ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 372)

ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2010

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, 2010, together with comparative figures for the corresponding period 2009. The interim results for the six months ended 30th September, 2010 are not audited, but have been reviewed by the auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and the Audit Committee of the Company.

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30th September, 2010

		(Unaudited) Six months ended	
	Notes	**30.09.2010** **HK$'000**	30.09.2009 HK$'000 (Restated)
Turnover			
– gross proceeds	3	**30,419**	25,893
Revenue	3	**27,934**	25,835
Management and other related service income		**2,379**	2,215
Net (loss) gain on financial instruments	4	**(6,025)**	20,044
Interest income		**20,860**	20,419
Property rental income		**2,047**	1,946
Other income		**111**	220
Administrative expenses		**(27,789)**	(29,705)
Loss on assets classified as held for distribution to shareholders	5	**(845,445)**	–
Finance costs		**(10,946)**	(7,971)
Net loss on deemed disposal of interests in associates		**(46,443)**	(138,841)
Share of results of associates			
– share of results		**115,160**	51,046
– gain on acquisitions of associates		**86,200**	3,172
Loss for the period	6	**(709,891)**	(77,455)

	Note	(Unaudited) Six months ended 30.09.2010 HK$'000	30.09.2009 HK$'000 (Restated)
Other comprehensive (expenses) income:			
Exchange differences arising on translation of foreign operations		**(400)**	5,581
Share of other comprehensive income of associates		**57,086**	46,560
Fair value gain on available-for-sale investments		**–**	18,009
Reclassification adjustments:			
– reserves released on write down of assets classified as held for distribution to shareholders		**(88,294)**	–
– reserves released on deemed disposal of interests in associates		**(424)**	(6,664)
– investment revaluation reserve released on disposal of available-for-sale investments		**–**	(12,879)
Other comprehensive (expenses) income for the period		**(32,032)**	50,607
Total comprehensive expenses for the period		**(741,923)**	(26,848)
		HK$	*HK$*
Loss per share	9		
Basic and diluted		**(0.94)**	(0.12)

Condensed Consolidated Statement of Financial Position
At 30th September, 2010

	Notes	**(Unaudited) 30.09.2010** *HK$'000*	(Audited) 31.03.2010 *HK$'000* (Restated)
Non-current assets			
Property, plant and equipment		**213,635**	219,503
Investment properties		**88,253**	88,497
Intangible assets		**1,781**	1,540
Interests in associates		**1,656,426**	2,471,715
Debt portion of convertible notes		**–**	328,358
Conversion options embedded in convertible notes		**–**	201
Available-for-sale investments		**4,954**	8,049
		1,965,049	3,117,863
Current assets			
Inventories		**33**	33
Debtors, deposits and prepayments	10	**49,183**	2,917
Amounts due from associates		**41,059**	74,356
Amounts due from a related company		**96**	96
Loans receivable		**31,969**	21,969
Debt portion of convertible notes		**266,777**	–
Investments held for trading		**14,348**	6,825
Short-term bank deposits, bank balances and cash		**159,589**	144,207
		563,054	250,403
Assets classified as held for distribution	11	**117,672**	–
		680,726	250,403
Current liabilities			
Creditors and accrued expenses	12	**13,240**	13,011
Distribution payable	8	**350,996**	–
Amounts due to associates		**1,191**	941
Bank borrowings – due within one year		**5,250**	5,250
Bank overdrafts		**42,781**	37,974
		413,458	57,176
Net current assets		**267,268**	193,227
Total assets less current liabilities		**2,232,317**	3,311,090

	(Unaudited)	(Audited)
	30.09.2010	31.03.2010
	HK$'000	*HK$'000*
		(Restated)
Non-current liabilities		
Bank borrowings – due after one year	**47,500**	47,500
Convertible notes payable	**186,274**	180,492
Deferred tax liabilities	**29,870**	29,870
	263,644	257,862
Net assets	**1,968,673**	3,053,228
Capital and reserves		
Share capital	**7,537**	7,537
Share premium and reserves	**1,961,136**	3,045,691
Total equity	**1,968,673**	3,053,228

Condensed Consolidated Statement of Cash Flows

For the six months ended 30th September, 2010

	(Unaudited) Six months ended	
	30.09.2010	30.09.2009
	HK$'000	*HK$'000*
Net cash (used in) from operating activities	**(27,377)**	168,736
Net cash from (used in) investing activities	**43,183**	(164,554)
Net cash (used in) from financing activities	**(5,164)**	158,565
Net increase in cash and cash equivalents	**10,642**	162,747
Cash and cash equivalents at beginning of the period	**106,233**	(2,776)
Effect of foreign exchange rate changes	**(67)**	(2,135)
Cash and cash equivalents at end of the period	**116,808**	157,836
Analysis of the balance of cash and cash equivalents		
Short-term bank deposits, bank balances and cash	**159,589**	189,920
Bank overdrafts	**(42,781)**	(32,084)
	116,808	157,836

Notes:

1. BASIS OF PREPARATION

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

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 amount and fair value as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2010 except as stated below.

During the period ended 30th September, 2010, as detailed in note 11, the Group's present ownership interest in Hanny (as defined in note 8) has been classified as non-current assets held for distribution. Accordingly, the Group has adopted the following accounting policy:

Assets classified as held for distribution

Non-current assets are classified as held for distribution when the Group is committed to distribute the asset to the owners. This condition is regarded as met only when the distribution is highly probable and the asset is available for immediate distribution in its present condition.

Non-current assets classified as held for distribution are measured at the lower of the assets' previous carrying amount and fair value less costs to distribute.

The Group discontinues the use of equity method of accounting from the date that its interests in associates is classified as held for distribution in accordance with HKFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", which are measured at the lower of the interest in associates' previous carrying amount and the fair value less costs to distribute.

In addition, in the current interim period, the Group has applied, for the first time, new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

The Group applies HKFRS 3 (Revised) "Business Combinations" prospectively to business combinations for which the acquisition date is on or after 1st April, 2010. The requirements in HKAS 27 (Revised) "Consolidated and Separate Financial Statements" in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1st April, 2010.

As there was no transaction during the current interim period to which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

In addition, as part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendment to HKAS 17 has removed such a requirement. The amendment requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendment to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1st April, 2010 based on information that existed at the inception of the leases. Leasehold lands which met finance lease classification have been reclassified from prepaid lease payments to property, plant and equipment measured at revalued amounts retrospectively.

The effect of changes in accounting policies on the adoption of amendment to HKAS 17 on the results for the current and prior period by line item presented in the condensed consolidated statement of comprehensive income is as follows:

	Six months ended	
	30.09.2010	30.09.2009
	HK$'000	*HK$'000*
Increase in administrative expenses and increase in loss for the period	**1,738**	552

The effect of changes in accounting policies on the adoption of amendment to HKAS 17 on the financial positions of the Group as at 31st March, 2010:

	As at 31.03.2010 (Originally stated)	Adjustments	As at 31.03.2010 (Restated)
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment	31,253	188,250	219,503
Prepaid lease payments	57,892	(57,892)	–
Deferred tax liabilities	(7,706)	(22,164)	(29,870)
	81,439	108,194	189,633
Accumulated profits	803,257	(3,967)	799,290
Property revaluation reserve	30,630	112,161	142,791
	833,887	108,194	942,081

The effect of changes in accounting policies on the adoption of amendment to HKAS 17 on the financial positions of the Group as at 1st April, 2009 is as follows:

	As at 01.04.2009 (Originally stated)	Adjustments	As at 01.04.2009 (Restated)
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment	68,484	101,920	170,404
Prepaid lease payments	59,436	(59,436)	–
Deferred tax liabilities	(8,104)	(7,482)	(15,586)
	119,816	35,002	154,818
Accumulated profits	773,443	(2,863)	770,580
Property revaluation reserve	44,588	37,865	82,453
	818,031	35,002	853,033

The effect of changes in accounting policies on the adoption of amendment to HKAS 17 on the basic and diluted loss per share for the current and prior period is negligible.

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosure for First-time Adopters[2]
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets[4]
HKFRS 9	Financial Instruments[5]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirements[3]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Effective for annual periods beginning on or after 1st July, 2010 and 1st January, 2011, as appropriate
2 Effective for annual periods beginning on or after 1st July, 2010
3 Effective for annual periods beginning on or after 1st January, 2011
4 Effective for annual periods beginning on or after 1st July, 2011
5 Effective for annual periods beginning on or after 1st January, 2013

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1st January, 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

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

3. TURNOVER, GROSS PROCEEDS, REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable from outside customers for the period and includes net gain on disposal of investments held for trading.

Segment information

The Group's operating segments, based on information reported to the chief operating decision maker, being the Executive Directors of the Company, for the purposes of resources allocation and performance assessment are as follows:

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

Information regarding the above segments is reported below.

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

The following is an analysis of the Group's revenue and results by operating segment for the period under review:

Six months ended 30th September, 2010:

	Finance *HK$'000*	Long term investment *HK$'000*	Other investment *HK$'000*	Others *HK$'000*	Segment total *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
TURNOVER							
– gross proceeds	**7,250**	**18,491**	**5,048**	**6,045**	**36,834**	**(6,415)**	**30,419**
SEGMENT REVENUE							
External sales	**2,345**	**18,491**	**2,563**	**4,535**	**27,934**	**–**	**27,934**
Inter-segment sales	**4,905**	**–**	**–**	**1,510**	**6,415**	**(6,415)**	**–**
Total	**7,250**	**18,491**	**2,563**	**6,045**	**34,349**	**(6,415)**	**27,934**
RESULT							
Segment result	**(13,289)**	**9,881**	**2,558**	**1,462**	**612**	**–**	**612**
Central administration costs							**(9,029)**
Finance costs							**(10,946)**
Loss on assets classified as held for distribution to shareholders							**(845,445)**
Net loss on deemed disposal of interests in associates							**(46,443)**
Share of results of associates							
– share of results							**115,160**
– gain on acquisitions of associates							**86,200**
Loss for the period							**(709,891)**

Six months ended 30th September, 2009 (Restated):

	Finance	Long term investment	Other investment	Others	Segment total	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER							
– gross proceeds	12,184	13,076	1,123	6,266	32,649	(6,756)	25,893
SEGMENT REVENUE							
External sales	7,334	13,076	1,065	4,360	25,835	–	25,835
Inter-segment sales	4,850	–	–	1,906	6,756	(6,756)	–
Total	12,184	13,076	1,065	6,266	32,591	(6,756)	25,835
RESULT							
Segment result	(9,634)	12,925	20,086	991	24,368	–	24,368
Central administration costs							(9,229)
Finance costs							(7,971)
Net gain on deemed disposal of interests in associates							(138,841)
Share of results of associates							
– share of results							51,046
– gain on acquisitions of associates							3,172
Loss for the period							(77,455)

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

Segment result represents the result of each segment without allocation of central administration costs, including directors' salaries, finance costs, loss on assets classified as held for distribution to shareholders and items related to interest in associates.

4. NET (LOSS) GAIN ON FINANCIAL INSTRUMENTS

	Six months ended	
	30.09.2010	30.09.2009
	HK$'000	*HK$'000*
Dividend income on investments held for trading	**1**	1,065
Loss on convertible notes	**(8,513)**	–
Net (loss) gain on:		
– Conversion options embedded in convertible notes	**(76)**	(96)
– Derivative financial instruments	**–**	7,773
– Investments held for trading	**2,563**	(1,577)
Gain on disposal of available-for-sale investments	**–**	12,879
	(6,025)	20,044

5. LOSS ON ASSETS CLASSIFIED AS HELD FOR DISTRIBUTION TO SHAREHOLDERS

As a result of the Distribution (as defined in note 8), a loss on write down of these assets to their fair value less cost to distribute, amounting to HK$845,445,000, was recognised in the profit or loss.

6. LOSS FOR THE PERIOD

	Six months ended	
	30.09.2010	30.09.2009
	HK$'000	*HK$'000*
		(Restated)
Loss for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**6,078**	5,899
Share of taxation of associates (included in share of results of associates)	**35,544**	45,846
Gain on disposal of property, plant and equipment	**–**	(15)

7. TAXATION

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

8. DISTRIBUTION

In September, 2010, a dividend of HK1.0 cent (2009:Nil) per share, amounting to HK$7,537,000 in aggregate, was declared and approved for distribution to shareholders of the Company as the final dividend for the year ended 31st March, 2010.

In addition, in July 2010, Hanny Holdings Limited ("Hanny"), a then associate of the Group proposed a repurchase offer to repurchase the 2% convertible notes issued by Hanny at their face value to be satisfied by the issue of new shares in Hanny of HK$0.5 each (the "Hanny Repurchase Offer"). The Group proposed an acceptance of the Hanny Repurchase Offer (the "Acceptance") and a distribution of the Group's contributed surplus on the basis of 9.3 ordinary shares in Hanny for every 10 ordinary shares in the Company held (the "Distribution"). The Distribution had been approved by the shareholders of the Company on 21st September, 2010. On the date of approval of the Distribution, the Group held 42.77% equity interest in Hanny, representing 240,146,821 shares in Hanny. Together with 462,958,590 new shares in Hanny to be obtained through the Acceptance, the total number of Hanny shares to be distributed is 700,936,289 (details of which are set out in the announcement of the Company dated 21st October, 2010). Assets classified as held for distribution were presented as current assets as at 30th September, 2010 as detailed in note 11. The amount of the Distribution recognised in the interim financial information was determined with reference to the market price of Hanny shares on 30th September, 2010 and is subject to further change which depends on the market price of Hanny shares on 11th November, 2010, being the date of Distribution.

Subsequent to the end of the interim period, the directors have determined that an interim dividend of HK1.0 cent per share (2009: Nil) will be paid to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on 28th January, 2011.

9. LOSS PER SHARE

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

	Six months ended	
	30.09.2010	30.09.2009
	HK$'000	*HK$'000*
		(Restated)
Loss for the period attributable to the owners of the Company and loss for the purposes of basic and diluted loss per share	**(709,891)**	(77,455)
	Number of shares	*Number of shares*
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**753,695,343**	667,554,685

The weighted average number of ordinary shares for the purposes of basic and diluted loss per share for the six months ended 30th September, 2009 had been adjusted for the capital reorganisation of the Company in April 2009 and the bonus element of the issue of four rights shares for every reorganised share in May 2009.

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

In addition, the computation of diluted loss per share for the six months ended 30th September, 2009 did not assume the exercise of the Company's outstanding warrants (which were expired on 4th November, 2009) as the exercise price of the warrants was higher than the average market price of shares for the period.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade debtors of HK$3,008,000 (31.03.2010: HK$1,797,000) and their aged analysis at the end of the reporting period is as follows:

	(Unaudited)	(Audited)
	30.09.2010	31.03.2010
	HK$'000	*HK$'000*
Trade debtors		
0-30 days	**1,687**	1,785
31-60 days	**6**	5
61-90 days	**–**	3
Over 90 days	**1,315**	4
	3,008	1,797

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 (31.03.2010: 30 days to 90 days).

11. ASSETS CLASSIFIED AS HELD FOR DISTRIBUTION

As a result of the Distribution, the Group's present ownership interest in Hanny as at 21st September, 2010 has been classified as non-current assets held for distribution and is presented separately in the condensed consolidated statement of financial position as current assets.

12. CREDITORS AND ACCRUED EXPENSES

Included in creditors and accrued expenses are trade payables of HK$4,888,000 (31.03.2010: HK$4,688,000) and their aged analysis at the end of the reporting period is as follows:

	(Unaudited)	(Audited)
	30.09.2010	31.03.2010
	HK$'000	*HK$'000*
Trade creditors		
0-30 days	**709**	559
31-60 days	**4,179**	4,127
Over 90 days	**–**	2
	4,888	4,688

INTERIM DIVIDEND

Notwithstanding the Group's loss of HK$710 million for the six months ended 30th September, 2010, the Board has resolved to pay an interim dividend of HK1.0 cent per share (2009: Nil) as the Board considered that the loss was mainly driven by the non-cash loss of HK$845 million from the distribution of shares of Hanny to the shareholders of the Company approved during the interim period (details of which are discussed in the section "Business Review"). Without such non-cash loss, the Group would have achieved a profit of HK$135 million for the interim period.

The interim dividend will be paid to shareholders whose names appear on the register of members of the Company as at the close of business on Friday, 28th January, 2011 and is expected to be paid to shareholders by post on or about Tuesday, 1st March, 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 26th January, 2011 to Friday, 28th January, 2011, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:00 p.m. on Tuesday, 25th January, 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

"The Distribution of Hanny Shares Represents a Significant Return to Our Shareholders."

BUSINESS REVIEW

Distribution of Hanny Shares to Shareholders

For the six months ended 30th September, 2010, the Group reported a loss of HK$710 million attributable to owners (2009: loss HK$77 million). Basic loss per share was accordingly HK$0.94 compared with HK$0.12 of the corresponding period in last year. The interim period loss was mainly driven by the distribution of Hanny shares to the shareholders on the basis of 9.3 Hanny shares for every 10 shares of the Company held. The value of the Group's Hanny shares distributed was HK$1,188 million which was being equity-accounted at net asset value prior to the Distribution. Since the Distribution was completed in November and the Hanny shares were trading at a deep discount to its underlying asset value and the accounting rules require the Distribution to be recognised in accordance with the market price of Hanny shares on its date of approval, a loss of HK$845 million was recorded for the Distribution in this interim period. This non-cash loss was recorded as the market price of Hanny shares did not reflect its underlying asset value. Without such non-cash loss, the Group would have achieved a profit of HK$135 million for the interim period.

Analysis of the Group's performance is as follows:

	Six months ended	
	30.09.2010	30.09.2009
	HK$'M	*HK$'M*
Profit (loss) contributed by strategic investments:		
Hanny	**(19)**	36
PYI	**48**	29
Rosedale	**85**	(19)
ITC Properties	**8**	9
Burcon	**(7)**	(4)
	115	51
Gain (loss) from changes in interests in associates	**40**	(120)
Net loss from other investments and operations	**(20)**	(8)
Profit (loss) before distribution	**135**	(77)
Loss on distribution of Hanny shares to shareholders	**(845)**	–
Loss attributable to owners	**(710)**	(77)

The Board is pleased to reward its shareholders with the Distribution which transforms the underlying value of the Group's strategic investments into shareholder value. The Distribution successfully unlocked value for the shareholders by allowing them to directly participate in Hanny's growth prospects, adding liquidity to their interests as well as providing the flexibility for them to gain direct control over their interests in Hanny.

Gain/Loss from Changes in Interests in Associates

The gain of HK$40 million was mainly attributable to the net effect of (i) a discount of HK$86 million when the Group acquired shares of ITC Properties Group Limited ("ITC Properties") and Rosedale Hotel Holdings Limited ("Rosedale") on the open market with the consideration paid lower than the fair value of the assets acquired; and (ii) a deemed disposal loss of HK$46 million mainly derived from the dilutive effects from the placement of 94 million new shares of ITC Properties in June 2010 and the issuance of about 112 million new shares of Rosedale for its 2% convertible exchangeable notes due in June 2011 (the "Rosedale Notes").

Listed Strategic Investments Directly Held

Hanny Holdings Limited ("Hanny")

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

The Group's interest in Hanny remained unchanged during the interim period at 42.7%. In April 2010, the Group acquired an aggregate principal amount of HK$42 million of Hanny's 2% convertible notes due in June 2011 (the "Hanny Notes") at a discount by paying HK$31 million as the consideration. Subsequently in July 2010, Hanny proposed to repurchase all of the outstanding Hanny Notes at face value with the consideration satisfied by the issuance of Hanny shares at HK$0.50 per share. The Group accepted the Hanny Repurchase Offer for the entire aggregate principal amount of HK$231 million of Hanny Notes held by the Group and approved the Distribution in September 2010. On the date of approval of the Distribution, Hanny ceased to be an associate of the Group. The Distribution and the Hanny Repurchase Offer were completed in November 2010 with the Group's interest in Hanny dropped to 0.1%.

Hanny has recorded a loss of HK$57 million for the six months ended 30th September, 2010 as compared with a profit of HK$79 million for the corresponding period in 2009 which was mainly attributable to the net effects of (i) decrease in revenue and other income, gains and losses; (ii) decrease in fair value gain on investment properties; (iii) decrease in gain on disposal of interest in an associate and available-for-sale investments; and (iv) decrease in impairment losses on property, plant and equipment and intangible assets. The Group accounted for Hanny as an associate from the beginning of the interim period up to the date of approval of the Distribution. Accordingly, the Group shared a loss of HK$19 million for this period.

PYI Corporation Limited ("PYI")

Based in Hong Kong, PYI focuses on infrastructure investment in and operation of bulk cargo port and logistics facilities in the Yangtze River region in Mainland China. They are also engaged 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.

During the period under review, the Group's interests in PYI remained unchanged at 26.7%. PYI recorded a profit attributable to its owners of HK$178 million for the six months ended 30th September, 2010 compared with HK$116 million for the same period in 2009. The improved result was mainly attributable to the contribution from Jiangyin Sunan International Container Terminal of HK$90 million (2009: Nil) resulting from the bargain purchase by PYI for its additional 15% interest from 25% to 40% and continuous cost control measures during the period. As a result, PYI contributed a profit increase from HK$29 million to HK$48 million for the interim period to the Group.

Rosedale Hotel Holdings Limited ("Rosedale")

Rosedale is principally engaged in hotel operation in Hong Kong and Mainland China and also trading of securities. Rosedale manages a 4-star business hotel chain in Hong Kong and Mainland China, namely Rosedale on the Park, Rosedale Hotel & Suites Beijing, Rosedale Hotel & Suites Guangzhou, the Times Plaza Hotel Shenyang, and the Luoyang Golden Gulf Hotel. In addition, Rosedale is running a budget hotel chain under the brand name "Square Inn" in Mainland China.

During the period from May to July 2010, the Group acquired an aggregate of about 26 million shares of Rosedale on the open market at a total consideration of HK$16 million with an aim to take advantage of the potential up-side from Rosedale's plans to expand its business in Mainland China's flourishing hospitality industry. In September 2010, Rosedale completed its repurchase offer in respect of all the outstanding Rosedale Notes. The Group, as a result, received HK$100 million by electing the cash option for all its holding of the Rosedale Notes in an aggregate principal amount of HK$114 million. These Rosedale Notes were originally acquired by the Group at an aggregate discounted consideration of HK$90 million over a number of transactions in 2009 and have been "out-of-the-money" since the first date of acquisition by the Group.

The effects from the open market purchases mentioned above were partly reduced by the dilutive effects from the issuance of new Rosedale shares to holders of Rosedale Notes, electing the share options pursuant to Rosedale's repurchase offer. As a result, the Group's effective interest in Rosedale increased from 15.3% to 16.8% during the interim period.

For the six months ended 30th June, 2010, Rosedale recorded a profit of HK$578 million attributable to its owners, compared with a loss of HK$115 million for the same period in 2009. The significant improvement was mainly caused by the substantial gain on disposal of its 90% equity interest in its travel business. Accordingly, the Group shared a profit of HK$85 million for the interim period compared with last interim period's loss of HK$19 million.

ITC Properties Group Limited ("ITC Properties")

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

The Group's effective interest in ITC Properties changed from 14.8% to 13.6% during the interim period. The change was mainly due to the dilutive effects from ITC Properties' placement of its 94 million new shares in June 2010.

ITC Properties recorded a profit of HK$115 million attributable to its owners for the six months ended 30th September, 2010, same as the profit of HK$115 million for the same period last year. Current period's profit mainly comprised the increase in fair value of its investment properties attributable to the robust performance of Hong Kong's property market and the compensation from cancellation of land acquisition at Hengqin, Zhuhai of Mainland China. With the increase in profit of ITC Properties, the Group shared a profit of approximately HK$8 million for the interim period.

Burcon NutraScience Corporation ("Burcon")

Burcon is a leader in nutrition, health and wellness in the field of functional, renewable plant proteins. Since 1999, Burcon has developed a portfolio of composition, application, and process patents originating from its core protein extraction and purification technology. Burcon is currently developing Supertein™ and Puratein® canola protein isolates with unique functional and nutritional attributes. Supertein™ and Puratein® are the first canola protein isolates to have attained the self-affirmed Generally Recognised as Safe ("GRAS") status in the U.S. In August 2010, Burcon received a no objection letter from the U.S. Food and Drug Administration ("FDA") indicating that these canola protein isolates are GRAS under the intended conditions of use as an ingredient across a variety of food and beverage applications. In addition to canola, Burcon is also developing CLARISOY®, a revolutionary soy protein isolate which is 100% soluble, tasteless and completely transparent in acidic solutions.

The Group's interest in Burcon decreased from 21.6% to 21.2% due to share options which were exercised by other parties during the interim period.

Burcon continues to be a development-stage company and reported a loss of 4.1 million Canadian dollars for the six months ended 30th September, 2010, as compared to a loss of 2.5 million Canadian dollars for the same period of the prior year. The increase in the loss amount was mainly due to the recognition of non-cash stock-based compensation expense for share options. The loss shared by the Group was HK$7 million for the interim period.

Listed strategic investments indirectly held

Paul Y. Engineering Group Limited ("Paul Y. Engineering")

Paul Y. Engineering is an international engineering and property services group headquartered in Hong Kong. It provides full fledging property service to the property sectors and communities in Hong Kong, Macau and Mainland China.

China Enterprises Limited ("China Enterprises")

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

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

Listed strategic investments directly held

			Shareholding percentage	
Name of investee company	**Place of listing**	**Stock code**	**As at 30.09.2010**	**As at the date of this announcement**
Hanny	Hong Kong Stock Exchange	275	42.7%	0.1%
PYI	Hong Kong Stock Exchange	498	26.7%	26.7%
Rosedale	Hong Kong Stock Exchange	1189	16.8% *(Note a)*	15.8% *(Note a)*
ITC Properties	Hong Kong Stock Exchange	199	13.6% *(Note b)*	24.7% *(Note b)*
Burcon	Toronto Stock Exchange and Frankfurt Stock Exchange	BU WKN 157793	21.2%	21.2%

Listed strategic investments indirectly held

Name of investee company	Place of listing	Stock code	Effective interest As at 30.09.2010	Effective interest As at the date of this announcement
Paul Y. Engineering	Hong Kong Stock Exchange	577	16.6% *(Note c)*	16.6% *(Note c)*
China Enterprises	OTC Securities Market, U.S.	CSHEF	11.1% *(Note d)*	0.0% *(Note d)*

Notes:

(a) As at 30th September, 2010, China Enterprises held a shareholding interest in Rosedale and the Group's direct shareholding interest in Rosedale was 15.8%. As at the date of this announcement, the Group's shareholding interest in Rosedale represents its 15.8% direct interest only as the shareholding interest in Rosedale held by China Enterprises, if any, is not material in calculating the Group's shareholding interest in Rosedale after the completion of the Distribution.

(b) As at 30th September, 2010, Hanny and China Enterprises each held a shareholding interest in ITC Properties and the Group's direct shareholding interest in ITC Properties was 7.7%. As at the date of this announcement, the Group's shareholding interest in ITC Properties represents its 24.7% direct interest only as the shareholding interest in ITC Properties held by China Enterprises, if any, is not material in calculating the Group's shareholding interest in ITC Properties after the completion of the Distribution.

(c) The Group's effective interest is held through PYI.

(d) As at 30th September, 2010, the Group's effective interest was held through Hanny. As at the date of this announcement, the Group's effective interest in China Enterprises is not material as the Group's shareholding interest in Hanny is not material after the completion of the Distribution.

FINANCIAL REVIEW

As at 30th September, 2010, the Group's total assets and equity attributable to owners decreased by 21% and 36% to HK$2,646 million and HK$1,969 million respectively, as compared to the last audited date. The decrease was mainly due to the recognition of the Distribution on its approval date during the interim period. The market value of the Hanny shares distributed was significantly below its carrying value when previously recorded as an interest in associates on the Group's financial statements.

With respect to liquidity, the Group adopts a prudent funding and treasury policy with regard to its overall business operations such that adequate funding is maintained to match with cash flows required for working capital and seizing investment opportunities.

As at 30th September, 2010, current assets of the Group was HK$681 million, representing an increase of 172% during the interim period. These current assets included an aggregate amount of HK$267 million of convertible notes issued by the Group's associates being reclassified from non-current assets as these convertible notes will be matured within one year from the interim period end date. Also, there was an amount of HK$118 million distribution payables, being the portion of Hanny shares previously recorded as interests in associates, a non-current asset on the Group's financial statements, but became transferrable to the shareholders of the Company pursuant to the Distribution and re-stated at market value as a current asset.

As at 30th September, 2010, current liabilities of the Group was HK$413 million, representing an increase of 623% during the interim period. The increase was due to an aggregate payable amount of HK$351 million, for the Distribution and the final dividend for the year ended 31st March, 2010, which has been distributed to the shareholders of the Company in November 2010.

Accordingly, the Group's current ratio was 1.6 as at the interim period end date.

GEARING

As at 30th September, 2010, bank deposits, bank balances and cash was HK$160 million and the total bank loan facilities drawn by the Group was HK$96 million of which HK$48 million is repayable within one year or on demand. All of these bank loan facilities were at floating interest rates. In addition, the Group recognised HK$186 million as the liability component of its convertible notes which were issued in November 2009 with a 2-year maturity and a 5% annual interest. The conversion price was HK$0.5 per share as at 30th September, 2010, and was subsequently adjusted to HK$0.3 per share on 22nd October, 2010 due to the Distribution.

Accordingly, the Group's gearing ratio was 6.2% as at 30th September, 2010 (31st March, 2010: 4.2%), calculated on the basis of net borrowings, being the excess of borrowings over bank deposits, bank balances and cash, of HK$122 million over the equity attributable to owners of HK$1,969 million.

EXCHANGE RATE EXPOSURE

As at 30th September, 2010, 3.5% of the bank deposits, bank balances and cash were denominated in foreign currencies and all of the Group's borrowings were denominated in Hong Kong dollars.

PLEDGE OF ASSETS

As at 30th September, 2010, properties with an aggregate carrying value of HK$264 million were pledged to a bank to secure general facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30th September, 2010, the Group had no contingent liabilities, except that on disposal of an associate, the Group had given an indemnity to the purchaser relating to unrecorded taxation liabilities, if any, and the affairs and business of the associate up to the date of disposal.

EMPLOYEE AND REMUNERATION POLICY

As at 30th September, 2010, the Group had a total of 69 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 by 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. The share option scheme is established for the eligible participants (including employees) but no share options were granted during the period. There were 29,447,750 outstanding share options granted by the Company as at 1st April, 2010. Due to lapse of share options during the interim period and up to the date of this announcement, the outstanding share options of the Company as at 30th September, 2010 and as at the date of this announcement were 28,853,000 and 28,471,750 respectively. The subscription price was HK$2.52 per share as at 30th September, 2010, and was subsequently adjusted to HK$1.51 per share as at the date of this announcement due to the Distribution.

MAJOR EVENTS AFTER THE INTERIM PERIOD

The major events of the Group after the interim period are summarised below:

Completion of the Distribution of Hanny Shares and the Hanny Repurchase Offer

On 21st October, 2010, the final basis of the Distribution was determined at 9.3 Hanny shares for every 10 shares of the Company held. Upon the completion of the Distribution and the Hanny Repurchase Offer in November 2010, the Group's interests in Hanny were reduced to 0.1%.

Acquisition of Shares of ITC Properties

In November 2010, the Group acquired the Hanny group's entire holding of about 76 million shares of ITC Properties at a consideration of HK$176 million pursuant to an agreement dated 27th September, 2010. Such acquisition represented 13.5% shareholding interest of ITC Properties as at the date of the aforesaid agreement. The Board considered that it was an opportune time to increase its strategic investment in ITC Properties. Moreover, since the entering of the aforesaid agreement with the Hanny group, the Group has acquired an aggregate of about 21 million shares of ITC Properties from the open market at an aggregate consideration of HK$46 million. As at the date of this announcement, the Group's interests in ITC Properties is 24.7%.

OUTLOOK

While the global economy remains vulnerable, in particular for the U.S. and certain European countries, the strength of Mainland China's economy is evident. Hong Kong will continue to benefit due to its close ties with Mainland China. However, the influx of liquidity has already led to the expressed concerns from the Chinese and Hong Kong governments over the growing speculation of an asset bubble, which is causing investors to be more cautious and selective.

The Board believes its long term strategy of exploring potential investments in an aggressive yet cautious manner, accommodates soundly to the current environment. The Board is confident that PYI, ITC Properties and Rosedale will continue to benefit from their exposure and presence in Mainland China. Additionally, the Board is also excited about the future of Burcon. Burcon has achieved several promising milestones in the past few months. In August 2010, Burcon announced that it received a no objection letter from the U.S. FDA with respect to Burcon's canola protein isolates, indicating that Burcon's Supertein™ and Puratein® are GRAS under the intended conditions of use. In November 2010, Burcon announced that it proposes to expand its cooperation with Archer Daniels Midland Company, a leader in the global food ingredient industry and Burcon's existing partner for canola, with respect to Burcon's soy protein isolate, CLARISOY®. Burcon has been equity-accounted by the Group at its net asset value of approximately 0.25 Canadian dollars per share which is significantly lower than its current share price of around 10 Canadian dollars. The Board is confident that Burcon's share price will continue to reflect the future prospect and success of Burcon.

SECURITIES IN ISSUE

The total number of issued shares of the Company of HK$0.01 each remained unchanged during the interim period and through to the date of this announcement at 753,695,343.

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

During the six months ended 30th September, 2010, 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, 2010, complied with the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company (the "Model Code"). All directors of the Company have confirmed, following specific enquiry by the Company, that they complied with the required standard set out in the Model Code for the six months ended 30th September, 2010.

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, 26th November, 2010

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

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

Independent non-executive Directors:
Mr. Chuck, Winston Calptor
Mr. Lee Kit Wah
Hon. Shek Lai Him, Abraham, *SBS, JP*