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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)

**ANNUAL RESULTS
FOR THE YEAR ENDED 31ST MARCH, 2018**

	Year ended 31st March	
	2018	2017
FINANCIAL HIGHLIGHTS		
<i>(All in Hong Kong dollar)</i>		
Revenue		
Per consolidated statement of profit or loss	\$247 million	\$189 million
Property income and hotel revenue		
– share of associates and joint ventures	\$643 million	\$990 million
	\$890 million	\$1,179 million
Net profit	\$182 million	\$303 million
Basic earnings per share	20 cents	35 cents
Dividends per share		
– first interim	10 cents	10 cents
– second interim	12 cents	–
– final	–	12 cents
	22 cents	22 cents
Net assets value per share	\$5.9	\$6.3

* 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 (collectively, the “**Group**”) for the year ended 31st March, 2018, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

	<i>Notes</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Revenue	3	<u>246,625</u>	<u>188,871</u>
Hotel operation income		156,606	130,021
Property income		<u>20,280</u>	<u>14,117</u>
Direct cost		<u>176,886</u> <u>(65,747)</u>	144,138 <u>(55,310)</u>
Gross profit		111,139	88,828
Income from loan financing		69,219	40,147
Net (loss) gain on financial instruments		(69,387)	20,915
Other income, gains and losses		56,015	133,177
Increase in fair value of investment properties		274,606	10,272
Administrative and other expenses		(312,016)	(308,155)
Finance costs	4	(113,566)	(67,424)
Share of results of associates		96,942	464,318
Share of results of joint ventures		<u>70,674</u>	<u>(79,229)</u>
Profit before taxation		183,626	302,849
Taxation	5	<u>(1,477)</u>	<u>(24)</u>
Profit for the year	6	<u>182,149</u>	<u>302,825</u>
Profit (loss) for the year attributable to:			
Owners of the Company		182,488	303,238
Non-controlling interests		<u>(339)</u>	<u>(413)</u>
		<u>182,149</u>	<u>302,825</u>
Earnings per share	8		
– Basic (HK dollar)		<u>0.20</u>	<u>0.35</u>
– Diluted (HK dollar)		<u>0.20</u>	<u>0.35</u>

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

FOR THE YEAR ENDED 31ST MARCH, 2018

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Profit for the year	<u>182,149</u>	<u>302,825</u>
Other comprehensive expense		
<i>Item that will not be reclassified to profit or loss:</i>		
Net (loss) gain on fair value changes of equity instruments designated as at fair value through other comprehensive income	(252,130)	189
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on deregistration of a subsidiary	(2,785)	–
Exchange differences arising on translation of foreign operations	101,274	(63,153)
Share of translation reserve of associates and joint ventures	(8,098)	981
Other comprehensive expense for the year	<u>(161,739)</u>	<u>(61,983)</u>
Total comprehensive income for the year	<u>20,410</u>	<u>240,842</u>
Total comprehensive income (expense) for the year attributable to:		
Owners of the Company	19,802	241,254
Non-controlling interests	608	(412)
	<u>20,410</u>	<u>240,842</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31ST MARCH, 2018

	<i>Notes</i>	2018 HK\$'000	2017 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		943,586	800,409
Investment properties		900,000	754,000
Equity investments		110,633	255,020
Interests in joint ventures		1,088,564	1,093,094
Amounts due from joint ventures		435,194	598,584
Interests in associates		1,806,774	2,003,907
Amounts due from associates		9,097	91,686
Other loan receivables		752,324	667,235
Deposit paid for acquisition of an associate		159,000	–
Other non-current assets		140,588	128,434
		6,345,760	6,392,369
Current assets			
Inventories – food, beverages and general stores		732	768
Deposits paid for acquisition of leasehold land		371,684	338,463
Stock of properties		799,273	731,373
Other loan receivables		150,000	–
Amount due from a joint venture		274,155	–
Debtors, deposits and prepayments	9	155,713	158,285
Equity investments		277,745	84,577
Debt investment		–	7,960
Bank balances and cash		608,334	1,728,748
		2,637,636	3,050,174
Current liabilities			
Creditors, deposits and accrued charges	10	117,430	164,187
Amount due to an associate		132,532	418,915
Tax payables		181,292	177,550
Obligations under finance leases			
– due within one year		65	109
Bank and other borrowings			
– due within one year		1,334,761	1,464,526
		1,766,080	2,225,287
Net current assets		871,556	824,887
Total assets less current liabilities		7,217,316	7,217,256

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Non-current liabilities		
Loan notes – due after one year	1,538,209	1,515,550
Obligations under finance leases – due after one year	60	126
Bank and other borrowings – due after one year	142,139	124,154
	<u>1,680,408</u>	<u>1,639,830</u>
	<u>5,536,908</u>	<u>5,577,426</u>
Capital and reserves		
Share capital	9,377	8,873
Reserves	5,523,278	5,565,402
	<u>5,532,655</u>	<u>5,574,275</u>
Non-controlling interests	4,253	3,151
	<u>5,536,908</u>	<u>5,577,426</u>

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**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 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 – 2016 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 set out in the consolidated financial statements. However, additional disclosure has been included in the consolidated financial statements to satisfy the new disclosure requirements introduced by the amendments to HKAS 7.

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, 2018

	Segment revenue HK\$'000 (note (a))	Operating profit (loss) HK\$'000	Share of results of associates HK\$'000	Share of results of joint ventures HK\$'000	Finance costs HK\$'000	Segment results: profit (loss) before taxation HK\$'000 (note (b))
Property (note (c))	20,280	303,518	104,058	41,291	(17,859)	431,008
Hotel and leisure (note (d))	156,606	(29,748)	(7,116)	97,102	(13,680)	46,558
Securities investments	520	(70,013)	–	–	–	(70,013)
Finance	69,219	73,975	–	–	–	73,975
SEGMENT TOTAL	246,625	277,732	96,942	138,393	(31,539)	481,528
Unallocated	–	(148,156)	–	(67,719)	(82,027)	(297,902)
GROUP TOTAL	246,625	129,576	96,942	70,674	(113,566)	183,626

For the year ended 31st March, 2017

	Segment revenue HK\$'000 (note (a))	Operating profit (loss) HK\$'000	Share of results of associates HK\$'000	Share of results of joint ventures HK\$'000	Finance costs HK\$'000	Segment results: profit (loss) before taxation HK\$'000 (note (b))
Property (note (c))	14,117	64,830	470,514	(13,958)	(16,818)	504,568
Hotel and leisure (note (d))	130,021	(9,391)	(6,196)	5,350	(12,883)	(23,120)
Securities investments	4,586	19,938	–	–	–	19,938
Finance	40,147	43,731	–	–	–	43,731
SEGMENT TOTAL	188,871	119,108	464,318	(8,608)	(29,701)	545,117
Unallocated	–	(133,924)	–	(70,621)	(37,723)	(242,268)
GROUP TOTAL	188,871	(14,816)	464,318	(79,229)	(67,424)	302,849

notes:

- (a) Revenue as set out above comprised rental income, properties commission income, building management fee income, hotel operation income, loan financing income, dividend income from equity investments and increase in fair values of financial assets at fair value through profit or loss disposed of during the year. All segment revenue is from external customers.
- (b) The aggregate of the segment results as set out above comprised the profit (loss) before taxation from each segment without allocation of certain other income, gains and losses, certain administrative and other expenses, certain share of results of joint ventures and certain finance costs.
- (c) During the year ended 31st March, 2018, the segment result of property segment included increase in fair value of investment properties of HK\$274,606,000 (2017: HK\$10,272,000).
- (d) During the year ended 31st March, 2018, the segment result of hotel and leisure segment included share of increase in fair value of investment properties held by a joint venture amounting to HK\$80,000,000 (2017: Nil).

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. Segment results are analysed before taxation whereas tax payable is allocated to operating segment liabilities. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

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	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property	4,498,865	4,471,087	1,094,620	1,539,527
Hotel and leisure	2,091,728	1,963,201	751,749	750,139
Securities investments	388,384	347,662	4,042	3,963
Finance	942,111	675,566	1,275	25
Segment total	7,921,088	7,457,516	1,851,686	2,293,654
Unallocated:				
Bank balances and cash	608,334	1,728,748	–	–
Loan notes	–	–	1,538,209	1,515,550
Accrued coupon interest on loan notes	–	–	34,581	34,246
Others	453,974	256,279	22,012	21,667
Total	8,983,396	9,442,543	3,446,488	3,865,117

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, deposit paid for acquisition of an associate, certain other non-current assets, certain debtors, deposits and prepayments of the corporate offices, certain interests in joint ventures, certain amounts due from joint ventures and bank balances and cash; and
- all liabilities including tax payables are allocated to operating segments other than loan notes and its accrued coupon interest, 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 physical location of the assets are detailed below:

	Revenue from external customers		Carrying amount of non-current assets	
	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Hong Kong	233,325	183,467	2,660,292	2,140,843
Macau	–	–	1,151,135	1,496,441
The People's Republic of China (the "PRC")	–	–	450,331	451,653
Canada	–	–	583,709	566,597
Others	13,300	5,404	95,747	39,166
	<u>246,625</u>	<u>188,871</u>	<u>4,941,214</u>	<u>4,694,700</u>

4. FINANCE COSTS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Effective interest on loan notes	82,017	40,527
Interest on bank and other borrowings	35,651	32,341
Interest on obligations under finance leases	10	17
	<u>117,678</u>	<u>72,885</u>
Total borrowing costs	117,678	72,885
Less: amounts recognised in qualifying assets	(4,112)	(5,461)
	<u>113,566</u>	<u>67,424</u>

5. TAXATION

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Hong Kong Profits Tax:		
Current tax	1,556	–
(Over)underprovision in prior years	(79)	24
	<u>1,477</u>	<u>24</u>

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 prior year as the assessable profit was wholly absorbed by tax losses brought forward.

6. PROFIT FOR THE YEAR

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	30,444	17,161
Cost of inventories recognised as an expense	8,525	8,673
Gain on disposal of property, plant and equipment	(924)	–
Bank interest income	(1,842)	(2,663)
Interest income on amounts due from joint ventures	(39,908)	(38,850)
Other interest income	(5,213)	(5,523)
Allowance for doubtful debts	–	97
	<u> </u>	<u> </u>

7. DISTRIBUTION

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Dividends recognised as distributions during the year:		
– 2018 first interim dividend, paid – HK10 cents (2017: 2017 interim dividend of HK10 cents) per ordinary share	91,447	88,498
– 2017 final dividend, paid – HK12 cents (2016: HK10 cents) per ordinary share	106,477	86,034
– 2017 special dividend, paid – Nil (2016: HK10 cents) per ordinary share	–	86,034
	<u> </u>	<u> </u>
	197,924	260,566
	<u> </u>	<u> </u>
Dividends in form of:		
– Cash	61,102	184,824
– Scrip shares	136,822	75,742
	<u> </u>	<u> </u>
	197,924	260,566
	<u> </u>	<u> </u>
Dividends declared/proposed in respect of the year:		
– declared 2018 second interim dividend – HK12 cents (2017: proposed 2017 final dividend of HK12 cents) per ordinary share	112,526	106,470
	<u> </u>	<u> </u>

Subsequent to the end of the reporting period, the Board has resolved to declare a second interim dividend of HK12 cents per ordinary share of the Company (the “Share”) for the year ended 31st March, 2018, which will be payable in cash, with an option to elect scrip dividend of Shares in respect of all or part of such dividend. The second interim dividend has been calculated by reference to the 937,712,734 issued 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 owners of the Company is based on the following data:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Earnings:		
Earnings for the year attributable to owners of the Company for the purpose of basic and diluted earnings per Share	<u>182,488</u>	<u>303,238</u>
Number of Shares:		
Weighted average number of Shares for the purpose of basic earnings per Share	905,378,635	873,036,595
Effect of dilutive potential Shares: Share options	<u>–</u>	<u>123,819</u>
Weighted average number of Shares for the purpose of diluted earnings per Share	<u>905,378,635</u>	<u>873,160,414</u>

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 (2017: 60 days) to its trade customers. Included in debtors, deposits and prepayments are trade debtors of approximately HK\$3,278,000 as at 31st March, 2018 (2017: HK\$2,870,000).

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.

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade debtors aged:		
0 – 60 days	3,206	2,708
61 – 90 days	5	54
Over 90 days	<u>67</u>	<u>108</u>
	<u>3,278</u>	<u>2,870</u>

10. CREDITORS, DEPOSITS AND ACCRUED CHARGES

Included in creditors, deposits and accrued charges are trade creditors of approximately HK\$1,498,000 (2017: HK\$1,716,000).

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade creditors aged:		
0 – 60 days	1,468	1,706
61 – 90 days	<u>30</u>	<u>10</u>
	<u>1,498</u>	<u>1,716</u>

SECOND INTERIM DIVIDEND

The Board has declared a second interim dividend (the “**Second Interim Dividend**”) of HK12 cents per Share for the year ended 31st March, 2018 (in lieu of a final dividend) (2017: final dividend of HK12 cents per Share) to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company (the “**Register of Members**”) as at the close of business on Friday, 20th July, 2018. The Second Interim Dividend is expected to be paid to the Shareholders on or about Monday, 17th September, 2018.

The Board has also resolved that the Second Interim Dividend should be satisfied in cash, with an option to elect scrip dividend of Shares in respect of part or all of such dividend. The issue price of each Share to be issued under the scrip dividend scheme will be fixed by reference to the average of the closing prices of a Share for the three consecutive trading days ending Friday, 20th July, 2018 less a discount of five percent of such average price or the par value per Share, whichever is higher. The scrip dividend scheme is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the new Shares to be issued. A circular containing the details of the scrip dividend scheme and a form of election, together with the 2017-2018 annual report, will be sent to the Shareholders in due course.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the “**Annual General Meeting**”) will be held on Friday, 7th September, 2018, at 13/F., Cheuk Nang Plaza, 250 Hennessy Road, Wanchai, Hong Kong. A circular containing the notice of the Annual General Meeting 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 published and despatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders’ entitlement to the Second Interim Dividend, the Register of Members will be closed from Thursday, 19th July, 2018 to Friday, 20th July, 2018, both days inclusive, during which period no transfer of Shares will be registered. The Shares will be traded ex-dividend as from Tuesday, 17th July, 2018. In order to be entitled to the Second Interim Dividend, Shareholders must lodge all transfer documents accompanied by the relevant share certificates 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 Wednesday, 18th July, 2018.

For the purpose of ascertaining Shareholders’ entitlement to attend and vote at the Annual General Meeting, the Register of Members will be closed from Tuesday, 4th September, 2018 to Friday, 7th September, 2018, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, Shareholders must lodge all transfer documents accompanied by the relevant share certificates with Tricor Secretaries Limited at the abovementioned address for registration by no later than 4:30 p.m. on Monday, 3rd September, 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31st March, 2018, the Group's revenue amounted to HK\$246.6 million (2017: HK\$188.9 million), representing a surge of 30.6%, and gross profit increased to HK\$111.1 million (2017: HK\$88.8 million) which was mainly due to the recognition of the first full year operation results of Le Petit Rosedale Hotel. However, the Group recorded a profit for the year attributable to owners of the Company of HK\$182.5 million, representing a reduction of 39.8% as compared to HK\$303.2 million for the previous year. The decrease in profit was mainly due to a significant decrease in the share of profits from an associate of the Group during the year. Recognition of profits of presold units of the residential project of the associate has been deferred as the relevant occupation permit has just been issued on 11th June, 2018, and handover of the units to the purchasers is underway.

Property

Macau

The Group during the year under review recognised a profit of HK\$104.2 million (2017: HK\$470.7 million) from its associate, which is the developer of "One Oasis" and "Sky Oasis" in Cotai South, Macau, upon the handover of the remaining units and certain car parks of blocks 10 to 12. The presale of blocks 13 to 15 had been well received and revenue in excess of HK\$3.1 billion was secured. Since additional time was spent to rectify the damages caused by the catastrophic typhoon Hato in August 2017, there was delay in handover of the presold units of blocks 13 to 15 and hence recognition of profits.

With the solid market reputation established from the delivery of high quality residential units to the end users in the previous years, the good performance continues for the presale of blocks 17 and 18 and revenue in excess of HK\$2.8 billion was secured. The presale of the remaining blocks 16, 19 and 20 will commence at opportune time.

Hong Kong

The renovation works of Cheuk Nang Plaza (to be renamed as ITC Building), which is a 31-storey commercial building with 25 car parks situated at the heart of Wanchai district along Hennessy Road, are in good progress and are expected to be finished before the end of this year. Currently certain floors are occupied by the Group for self-use while the remaining floors are for long and short term leasing purpose. The Group recorded an increase in fair value of HK\$250.6 million from this property during the year under review.

The foundation works for No. 23 Po Shan Road, Mid-levels have been progressing as scheduled. The construction work for the superstructure of a deluxe residential mid-rise building is expected to start early next year.

The foundation works for Nos. 205-211A Hai Tan Street had been completed. This is an URA project mainly consisting of residential flats with a few shops. The commencement of foundation works for Nos. 41, 43 and 45 of Pau Chung Street is expected in the second half of 2018. This is a redevelopment project comprising a residential tower with retail shops at lower levels. Presale of these two projects is planned to be launched in the latter part of 2018.

During the year under review, a joint venture of the Group has disposed of all its remaining interests in yoo Residence, and such joint venture contributed a profit of HK\$66.1 million to the Group.

Overseas

In December 2017, an associate in which the Group has 15% interest, entered into a sale and purchase agreement to acquire the properties located in the heart of the City of London. The acquisition offers the chance for redeveloping the properties into one of the most imposing visual icons on the London skyline. The acquisition is expected to be completed in the second half of 2018.

The residential redevelopment project at Alberni Street in downtown Vancouver is at the stage of rezoning application. The commencement of demolition work is expected in next year and it is planned that two residential towers comprising of a total floor area of 648,000 sq.ft. will be built upon completion.

The four-storey office building located at a prominent corner plot at Greycoat Place in London contributed fair rental income to the Group. The preliminary works for the proposed redevelopment into mixed residential and commercial towers were progressing well.

Hotel and Leisure

Revenue from this segment increased to HK\$156.6 million (2017: HK\$130.0 million), representing the contribution from Rosedale Hotel Kowloon and Le Petit Rosedale Hotel. The segmental profit amounted to HK\$46.6 million (2017: segmental loss of HK\$23.1 million) which mainly included the share of the increase in the fair value of Rosedale Hotel Kowloon. As consistent with the market trend in Hong Kong, there were improvements in both occupancy and average room rate in these two hotels during the year. The Westin Bayshore in Vancouver, in which the Group has 50% joint venture interest, contributed a stable return. This joint venture received a positive response from the local authority on its promotion carried out in April 2018 in respect of a preliminary redevelopment plan of the hotel's site.

Outlined below is a summary of the Group's interests in properties significant to its operations as at the date of this announcement:

Location	Usage	Group's interests (%)	Attributable gross floor area (sq. ft.)
Macau			
One Oasis and Sky Oasis situated at Estrada de Seac Pai Van	Residential/ Commercial	35.5	754,054
Sub-total			754,054
Hong Kong			
Redevelopment project situated at Nos. 41, 43 and 45 Pau Chung Street, To Kwa Wan	Residential/ Commercial	100	30,000
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, No. 12 Harcourt Road, Central	Office	100	13,880
Cheuk Nang Plaza situated at Nos. 244, 246, 248 and 250 Hennessy Road, Wanchai	Office/ Car parks	100	55,600
Redevelopment project situated at No. 23 Po Shan Road, Mid-levels	Residential	40	32,000
Le Petit Rosedale Hotel situated at No. 7 Moreton Terrace, Causeway Bay	Hotel	100	31,000
Rosedale Hotel Kowloon situated at No. 86, Tai Kok Tsui Road, Tai Kok Tsui	Hotel	40	44,000
Sub-total			244,480
PRC			
Land situated at the Cyber Park, Sanya City, Hainan Province	Hotel	100	886,000
Sub-total			886,000
Overseas			
Townsend House situated at Greycoat Place, London, United Kingdom	Commercial	90.1	23,900
The Westin Bayshore situated at 1601 Bayshore Drive, Vancouver, BC, Canada	Hospitality/ Conference/ Ancillary uses	50	221,000
Redevelopment project situated at 1444 Alberni Street, 711 Broughton Street and 740 Nicola Street, Vancouver, BC, Canada	Residential/ Commercial	28	181,000
Sub-total			425,900
Total			2,310,434

Securities Investments

During the year, revenue and segmental loss from securities investment were HK\$0.5 million (2017: HK\$4.6 million) and HK\$70.0 million (2017: segmental profit of HK\$19.9 million) respectively while the latter mainly represented the unrealised loss due to the drop in market price.

Due to the share price fluctuation of South Shore Holdings Limited (“**South Shore**”, formerly known as The 13 Holdings Limited), there was HK\$251.7 million net loss on the fair value changes of equity investments charged as other comprehensive expenses during the year. The Group strengthened this investment by subscribing for its entitlement under the rights issue of South Shore in full during the year which will enable the Group to have a strategic investment in hotel and entertainment business in Macau through South Shore after the opening of its hotel in Macau soon.

As at 31st March, 2018, the Group had equity investments totaling HK\$388.4 million, mainly consisting of securities listed in Hong Kong.

Finance

In the second half of the last financial year, the Group subscribed for the 3-year 9.5% loan notes issued by Master Glory Group Limited in the principal amount of HK\$500 million, and advanced HK\$174.3 million to a joint venture partner in connection with the acquisition of 50% interests in The Westin Bayshore Vancouver. As a result, the Group had interest income of HK\$69.2 million (2017: HK\$40.1 million) during the year under review. As at 31st March, 2018, other loan receivables of the Group amounted to HK\$902.3 million.

Paul Y. Engineering Group Limited

In June 2017, the Group entered into an agreement to purchase from South Shore a 45.8% interest in Paul Y. Engineering Group Limited (“**Paul Y**”), which is one of the leading management contractors in Hong Kong and Macau, for HK\$265.2 million. Paul Y is principally engaged in civil engineering, building construction and foundation works, project management, and manufacturing and trading of construction materials. The completion of the purchase is pending fulfillment of certain conditions by South Shore.

FINANCIAL REVIEW

The Group maintains a prudent funding and treasury policy with regard to its overall business operations. A variety of credit facilities are maintained to satisfy its commitments and working capital requirements.

As at 31st March, 2018, the Group had total bank and other borrowings of HK\$1,476.9 million and loan notes of HK\$1,538.2 million. After netting off bank balances and cash of HK\$608.3 million and comparing with the Group’s shareholders’ funds of HK\$5,532.7 million, the Group’s net gearing ratio at 31st March, 2018 was 0.44 (2017: 0.25). All of the bank and other

borrowings are subject to floating interest rates while the loan notes are subject to fixed interest rates. The Group will closely monitor and manage its exposure to the interest rate fluctuations and will consider engaging hedging instruments as and when appropriate.

As at 31st March, 2018, the Group had unused banking facilities of HK\$307.3 million which can be utilised to finance the construction of properties and the working capital of the Group. During the year, a total of HK\$320.6 million bank borrowings were drawn down to finance the redevelopment projects in Hong Kong, the renovation of Cheuk Nang Plaza and the working capital of the Group. An aggregate amount of HK\$250.0 million of the Group's borrowings will be due for repayment in the coming year in accordance with the repayment schedule while another HK\$1,084.8 million was classified as current liability since the lenders have rights to demand immediate repayment. The Group will continue to closely monitor its liquidity and working capital requirement to ensure appropriate financing arrangements are made when necessary.

For overseas subsidiaries, associates, joint ventures and other investments which cashflow are denominated in foreign currencies, the Group endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in those same currencies. In this respect, the borrowings of the Group and its associates and joint ventures to which the Group has granted guarantee are denominated in Hong Kong dollars, United States dollars, Canadian dollars and Sterling pounds. The majority of the Group's cash and cash equivalent are denominated in Hong Kong dollars while its other assets and liabilities are denominated in Hong Kong dollars, Renminbi, Macau Pataca, Sterling Pounds, United States dollars and Canadian dollars. Though no hedging instruments have been engaged, the Group will closely monitor its foreign exchange risk exposure.

PROSPECTS

The economy in Hong Kong grows moderately and its property price continues to soar due to the unresolved shortage of land supply and the flooding of fund. Macau recovers from its economy downturn with a healthy growth in GDP which rejuvenates its property market. Despite the likelihood of imminent interest rate rises and the recent US-China trade tensions, the Group remains confident in carrying out its mission and dealing with challenges ahead. We will focus on the presale of the remaining blocks in Sky Oasis and the redevelopment projects in Hai Tan Street and Pau Chung Street to secure the revenue for the coming few years. In addition to stepping our businesses further to Canada and the United Kingdom, we will keep on improving earnings and enhancing the Shareholders' value by working hard on the projects on hand and at the same time, be selective and cautious on replenishing the Group's portfolio when suitable opportunities arise.

PLEDGE OF ASSETS

As at 31st March, 2018, the Group's general credit facilities granted by the banks and other lender were secured by pledges of the Group's investment properties of HK\$900.0 million, stock of properties of HK\$475.7 million, interest in a joint venture of HK\$141.3 million and property, plant and equipment of HK\$929.3 million.

CONTINGENT LIABILITIES

At 31st March, 2018, the Group provided corporate guarantees on a several basis to the extent of (i) HK\$91.0 million (2017: HK\$21.0 million), HK\$377.2 million (2017: HK\$362.2 million) and HK\$238.1 million (2017: HK\$138.7 million) in respect of the banking facilities granted to three joint ventures (which are owned as to 50%, 50% and 28% equity interests by the Group respectively) with the total outstanding amounts of HK\$91.0 million (2017: HK\$18.8 million), HK\$364.4 million (2017: HK\$349.6 million) and HK\$144.6 million (2017: HK\$138.7 million); and (ii) HK\$565.7 million (2017: HK\$565.7 million) in respect of the banking facilities granted to an associate (which is owned as to 40% equity interests by the Group) with the total outstanding amount of HK\$337.6 million (2017: HK\$331.4 million).

NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

As at 31st March, 2018, the total number of employees of the Group was 329 (2017: 273). Employees are remunerated according to their qualifications and experience, job nature and performance, and 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 year ended 31st March, 2018.

MOVEMENT IN ISSUED SHARES

During the year ended 31st March, 2018, the Company issued (i) a total of 50,406,599 new Shares pursuant to the scrip dividend schemes in relation to the final dividend for the year ended 31st March, 2017 and the interim dividend for the six months ended 30th September, 2017, and (ii) 60,000 new Shares upon the exercise by a holder of the share options which were granted on 17th October, 2013 under the share option scheme of the Company. As at 31st March, 2018, there were 937,712,734 Shares in issue.

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 transparency and accountability to the stakeholders.

The Company has, throughout the year ended 31st March, 2018, complied with all the code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules and applied the principles contained therein.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company 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 annual results of the Group for the year ended 31st March, 2018.

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, 2018 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 HKICPA 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 for Directors in their dealings in the securities of the Company. In response to specific enquiries made by the Company, all the Directors confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31st March, 2018.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on both 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, 2018 containing all information required by the Listing Rules will be despatched to the Shareholders and 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, 26th June, 2018

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 (*Chief Financial Officer*)
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