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ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 372)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH, 2010

RESULTS

The board of directors (the “Board”) of ITC Corporation Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March, 2010, together with comparative figures for the previous year, as follows:

Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2010

	Notes	2010 HK\$'000	2009 HK\$'000
Turnover			
– gross proceeds	3	<u>75,276</u>	<u>255,994</u>
Revenue	3	<u>59,014</u>	<u>46,453</u>
Management and other related service income		4,363	3,509
Net gain (loss) on financial instruments	4	37,892	(16,735)
Interest income		42,079	37,945
Property rental income		3,959	3,672
Other income		8,046	709
Gain (loss) on changes in fair values of investment properties		31,784	(16,744)
Administrative expenses		(63,160)	(64,951)
Impairment losses recognised in respect of available-for-sale investments		–	(24,086)
Finance costs		(18,247)	(16,517)
Net (loss) gain on deemed disposal and disposal of interests in associates		(136,815)	28,881
Share of results of associates			
– share of results		87,161	(689,730)
– discount on acquisitions of associates		2,850	37,654
Loss before taxation	5	(88)	(716,393)
Taxation	6	(4,682)	2,894
Loss for the year		<u>(4,770)</u>	<u>(713,499)</u>

	<i>Note</i>	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Other comprehensive income (expenses):			
Exchange differences arising on translation of foreign operations		8,743	(7,168)
Share of other comprehensive income of associates		83,862	9,516
Gain (loss) arising on revaluation of:			
– prepaid lease payments upon transfer to investment properties		–	33,513
– land and buildings		(3,614)	(653)
Deferred tax arising on revaluation of land and buildings		1,224	(5,374)
Effect of change in tax rate		–	227
Fair value gain (loss) on available-for-sale investments		21,714	(61,995)
Reclassification adjustments:			
– impairment loss on available-for-sale investments		–	24,086
– reserves released on deemed disposal and disposal of partial interests in associates		(6,670)	(12)
– investment revaluation reserve released on disposal of available-for-sale investments		(25,705)	(5,315)
Other comprehensive income (expenses) for the year		79,554	(13,175)
Total comprehensive income (expenses) for the year		74,784	(726,674)
Loss for the year attributable to owners of the Company		(4,770)	(713,499)
Total comprehensive income (expenses) for the year attributable to owners of the Company		74,784	(726,674)
		<i>HKCent</i>	<i>HKCents</i>
Loss per share	8		
Basic and diluted		(0.67)	(151.72)

Consolidated Statement of Financial Position

As at 31st March, 2010

	<i>Note</i>	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		31,253	68,484
Investment properties		88,497	54,592
Prepaid lease payments		56,348	57,892
Intangible assets		1,540	830
Interests in associates		2,471,715	2,305,330
Debt portion of convertible notes		328,358	192,377
Conversion options embedded in convertible notes		201	–
Available-for-sale investments		8,049	39,239
		<hr/> 2,985,961 <hr/>	<hr/> 2,718,744 <hr/>
Current assets			
Inventories		33	28
Prepaid lease payments		1,544	1,544
Debtors, deposits and prepayments	9	2,899	10,862
Margin account receivables		18	55
Amounts due from associates		74,356	218,626
Amounts due from related companies		96	96
Loans receivable		21,969	25,000
Investments held for trading		6,825	2,073
Derivative financial instruments		–	2,876
Short-term bank deposits, bank balances and cash		144,207	13,700
		<hr/> 251,947 <hr/>	<hr/> 274,860 <hr/>

	<i>Note</i>	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Current liabilities			
Margin account payables		–	4,231
Creditors and accrued expenses	10	13,011	12,935
Amounts due to associates		941	6,040
Borrowings – due within one year		5,250	2,973
Bank overdrafts		37,974	16,476
Convertible notes payable		–	197,299
		<hr/> 57,176	<hr/> 239,954
Net current assets		<hr/> 194,771	<hr/> 34,906
Total assets less current liabilities		<hr/> 3,180,732	<hr/> 2,753,650
Non-current liabilities			
Bank borrowings – due after one year		47,500	64,394
Convertible notes payable		180,492	–
Deferred tax liabilities		7,706	8,104
		<hr/> 235,698	<hr/> 72,498
Net assets		<hr/> 2,945,034	<hr/> 2,681,152
Capital and reserves			
Share capital		7,537	269,461
Share premium and reserves		2,937,497	2,411,691
Total equity		<hr/> 2,945,034	<hr/> 2,681,152

Condensed Consolidated Statement of Cash Flows
For the year ended 31st March, 2010

	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash from operating activities	96,856	51,149
Net cash used in investing activities	(122,204)	(87,118)
Net cash from (used in) financing activities	135,739	(11,047)
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	110,391	(47,016)
Cash and cash equivalents brought forward	(2,776)	40,840
Effect of foreign exchange rate changes	(1,382)	3,400
	<hr/>	<hr/>
Cash and cash equivalents carried forward	106,233	(2,776)
	<hr/> <hr/>	<hr/> <hr/>
Analysis of the balances of cash and cash equivalents		
Short-term bank deposits, bank balances and cash	144,207	13,700
Bank overdrafts	(37,974)	(16,476)
	<hr/>	<hr/>
	106,233	(2,776)
	<hr/> <hr/>	<hr/> <hr/>

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRS(s)”), issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The 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 year, the Group has applied, for the first time, new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA.

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accordingly periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group’s reportable segments (see note 3).

Improving Disclosures about Financial Instruments

(Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKFRSs (Amendments)	Improvements to HKFRSs 2010 ³
HKAS 24 (Revised)	Related Party Disclosures ⁴
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 32 (Amendment)	Classification of Rights Issues ⁵
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ⁶
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosure for First-time Adopters ⁸
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ⁶
HKFRS 3 (Revised)	Business Combinations ¹
HKFRS 9	Financial Instruments ⁷
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirements ⁴
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments ⁸

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

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

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

⁴ Effective for annual periods beginning on or after 1st January, 2011

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

⁶ Effective for annual periods beginning on or after 1st January, 2010

⁷ Effective for annual periods beginning on or after 1st January, 2013

⁸ Effective for annual periods beginning on or after 1st July, 2010

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1st April, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective to the Group from 1st April, 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.

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. The amendments will be effective to the Group from 1st April, 2010, with earlier application permitted. Before the amendments to HKAS 17, lessees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group’s leasehold land.

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 consolidated financial statements.

3. TURNOVER, GROSS PROCEEDS, REVENUE AND SEGMENT INFORMATION

Revenue represents the amount received and receivable from outside customers for the year and included net gain on disposal of investments held for trading.

Segment information

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

In prior years, primary segment information was analysed on the basis of the Group’s operating divisions namely finance (loan financing services), securities investment (trading of securities), other investment (investment in financial instruments except investments held for trading) and property investment division (leasing of investment properties). However, information reported to the chief operating decision maker, the Executive Directors of the Company, for the purposes of resource allocation and performance assessment focuses more specifically on each type of investment held by the Group, provision of finance and other business (which included various activities and reported in aggregate). The principal types of investment held by the Group are long term investment and other investment. The adoption of HKFRS 8 has not changed the basis of measurement of segment profit or loss.

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

Finance	–	loan financing services
Long term investment	–	investments in convertible notes issued by the associates
Other investment	–	investments 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. Amounts reported for the prior period have been restated to conform to the requirements of HKFRS 8.

Gross proceeds included in turnover represents the amounts received and receivables from outside customers for the year 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 year ended 31st March, 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	<u>18,302</u>	<u>33,077</u>	<u>24,575</u>	<u>12,285</u>	<u>88,239</u>	<u>(12,963)</u>	<u>75,276</u>
SEGMENT REVENUE							
External sales	8,971	33,077	8,313	8,653	59,014	–	59,014
Inter-segment sales	<u>9,331</u>	<u>–</u>	<u>–</u>	<u>3,632</u>	<u>12,963</u>	<u>(12,963)</u>	<u>–</u>
Total	<u>18,302</u>	<u>33,077</u>	<u>8,313</u>	<u>12,285</u>	<u>71,977</u>	<u>(12,963)</u>	<u>59,014</u>
RESULT							
Segment result	<u>(27,141)</u>	<u>31,323</u>	<u>39,485</u>	<u>33,391</u>	<u>77,058</u>	<u>–</u>	<u>77,058</u>
Central administration costs							(12,095)
Finance costs							(18,247)
Net loss on deemed disposal and disposal of interests in associates							(136,815)
Share of results of associates							
– share of results							87,161
– discount on acquisitions of associates							<u>2,850</u>
Loss before taxation							<u>(88)</u>

For the year ended 31st March, 2009

	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	33,161	21,311	205,099	11,753	271,324	(15,330)	255,994
SEGMENT REVENUE							
External sales	21,741	15,922	947	7,843	46,453	–	46,453
Inter-segment sales	11,420	–	–	3,910	15,330	(15,330)	–
Total	33,161	15,922	947	11,753	61,783	(15,330)	46,453
RESULT							
Segment result	(8,259)	10,911	(36,632)	(15,680)	(49,660)	–	(49,660)
Central administration costs							(27,021)
Finance costs							(16,517)
Net gain on deemed disposal and disposal of interests in associates							28,881
Share of results of associates							
– share of results							(689,730)
– discount on acquisitions of associates							37,654
Loss before taxation							(716,393)

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

Segment result represents the result of each segment without allocation of central administration costs, directors' salaries, finance costs and items related to interest in associates.

Geographical information

The Group's operations are located in Hong Kong and Canada.

The Group's revenue from external customers or counterparties based on their physical locations by geographical location are detailed below:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Hong Kong	54,245	42,575
Canada	4,769	3,878
	<u>59,014</u>	<u>46,453</u>

4. NET GAIN (LOSS) ON FINANCIAL INSTRUMENTS

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Gain on disposal of available-for-sale investments	25,705	5,315
Dividend income on investments held for trading	1,937	947
Net (loss) gain on changes in fair values of:		
– Conversion options embedded in convertible notes	(1,672)	(1,923)
– Derivative financial instruments	7,773	(3,004)
– Investments held for trading	4,149	(18,070)
	<u>37,892</u>	<u>(16,735)</u>

5. LOSS BEFORE TAXATION

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Loss before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	9,096	9,287
Release of prepaid lease payments	1,544	1,599
(Gain) loss on disposal of property, plant and equipment	<u>(7,821)</u>	<u>24</u>

6. TAXATION

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	–	–
Deferred tax	<u>4,682</u>	<u>(2,894)</u>
Taxation attributable to the Company and its subsidiaries	<u><u>4,682</u></u>	<u><u>(2,894)</u></u>

On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated profit for both years.

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit arising in Hong Kong.

7. DISTRIBUTIONS

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Dividends recognised as distributions to owners of the Company during the year:		
– Final dividend for 2009 – Nil (2009: HK0.3 cent for 2008) per ordinary share	–	8,084
Bonus warrants (<i>note</i>)	<u>–</u>	<u>512</u>
	<u><u>–</u></u>	<u><u>8,596</u></u>
Dividends proposed in respect of the current year		
– Final dividend for 2010 – HK1.0 cent (2009: Nil) per ordinary share	<u><u>7,537</u></u>	<u><u>–</u></u>

Note:

On 30th September, 2008, the shareholders of the Company approved the issuance of bonus warrants to the holders of ordinary shares of the Company on the basis of one warrant for every five ordinary shares of the Company held on 20th October, 2008 at an initial subscription price of HK\$0.22 per ordinary share (subject to anti-dilutive adjustments). The fair value of the warrant of approximately HK\$512,000 was determined by the directors of the Company with reference to the valuation as at the date of declaration, which was the date of approval of the issue of the warrants on 30th September, 2008 performed by an independent professional valuer, not connected with the Group, using the Binomial Model.

The directors of the Company have resolved to recommend the payment of a final dividend of HK1.0 cent per ordinary share for the year ended 31st March, 2010, which will be payable in cash (2009: Nil).

8. 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:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(4,770)</u>	<u>(713,499)</u>
	<i>Number of shares</i>	<i>Number of shares</i>
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>710,506,572</u>	<u>470,285,275</u>

The weighted average number of ordinary shares for both years have been adjusted for the capital reorganisation of the Company in April 2009 and the bonus element in the issue of four rights shares for every reorganised share of the Company in May 2009.

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

9. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade debtors of approximately HK\$1,797,000 (2009: HK\$9,575,000). Aged analysis of trade debtors presented based on the invoice date at the end of the reporting period is as follows:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Trade debtors		
0-30 days	1,785	2,627
31-60 days	5	4
61-90 days	3	4
Over 90 days	4	6,940
	<u>1,797</u>	<u>9,575</u>

Trade debtors arising from property investment business are payable monthly in advance and the credit terms granted by the Group to other trade debtors normally range from 30 days to 90 days.

10. CREDITORS AND ACCRUED EXPENSES

Included in creditors and accrued expenses are trade creditors of approximately HK\$4,688,000 (2009: HK\$4,791,000). Aged analysis of trade creditors presented based on the invoice date at the end of the reporting period is as follows:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Trade creditors		
0-30 days	559	672
31-60 days	4,127	4,118
Over 90 days	2	1
	<hr/> 4,688 <hr/>	<hr/> 4,791 <hr/>

FINAL DIVIDEND

Despite that the Group recorded a loss of approximately HK\$5 million for the year, the Board considered that by excluding the non-cash loss on deemed disposal of associates, the Group achieved a profit of approximately HK\$132 million as explained in the section “Review of Financial Performance and Position”. In order to show appreciation for shareholders’ sustained support, the Board has resolved to recommend the payment of a final dividend of HK1.0 cent per share for the year ended 31st March, 2010 (2009: Nil) to shareholders whose names appear on the register of members of the Company as at the close of business on 8th October, 2010. The proposed final dividend is expected to be paid to shareholders by post on or about 5th November, 2010 following approval at the forthcoming annual general meeting. The proposed final dividend is conditional upon the passing at the forthcoming annual general meeting of the Company of an ordinary resolution to approve the final dividend.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 6th October, 2010 to Friday, 8th October, 2010, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final 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, 5th October, 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL PERFORMANCE AND POSITION

For the year ended 31st March, 2010, the Group recorded a consolidated revenue of approximately HK\$59 million, representing an increase of 27% compared to last year. Loss attributable to owners was approximately HK\$5 million (2009: loss HK\$713 million) and basic loss per share was HK0.67 cent for the year (2009: loss HK151.72 cents).

The current year's loss was attributable to a net loss on deemed disposal of associates of approximately HK\$137 million. This was mainly a non-cash loss arising from the placement of shares to outside parties by the Group's strategic investments, Hanny Holdings Limited ("Hanny") and Rosedale Hotel Holdings Limited ("Rosedale Hotel"). By excluding such non-cash loss, the Group achieved a profit of approximately HK\$132 million for the current year. The improvement in results compared to last year was mainly due to the increase in profit contribution from the strategic investments attributable to the rebound of the economy. Moreover, the Group achieved a positive operating cash flow of approximately HK\$97 million for the year representing an operating cash flow per share of HK\$0.13 compared to last year's HK\$0.07 per share.

Analysis of the Group's performance is as follows:

	2010 <i>HK\$'M</i>	2009 <i>HK\$'M</i>
Profit (loss) contributed by strategic investments:		
Hanny	100	(572)
PYI	45	37
ITC Properties	8	(35)
Burcon	(10)	(5)
Rosedale Hotel (formerly Wing On Travel)	(55)	(115)
	88	(690)
Net (loss) gain on deemed disposal and disposal of interests in associates	(137)	30
Net gain (loss) from other investments and operations	44	(53)
Loss attributable to owners	(5)	(713)

Hanny's results for the year ended 31st March, 2010 improved significantly from a loss attributable to its owners of approximately HK\$1,145 million for the previous year to a profit attributable to its owners of approximately HK\$188 million. Such turn-around was mainly attributable to the increase in market value of its investment property, the net gain on disposal of certain investments as opposed to a significant net loss on investments last year, and the non-existence of significant impairment loss on available-for-sale investments and loss on disposal of subsidiaries recorded last year. Accordingly, the Group shared a profit of approximately HK\$100 million.

PYI Corporation Limited ("PYI") recorded an increase in profit attributable to its owners of 8% to approximately HK\$149 million for the year ended 31st March, 2010, mainly due to the increase in profit contributed from the ports and logistics business, as benefited from the growth in share of profit from Nantong Port Group, and the gain on bargain purchase of 51% interest in Yichang Port Group. The majority of PYI's results came from the mark-to-market revaluation of its land bank at Yangkou Port. As a result, contribution from PYI to the Group increased from approximately HK\$37 million to approximately HK\$45 million for the year.

ITC Properties Group Limited ("ITC Properties") recorded a profit of approximately HK\$103 million attributable to its owners for the year ended 31st March, 2010, which marked a significant turn-around compared to the loss of approximately HK\$462 million for the last year. Such improvement was mainly owing to the recognition of increase in fair value of its investment properties and the reversal of impairment losses on properties held for sale due to the robust performance of the property market in Hong Kong during the year. Moreover, ITC Properties realised certain investments in financial instruments and recorded a net gain as a result of the rebound of stock market in Hong Kong during the year. The share attributable to the Group was a profit of approximately HK\$8 million.

Burcon NutraScience Corporation ("Burcon") reported a loss of approximately 7 million Canadian dollars for the year ended 31st March, 2010, compared to a loss of approximately 5 million Canadian dollars for the last year. Burcon is a development stage company and its increase in loss was mainly due to the recognition of non-cash stock-based compensation expense for the stock options granted and vested during the year, higher patent legal fees and expenses as more patents were obtained, and higher listing fee as Burcon's common shares listing graduated from the TSX Venture Exchange to the Toronto Stock Exchange in June 2009. The loss shared by the Group was approximately HK\$10 million for the current year.

Rosedale Hotel, which has changed its name from Wing On Travel (Holdings) Limited ("Wing On Travel") as detailed under the section "Review of Operations", recorded a loss of approximately HK\$358 million attributable to its owners for the year ended 31st December, 2009, compared to a loss of approximately HK\$689 million for the previous year. The improvement was largely due to a gain from disposal of a hotel property in Hong Kong and a decrease in impairment loss for its luxury train business. Accordingly, the loss shared by the Group reduced significantly from approximately HK\$115 million for the previous year to approximately HK\$55 million for the current year.

The net gain from other investments and operations was approximately HK\$44 million for the year, which has significantly improved from the net loss of approximately HK\$53 million of last year. Such improvement mainly comprised the following:

- (i) A net gain of approximately HK\$38 million on financial instruments (2009: net loss HK\$17 million);
- (ii) A net gain on change in fair value of investment properties of approximately HK\$32 million (2009: net loss HK\$17 million);
- (iii) An impairment loss of approximately HK\$24 million on the available-for-sale investments recorded last year but none for the current year; and
- (iv) A discount on acquisition of associates of approximately HK\$3 million when the Group acquired the shares of Rosedale Hotel on the open market in August 2009 which resulted an increase of the Group's direct interest in Rosedale Hotel from approximately 14.0% to 14.3%. An amount of approximately HK\$38 million was recorded last year when the Group increased its interest in Rosedale Hotel and ITC Properties which resulted an increase of the Group's direct interests in Rosedale Hotel and ITC Properties from approximately 14.2% to 16.7% and from approximately 6.5% to 7.7% respectively.

Regarding the overall financial position as at 31st March, 2010, the Group successfully maintained a strong asset base with total assets and equity attributable to owners increased by 8% and 10% to approximately HK\$3,238 million and HK\$2,945 million respectively, compared to the last year end date. The increase was mainly due to the increase in interests in associates as well as the proceeds from the fund raising activities for investment opportunities in future.

REVIEW OF OPERATIONS

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

During the year ended 31st March, 2010, the Group continued to hold significant interests, directly or indirectly, in a number of companies listed in Hong Kong, Canada, the United States of America ("U.S.A."), Australia and Germany, and other high potential unlisted investments, pursuant to its long-term strategy of exploring investments in an aggressive, but cautious, manner and enhancing a balanced and diversified investment portfolio.

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 (i) a subsidiary whose issued shares are listed on the Australian Securities Exchange; (ii) an associated company whose issued shares are traded on the OTC Securities Market in the U.S.A.; and (iii) convertible notes issued by companies whose issued shares are listed on the Hong Kong Stock Exchange.

PYI Corporation Limited (“PYI”)

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

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.

Rosedale Hotel Holdings Limited (“Rosedale Hotel”, formerly known as Wing On Travel (Holdings) Limited (“Wing On Travel”))

Rosedale Hotel is principally engaged in the business of hotel operation in Hong Kong and Mainland China and trading of securities. Rosedale Hotel is managing a 4-star rated hotel chain in Hong Kong and Mainland China namely Rosedale on the Park, Rosedale Hotel & Suites, Beijing, Rosedale Hotel & Suites, Guangzhou, and Times Plaza Hotel, Shenyang; and Luoyang Golden Gulf Hotel. In addition, Rosedale Hotel is running a budget hotel chain under the brandname “Square Inn” in Mainland China. In April 2010, the shareholders of Rosedale Hotel approved (i) the disposal of 90% of Rosedale Hotel’s travel business; and (ii) the termination of an rolling stock purchase agreement with respect to its luxury train business in Lhasa and Lijiang of Mainland China. Following the completion of the above events, its name was changed from Wing On Travel to Rosedale Hotel to reflect Rosedale Hotel’s current principal business.

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 developing Puratein® and Supertein™ canola protein isolates with unique functional and nutritional attributes. Puratein® and Supertein™ are the first canola protein isolates to have attained *self-affirmed Generally Recognised as Safe (“GRAS”)* status in the U.S.A. Burcon has filed a formal notification that these canola protein isolates are *GRAS for their intended use* as an ingredient in a variety of food and beverage applications with the U.S. Food and Drug Administration during the year. Moreover, Burcon is developing CLARISOY®, a revolutionary soy protein isolate which is 100% soluble and completely transparent in acidic solutions.

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 all-round construction and property-related services to a wide spectrum of distinguished clients, including the government and major enterprises in Hong Kong, Macau, Mainland China and the Middle East.

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.

MRI Holdings Limited (“MRI”)

MRI is an investment company, which has investments in securities and financial assets. In April 2010, its shareholders have approved to return capital to shareholders by way of members’ voluntary liquidation.

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

Listed strategic investments directly held

Name of investee company	Place of listing	Stock code	Approximate shareholding percentage	
			As at 31/3/2010	As at the date of this announcement
Hanny	Hong Kong Stock Exchange	275	42.7%	42.7%
PYI	Hong Kong Stock Exchange	498	26.7%	26.7%
ITC Properties	Hong Kong Stock Exchange	199	14.8% <i>(Note a)</i>	12.3% <i>(Note a)</i>
Rosedale Hotel	Hong Kong Stock Exchange	1189	15.4% <i>(Note b)</i>	20.2% <i>(Note b)</i>
Burcon	Toronto Stock Exchange and Frankfurt Stock Exchange	BU WKN 157793	21.6%	21.6%

Listed strategic investments indirectly held

Name of investee company	Place of listing	Stock code	Approximate effective interest	
			As at 31/3/2010	As at the date of this announcement
Paul Y. Engineering	Hong Kong Stock Exchange	577	16.6% <i>(Note c)</i>	16.6% <i>(Note c)</i>
China Enterprises	OTC Securities Market, U.S.A.	CSHEF	11.1% <i>(Note d)</i>	11.1% <i>(Note d)</i>
MRI	Australian Securities Exchange	MRI	24.4% <i>(Note d)</i>	24.4% <i>(Note d)</i>

Notes:

- (a) Hanny and China Enterprises each holds a shareholding interest in ITC Properties. The Group's effective interest includes its approximately 7.7% and 6.4% direct shareholding interest in ITC Properties as at 31st March, 2010 and as at the date of this announcement, respectively.
- (b) China Enterprises holds a shareholding interest in Rosedale Hotel. The Group's effective interest includes its approximately 14.2% and 19.0% direct shareholding interest in Rosedale Hotel as at 31st March, 2010 and as at the date of this announcement, respectively.
- (c) The Group's interest is held through PYI.
- (d) The Group's interest is held through Hanny.

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a prudent funding and treasury policy with regard to its overall business operations such that adequate funding is maintained to match with cash flows required for working capital and seizing investment opportunities. Bank deposits, bank balances and cash as at 31st March, 2010 amounted to approximately HK\$144 million compared to approximately HK\$14 million of the last year end date. The increase was mainly due to the proceeds from the fund-raising activities described in detail under the section "Major Events".

As at 31st March, 2010, the total bank loan facilities that have been drawn by the Group amounted to approximately HK\$91 million of which approximately HK\$43 million is repayable within one year or on demand. All of these bank loan facilities are at floating interest rates. In addition to the aforementioned, the Group has approximately HK\$180 million recognised as the liability component of its convertible notes as at the year end date. These convertible notes were issued in November 2009 with a 2-year maturity and a 5% annual interest. The details of these convertible notes are described under the section "Major Events". Accordingly, the Group's current ratio improved from approximately 1.1 of last year to approximately 4.4 as at the year end date.

GEARING RATIO

The Group's gearing ratio at the end of the year was approximately 4.3% (2009: 10.0%), calculated on the basis of net borrowings, being the excess of borrowings over bank deposits, bank balance and cash, of approximately HK\$127 million over the equity attributable to owners of approximately HK\$2,945 million. The improvement in gearing ratio was mainly due to the proceeds from the fund-raising activities described in detail under the section "Major Events".

EXCHANGE RATE EXPOSURE

As at 31st March, 2010, approximately 4.3% of the bank deposits, bank balances and cash were in foreign currencies and all of the Group's borrowings were denominated in Hong Kong dollars.

PLEDGE OF ASSETS

As at 31st March, 2010, properties with an aggregate carrying value of approximately HK\$137 million were pledged to a bank to secure general facilities granted to the Group. In addition, an aggregate carrying value of approximately HK\$175 million of interests in a listed associate were pledged as a security under a margin securities account with a financial institution. As at 31st March, 2010 and the date of this announcement, there were no outstanding balances for the aforementioned margin securities account.

CONTINGENT LIABILITIES

As at 31st March, 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 31st March, 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 year. There were 197,600,000 outstanding share options granted by the Company as at 1st April, 2009. Due to adjustments arising from the capital reorganisation and rights issue of the Company and lapse of share options during the year, the outstanding share options of the Company as at 31st March, 2010 and as at the date of this announcement is 29,447,750 and 28,914,000 respectively with a current exercise price of HK\$2.52 per share (subject to adjustments).

MAJOR EVENTS

The major events of the Group completed during the year ended 31st March, 2010 are summarised below:

Capital reorganisation

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

Fund raising activities

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

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

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

These fund raising activities have enlarged the shareholder base and capital base of the Company, and have strengthened the Group’s cash flow position.

Strategic investments

The pursuance of quality investments continues to be a key pillar of the Group’s development strategy. During the year, the Group continued to support its strategic investments by increasing its investment in them:

Rosedale Hotel

In May and June 2009, the Group acquired an aggregate principal amount of approximately HK\$108 million of Rosedale Hotel's 2% convertible exchangeable notes (the "Rosedale Hotel Notes") with an aggregate consideration of approximately HK\$85 million. These Rosedale Hotel Notes were being acquired at a discount to the principal amount. As at the date of this announcement, the Group holds an aggregate principal amount of approximately HK\$114 million Rosedale Hotel Notes.

In August 2009, the Group acquired an aggregate of approximately 32 million shares of Rosedale Hotel, which were subsequently adjusted to approximately 1.6 million shares due to the capital reorganisation of Rosedale Hotel effective in February 2010, on the open market at a total consideration of approximately HK\$1.4 million with an aim to take advantage of the potential up-side in the investment in Rosedale Hotel.

PYI

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

Realisation of investments

The Group has successfully realised capital gains from its investments by taking advantage of the improved market conditions during the year. During the year, the Group continued to dispose of its interest in Neo Telemedia Limited (formerly Big Media Group Limited), a Hong Kong-listed company, with a disposal gain of approximately HK\$12 million being recognised. In February 2010, the Group disposed of a property in Canada for a consideration of approximately HK\$45 million and recognised a gain of approximately HK\$22 million compared to its net book value. The proceeds from the above realisation have been used to repay bank loans and as general working capital of the Group.

MAJOR EVENTS AFTER THE REPORTING PERIOD

The major events of the Group subsequent to the year ended 31st March, 2010 are summarised below:

Strategic investments

Hanny

In April 2010, the Group acquired an aggregate principal amount of approximately HK\$42 million of Hanny's 2% convertible notes (the "Hanny Notes") at a discount by paying approximately HK\$31 million as the consideration.

In July 2010, Hanny proposed to repurchase the outstanding Hanny Notes at their face value with the consideration to be satisfied by the issuance of Hanny shares at HK\$0.50 per share. As at the date of this announcement, the aggregate principal amount of Hanny Notes held by the Group is approximately HK\$231 million. The directors of the Company proposed to accept such

repurchase offer in full in respect of all the Hanny Notes held by the Group for approximately 463 million Hanny shares if the whitewash waiver, among other conditions precedent, is obtained. If the whitewash waiver, among other conditions precedent, is not obtained, the directors of the Company proposed to accept such repurchase offer in respect of the Hanny Notes held by the Group to the extent that the Group's interests in Hanny increases by less than 2% and no general offer obligation on the Group in respect of its interests in Hanny under The Hong Kong Code on Takeovers and Mergers will be triggered. The proposed acceptance of the repurchase offer is subject to, among others, the approval from the shareholders of the Company.

Rosedale Hotel

In July 2010, the directors of the Company proposed to accept the repurchase offer from Rosedale Hotel in respect of all the outstanding Rosedale Hotel Notes held by the Group for approximately HK\$100 million in cash, based on the aggregate principal amount of approximately HK\$114 million of these Rosedale Hotel Notes as at the date of this announcement. The proposed acceptance of the repurchase offer is subject to, among others, the approval from the shareholders of the Company at the special general meeting to be held on 5th August, 2010.

From May to July 2010, the Group further acquired an aggregate of approximately 26 million shares of Rosedale Hotel on the open market at a total consideration of approximately HK\$16 million with an aim to take advantage of the potential up-side in the investment in Rosedale Hotel in consideration of Rosedale Hotel's plan to expand its hotel business in Mainland China's flourishing hospitality industry. As at the date of this announcement, the Group's direct interest in Rosedale Hotel is approximately 19.0%.

OUTLOOK

While it is widely thought that the worst of the economic recession appears to be behind us, the recent market corrections arising from concerns over various issues such as policy tightening in Mainland China and sovereign debt crises in some European countries indicate the risks remain. Nevertheless, the Central Government of Mainland China is expecting a positive growth in its economy in the second half of 2010. The optimism in the Mainland China economy will be beneficial to the Hong Kong economy due to its close ties with and proximity to Mainland China. The Board is optimistic on the business outlook and the Group's long term strategy of exploring potential investments in an aggressive, yet cautious, manner and enhancing the value of its strategic investments. In line with the theme this year "Pursuing Growth Through Value Creation", the Group, equipped with a strong asset base and a low gearing level, will continue to pursue valuable investments and capitalise on these opportunities in a vigilant manner.

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

During the year ended 31st March, 2010, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

SECURITIES IN ISSUE

As a result of the issue of shares arising from warrant exercises, the Capital Reorganisation, the Rights Issue and the Placing, the total number of issued shares of the Company of HK\$0.01 each is 753,695,343 as at the date of this announcement. All outstanding warrants of the Company were expired on 4th November, 2009.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has, throughout the year ended 31st March, 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 year ended 31st March, 2010.

REVIEW OF ACCOUNTS

The Group’s results for the year ended 31st March, 2010 has been reviewed by the Audit Committee.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income, condensed consolidated statement of cash flows and the related notes thereto for the year ended 31st March, 2010 included in this preliminary results announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary results announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL 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 annual report will be despatched to the shareholders of the Company and will also be available for viewing at the aforesaid websites in due course.

ANNUAL GENERAL MEETING

The 2010 Annual General Meeting of the Company will be held on 28th September, 2010. Notice of the 2010 Annual General Meeting will be published and issued to shareholders of the Company in due course.

APPRECIATION

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

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

Hong Kong, 23rd July, 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*