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德祥地產集團有限公司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 199)

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2015**

	Six months ended	
	30.9.2015	30.9.2014
FINANCIAL HIGHLIGHTS		
<i>(All in Hong Kong dollar)</i>		
Revenue		
Per condensed consolidated statement of profit or loss	\$66 million	\$13 million
Gross proceeds of property sale		
– share of associates and joint ventures	\$2,046 million	\$2,054 million
– by way of disposal of interests in subsidiaries, associates and joint ventures	–	\$250 million
	\$2,112 million	\$2,317 million
Net profit	\$699 million	\$627 million
Basic earnings per share	87 cents	91 cents
Dividends per share		
– interim	10 cents	7 cents
– special	– cents	15 cents
	10 cents	22 cents

* For identification purpose only

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of ITC Properties Group Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30th September, 2015, together with the comparative figures for the corresponding period in 2014.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2015

		Six months ended	
	<i>Notes</i>	30.9.2015	30.9.2014
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3	66,464	12,817
Hotel operation income		53,219	–
Property income		2,074	3,075
		55,293	3,075
Direct cost		(24,506)	(667)
Gross profit		30,787	2,408
Income from loan financing		11,171	8,866
Net loss on financial instruments		(42,911)	(50,311)
Other income, gains and losses		55,723	1,076
Net increase in fair value of investment properties		4,282	–
Gain on partial disposal of an associate		–	24,166
Administrative and other expenses		(203,692)	(75,434)
Finance costs	4	(25,230)	(18,348)
Share of results of associates		906,525	768,224
Share of results of joint ventures		(38,138)	(10,842)
Profit before taxation		698,517	649,805
Taxation	5	–	(22,646)
Profit for the period	6	698,517	627,159
Profit (loss) for the period attributable to:			
Owners of the Company		699,699	629,125
Non-controlling interests		(1,182)	(1,966)
		698,517	627,159
Earnings per share	8		
– Basic (HK dollar)		0.87	0.91
– Diluted (HK dollar)		0.87	0.91

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2015

	Six months ended	
	30.9.2015	30.9.2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Profit for the period	<u>698,517</u>	<u>627,159</u>
Other comprehensive expense		
<i>Item that will not be reclassified to profit or loss:</i>		
Net loss on fair value changes of financial assets designated as at fair value through other comprehensive income	(70,970)	(206,878)
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Reclassification adjustments of translation reserve to profit or loss upon:		
– partial disposal of an associate	–	473
– loss of control over subsidiaries	(7,486)	–
Exchange differences arising on translation of foreign operations	(7,130)	(2,146)
Share of translation reserve of associates and joint ventures	<u>(1,508)</u>	<u>4,692</u>
Other comprehensive expense for the period	<u>(87,094)</u>	<u>(203,859)</u>
Total comprehensive income for the period	<u>611,423</u>	<u>423,300</u>
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	612,662	425,266
Non-controlling interests	<u>(1,239)</u>	<u>(1,966)</u>
	<u>611,423</u>	<u>423,300</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30TH SEPTEMBER, 2015

	<i>Note</i>	30.9.2015 HK\$'000 (unaudited)	31.3.2015 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment		219,673	222,219
Investment properties		522,400	465,000
Equity investments		237,317	307,125
Debt investment		7,717	7,629
Interests in joint ventures		849,673	870,310
Amounts due from joint ventures		394,379	385,562
Interests in associates		2,223,664	1,277,892
Other loan receivables		5,000	5,000
Deposit paid for acquisition of subsidiaries		79,000	–
Other non-current assets		83,264	83,264
		4,622,087	3,624,001
Current assets			
Inventories – food, beverages and general stores		459	524
Deposits paid for acquisition of leasehold land		357,292	363,778
Stock of properties		188,056	183,356
Other loan receivables		403,799	255,473
Debtors, deposits and prepayments	9	629,794	1,021,478
Equity investments		13,334	317,296
Investment in convertible note		9,689	9,694
Amount due from a joint venture		62,000	–
Unsecured loans due from associates		162,482	112,482
Bank balances and cash		474,626	318,363
		2,301,531	2,582,444

	<i>Note</i>	30.9.2015 HK\$'000 (unaudited)	31.3.2015 <i>HK\$'000</i> (audited)
Current liabilities			
Creditors, deposits and accrued charges	<i>10</i>	281,989	309,592
Amounts due to associates		1,013,911	545,035
Tax payables		169,072	169,705
Obligations under finance leases			
– due within one year		94	106
Bank and other borrowings			
– due within one year		475,768	393,409
		1,940,834	1,417,847
Net current assets		360,697	1,164,597
Total assets less current liabilities		4,982,784	4,788,598
Non-current liabilities			
Loan notes – due after one year		183,824	443,224
Obligations under finance leases			
– due after one year		162	205
Bank and other borrowings			
– due after one year		150,000	150,000
Deferred tax liabilities		1,382	1,382
		335,368	594,811
		4,647,416	4,193,787
Capital and reserves			
Share capital		8,000	7,998
Reserves		4,640,938	4,186,072
Equity attributable to owners of the Company		4,648,938	4,194,070
Non-controlling interests		(1,522)	(283)
		4,647,416	4,193,787

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2015

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” and other relevant HKAS and interpretations and Hong Kong Financial Reporting Standards (“**HKFRS(s)**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31st March, 2015, which have been prepared in accordance with HKFRSs.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th September, 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31st March, 2015 except that in the current interim period, the Group has applied, for the first time, certain amendments to HKFRSs issued by the HKICPA that are mandatorily effective for the current interim period. However, such application of new amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group’s operating segments, based on information reported to the chief operating decision maker (the “**CODM**”), the executive Directors, for the purposes of resource allocation and performance assessment, are as follows:

Property	–	development of and investment in properties
Hotel and leisure	–	development of, investment in and operation of hotels and resorts
Securities investments	–	trading and investment of securities
Finance	–	provision of loan financing services

Information regarding these segments is reported below.

For the six months ended 30th September, 2015

	Segment revenue <i>HK\$'000</i>	Operating (loss) profit <i>HK\$'000</i>	Share of results of associates <i>HK\$'000</i>	Share of results of joint ventures <i>HK\$'000</i>	Finance costs <i>HK\$'000</i>	Segment results: profit (loss) before taxation <i>HK\$'000</i>
Property	2,074	(63,863)	912,985	(1,427)	(2,209)	845,486
Hotel and leisure	53,219	19,263	(6,460)	(12,205)	(23,013)	(22,415)
Securities investments	-	(43,101)	-	-	-	(43,101)
Finance	11,171	11,232	-	-	-	11,232
SEGMENT TOTAL	66,464	(76,469)	906,525	(13,632)	(25,222)	791,202
Unallocated	-	(68,171)	-	(24,506)	(8)	(92,685)
GROUP TOTAL	66,464	(144,640)	906,525	(38,138)	(25,230)	698,517

For the six months ended 30th September, 2014

	Segment revenue <i>HK\$'000</i>	Operating (loss) profit <i>HK\$'000</i>	Share of results of associates <i>HK\$'000</i>	Share of results of joint ventures <i>HK\$'000</i>	Finance costs <i>HK\$'000</i>	Segment results: profit (loss) before taxation <i>HK\$'000</i>
Property	3,075	(6,193)	769,810	(5,328)	(2,136)	756,153
Hotel and leisure	-	20,584	(1,586)	-	-	18,998
Securities investments	876	(51,188)	-	-	-	(51,188)
Finance	8,866	8,911	-	-	-	8,911
SEGMENT TOTAL	12,817	(27,886)	768,224	(5,328)	(2,136)	732,874
Unallocated	-	(61,343)	-	(5,514)	(16,212)	(83,069)
GROUP TOTAL	12,817	(89,229)	768,224	(10,842)	(18,348)	649,805

The CODM assesses the performance of the operating segments based on the profit (loss) before taxation of the group entities engaged in the respective segment activities which represents the segment results. Financial information provided to the CODM is measured in a manner consistent with the accounting policies adopted in the preparation of the condensed consolidated financial statements.

4. FINANCE COSTS

	Six months ended	
	30.9.2015 HK\$'000	30.9.2014 HK\$'000
Effective interest on loan notes	19,253	16,200
Interest on bank and other borrowings wholly repayable within five years	8,366	3,849
Interest on obligations under finance leases	8	12
	<hr/>	<hr/>
Total borrowing costs	27,627	20,061
Less: amounts capitalised in investment properties under development	(2,397)	(1,713)
	<hr/>	<hr/>
	25,230	18,348

5. TAXATION

	Six months ended	
	30.9.2015 HK\$'000	30.9.2014 HK\$'000
Current tax:		
The People's Republic of China (the "PRC") Enterprise Income Tax	–	23,515
Over provision in prior years:		
Hong Kong Profits Tax	–	(869)
	<hr/>	<hr/>
	–	22,646

Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profit for both periods.

The income tax expense is recognised based on the management's best estimate of the weighted average annual income tax rate expected for the full financial year. No provision for Hong Kong Profits Tax has been made for both periods as the assessable profit was wholly absorbed by tax losses brought forward. Taxation arising in the PRC was related to the taxation on gain on disposal of the operations in the PRC and was recognised using the tax rate of 10% on the estimated taxable gain on disposal for the six months ended 30th September, 2014.

6. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2015 HK\$'000	30.9.2014 HK\$'000
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	4,834	4,939
Cost of inventories recognised as an expense	4,047	–
(Gain) loss on disposal of property, plant and equipment	(200)	75
Bank interest income	(196)	(808)
Other interest income	(10,656)	(252)
	<hr/>	<hr/>

7. DISTRIBUTION

	Six months ended	
	30.9.2015	30.9.2014
	HK\$'000	HK\$'000
Dividends recognised as distribution during the period:		
Final dividend declared for the year ended 31st March, 2015		
– HK20 cents (2014: HK16 cents) per ordinary share	160,004	110,181
Special dividend declared for the year ended 31st March, 2015		
– Nil (2014: HK30 cents) per ordinary share	–	206,590
	160,004	316,771
Dividends in form of:		
– Cash	42,289	59,234
– Scrip dividend	117,715	257,537
	160,004	316,771
Dividends declared in respect of the current period:		
Interim dividend declared for the current period		
– HK10 cents (2014: HK7 cents) per ordinary share	83,483	53,367
Special dividend declared for the current period		
– Nil (2014: HK15 cents) per ordinary share	–	114,358
	83,483	167,725

Subsequent to the end of the current interim period, the Directors have resolved that an interim dividend of HK10 cents per ordinary share of the Company (the “**Share**”) for the six months ended 30th September, 2015 will be payable in cash with an option to elect scrip dividend of Shares, in respect of all or part of such dividend, and has been calculated by reference to the 834,828,097 issued ordinary shares outstanding as at the date of this announcement.

8. EARNINGS PER SHARE

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

	Six months ended	
	30.9.2015	30.9.2014
	HK\$'000	HK\$'000
Earnings:		
Profit for the period attributable to the owners of the Company and earnings for the purpose of basic and diluted earnings per share	699,699	629,125
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	799,886,599	690,528,680
Effect of dilutive potential ordinary shares: – share options	2,800,034	4,313,935
Weighted average number of ordinary shares for the purpose of diluted earnings per share	802,686,633	694,842,615

9. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group's credit terms are negotiated at terms determined and agreed with its trade customers. The Group allows an average credit period of 60 days (31st March, 2015: 90 days) to its trade customers. Included in debtors, deposits and prepayments are trade debtors of approximately HK\$1,274,000 (31st March, 2015: HK\$2,231,000).

The following is an aged analysis of trade debtors, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period.

	30.9.2015	31.3.2015
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Trade debtors aged:		
0–60 days	1,274	2,229
61–90 days	–	2
	1,274	2,231

10. CREDITORS, DEPOSITS AND ACCRUED CHARGES

Included in creditors, deposits and accrued charges are trade creditors of HK\$2,676,000 (31st March, 2015: HK\$2,647,000).

The following is an aged analysis of trade creditors presented with reference to the invoice date at the end of the reporting period:

	30.9.2015 HK\$'000 (unaudited)	31.3.2015 <i>HK\$'000</i> (audited)
Trade creditors aged:		
0-60 days	2,656	2,024
61-90 days	20	621
Over 90 days	-	2
	<hr/> 2,676 <hr/>	<hr/> 2,647 <hr/>

11. EVENT AFTER THE END OF THE REPORTING PERIOD

On 27th July, 2015, ITC Properties (Hong Kong) Limited (“**ITCPHK**”), an indirect wholly-owned subsidiary of the Company, entered into an agreement with Cheuk Nang (Holdings) Limited (“**Cheuk Nang**”) pursuant to which ITCPHK has conditionally agreed to purchase the entire issued share capital in Westfountain Co. Ltd. (“**Westfountain**”) and accept the assignment of shareholder’s loan due from Success Well Investment Limited, a direct wholly-owned subsidiary of Westfountain, which in turn indirectly owns the property interest in Cheuk Nang Plaza in Hong Kong, for a consideration subject to adjustment but not exceeding HK\$800.0 million. Completion of the transaction has taken place on 30th October, 2015.

INTERIM DIVIDEND

The Board has resolved to pay an interim dividend (the “**Interim Dividend**”) of HK10 cents per ordinary share of the Company (the “**Share(s)**”) (six months ended 30th September, 2014: interim dividend of HK7 cents and special dividend of HK15 cents) for the six months ended 30th September, 2015 to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company as at the close of business on Tuesday, 15th December, 2015 and the Interim Dividend is expected to be paid to the Shareholders on or about Thursday, 21st January, 2016.

The Interim Dividend will be satisfied in cash, with an option to elect scrip dividend of Shares, in respect of part or all of such dividends. The issue price of the Shares to be issued under the scrip dividend scheme will be fixed by reference to the average of the closing prices of the Shares for the three consecutive trading days ending Tuesday, 15th December, 2015 less a discount of five percent of such average price or par value of the Shares, whichever is higher. The proposed scrip dividend is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the new Shares to be issued. A circular containing full details of the scrip dividend scheme and a form of election will be sent to the Shareholders.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 14th December, 2015 to Tuesday, 15th December, 2015, during which period no transfer of the Shares will be effected. In order to be entitled to the Interim Dividend, all transfers of the Shares accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration by no later than 4:30 p.m. on Friday, 11th December, 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's revenue for the six months ended 30th September, 2015 amounted to HK\$66.5 million (30.9.2014: HK\$12.8 million), representing an increase of more than 4 times and gross profit increased to HK\$30.8 million for the period (30.9.2014: HK\$2.4 million). Administrative and other expenses also increased to HK\$203.7 million (30.9.2014: HK\$75.4 million). Such increases in income and expenses were mainly attributable to the completion of acquisition of certain Rosedale hotel operations which results had been consolidated into the Group since December 2014. During the period, in addition to the acquisitions of interests in No. 23 Po Shan Road and Cheuk Nang Plaza, the Group has been proactively looking for other new investment opportunities and additional preliminary expenses were incurred which also inflated the administrative expenses.

There were encouraging contributions from associates amounting to HK\$906.5 million (30.9.2014: HK\$768.2 million) mainly represented share of profit from Empresa De Fomento Industrial E Comercial Concórdia, S.A. ("**Concordia**"). As a result, the Group recorded a profit for the period of HK\$698.5 million, achieving a continuing growth as compared to HK\$627.2 million last year.

Property

Macau:

In Macau, the Group has recognised significant profit from its 35.5% effective interest in Concordia, the developer of a residential and commercial project in Cotai South, Macau, named "One Oasis" ("**One Oasis**").

Further to the practical handover of units and ancillary car parks of the whole blocks 1 to 5 and part of blocks 6 and 7 of One Oasis in last year, the handover of the remaining units of blocks 6 and 7 and almost all units of blocks 8 and 9 were completed during the current period, from which the Group recognised significant profit.

Occupation permits for blocks 10 to 12 have also been obtained in November 2015 which handover to end buyers will commence shortly. Hence, it is expected that upon practical handover of these units, the Group will further recognise a significant profit in the second half of this financial year.

In view of the current market slowdown in Macau economy, marketing and sales of remaining units for the special units in blocks 8 to 12 and car parking spaces of phases 2 and 3 will be launched at appropriate time, while pre-sale of future phases will be subject to the implementation of the new enactments regulating pre-sale of unfinished flats in Macau. Management of Concordia will ensure the required conditions in the enactments are fulfilled in a timely manner to match the prevailing market demand.

On top of the remarkable sales performance achieved and the acclaimed quality for our delivered products, we strive to put more effort to our pursuit of excellence in design and standard for the remaining phases of One Oasis to enhance the sale value. We are still confident with the prevailing market condition in Macau, that we can achieve good response in marketing of residential units at One Oasis.

Hong Kong:

The Group continues to be selective in our investment portfolio in Hong Kong, with a focus on quality locations that have great potential. During the six months ended 30th September, 2015, the Group through a 40%-owned associate has acquired all units at No. 23 Po Shan Road, Hong Kong. The existing building on the site had been demolished and the building plans to redevelop the site into a super-luxury residential low-rise have been submitted for approval. In addition, in October 2015, the Group has also completed the acquisition of the entire interest in Cheuk Nang Plaza, a 31-storey commercial building with 25 car parks situated in the heart of Wanchai along Hennessy Road. The building will be renamed as “ITC Building”. Major renovations are being planned to improve the value. Part of the premises is planned for self-use and the remaining floor area will continue for lease for income.

Occupation permit of “yoo Residence”, a residential development situated at No. 33 Tung Lo Wan Road, in which the Group owns 50% interest, had been obtained during the six months ended 30th September, 2015. As at the date of this announcement, around 90% units of this development had been sold. It is expected that practical handover of the units to the end buyers will be completed before the coming financial year end which will contribute considerable profit to the Group.

The Group had proceeded with the compulsory acquisition under the Land (Compulsory Sale for Redevelopment) Ordinance for the remaining 1 shop unit on the ground floor at Nos. 41, 43 and 45, Pau Chung Street, To Kwa Wan, Kowloon. Upon completion of the compulsory acquisition, the Group will own the entire property interest on the site (the “**To Kwa Wan Property**”) which offers convenient accessibility to the new Ma Tau Wai MTR Station. The Group plans to redevelop the site into a residential tower with lower-level shops.

PRC:

In June 2015, the Group has entered into a settlement deed with the previous vendor of the development project situated at the junction of Zhongshan Wu Road (中山五路) and Education Road (教育路) in Yuexiu District (越秀區), Guangzhou which in effect (i) waived the Group’s obligation to pay the balance of the consideration of the acquisition of HK\$324.4 million; and (ii) that the previous vendor purchased back the entire interest in this development project. The consideration of the settlement deed was HK\$595.0 million of which HK\$250.0 million had been received by the Group while the remaining balance shall be paid to the Group on or before 31st March, 2016.

Hotel and Leisure

Revenue from this segment during the period was HK\$53.2 million (30.9.2014: Nil), mainly representing the revenue from hotel operations of Rosedale Hotel Kowloon since its acquisition in December 2014. The segmental loss amounted to HK\$22.4 million (30.9.2014: segmental profit HK\$19.0 million) as the operating profit was not adequate to cover the finance costs.

Construction of the hotel at No. 7 Moreton Terrace, Causeway Bay, Hong Kong progresses well which completion is expected around end of 2015. This hotel will have around 90 rooms and is intended to operate under the name of Le Petit Rosedale Hotel with commencement of business around mid-2016.

Outlined below is a summary of the Group's prevailing interest in significant properties held for development/sale/investment at the date of this announcement:

Location	Usage	Group's interest (%)	Attributable gross floor area (sq. ft.)
Macau			
One Oasis situated at Estrada de Seac Pai Van, Macau	Residential/ Commercial	35.5	1,203,000
Sub-total			1,203,000
Hong Kong			
No. 23 Po Shan Road, Mid-levels, Hong Kong	Residential	40	24,800
yoo Residence situated at No. 33 Tung Lo Wan Road, Causeway Bay, Hong Kong	Residential/ Shops	50	50,000
To Kwa Wan Property situated at Nos. 41, 43 and 45, Pau Chung Street, To Kwa Wan, Kowloon, Hong Kong	Residential/ Shops	100	11,000
Premises situated at 30/F., Bank of America Tower, 12 Harcourt Road, Central, Hong Kong	Office	100	13,880
Cheuk Nang Plaza situated at Nos. 244, 246, 248 and 250 Hennessy Road, Wanchai, Hong Kong	Office	100	55,600
Le Petit Rosedale Hotel situated at No. 7 Moreton Terrace, Causeway Bay, Hong Kong	Hotel	100	31,000
Rosedale Hotel Kowloon situated at 86, Tai Kok Tsui Road, Tai Kok Tsui, Kowloon, Hong Kong	Hotel	40	44,000
Sub-total			230,280
PRC			
Rosedale Hotel & Suites, Beijing situated at 8 Jiang Tai Road West, Chao Yang District, Beijing, the PRC	Hotel	20	80,000
Land situated at the Cyber Park, Sanya City, Hainan Province, the PRC	Hotel	100	886,000
Land situated at Fangcun District, Haudiwan, Guangzhou, the PRC	Residential/ Commercial	50	365,000
Sub-total			1,331,000
Total			2,764,280

Securities Investments

During the period, there was a redemption loss of HK\$29.8 million in prepayment of loan notes of principal amounts of \$300.0 million since their carrying value was lower than the face value which can be recovered from the savings in future interest expenses. In addition, though majority of the securities investments were sold at a profit as compared with their purchase cost, a loss was incurred upon their disposals due to the reduction from their market value as recorded at last financial year end. As a result, a segmental loss of HK\$43.1 million (30.9.2014: HK\$51.2 million) was incurred during the six months ended 30th September, 2015. There was another HK\$70.1 million net loss on fair value changes of equity investments charged as other comprehensive expense during the period due to the share price fluctuation of Louis XIII Holdings Limited (“**Louis XIII**”), in which the Group owns 10.2% interest. The Group anticipated that the opening of Louis XIII hotel and entertainment facilities in Macau will yield decent return.

At the end of the reporting period, the Group had equity investments totaling HK\$250.7 million, mainly comprised of securities listed in Hong Kong.

Finance

During the period, the Group had interest income from other loan receivables of HK\$11.2 million (30.9.2014: HK\$8.9 million). At the end of the reporting period, other loan receivables of the Group amounted to HK\$408.8 million.

FINANCIAL REVIEW

At 30th September, 2015, the Group had total bank and other borrowings of HK\$625.8 million and loan notes of HK\$183.8 million. After netting off bank balances and cash of HK\$474.6 million and comparing with the Group’s shareholders’ funds of HK\$4,648.9 million, the Group’s net gearing ratio at 30th September, 2015 was 0.07 (31.3.2015: 0.16). All of the bank and other borrowings were subject to floating interest rates while the loan notes have fixed interest rates and an aggregate amount of HK\$475.8 million of which is repayable within one year. The Group will closely monitor and manage its exposure to interest rate fluctuations and will consider engaging hedging instruments when appropriate.

At 30th September, 2015, the Group had unused banking facilities of HK\$157.0 million which can be utilised to finance the construction of properties of the Group. During the six months ended 30th September, 2015, bank borrowings in aggregate of HK\$84.5 million were drawn down to finance the development of Le Petit Rosedale Hotel and working capital of the Group while repayment of HK\$300.0 million was made to the loan notes of carrying value of HK\$270.2 million to reduce the finance costs. The Group will continue to monitor its liquidity and working capital requirement closely to ensure appropriate financing arrangements are made when necessary.

The majority of the Group’s assets and liabilities are denominated in Hong Kong dollars, Renminbi and Macau Pataca. As such, the Group’s exposure to foreign exchange fluctuations is minimal and no hedging instruments were engaged. The Group will closely monitor the foreign exchange risk exposure.

CORPORATE SOCIAL RESPONSIBILITY

The Group upholds measures and policies on environmental protection, which measures have been taken into account during the course of its business development. Most of the Group's property developments have adopted the "Leadership in Energy and Environmental Design" (the "LEED") which was a suite of rating systems for the design, construction and operation of high performance green buildings, homes and neighbourhood. LEED addresses the whole life cycle of the property and can lower its operating cost and increase its value, conserve energy and natural resources, be healthier and safer for its occupants.

PROSPECTS

The external conditions remain uncertain with macro-economic policies that vary in scale and intensity across countries including but not limited to speculation on the US interest rate hike and the volatility in Renminbi. The economic outlook in the PRC, Hong Kong and Macau becomes less promising and we see some downturns during the six months ended 30th September, 2015 which inevitably affect the Group's businesses. Nevertheless in the second half of this financial year, we are confident to expect further significant profit contributions from the handover of further phases of One Oasis and yoo Residence. The Group will continue to focus on improving earnings and enhancing shareholders' value by working hard on the projects on hand and will be selective and cautious on replenishing its portfolio when suitable opportunity arises.

PLEDGE OF ASSETS

As at 30th September, 2015, the Group's general credit facilities granted by banks and financial institutions were secured by pledges of the Group's investment properties of HK\$522.4 million, stock of properties of HK\$153.6 million, interest in a joint venture of HK\$161.7 million and property, plant and equipment of HK\$206.5 million.

CONTINGENT LIABILITIES

At 30th September, 2015, the Group provided guarantee in respect of loan facilities granted to certain joint ventures amounting to HK\$625.0 million (31.3.2015: HK\$625.0 million). The total loan outstanding for these facilities as at 30th September, 2015 was HK\$559.7 million (31.3.2015: HK\$482.8 million). A 50% counter-indemnity was obtained from the ultimate holding company of the joint venture partners in relation to the corporate guarantee provided.

The Group provided corporate guarantee on a several basis to the extent of HK\$20.2 million (31.3.2015: HK\$20.6 million) in respect of banking facilities granted to a joint venture, in which the Group owned 50% equity interest.

In addition, the Group provided corporate guarantee on a several basis to the extent of HK\$255.2 million (31.3.2015: Nil) in respect of banking facilities granted to an associate, in which the Group owned 40% equity interest.

NUMBER OF EMPLOYEES, REMUNERATION POLICIES

As at 30th September, 2015, the total number of employees of the Group was 271 (31.3.2015: 296). Employees are remunerated according to their qualifications and experience, job nature and performance, under the pay scales aligned with market conditions. Other benefits to employees include medical, insurance coverage, share options and retirement schemes.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th September, 2015.

SECURITIES IN ISSUE

During the period ended 30th September, 2015, 237,000 new Shares were issued by the Company upon exercise by holders of share options granted under the share option scheme of the Company adopted by the Shareholders at the annual general meeting of the Company on 17th August, 2012 with scheme limit refreshed on 14th August, 2015 (the "**2012 Share Option Scheme**") at the exercise price of HK\$3.00 per Share.

As at 30th September, 2015, (i) there were 800,021,845 Shares in issue; and (ii) a total of 9,940,000 share options granted by the Company at an initial exercise price of HK\$3.00 per Share (subject to adjustments) pursuant to the 2012 Share Option Scheme remained outstanding.

Save as disclosed above, there was no movement in the securities in issue of the Company during the six months ended 30th September, 2015.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining a high standard of corporate governance practices and procedures and complying with statutory and regulatory requirements with an aim to maximising the Shareholders' values and interests as well as to enhancing the stakeholders' transparency and accountability.

The Company has, throughout the six months ended 30th September, 2015, complied with the code provisions of the Corporate Governance Code and Corporate Governance Report (the "**Code**") as set out in Appendix 14 to the Listing Rules.

AUDIT COMMITTEE

The principal duties of the audit committee of the Company (the "**Audit Committee**") include reviewing the Group's interim and final results prior to recommending them to the Board for its approval, appointing the external auditor and reviewing the relationship with the external auditor of the Company, reviewing the Group's financial information and the Company's financial reporting system, risk management system and internal control procedures. The Audit Committee, with specific written terms of reference in line with the code provisions of the Code, currently consists of three independent non-executive Directors, namely, Mr. Chan Pak Cheong Afonso (chairman of the Audit Committee), Hon. Shek Lai Him, Abraham, *GBS, JP* and Mr. Kwok Ka Lap, Alva.

The Group's interim results for the six months ended 30th September, 2015 have been reviewed by the Audit Committee and the Company's external auditor.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Following specific enquiries made by the Company, all the Directors confirmed that they have complied with the required standards as set out in the Model Code during the six months ended 30th September, 2015.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.itcproperties.com. The interim report for the six months ended 30th September, 2015 containing all information required by the Listing Rules will be despatched to the Shareholders and will be published on the respective websites of the Stock Exchange and the Company in due course.

On behalf of the Board
ITC Properties Group Limited
Cheung Hon Kit
Chairman

Hong Kong, 23rd November, 2015

As at the date of this announcement, the Directors are as follows:

Executive Directors:

Mr. Cheung Hon Kit (*Chairman*)
Mr. Chan Fut Yan (*Managing Director*)
Mr. Cheung Chi Kit
Mr. Chan Yiu Lun, Alan
Mr. Wong Lai Shun, Benny

Independent Non-executive Directors:

Hon. Shek Lai Him, Abraham, *GBS, JP* (*Vice Chairman*)
Mr. Kwok Ka Lap, Alva
Mr. Chan Pak Cheong Afonso