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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)

**FINAL RESULTS
FOR THE YEAR ENDED 31ST MARCH, 2016**

FINANCIAL HIGHLIGHTS

(All in Hong Kong dollar)

	Year ended 31st March	
	2016	2015
Revenue		
Per consolidated statement of profit or loss	\$143 million	\$60 million
Property income and hotel revenue		
– share of associates and joint ventures	\$4,832 million	\$2,770 million
– by way of disposal of interests in subsidiaries, associates and joint ventures	\$113 million	\$250 million
	\$5,088 million	\$3,080 million
Net profit	\$1,459 million	\$801 million
Basic earnings per share	177 cents	109 cents
Dividends per share		
– interim	10 cents	7 cents
– final	10 cents	20 cents
– special	10 cents	15 cents
	30 cents	42 cents
Net assets value per share	\$6.4	\$5.2

* 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 consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31st March, 2016, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

	NOTES	2016 HK\$'000	2015 HK\$'000
Revenue	3	<u>143,402</u>	<u>59,610</u>
Hotel operation income		<u>111,208</u>	36,728
Property income		<u>14,033</u>	<u>4,149</u>
		<u>125,241</u>	40,877
Direct cost		<u>(51,337)</u>	<u>(15,247)</u>
Gross profit		<u>73,904</u>	25,630
Income from loan financing		<u>18,161</u>	17,661
Net (loss) gain on financial instruments		<u>(43,369)</u>	53,356
Other income, gains and losses		<u>29,970</u>	(30,083)
Net (decrease) increase in fair value of investment properties		<u>(86,192)</u>	2,995
Gain on disposal/partial disposal of an associate	4	<u>22,460</u>	24,166
Administrative and other expenses		<u>(380,233)</u>	(229,619)
Finance costs	5	<u>(45,929)</u>	(49,478)
Share of results of associates		<u>1,882,197</u>	1,049,443
Share of results of joint ventures		<u>(3,123)</u>	<u>(40,361)</u>
Profit before taxation		<u>1,467,846</u>	823,710
Taxation	6	<u>(9,227)</u>	<u>(22,646)</u>
Profit for the year	7	<u>1,458,619</u>	<u>801,064</u>
Profit (loss) for the year attributable to:			
Owners of the Company		<u>1,460,094</u>	803,550
Non-controlling interests		<u>(1,475)</u>	<u>(2,486)</u>
		<u>1,458,619</u>	<u>801,064</u>
Earnings per share	9		
– Basic (HK dollar)		<u>1.77</u>	<u>1.09</u>
– Diluted (HK dollar)		<u>1.77</u>	<u>1.09</u>

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

FOR THE YEAR ENDED 31ST MARCH, 2016

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit for the year	<u>1,458,619</u>	<u>801,064</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	(74,875)	(310,624)
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Reclassification adjustments of translation reserve to profit or loss upon:		
– loss of control over subsidiaries	(7,486)	–
– disposal/partial disposal of an associate	342	473
Exchange differences arising on translation of foreign operations	(7,097)	(22,182)
Share of translation reserve of associates and joint ventures	(4,468)	10,620
Other comprehensive expense for the year	<u>(93,584)</u>	<u>(321,713)</u>
Total comprehensive income for the year	<u>1,365,035</u>	<u>479,351</u>
Total comprehensive income (expense) for the year attributable to:		
Owners of the Company	1,366,617	481,863
Non-controlling interests	(1,582)	(2,512)
	<u>1,365,035</u>	<u>479,351</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31ST MARCH, 2016

	<i>NOTE</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		215,212	222,219
Investment properties		1,254,000	465,000
Equity investments		233,414	307,125
Debt investment		7,924	7,629
Interests in joint ventures		644,193	870,310
Amounts due from joint ventures		512,578	385,562
Interests in associates		2,361,800	1,277,892
Other loan receivables		–	5,000
Other non-current assets		126,030	83,264
		<hr/> 5,355,151	<hr/> 3,624,001
Current assets			
Inventories – food, beverages and general stores		575	524
Deposits paid for acquisition of leasehold land		353,486	363,778
Stock of properties		400,256	183,356
Other loan receivables		421,289	255,473
Debtors, deposits and prepayments	<i>10</i>	520,342	1,021,478
Equity investments		12,674	317,296
Investment in convertible note		–	9,694
Unsecured loan due from an associate		–	112,482
Bank balances and cash		615,357	318,363
		<hr/> 2,323,979	<hr/> 2,582,444

	<i>NOTE</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current liabilities			
Creditors, deposits and accrued charges	<i>11</i>	133,704	309,592
Amounts due to associates		602,994	545,035
Tax payables		179,108	169,705
Loan notes – due within one year		190,544	–
Obligations under finance leases			
– due within one year		113	106
Bank and other borrowings – due within one year		807,535	393,409
		1,913,998	1,417,847
Net current assets		409,981	1,164,597
Total assets less current liabilities		5,765,132	4,788,598
Non-current liabilities			
Loan notes – due after one year		–	443,224
Obligations under finance leases			
– due after one year		234	205
Bank and other borrowings – due after one year		250,000	150,000
Deferred tax liabilities		–	1,382
		250,234	594,811
		5,514,898	4,193,787
Capital and reserves			
Share capital		8,602	7,998
Reserves		5,508,147	4,186,072
Equity attributable to owners of the Company		5,516,749	4,194,070
Non-controlling interests		(1,851)	(283)
		5,514,898	4,193,787

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 “**Stock Exchange**”) and by the Hong Kong Companies Ordinance.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. SEGMENT INFORMATION

The Group’s reportable and operating segments, based on internal information that are regularly reviewed by the executive Directors, the chief operating decision maker (the “**CODM**”), for the purposes of resource allocation and assessment of performance, 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 year ended 31st March, 2016

	Segment revenue <i>HK\$'000</i> <i>(note (a))</i>	Operating (loss) profit <i>HK\$'000</i> <i>(note (b))</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 <i>(note (c))</i>	14,033	(153,155)	1,901,338	185,366	(7,412)	1,926,137
Hotel and leisure <i>(note (d))</i>	111,208	(38,936)	(19,141)	(130,150)	(38,501)	(226,728)
Securities investments	–	(44,225)	–	–	–	(44,225)
Finance	18,161	24,631	–	–	–	24,631
SEGMENT TOTAL	143,402	(211,685)	1,882,197	55,216	(45,913)	1,679,815
Unallocated	–	(153,614)	–	(58,339)	(16)	(211,969)
GROUP TOTAL	143,402	(365,299)	1,882,197	(3,123)	(45,929)	1,467,846

For the year ended 31st March, 2015

	Segment revenue <i>HK\$'000</i> <i>(note (a))</i>	Operating (loss) profit <i>HK\$'000</i> <i>(note (b))</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 <i>(note (c))</i>	4,149	(60,378)	1,053,763	(9,858)	(4,097)	979,430
Hotel and leisure <i>(note (d))</i>	36,728	23,070	(4,320)	963	(17,519)	2,194
Securities investments	1,072	51,513	–	–	–	51,513
Finance	17,661	17,601	–	–	–	17,601
SEGMENT TOTAL	59,610	31,806	1,049,443	(8,895)	(21,616)	1,050,738
Unallocated	–	(167,700)	–	(31,466)	(27,862)	(227,028)
GROUP TOTAL	59,610	(135,894)	1,049,443	(40,361)	(49,478)	823,710

notes:

- (a) Revenue as set out above comprises rental income, properties commission income, building management fee income, hotel operation income, loan financing income and dividend income from equity investments during the year. All segment revenue is from external customers.
- (b) The aggregate of the operating (loss) profit of the operating segments as set out above comprises the profit (loss) before taxation from each segment without allocation of certain other income, gains and losses, certain administrative and other expenses, share of results of associates and joint ventures and finance costs.
- (c) The segment result of property segment includes net decrease in fair value of investment properties of HK\$8,000,000 (2015: increase in fair value of HK\$1,000,000) during the year ended 31st March, 2016.
- (d) The segment result of hotel and leisure segment includes decrease in fair value of investment properties of HK\$78,192,000 (2015: increase in fair value of HK\$1,995,000) and share of decrease in fair value of investment properties held by a joint venture amounted to HK\$134,000,000 (2015: Nil) during the year ended 31st March, 2016.

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 consolidated financial statements.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	Segment assets		Segment liabilities	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Property	4,694,834	3,118,894	1,355,410	995,169
Hotel and leisure	1,391,745	1,650,044	782,470	987,780
Securities investments	254,117	641,849	3,949	13,545
Finance	486,092	292,875	25	25
Segment total	6,826,788	5,703,662	2,141,854	1,996,519
Unallocated:				
Bank balances and cash	615,357	318,363	–	–
Others	236,985	184,420	22,378	16,139
Total	7,679,130	6,206,445	2,164,232	2,012,658

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than certain property, plant and equipment, certain debtors, deposits and prepayments of the corporate offices, certain investments in joint ventures, certain amounts due from joint ventures and bank balances and cash; and
- all liabilities including tax payables and deferred tax liabilities are allocated to operating segments other than certain creditors, deposits and accrued charges and obligations under finance leases of the corporate offices.

Geographical information

The Group's revenue from external customers based on location of properties and goods delivered or services delivered and information about its non-current assets, excluding financial assets, by geographical location of the assets are detailed below:

	Revenue from external customers		Carrying amount of non-current assets	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Hong Kong	138,994	55,206	2,139,122	1,408,366
Macau	–	–	1,844,556	855,268
The People's Republic of China (the "PRC")	–	–	461,555	572,307
Canada	–	–	32,492	–
Others	4,408	4,404	39,166	–
	<u>143,402</u>	<u>59,610</u>	<u>4,516,891</u>	<u>2,835,941</u>

4. GAIN ON DISPOSAL/PARTIAL DISPOSAL OF AN ASSOCIATE

On 18th February, 2014, the Group entered into a sale and purchase agreement (the "Disposal Agreement") with an independent third party (the "Purchaser"), pursuant to which the Group (i) agreed to sell its 33.7% equity interest of an indirect wholly-owned subsidiary, Sanya Golf & Leisure Group Limited ("Sanya Golf") at a consideration of HK\$200,000,000; and (ii) granted a call option to the Purchaser under which the Purchaser has the right before 30th April, 2014 to require the Group to sell 46.3% equity interest (the "Tranche A Interest") in Sanya Golf at a consideration of HK\$250,000,000 (the "Call Option"). Upon exercise of the Call Option, the Purchaser shall grant a put option to the Group under which the Group has the right, from the first anniversary to the second anniversary of the date of the Disposal Agreement, to require the Purchaser to purchase the remaining 20% equity interest (the "Tranche B Interest") in Sanya Golf at a consideration of HK\$112,500,000 (the "Put Option").

During the year ended 31st March, 2015, the disposal of the Tranche A Interest was completed upon exercise of the Call Option on 29th April, 2014 and a gain on partial disposal of an associate of approximately HK\$24,166,000 was recognised in the consolidated statement of profit or loss for the year ended 31st March, 2015.

During the year ended 31st March, 2016, the disposal of the Tranche B Interest was completed upon exercise of the Put Option on 16th December, 2015 and a gain on disposal of an associate of approximately HK\$22,460,000 was recognised in the consolidated statement of profit or loss for the year ended 31st March, 2016.

5. FINANCE COSTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Effective interest on loan notes	30,986	44,393
Interest on bank and other borrowings wholly repayable within five years	20,210	8,682
Interest on obligations under finance leases	16	22
	<hr/>	<hr/>
Total borrowing costs	51,212	53,097
Less: amounts capitalised in investment properties under development	(5,283)	(3,619)
	<hr/>	<hr/>
	45,929	49,478
	<hr/> <hr/>	<hr/> <hr/>

6. TAXATION

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current tax:		
PRC Enterprise Income Tax	10,609	23,515
	<hr/>	<hr/>
Overprovision in prior years:		
Hong Kong Profits Tax	–	(869)
Deferred tax	(1,382)	–
	<hr/>	<hr/>
	(1,382)	(869)
	<hr/>	<hr/>
	9,227	22,646
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

No provision for Hong Kong Profits Tax has been made for both years as the assessable profit was wholly absorbed by tax losses brought forward. Taxation arising in the PRC is related to the taxation on gains on disposal of the operations in the PRC and is recognised using the tax rate of 10% on the estimated taxable gains on disposals for both years.

7. PROFIT FOR THE YEAR

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit for the year has been arrived at after charging(crediting):		
Depreciation of property, plant and equipment	9,697	9,794
Equity-settled share-based payments expense to Directors	750	2,793
Equity-settled share-based payments expense to employees	880	3,204
(Gain) loss on disposal of property, plant and equipment	(226)	78
Cost of inventories recognised as an expense	8,397	2,581
Bank interest income	(349)	(2,276)
Interest income on amount due from a joint venture	(20,709)	(6,053)
Other interest income	(29,461)	(18,166)
Allowance for doubtful debts	352	377
	<u> </u>	<u> </u>

8. DISTRIBUTION

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Dividends recognised as distributions during the year:		
– 2016 Interim dividend, paid – HK10 cents (2015: HK7 cents) per ordinary share	83,958	53,705
– 2016 Special dividend, paid – Nil (2015: HK15 cents) per ordinary share	–	115,083
– 2015 Final dividend, paid – HK20 cents (2014: HK16 cents) per ordinary share	160,004	110,181
– 2015 Special dividend, paid – Nil (2014: HK30 cents) per ordinary share	–	206,590
	<u> </u>	<u> </u>
	<u>243,962</u>	<u>485,559</u>
Dividends in form of:		
– Cash	61,879	108,036
– Scrip dividend	182,083	377,523
	<u> </u>	<u> </u>
	<u>243,962</u>	<u>485,559</u>
Dividends proposed in respect of the year:		
– 2016 Final dividend – HK10 cents (2015: HK20 cents) per ordinary share	86,019	159,969
– 2016 Special dividend – HK10 cents (2015: Nil) per ordinary share	86,019	–
	<u> </u>	<u> </u>
	<u>172,038</u>	<u>159,969</u>

The Directors have resolved to recommend the payment of a final dividend of HK10 cents and a special dividend of HK10 cents per ordinary share of the Company (the “Share(s)”) for the year ended 31st March, 2016 (2015: final dividend of HK20 cents per Share), which 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 860,193,860 issued Shares outstanding as at the date of this announcement.

9. EARNINGS PER SHARE

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Earnings:		
Profit for the year attributable to owners of the Company and earnings for the purpose of basic and diluted earnings per share	<u>1,460,094</u>	<u>803,550</u>
Number of Shares:		
Weighted average number of Shares for the purpose of basic earnings per share	822,781,126	733,944,410
Effect of dilutive potential shares: Share options	<u>2,700,066</u>	<u>3,609,886</u>
Weighted average number of Shares for the purpose of diluted earnings per share	<u>825,481,192</u>	<u>737,554,296</u>

10. 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 (2015: 90 days) to its trade customers. Included in debtors, deposits and prepayments are trade debtors of approximately HK\$2,140,000 as at 31st March, 2016 (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.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade debtors aged:		
0-60 days	2,062	2,229
61-90 days	72	2
Over 90 days	<u>6</u>	<u>-</u>
	<u>2,140</u>	<u>2,231</u>

11. CREDITORS, DEPOSITS AND ACCRUED CHARGES

Included in creditors, deposits and accrued charges are trade creditors of HK\$3,281,000 (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.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade creditors aged:		
0–60 days	2,103	2,024
61–90 days	1,152	621
Over 90 days	26	2
	<u>3,281</u>	<u>2,647</u>

12. EVENTS AFTER THE REPORTING PERIOD

- (i) On 28th April, 2016, ITC Properties (Overseas) Limited (“**ITCP Overseas**”), an indirect wholly-owned subsidiary of the Company, entered into a memorandum of understanding (the “**MOU**”) with Bayshore Ventures JV Ltd. (“**Bayshore**”), which indirectly and beneficially owns the entire interest in The Westin Bayshore Vancouver and certain associated land located in Vancouver, Canada (the “**Hotel Project**”). ITCP Overseas intends to invest in Bayshore as a joint venture partner by acquiring interest in the Hotel Project. A refundable earnest money of approximately CAD41,600,000 (equivalent to approximately HK\$256,600,000) (the “**Earnest Money**”) was paid upon signing of the MOU. On 8th June, 2016, Rank Ace Investments Limited (“**Rank Ace**”), a direct wholly-owned subsidiary of ITCP Overseas, entered into a subscription agreement (the “**Subscription Agreement**”) with Bayshore to subscribe for 86,100,000 new shares of Bayshore at a consideration of CAD86,100,000 (equivalent to approximately HK\$527,900,000) (the “**Subscription Price**”) such that upon completion, Rank Ace would own a 50% effective interest in Bayshore and hence the Hotel Project. The Earnest Money was applied as part of the deposit upon signing of the Subscription Agreement, a further deposit of CAD41,500,000 (equivalent to approximately HK\$253,400,000) had been paid as at the date of this announcement and the remaining balance of the Subscription Price of CAD3,000,000 (equivalent to approximately HK\$17,900,000) will be paid upon completion of the Subscription Agreement.

On 25th May, 2016, Rank Ace entered into a loan agreement with Caufield Investments Limited (“**Caufield**”), which currently owns the entire interest in Bayshore, pursuant to which Rank Ace agreed to grant to Caufield a loan facility of up to CAD28,700,000 (equivalent to approximately HK\$173,900,000), details of which are set out in the announcement of the Company dated 25th May, 2016.

- (ii) In April 2016, the Group and Cisco Systems International B.V. (“**CISCO**”) entered into a cooperation framework agreement in relation to the development project of Cisco (Guangzhou) Smart City (the “**Smart City**”) which has been approved by the People’s Government of Guangzhou.

Pursuant to the agreement, CISCO designated the Group as its exclusive partner for the development of phase one of the Smart City and the Group was also granted the first right of refusal as developer of phases two and three of the Smart City.

FINAL AND SPECIAL DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of HK10 cents per ordinary share of the Company (the “**Share(s)**”) (2015: HK20 cents per Share) and a special dividend of HK10 cents per Share (2015: Nil) for the year ended 31st March, 2016 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 Wednesday, 24th August, 2016. The proposed final and special dividends are expected to be paid to the Shareholders on or about Friday, 30th September, 2016, conditional upon the passing of the relevant ordinary resolution(s) at the forthcoming annual general meeting of the Company.

The Board has also proposed that the final and special dividends should 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 proposal will be fixed by reference to the average of the closing prices of the Shares for the three consecutive trading days ending Wednesday, 24th August, 2016 less a discount of five percent of such average price or par value of the Shares, whichever is higher. The scrip dividend proposal is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the new Shares to be issued and the passing of the relevant ordinary resolution(s) at the forthcoming annual general meeting of the Company to approve the final and special dividends. A circular containing full details of the scrip dividend proposal 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 Tuesday, 23rd August, 2016 to Wednesday, 24th August, 2016, during which period no transfer of the Shares will be effected. In order to be entitled to the proposed final and special dividends, 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 Monday, 22nd August, 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group’s revenue for the year ended 31st March, 2016 amounted to HK\$143.4 million (2015: HK\$59.6 million), representing a surge of nearly 141% and gross profit increased to HK\$73.9 million for the year (2015: HK\$25.6 million). Administrative and other expenses also increased to HK\$380.2 million (2015: HK\$229.6 million). Such increases in income and expenses were mainly attributable to the completion of acquisitions of certain Rosedale hotel operations which results had been consolidated into the Group since December 2014. Furthermore, additional preliminary expenses were incurred to explore investment opportunities which inflated the administrative expenses.

Overall, we had a good year:

- a. as the harvest of efforts in prior year, 1,515 residential units in aggregate in One Oasis and yoo Residence were handed over to end buyers which contributed profits of more than HK\$2,092.9 million to the Group;
- b. as preparation for the future, acquisitions of interests in a residential redevelopment project at No. 23 Po Shan Road, whole block of Cheuk Nang Plaza, a residential redevelopment project at Hai Tan Street, a residential redevelopment project and The Westin Bayshore Vancouver both in Vancouver downtown; and
- c. other new investment opportunities including the large-scale Cisco (Guangzhou) Smart City in Panyu, Guangzhou.

As a result, the Group recorded a profit for the year attributable to owners of the Company of HK\$1,460.1 million, achieving a significant growth as compared to HK\$803.6 million last year.

Property

Macau

The Group continued to recognise significant profit from its 35.5% effective interest in Empresa De Fomento Industrial E Comercial Concórdia, S.A., the developer of a residential and commercial project named “One Oasis” in Cotai South, Macau.

The handover of all the units and ancillary car parks of blocks 6 to 9 and most of the units of blocks 10 to 12 were completed during the current year.

Together with the opening of the shopping arcade in the third quarter of this year and the state-of-art clubhouse, One Oasis will be one of the first-choice luxurious residences in Macau with full ancillary facilities. There are special units with saleable area in aggregate of 160,000 sq. ft. and 750 car parking spaces retained in stock, which sale will instantly make profit contribution to the Group. In addition, there is residential saleable area of 2,000,000 sq. ft. under development not yet marketed for pre-sale. In view of the current market slowdown in Macau economy affecting both the property price and demand, marketing for these stocks and pre-sale of future phases will be launched at opportune time to match the demand.

On top of the remarkable sales performance having achieved and the acclaimed quality of 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 that we can achieve good market response on residential units at One Oasis which will significantly surpass the average selling price from blocks 1 to 12.

Hong Kong

The local property market remains stagnant. There are some reductions in the property price in anticipation of interest rate rise but the supply remains inadequate, and both sellers and buyers in general take a wait-and-see attitude. Furthermore, in light of the comparatively high construction cost, most developers adopt a conservative approach in committing development projects.

The handover of most of the units of “yoo Residence”, a residential development project situated at No. 33 Tung Lo Wan Road, to end buyers has been completed during the year. The Group has recognised a considerable profit through its 50% interest in this project.

In April 2015, the Group through a 40%-owned associate acquired all units at No. 23 Po Shan Road in Mid-levels. The building on the site was demolished and the redevelopment plans have been submitted to the relevant government authority for a super luxury residential mid-rise building.

In October 2015, the Group has completed the acquisition of the entire interest in Cheuk Nang Plaza, a 31-storey commercial building with 25 car parks situated at the heart of Wanchai district along the Hennessy Road. The building will be renamed as “ITC Building”. Major renovation works are in progress to improve the value. Part of the premises is planned for self-use and the remaining floor area will continue for leasing.

In December 2015, the Group was awarded the contract from the Urban Renewal Authority for the development of Nos. 205–211A Hai Tan Street demand-led redevelopment project in Sham Shui Po through tender. Upon completion, this project will provide a total gross floor area of 38,000 sq. ft. mainly for residential purpose.

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. Upon completion of the compulsory acquisition, the Group will own the entire property interest on the site 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 April 2016, the Group and Cisco Systems International B.V. (“**CISCO**”) entered into a cooperation framework agreement pursuant to which CISCO (a Fortune 500 company and the global leader in development and supply of internet and intelligent community solutions) designated the Group as its exclusive partner for the development of phase one of the Cisco (Guangzhou) Smart City (the “**Smart City**”) and the Group was also granted the first right of refusal as developer for phases two and three. The development of the Smart City has been approved and is fully supported by the People’s Government of Guangzhou under a framework agreement between the People’s Government of Guangzhou and CISCO. The site of the Smart City will neighbor on the university zone in Panyu, Guangzhou, situated on parcels of land of over 300 hectares with development by phases. Upon completion, the Smart City will become an excellent hub for high-tech production, education, research, commerce and residency. This provides a good land bank for the Group in the up and coming area of Guangzhou for the next decade though the land parcels would still have to be acquired through government-prescribed procedures.

In June 2015, the Group has entered into a settlement deed with the previous vendor of the development project situated at Yuexiu District, Guangzhou. The consideration of the settlement deed of HK\$595.0 million had been fully settled as at the date of this announcement.

Canada

In April 2016, the Group through 28%-owned joint ventures acquired a parcel of land together with buildings erected thereon along the Alberni Street in the West End area of Vancouver within walking distance to the Central Business District, main retail arterials in Downtown Vancouver as well as the main retail arterials of the West End. The existing buildings on the site will be demolished and the joint ventures plan to redevelop the site into mixed residential and commercial towers of about 648,000 sq. ft. for sale.

Hotel and Leisure

Drop of visitor arrivals to Hong Kong lowered both the occupancy and average room rates of hotels. In general, speedy recovery in the tourism industry is not anticipated.

Revenue from this segment during the year was HK\$111.2 million (2015: HK\$36.7 million), mainly representing the revenue from hotel operations of Rosedale Hotel Kowloon since its acquisition in December 2014. In light of the current market sentiment of the hotel industry, the Group in aggregate recognised losses in fair value change of its interest in hotels of HK\$212.2 million and the segmental loss amounted to HK\$226.7 million (2015: segmental profit of HK\$2.2 million).

Following the completion of construction of the Le Petit Rosedale Hotel at No. 7 Moreton Terrace, Causeway Bay, the pre-opening work including the application of the hotel licence is in progress and commencement of business of this 90-room hotel is expected in the last quarter of 2016.

In June 2016, the Group entered into an agreement to subscribe for a 50% interest in a joint venture which is the indirect beneficial owner of The Westin Bayshore Vancouver located at a landmark waterfront site in Downtown Vancouver. It is a first class (four diamond) full-service hotel comprising 511 guest rooms. In addition, there are a six-slip marina, plenty car parking spaces, ample meeting amenity and retail spaces. In the long run, the Group together with the joint venture partner will explore the redevelopment potential of this hotel.

Outlined below is a summary of the Group's prevailing interest in properties significant to its operations as 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	Residential/ Commercial	35.5	831,000
Sub-total			831,000
Hong Kong			
Redevelopment project situated at No. 23 Po Shan Road, Mid-levels	Residential	40	24,800
yoo Residence situated at No. 33 Tung Lo Wan Road, Causeway Bay	Residential/ Shops	50	11,700
Redevelopment project situated at Nos. 41, 43 and 45, Pau Chung Street, To Kwa Wan	Residential/ Shops	100	11,000
Redevelopment project situated at Nos. 205–211A Hai Tan Street, Sham Shui Po	Residential/ Commercial	100	38,000
Premises situated at 30/F., Bank of America Tower, 12 Harcourt Road, Central	Office	100	13,880
Cheuk Nang Plaza situated at Nos. 244, 246, 248 and 250 Hennessy Road, Wanchai	Office	100	55,600
Le Petit Rosedale Hotel situated at No. 7 Moreton Terrace, Causeway Bay	Hotel	100	31,000
Rosedale Hotel Kowloon situated at 86, Tai Kok Tsui Road, Tai Kok Tsui	Hotel	40	44,000
Sub-total			229,980
PRC			
Rosedale Hotel & Suites, Beijing situated at 8 Jiang Tai Road West, Chao Yang District, Beijing	Hotel	20	80,000
Land situated at the Cyber Park, Sanya City, Hainan Province	Hotel	100	886,000
Sub-total			966,000
Vancouver, Canada			
Redevelopment project situated at 1444 Alberni Street, 711 Broughton Street & 740 Nicola Street	Residential/ Commercial	28	181,000
The Westin Bayshore Vancouver situated at 1601 Bayshore Drive	Hotel	50	221,000
Sub-total			402,000
Total			2,428,980

Securities Investments

During the year, there was a loss of HK\$29.8 million in repayment of loan notes of principal amount of HK\$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 to their purchase cost, a loss was incurred in 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\$44.2 million (2015: segmental profit of HK\$51.5 million) was incurred during the year ended 31st March, 2016. There was another HK\$72.9 million net loss on fair value changes of equity investments charged as other comprehensive expense during the year due to the share price fluctuation of The 13 Holdings Limited, in which the Group owns 10.2% interest.

At the end of the reporting period, the Group had equity investments totaling HK\$246.1 million, mainly composed of securities listed in Hong Kong.

Finance

During the year, the Group had interest income from other loan receivables of HK\$18.2 million (2015: HK\$17.7 million). At the end of the reporting period, other loan receivables of the Group amounted to HK\$421.3 million.

FINANCIAL REVIEW

As at 31st March, 2016, the Group had total bank and other borrowings of HK\$1,057.5 million and loan notes of HK\$190.5 million. After netting off bank balances and cash of HK\$615.4 million and comparing with the Group's shareholders' funds of HK\$5,516.7 million, the Group's net gearing ratio at 31st March, 2016 remained low at 0.11 (2015: 0.16). All of the bank and other borrowings are subject to floating interest rates while the loan notes have fixed interest rates and an aggregate amount of HK\$998.1 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 as and when appropriate.

As at 31st March, 2016, the Group had unused banking facilities of HK\$178.5 million which can be utilised to finance the construction of properties and the working capital of the Group. During the year ended 31st March, 2016, bank borrowings in aggregate of HK\$573.0 million were drawn to finance the acquisition of Cheuk Nang Plaza, the development of Le Petit Rosedale Hotel and the working capital of the Group while repayments of HK\$300.0 million were made to the loan notes with carrying values of HK\$270.2 million to reduce the finance costs. The Group will continue to closely monitor its liquidity and working capital requirement to ensure appropriate financing arrangements are made when necessary.

The majority of the Group's assets and liabilities are denominated in Hong Kong dollar, 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 in particular subsequent to 31st March, 2016, the Group deploys considerable investments denominated in Canadian dollar.

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, the volatility in Renminbi and the impacts of Britain's exit from the European Union. The economic outlook in the PRC, Hong Kong and Macau becomes less promising and some downturns were seen during the year ended 31st March, 2016 which inevitably affect the Group's businesses. Nevertheless, the huge success in One Oasis has already provided and will continue to contribute to the Group substantial financial return and valuable experience for carrying out its mission and dealing with challenges ahead. In addition to stepping its businesses further to Canada, we will keep improving earnings and enhancing the 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 31st March, 2016, the Group's general credit facilities granted by banks and financial institutions were secured by pledges of the Group's investment properties of HK\$1,254.0 million, stock of properties of HK\$153.6 million, interest in a joint venture of HK\$43.7 million and property, plant and equipment of HK\$203.4 million.

CONTINGENT LIABILITIES

As at 31st March, 2016, the Company provided corporate guarantee on a several basis to the extent of HK\$19.8 million (2015: HK\$20.6 million) to a bank in respect of the banking facilities granted to a joint venture, in which the Group owned 50% equity interest.

In addition, the Company provided corporate guarantee on a several basis to the extent of HK\$256.0 million (2015: Nil) to a bank in respect of the banking facilities granted to an associate, in which the Group owned 40% equity interest.

NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

As at 31st March, 2016, the total number of employees of the Group was 267 (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 option 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 year ended 31st March, 2016.

SECURITIES IN ISSUE

During the year ended 31st March, 2016, (i) 5,437,000 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; and (ii) 54,972,015 new Shares were issued by the Company pursuant to the scrip dividend scheme in relation to the final dividend for the year ended 31st March, 2015 and the interim dividend for the six months ended 30th September, 2015.

As at 31st March, 2016, (i) there were 860,193,860 Shares in issue; and (ii) a total of 4,740,000 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 year ended 31st March, 2016.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

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

The Company has, throughout the year ended 31st March, 2016, complied with all the code provisions of the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules and applied the principles contained therein.

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; making recommendation on the appointment of the external auditor and acting as the key representative body for overseeing the Company’s relations with the external auditor; and reviewing the Group’s financial information, 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 CG 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 Audit Committee has reviewed with the management and the Company’s auditor the accounting principles and practices adopted by the Group and discussed auditing, financial reporting process and internal control matters including a review of the final results of the Group for the year ended 31st March, 2016.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st March, 2016 as set out in the preliminary 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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 throughout the year ended 31st March, 2016.

ANNUAL GENERAL MEETING

The annual general meeting (the "**AGM**") of the Company will be held on Friday, 12th August, 2016, at B27, Basement, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong. A circular containing the notice of the AGM and information regarding, *inter alia*, the re-election of the retiring Directors, the granting of the general mandates to the Directors to issue new Shares and to repurchase Shares and the refreshment of the share option scheme mandate limit will be despatched to the Shareholders in due course.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final 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 annual report of the Company for the year ended 31st March, 2016 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.

APPRECIATION

I would like to take this opportunity to express my appreciation to the Shareholders for their support, to the management and staff for their dedicated efforts to the Group and to our clients, consultants and partners for all their valuable assistance offered during the past year.

By order of the Board
ITC Properties Group Limited
Cheung Hon Kit
Chairman

Hong Kong, 27th June, 2016

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