ratio was 5.3.

GEARING RATIO

The Group's gearing ratio, calculated on the basis of the Group's net borrowings of approximately HK\$263.8 million over equity attributable to equity holders of approximately HK\$3,170.8 million, was 8.3% as at 30th September, 2008, as compared with 6.2% as at 31st March, 2008.

EXCHANGE RATE EXPOSURE

As at 30th September, 2008, approximately 10% of the cash, bank balances and deposits were in other currencies and only approximately 6% of the Group's total borrowings of approximately HK\$17.9 million was denominated in Canadian dollars. The Canadian dollars denominated borrowings are directly tied in with the Group's business in Canada.

PLEDGE OF ASSETS

As at 30th September, 2008, certain of the Group's properties, certain shares of associates, margin account receivables, held for trading investments and derivative financial instruments with an aggregate carrying value of approximately HK\$263.8 million were pledged to banks and financial institutions to secure general facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30th September, 2008, 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 upto the date of disposal.

EMPLOYEE AND REMUNERATION POLICY

As at 30th September, 2008, the Group employed a total of 73 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 198.6 million outstanding share options granted by the Company as at 30th September, 2008.

MAJOR EVENTS

The major events of the Group during the six months ended 30th September, 2008 are summarised below:

In April 2008, the Group disposed of all the interests in an associate company which held an investment property in the Central District of Hong Kong for a consideration of HK\$145 million.

In May 2008, Wing On Travel proposed to issue rights shares by way of rights issue on the basis of four rights shares (with bonus warrants in the proportion of one bonus warrant for every four rights shares subscribed) for every share held on the record date at the subscription price of HK\$0.06 per rights share. The Company had undertaken, inter alia, to subscribe or procure to subscribe for approximately 1,035 million rights shares of Wing On Travel. The rights issue was completed on 30th July, 2008. The Group's direct shareholding interests in Wing On Travel is approximately 16.7% as at the date of this announcement.

In July 2008, the Company proposed a bonus warrant issue on the basis of one bonus warrant for every five ordinary shares held by members whose names appeared on the register of holders of ordinary shares of the Company on the record date at an initial subscription price of HK\$0.22 per share exercisable within twelve months from the date of issue of warrants. On 5th November, 2008, 538,921,053 bonus warrants entitling holders thereof to subscribe for new shares of the Company were issued.

SECURITIES IN ISSUE

As at the date of this announcement, there are in issue 2,694,612,176 ordinary shares of the Company of HK\$0.10 each and 538,914,146 warrants of the Company carrying rights to subscribe for the equivalent number of shares of the Company at an initial subscription price of HK\$0.22 per share.

OUTLOOK

The financial tsunami broken out in the recent months has already had a dampening effect on business activities and consumer sentiment across the globe. Looking ahead, the Group will continue to establish a prudent approach in managing its business and to maintain a sound financial management. The financial tsunami, on the other hand, allows the Group to seek out investment opportunities undervalued by the market. Our aggressive, but cautious, investment approach allows us to mitigate risks while forging for quality investments at propitious times. With our strong foundation and experience, we are confident of our business operations.

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

During the six months ended 30th September, 2008, 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, 2008, complied with the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules, except that the Chairman of the Board could not attend the annual general meeting of the Company held on 30th September, 2008 due to other commitment abroad. Despite of that, representatives of the Board including executive directors and independent non-executive directors of the Company were present at the meeting to answer questions on the Group's businesses.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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, 2008.

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, 23rd December, 2008

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

Executive Directors:

Dr. Chan Kwok Keung, Charles (*Chairman*)
Ms. Chau Mei Wah, Rosanna
(*Deputy Chairman and Managing Director*)
Mr. Chan Kwok Chuen, Augustine
Mr. Chan Fut Yan
Mr. Cheung Hon Kit

Independent non-executive Directors:

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