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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, 2013**

RESULTS

The board of directors (the “**Board**”) of ITC Properties Group Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31st March, 2013, together with the comparative figures for the previous year are as follows:

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2013**

	NOTES	2013 HK\$'000	2012 HK\$'000 (Restated)
Continuing operations			
Turnover			
– Gross proceeds	3	<u>35,476</u>	<u>185,653</u>
Revenue	3	<u>33,551</u>	<u>84,398</u>
Property sales and rental income		<u>2,988</u>	<u>61,620</u>
Golf and leisure income		<u>–</u>	<u>756</u>
Cost of sales		<u>2,988</u> <u>(211)</u>	<u>62,376</u> <u>(48,155)</u>
Gross profit		<u>2,777</u>	<u>14,221</u>
Income from loan financing		<u>22,494</u>	<u>21,585</u>
Net gain (loss) on financial instruments		<u>11,901</u>	<u>(48,639)</u>
Other income, gains and losses		<u>36,877</u>	<u>68,376</u>
Increase in fair value of investment properties		<u>141,630</u>	<u>75,553</u>
Gain on disposal of subsidiaries	4	<u>88,744</u>	<u>346,332</u>
Administrative expenses		<u>(152,804)</u>	<u>(124,948)</u>
Finance costs	5	<u>(130,154)</u>	<u>(92,313)</u>
Share of results of associates		<u>174,723</u>	<u>(53,876)</u>
Share of results of jointly controlled entities		<u>(43,614)</u>	<u>(7,849)</u>
Profit before taxation		<u>152,574</u>	<u>198,442</u>
Taxation	6	<u>(16,359)</u>	<u>(888)</u>
Profit for the year from continuing operations		<u>136,215</u>	<u>197,554</u>
Discontinued operation			
Profit (loss) for the year from discontinued operation	8	<u>442,040</u>	<u>(35,775)</u>
Profit for the year	7	<u>578,255</u>	<u>161,779</u>

* For identification purpose only

	<i>NOTE</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i> (Restated)
Profit (loss) attributable to owners of the Company			
– from continuing operations		137,561	198,069
– from discontinued operation		442,040	(35,775)
		<u> </u>	<u> </u>
Profit for the year attributable to owners of the Company		579,601	162,294
		<u> </u>	<u> </u>
Loss attributable to non-controlling interests			
– from continuing operations		(1,346)	(515)
– from discontinued operation		–	–
		<u> </u>	<u> </u>
Loss for the year attributable to non-controlling interests		(1,346)	(515)
		<u> </u>	<u> </u>
		578,255	161,779
		<u> </u>	<u> </u>
Earnings per share	<i>10</i>		
From continuing and discontinued operations			
– Basic (HK dollar)		1.50	0.30
		<u> </u>	<u> </u>
– Diluted (HK dollar)		1.00	0.29
		<u> </u>	<u> </u>
From continuing operations			
– Basic (HK dollar)		0.36	0.37
		<u> </u>	<u> </u>
– Diluted (HK dollar)		0.33	0.34
		<u> </u>	<u> </u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH, 2013

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i> (Restated)
Profit for the year	<u>578,255</u>	<u>161,779</u>
Other comprehensive income		
Net gain (loss) on fair value changes of available-for-sale investments	28,926	(8,479)
Reclassification adjustment to profit or loss upon:		
– disposal of an associate	810	–
– loss of control over subsidiaries	(18,298)	–
Exchange differences arising on translation of foreign operations	(2,328)	9,491
Share of translation reserve of associates and jointly controlled entities	<u>10,362</u>	<u>1,867</u>
Other comprehensive income for the year	<u>19,472</u>	<u>2,879</u>
Total comprehensive income for the year	<u><u>597,727</u></u>	<u><u>164,658</u></u>
Total comprehensive income for the year attributable to:		
Owners of the Company	599,087	165,189
Non-controlling interests	<u>(1,360)</u>	<u>(531)</u>
	<u><u>597,727</u></u>	<u><u>164,658</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31ST MARCH, 2013

	<i>NOTES</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		232,148	434,303
Prepaid lease payments of leasehold land		–	20,868
Premium on prepaid lease payments of leasehold land		–	103,348
Investment properties		1,001,000	727,943
Available-for-sale investments		362,830	36,235
Investment in convertible note		29,448	–
Interests in jointly controlled entities		1,406,648	319,746
Amounts due from jointly controlled entities		216,902	63,927
Interests in associates		348,197	137,577
Unsecured loans and interest due from associates		157,501	783,365
Deposits paid for acquisition of subsidiaries		–	362,191
Other loan receivables		29,156	42,238
		3,783,830	3,031,741
Current assets			
Inventories		–	4,286
Properties held for sale		88,972	16,739
Prepaid lease payments of leasehold land		–	576
Other loan receivables		281,566	302,204
Debtors, deposits and prepayments	<i>11</i>	508,525	293,763
Financial assets at fair value through profit or loss		137,025	86,397
Amounts due from associates		1,750	12,679
Bank balances and cash		414,359	759,650
		1,432,197	1,476,294
Assets classified as held for sale	<i>12</i>	140,209	184,782
		1,572,406	1,661,076

	<i>NOTES</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Current liabilities			
Creditors, deposits and accrued charges	<i>13</i>	752,324	176,517
Deposits received for disposal of subsidiaries		350,000	983,722
Amount due to a non-controlling shareholder of a subsidiary		–	236
Tax payables		104,529	21,693
Convertible note payables – due within one year		530,347	–
Loan notes – due within one year		50,000	–
Obligations under finance leases – due within one year		82	90
Bank borrowings – due within one year		338,565	148,574
		2,125,847	1,330,832
Liabilities associated with assets classified as held for sale	<i>12</i>	–	3
		2,125,847	1,330,835
Net current (liabilities) assets		(553,441)	330,241
Total assets less current liabilities		3,230,389	3,361,982
Non-current liabilities			
Convertible note payables – due after one year		–	541,170
Loan notes – due after one year		342,153	419,271
Obligations under finance leases – due after one year		155	105
Bank borrowings – due after one year		31,750	136,775
Deferred tax liabilities		9,161	27,243
		383,219	1,124,564
		2,847,170	2,237,418
Capital and reserves			
Share capital		4,058	3,685
Reserves		2,843,308	2,227,698
Equity attributable to owners of the Company		2,847,366	2,231,383
Non-controlling interests		(196)	6,035
		2,847,170	2,237,418

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.

The consolidated financial statements have been prepared on a going concern basis as at 31st March, 2013 as the directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into consideration the ability to generate funds internally and the undrawn banking facilities.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Application of new and revised HKFRS(s)

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA.

Amendments to HKFRS 7

Disclosure — Transfers of Financial Assets

The application of the above amendments to HKFRSs in the current year has no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

Other than those disclosed in note 2 to the Group’s consolidated financial statements for the year ended 31st March, 2011, regarding the early adoption of Amendments to HKAS 12 “Income Taxes” titled Deferred Tax: Recovery of Underlying Assets, the Group has not early applied any new or revised HKFRSs that have been issued but are not yet effective. The directors of the Company (the “**Directors**”) anticipate that, except for HKFRS 9 *Financial Instruments*, HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements* and HKFRS 12 *Disclosure of Interests in Other Entities* as described below, the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets, which was further amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition. The Directors anticipate that the application of HKFRS 9 may affect the classification and measurement of the Group’s available-for-sale investments and investment in convertible note on the consolidated financial statements.

The new or revised standards on consolidation, joint arrangements, associates and disclosures were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1st January, 2013. Earlier application is permitted provided that all of these new or revised standards will be applied in the Group’s consolidated financial statements for financial year beginning 1st April, 2013 and the potential impact is described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor’s returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK (SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations and joint ventures depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting. The application of HKFRS 11 is not expected to have significant impact to the Group. The Group’s jointly controlled entities that are currently accounted for using the equity method of accounting would be classified as joint ventures and accounted for in accordance with HKFRS 11.

The directors are still assessing the financial effect of the application of HKFRS 10 and HKFRS 11 and hence have not yet quantified the extent of the impact.

HKFRS 12 is a disclosure standard and is applicable to entities that have interest in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

3. SEGMENT INFORMATION

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

Property	– development of and investment in properties
Golf and leisure	– development and operation of golf resort and hotel
Securities investments	– trading and investment of securities
Finance	– provision of loan financing services

The segment of “Golf and leisure” reported below includes the result of discontinued operation of Paragon Winner Company Limited (“**Paragon Winner**”) and its subsidiaries (collectively referred to as “**Paragon Winner Group**”) of which Paragon Winner became a jointly controlled entity in May 2012 as set out in note 8, as the CODM continuously reviewed this segment information for the purpose of resources allocation and performance assessment.

Information regarding these segments is reported below.

For the year ended 31st March, 2013

	Turnover HK\$'000 (Note a)	Segment revenue HK\$'000 (Note b)	Operating profit (loss) HK\$'000 (Note c)	Share of results of jointly controlled entities HK\$'000	Share of results of associates HK\$'000	Finance costs HK\$'000	Segment results: profit (loss) before taxation HK\$'000
Property (Note e)	2,988	2,988	255,930	(1,690)	174,723	(6,587)	422,376
Golf and leisure (Note d)	2,038	2,038	502,410	(13,412)	-	-	488,998
Securities investments	9,994	8,069	11,411	-	-	-	11,411
Finance	22,494	22,494	22,342	-	-	-	22,342
SEGMENT TOTAL	37,514	35,589	792,093	(15,102)	174,723	(6,587)	945,127
Unallocated	-	-	(124,378)	(28,512)	-	(123,567)	(276,457)
GROUP TOTAL (Note f)	37,514	35,589	667,715	(43,614)	174,723	(130,154)	668,670

For the year ended 31st March, 2012

	Turnover HK\$'000 (Note a)	Segment revenue HK\$'000 (Note b)	Operating profit (loss) HK\$'000 (Note c)	Share of results of jointly controlled entities HK\$'000	Share of results of associates HK\$'000	Finance costs HK\$'000	Segment results: profit (loss) before taxation HK\$'000
Property (Note e)	61,366	61,366	449,953	(1,461)	(45,534)	(6,972)	395,986
Golf and leisure (Note d)	27,710	27,710	560	-	-	-	560
Securities investments	101,692	437	(48,203)	-	-	-	(48,203)
Finance	21,585	21,585	21,519	-	-	-	21,519
SEGMENT TOTAL	212,353	111,098	423,829	(1,461)	(45,534)	(6,972)	369,862
Unallocated	-	-	(108,206)	(6,388)	(8,342)	(85,341)	(208,277)
GROUP TOTAL (Note f)	212,353	111,098	315,623	(7,849)	(53,876)	(92,313)	161,585

Notes:

- (a) Turnover as set out above comprises rental income and sales proceeds of properties, revenue from golf and leisure operations, loan financing income, dividend income from securities and gross proceeds from disposal of investments held-for-trading. Turnover of the Group is the sum of turnover from continuing operations of HK\$35,476,000 (2012: HK\$185,653,000) and turnover from discontinued operation of HK\$2,038,000 (2012: HK\$26,700,000).
- (b) Revenue as set out above comprises rental income and sales proceeds of properties, revenue from golf and leisure operations, loan financing income, dividend income from securities and net gain from disposal of investments held-for-trading. All segment revenue are from external customers. Revenue of the Group is the sum of revenue from continuing operations of HK\$33,551,000 (2012: HK\$84,398,000) and revenue from discontinued operation of HK\$2,038,000 (2012: HK\$26,700,000).

- (c) The aggregate of the operating profit (loss) of the operating segments as set out above comprises the Group's gross profit, income from loan financing, net gain (loss) on financial instruments, other income (excluding bank interest income), gains and losses, increase in fair value of investment properties and gain on loss of control over subsidiaries, less certain administrative expenses of HK\$34,792,000 (2012: HK\$57,854,000).
- (d) Turnover and revenue of golf and leisure segment as set out above comprise rental income and other revenue from golf and leisure operations. Turnover and revenue from golf and leisure segment comprise of turnover and revenue from continuing operations of HK\$1,010,000 for the year ended 31st March, 2012 (2013: Nil) and turnover and revenue from discontinued operation of HK\$2,038,000 (2012: HK\$26,700,000).
- (e) The segment results of the property segment include increase in fair value of investment properties of HK\$141,630,000 (2012: HK\$75,553,000).
- (f) Profit (loss) before taxation of the Group is the sum of profit before taxation from continuing operations of HK\$152,574,000 (2012: HK\$198,442,000) and profit before taxation from discontinued operation of HK\$516,096,000 (2012: loss of HK\$36,857,000), which comprised of loss of golf and leisure operations before taxation of HK\$5,620,000 (2012: loss of HK\$36,857,000) and the gain on loss of control over subsidiaries of HK\$521,716,000 (2012: 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. 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 segment:

	Segment assets		Segment liabilities	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Property	3,648,212	2,969,114	1,120,737	468,487
Golf and leisure	206,003	345,338	109,555	107,166
Securities investments	529,303	122,632	17,682	2,036
Finance	481,409	411,677	15	15
Segment total	4,864,927	3,848,761	1,247,989	577,704
Unallocated:				
Bank balances and cash	414,359	759,650	–	–
Deposits received for disposal of subsidiaries	–	–	350,000	983,722
Convertible note payables	–	–	530,347	541,170
Loan notes	–	–	342,153	319,271
Others	76,950	84,406	38,577	33,532
Total	5,356,236	4,692,817	2,509,066	2,455,399

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 and bank balances and cash; and

- all liabilities including tax payables and deferred tax liabilities are allocated to operating segments other than convertible note payables, certain loan notes, deposits received for disposal of subsidiaries and certain creditors, deposits and accrued charges 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 customer		Carrying amount of non-current assets	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
PRC (including discontinued operation)	2,172	29,316	1,076,457	679,938
Hong Kong	27,662	18,619	1,644,082	1,289,428
Macau	–	56,500	267,454	136,610
Others	5,755	6,663	–	–
Total	<u>35,589</u>	<u>111,098</u>	<u>2,987,993</u>	<u>2,105,976</u>

Information about major customers

Revenue from customers in respect of continuing operations, which are in the property segment for the year ended 31st March, 2012 and finance segment for the year ended 31st March, 2013, contributing over 10% of the total sales of the Group are as follows:

	2013 HK\$'000	2012 HK\$'000
Customer A	<u>3,500</u>	<u>–*</u>
Customer B	<u>3,494</u>	<u>–*</u>
Customer C	<u>–*</u>	<u>31,500</u>
Customer D	<u>–*</u>	<u>15,800</u>

* The corresponding revenue did not contribute over 10% of the total sales of the Group.

4. GAIN ON DISPOSAL OF SUBSIDIARIES

On 13th December, 2011, an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party, for the disposal of the entire equity interest in and the shareholder's loan due by Linktop Limited ("**Linktop**"), an indirect wholly-owned subsidiary of the Company, at a consideration of RMB230.0 million (the "**Linktop Disposal Agreement**"). Linktop in turn owned 45% effective interest in a joint venture in the PRC which was principally engaged in the development and management of a hot spring and resort project in Guiyang City, Guizhou Province, the PRC.

The disposal was completed on 6th February, 2013. A gain on disposal of approximately HK\$88.7 million was resulted and recognised in the consolidated income statement for the year ended 31st March, 2013.

5. FINANCE COSTS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i> (restated)
Continuing operations		
Effective interest on convertible note payables	77,032	78,944
Effective interest on loan notes	50,620	8,564
Interest on bank and other borrowings wholly repayable within five years	9,070	7,050
Interest on obligations under finance leases	16	21
	<hr/>	<hr/>
Total borrowing costs	136,738	94,579
Less: amounts capitalised in investment properties under development	(6,584)	(2,266)
	<hr/>	<hr/>
	130,154	92,313
	<hr/> <hr/>	<hr/> <hr/>

6. TAXATION

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i> (restated)
Continuing operations		
Current tax:		
PRC Enterprise Income Tax	8,604	–
	<hr/>	<hr/>
Under provision in prior years:		
Hong Kong Profits Tax	–	888
	<hr/>	<hr/>
Deferred tax:		
Current year	7,755	–
	<hr/>	<hr/>
	16,359	888
	<hr/> <hr/>	<hr/> <hr/>

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

No provision for taxation has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

7. PROFIT FOR THE YEAR

	2013 HK\$'000	2012 HK\$'000 (restated)
Profit for the year from continuing operations has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	10,472	6,054
Equity-settled share-based payments expense to the Directors	–	3,247
Equity-settled share-based payments expense to employees	–	1,245
Loss on disposal of property, plant and equipment	335	26
Cost of inventories recognised as an expense	–	46,437
Bank interest income	(2,021)	(3,044)
Imputed interest on unsecured loan due from an associate	(3,064)	(3,421)
Other interest income	(53,988)	(76,298)

Profit (loss) for the year from discontinued operation has been arrived at after charging (crediting):

Depreciation of property, plant and equipment	1,344	4,414
Release of prepaid lease payments of leasehold land	94	283
Amortisation of premium on prepaid lease payments of leasehold land	456	1,368
Loss on disposal of property, plant and equipment	–	110
Cost of inventories recognised as an expense	189	2,154
Bank interest income	–	(36)

8. PROFIT (LOSS) FOR THE YEAR FROM DISCONTINUED OPERATION

Upon completion taking place on 31st May, 2012 (the “**Completion**”) of the sale and purchase agreement (the “**S&P Agreement**”) entered into between an indirect wholly-owned subsidiary of the Company as vendor and Million Cube Limited as purchaser (the “**Purchaser**”) dated 2nd April, 2012, the Group disposed of 65% interests and the relevant portion of the shareholder’s loan (the “**Transaction**”) in Paragon Winner for approximately HK\$758,713,000 and at the same time provided a loan (the “**Loan**”) of approximately HK\$203,952,000 to the Purchaser to facilitate the completion of the Transaction. As a condition of the security documents (the “**Security Documents**”) of the Loan, 20% of the issued shares (the “**Pledged Shares**”) of and shareholder’s loans (the “**Pledged Loan**”) due by Paragon Winner as owned by the Purchaser were pledged thereon. Since the Purchaser eventually failed to repay the Loan on the loan maturity date of 31st July, 2012, a settlement deed (the “**Settlement Deed**”) was entered into between the Group and the Purchaser on 19th September, 2012, such that the Pledged Shares and the Pledged Loan were transferred and assigned to the Group as full and final settlement of the Loan.

After reviewing all the economic effects, terms and conditions of the S&P Agreement, the Loan Agreement, the Security Documents and the Settlement Deed, it was deemed that effectively 45% interests in Paragon Winner was disposed of by the Group to the Purchaser on Completion. Although the Group eventually owns 55% interests in Paragon Winner after the Settlement Deed, Paragon Winner was accounted for as a jointly controlled entity of the Group since pursuant to the shareholders’ agreement entered among the Group, the Purchaser and Paragon Winner on 19th September, 2012, certain significant financial and operating activities of Paragon Winner require the unanimous consent of both the Group and the Purchaser. In this respect, a gain on losing control over subsidiaries of approximately HK\$521,716,000 was recognised in profit and loss during the year.

The golf and leisure operations of Paragon Winner Group are presented as discontinued operation in the consolidated income statement. Accordingly, the Group presents results for the year in the consolidated income statement and relevant notes from continuing operations and discontinued operation separately, and certain comparative amounts for the corresponding year have been restated to conform with the presentation.

The profit (loss) from the discontinued operation for the year and preceding year is analysed as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Loss of golf and leisure operations before taxation for the year	(5,620)	(36,857)
Gain on losing control over subsidiaries	521,716	–
Taxation	(74,056)	1,082
	442,040	(35,775)

9. DISTRIBUTION

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Dividends recognised as distributions during the year		
– Final dividend paid for 2012 – HK10 cents (2011: Nil) per ordinary share	38,513	–
– Interim dividend paid for 2013 – HK5 cents (2012: Nil) per ordinary share	19,275	–
	57,788	–
Dividends proposed in respect of the year		
– Final dividend for 2013 – HK15 cents (2012: HK10 cents) per ordinary share	86,580	38,513

The Directors have resolved to recommend the payment of a final dividend of HK15 cents per ordinary share for the year ended 31st March, 2013, which will be payable in cash with an option to elect scrip dividend of ordinary shares, in respect of all or part of such dividend (2012: HK10 cents per ordinary share).

10. EARNINGS PER SHARE

For continuing and discontinued operations

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Earnings:		
Profit for the year attributable to owners of the Company and profit for the purpose of basic earnings per share	579,601	162,294
Effect of dilutive potential ordinary shares:		
Effective interest on convertible note payables	<u>77,032</u>	<u>63,871</u>
Earnings for the purpose of diluted earnings per share	<u><u>656,633</u></u>	<u><u>226,165</u></u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	385,270,562	537,521,208
Effect of dilutive potential ordinary shares:		
– Convertible note payables	271,805,742	239,235,717
– Share options	<u>2,526,694</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><u>659,602,998</u></u>	<u><u>776,756,925</u></u>

From continuing operations

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Earnings:		
Profit for the year attributable to the owners of the Company	579,601	162,294
Less: (profit) loss for the year from discontinued operation	<u>(442,040)</u>	<u>35,775</u>
Earnings for the purpose of calculating basic earnings per share from continuing operations	137,561	198,069
Effect of diluted potential ordinary shares:		
Effective interest on convertible note payables	<u>77,032</u>	<u>63,871</u>
Earnings for the purpose of calculating diluted earnings per share from continuing operations	<u><u>214,593</u></u>	<u><u>261,940</u></u>

The denominators used in calculation of the basis and diluted earnings per share attributable to owners of the Company from continuing operations are the same as those for earnings per share for the year from continuing and discontinued operations.

From discontinued operation

Basic earnings per share for the discontinued operation is HK\$1.14 per share (2012: loss per share of HK\$0.07) and the diluted earnings per share for the discontinued operation is HK\$0.67 per share, based on the profit for the year from the discontinued operation of approximately HK\$442,040,000 (2012: loss of HK\$35,775,000) and the denominators detailed above for both basis and diluted earnings (loss) per share. For the year ended 31st March, 2012, no adjustment for convertible notes and share options was made in calculating diluted loss per share for discontinued operation as the conversion of convertible notes and exercise of share options would result in decrease in loss per share.

11. 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 90 days to its trade customers. Included in debtors, deposits and prepayments are trade debtors of approximately HK\$343,000 as at 31st March, 2012 (2013: Nil).

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 reporting period.

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade debtors aged:		
0 – 60 days	–	187
61 – 90 days	–	86
Over 90 days	–	70
	<u>–</u>	<u>343</u>

12. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

- (a) As stated in note 4 above, the Group has entered into the Linktop Disposal Agreement on 13th December, 2011. As a result, the assets and liabilities attributable to Linktop and its subsidiaries (the “**Linktop Group**”) that were expected to be sold within twelve months, have been classified as a disposal group held for sale and are separately presented in the consolidated statement of financial position at 31st March, 2012. The completion of the disposal took place on 6th February, 2013.
- (b) On 28th May, 2012, an indirect wholly-owned subsidiary of the Company and Angel Moon Limited (“**Angel Moon**”), an independent third party, entered into a shareholders’ agreement for the formation of a jointly controlled entity, Sea Orient Limited (“**Sea Orient**”), to be held as to 40% by the Group and 60% by Angel Moon for the purpose of acquiring and holding the assets as described below, pending subsequent realisation or disposal. The aforementioned assets comprise of various Renminbi-denominated receivables and the relevant securities owned by Guangdong International Trust and Investment Corporation, an independent third party and a stated-owned enterprise of the PRC. The Group has also provided a loan of approximately HK\$140,209,000 to the jointly controlled entity as at 31st March, 2013.

On 23rd November, 2012, an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Angel Moon for the disposal of its entire interests in Sea Orient and the loan provided to Sea Orient, at a consideration of HK\$210,000,000. The disposal has been completed subsequent to 31st March, 2013. Therefore, the interest in a jointly controlled entity and loan to a jointly controlled entity have been classified as assets held for sale and are presented separately in the consolidated statement of financial position at 31st March, 2013.

(c) The major classes of consolidated assets and liabilities of the disposal groups are as follows:

	Sea Orient 2013 HK\$'000	The Linktop Group 2012 HK\$'000
Interests in an associate	–	184,772
Loan to a jointly controlled entity	140,209	–
Debtors, deposits and prepayments	–	5
Bank balances and cash	–	5
	<hr/>	<hr/>
Total assets classified as held for sale	140,209	184,782
	<hr/> <hr/>	<hr/> <hr/>
Total liabilities associated with assets classified as held for sale, represented by creditors, deposits and accrued charges	–	3
	<hr/> <hr/>	<hr/> <hr/>

13. CREDITORS, DEPOSITS AND ACCRUED CHARGES

Included in creditors, deposits and accrued charges are trade payables of approximately HK\$2,472,000 as at 31st March, 2012 (2013: Nil).

The following is an analysis of trade creditors presented based on the invoice date at the end of reporting period.

	2013 HK\$'000	2012 HK\$'000
Trade creditors aged:		
0 – 60 days	–	1,437
61 – 90 days	–	99
Over 90 days	–	936
	<hr/>	<hr/>
	–	2,472
	<hr/> <hr/>	<hr/> <hr/>

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK15 cents per ordinary share for the year ended 31st March, 2013 (2012: HK10 cents per ordinary share) to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of the members of the Company as at the close of business on Wednesday, 28th August, 2013 (the “**Record Date**”). The proposed final dividend is expected to be paid to the Shareholders on or about Thursday, 26th September, 2013 following approval at the forthcoming annual general meeting. The proposed final dividend is conditional upon the passing at the forthcoming annual general meeting of the Company of an ordinary resolution to approve the final dividend. The Board has also proposed that the final dividend should be satisfied in cash, with an option to elect scrip dividend of ordinary shares of the Company, in respect of part or all of such dividend. The market value of the ordinary shares to be issued under the scrip dividend proposal will be fixed by reference to the average of the closing prices of the ordinary shares of the Company for the three consecutive trading days ending Wednesday, 28th August, 2013 less a discount of five percent of such average price or par value of

ordinary shares, whichever is higher. The proposed scrip dividend is conditional upon The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the new ordinary shares to be issued and the passing at the forthcoming annual general meeting of the Company of an ordinary resolution to approve the final dividend. A circular giving the full details of the scrip dividend proposal and a form of election will be sent to the shareholders of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of the members of the Company will be closed from Monday, 26th August, 2013 to Wednesday, 28th August, 2013, both dates inclusive, during which period no transfer of the shares of the Company will be effected. In order to be entitled for the proposed final dividend, all transfers of the shares of the Company 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on Friday, 23rd August, 2013.

ADJUSTMENTS TO CONVERSION PRICE OF CONVERTIBLE NOTES

During the year ended 31st March, 2012, the Company issued the 3.25% convertible notes falling due 30 months after the dates of their issue (the “**Convertible Notes**”) of an aggregate outstanding principal amount of HK\$184.15 million at the date of this announcement. The current conversion price of the Convertible Notes is HK\$2.102 per share. In accordance with the terms and conditions of the Convertible Notes, the payment of the proposed final dividend may result in an adjustment to the conversion price of the Convertible Notes. The adjustment, if any, shall be effective from the commencement of the day next following the Record Date. A separate announcement will be made by the Company for the adjustment, if any, as and when appropriate.

If a holder of the Convertible Notes intends to exercise the conversion rights of the Convertible Notes in order to be entitled to the proposed final dividend, he/she should deliver the conversion notice to the principal place of business of the Company in Hong Kong at Unit 3102, 31st Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong in accordance to the terms and conditions of the Convertible Notes on or before Friday, 16th August, 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Turnover for the year ended 31st March, 2013 was HK\$35.5 million, a decrease of HK\$150.2 million when compared to last year of HK\$185.7 million, mainly due to deconsolidation of the operating results of golf resort in Sanya, PRC after the completion of its partial disposal on 31st May, 2012, and fewer sales of properties and activities in securities trading during the year. Gross profit decreased from HK\$14.2 million last year to HK\$2.8 million for current year.

Income from loan financing amounted to HK\$22.5 million for the year, compared to the corresponding amount of HK\$21.6 million last year.

The local property market during the year remained relatively active and the Group has recognised an increase in fair value of investment properties of HK\$141.6 million as compared with HK\$75.6 million last year, mainly attributable to the investment property under development located at Nos. 703 and 705, Nathan Road, Mongkok, Kowloon (the “**Nathan Road Property**”). There was a net gain on financial instruments of HK\$11.9 million during the year as compared with a net loss of HK\$48.6 million last year due to better price performance of the Group’s investment portfolio. The Group shares a profit of associates amounting to HK\$174.7 million for the year as compared to a loss of HK\$53.9 million last year due to the recognition of gain on disposal of a parcel of land by Empresa De Fomento Industrial E Comercial Concórdia, S.A. (“**Concordia**”) in February 2013.

In addition, in February 2013, the Group completed the disposal of its entire interests in an indirect wholly-owned subsidiary, namely Linktop Limited (“**Linktop**”) which resulted in a gain of approximately HK\$88.7 million. Linktop indirectly owns 45% effective interest in a joint venture in the PRC which was principally engaged in the development and management of a hot spring and resort project in Guiyang City, Guizhou Province, the PRC.

On 31st May, 2012, the Group completed the disposal of 65% interest in Paragon Winner Company Limited (“**Paragon Winner**”) to Million Cube Limited (“**Million Cube**”) and at the same time extended a loan of HK\$205.7 million to Million Cube to partially finance the consideration. Since Million Cube eventually failed to make any repayment of the loan, in September 2012, the Group executed a deed of settlement with Million Cube such that 20% interest in Paragon Winner as held by Million Cube was transferred to the Group as settlement. As a result, a profit from discontinued operation of HK\$442.0 million (mainly included the net gain on loss of control over subsidiaries), was recognised and the Group recorded a profit for the year of HK\$578.3 million as compared to HK\$161.8 million last year.

Property

Macau:

Concordia, in which the Group has 35.5% effective interest, during the year launched the presale of another 3 blocks (Block 10, 11 and 12) of residential towers of its development in Cotai South, Macau, named “One Oasis” (the “**One Oasis**”). Together with the previous presale of 9 blocks of residential towers, sales in aggregate of over 2,500 units with a sale amount in excess of HK\$17.9 billion have been achieved. The construction work of phase 1 (including 5 residential blocks, ancillary car parking spaces and clubhouse) is progressing as scheduled with expected completion around end of 2013. The special units in Blocks 10, 11 and 12 will be launched in the fourth quarter of 2013. Presales of the next phases will be subject to the recent implementation of the enactments that unfinished flats in Macau can only be presold after fulfillment of certain conditions. Following the huge success of the previous presales achieved, more effort will be put to further upgrade the design and brand-affiliation of the remaining phases so as to optimize the sale value.

Hong Kong:

The residential development situated at No. 33 Tung Lo Wan Road in which the Group owns 50% interest, named “yoo Residence” (the “**yoo Residence**”) has commenced presale in April 2013. This life-style oriented project is well received and achieves an average selling price of over HK\$30,000 per square feet on saleable area basis.

In addition, the Group owns the entire interest in the site at Moreton Terrace (the “**Hotel Site**”) which will be developed into a boutique hotel. The foundation works on both the yoo Residence and the Hotel Site are in progress.

In December 2012, the Group has entered into an agreement (the “**Disposal Agreement**”) to dispose of its entire interest in the Nathan Road Property at a consideration of HK\$830.0 million which completion will take place after the issue of the occupation permit of the building provided that such completion date shall not be earlier than 30th June, 2013 or later than 31st December, 2013. The construction of the property, which is a 20-storey retail complex, has been completed and application for occupation permit has been submitted to the Buildings Department. As further revaluation gain of HK\$106.2 million has been recognised in the consolidated income statement for the year ended 31st March, 2013 subsequent to the date of the Disposal Agreement, the expected capital gain on disposal will be revised to HK\$158.8 million as compared with HK\$265.0 million as previously announced on 2nd January, 2013.

During the current year, the Group has purchased 12 residential units situated at Nos. 41, 43 and 45, Pau Chung Street, To Kwa Wan, Kowloon (the “**To Kwa Wan Property**”), which comprise 80% of the undivided shares of the redevelopment site and thus the Group is in the course of applying for compulsory acquisition under The Land (Compulsory Sale for Redevelopment) Ordinance, Chapter 545 of the Laws of Hong Kong. However, acquisition of the remaining 3 shop units at the ground floor is still under negotiation. The Group planned to redevelop the site into a residential tower with lower-level shops.

During the current year, the Group has also formed a joint venture in which the Group has 30% interest for acquiring the property interest in the basement, ground floor and first floor of Golden Centre at No. 94, Yen Chow Street, Sham Shui Po, Kowloon (the “**Golden Centre**”) for resale purpose. In the meantime, there is rental income contributed to the Group.

PRC:

The Group has entered into a sale and purchase agreement with a wholly-owned subsidiary of Hanny Holdings Limited in September 2010 to dispose of 50% interest in the parcel of land, which is situated at the junction of Zhongshan Wu Road (中山五路) and Education Road (教育路) in Yuexiu District (越秀區) (the “**JY1 Land**”), one of the primest shopping and commercial districts in Guangzhou. Up to the date of this announcement, the fulfillment of certain conditions for the completion is still in process.

In April, 2013, the Group formed a joint venture in which the Group has 50% interest. The sole purpose of the joint venture is to acquire the property interest in a parcel of land (the “**Fangcun Land**”) situated at Fangcun (芳村) District, Huadiwan, Guangzhou which is intended for commercial and residential development for sale with an aggregate floor area of approximately 730,000 sq. ft.

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

Location	Usage	Group's interest (%)	Attributable gross floor area (sq. ft.)
One Oasis situated at Estrada de Seac Pai Van, Macau	Residential/ Commercial	35.5	1,942,000
Nathan Road Property situated at Nos. 703 and 705, Nathan Road, Mongkok, Kowloon, Hong Kong	Commercial	100	30,000
Premises situated at 30/F., Bank of America Tower, 12 Harcourt Road, Central, Hong Kong	Office	100	13,880
Hotel Site situated at No. 7 Moreton Terrace, Causeway Bay, Hong Kong	Hotel	100	31,000
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/ Commercial	100	9,000
Golden Centre situated at No. 94, Yen Chow Street, Sham Shui Po, Kowloon, Hong Kong	Commercial	30	6,300
JY1 Land situated at the junction of Zhongshan Wu Road and Education Road in Yuexiu District, Guangzhou, the PRC	Commercial	100	690,000
Fangcun Land situated at Fangcun District, Huadiwan, Guangzhou, the PRC	Commercial/ Residential	50	365,000
	<i>Situated in:</i>		
	Macau		1,942,000
	Hong Kong		140,180
	PRC		1,055,000
	Total		<u>3,137,180</u>

Golf and Leisure

As a result of the recognition of the net gain on disposal of the partial interest in Paragon Winner as mentioned above, turnover from the golf and leisure business during the year was HK\$2.0 million (2012: HK\$27.7 million) with a segmental profit of HK\$489.0 million (2012: HK\$0.6 million). At 31st March, 2013, the Group owned 55% equity interest in Paragon Winner which operates the Sun Valley Golf Resort in Sanya, the PRC.

Securities Investments

During the year, the Group recorded turnover of HK\$10.0 million (2012: HK\$101.7 million) and segmental profit of HK\$11.4 million (2012: segmental loss of HK\$48.2 million) of which HK\$14.2 million represents unrealized profit from securities investments. As at 31st March, 2013, the Group had available-for-sale investments and financial assets at fair value through profit or loss in an aggregate sum of HK\$499.9 million, mainly comprised shares listed in Hong Kong and Singapore.

Financing

During the year, the Group had interest income from other loan receivables of HK\$22.5 million (2012: HK\$21.6 million). As at the year end date, other loan receivables of the Group amounted to HK\$310.7 million.

On 28th May, 2012, the Group entered into an agreement in relation to the formation of a joint venture in which the Group has 40% interest (“**Sea Orient**”). In proportion to its interest in the joint venture, the Group provided a loan of HK\$140.2 million to Sea Orient to finance its acquisition of various Renminbi-denominated creditors’ claims and securities held by various vendors against Guangdong International Trust and Investment Corporation. On 23rd November, 2012, the Group has entered into an agreement to dispose of its entire interest in Sea Orient for a consideration of HK\$210.0 million which completion has been taken place subsequent to 31st March, 2013 with an estimated gain of approximately HK\$69.8 million to be recognised in the first half year of 2013.

FINANCIAL REVIEW

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

The Group monitors its liquidity requirement closely to ensure necessary arrangement for financing are made when appropriate. During the year ended 31st March, 2013, bank loans in aggregate of HK\$97.1 million were drawn down to finance the development of the Hotel Site, the Nathan Road Property and the To Kwa Wan Property. As at the year end date, total borrowings from financial institutions amounted to HK\$370.3 million, of which HK\$31.8 million is repayable after one year. There were unused banking facilities of HK\$270.5 million which can be utilised to finance the construction of properties and working capital of the Group.

The Group's net gearing ratio as at 31st March, 2013 was 0.31 (31st March, 2012: 0.22), determined as the proportion of the Group's bank borrowings, loan notes and convertible note payables (after deducting the bank balances and cash of HK\$414.4 million) to the Group's shareholders' funds of HK\$2,847.4 million.

Other than loan notes of HK\$342.2 million and convertible note payables of HK\$530.3 million as at 31st March, 2013 which are of fixed interest rates, borrowings from various financial institutions and lender of the Group are interest-bearing with variable rates. Given the management's anticipation of stable interest rates in the capital market, no hedging instruments were used against any unfavorable interest rate fluctuations.

Most of the assets and liabilities of the Group were denominated in Hong Kong dollars, Renminbi and Macau Pataca, hence the Group's exposure to fluctuations in foreign exchange rates is minimal.

NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

As at the year end, the Group's total number of employees was 88 (2012: 401). 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, share options and retirement schemes.

OUTLOOK

There are some signs of improvement in the economic outlook of the United States. However, the global economy remains vulnerable in particular the spreading sovereign debt crisis in the Euro Zone. The intentional depreciation of Japanese Yen may cast further uncertainties over the currency policy of different countries. The economy of the PRC remains relatively strong but with decelerated growth rate. As a whole, despite of twist in money supply and interest rate, there are many challenges ahead for the global economy.

Macau continues to be one of the fastest growing economies in the region with 9.9% growth in GDP for 2012 and latest unemployment rate below 2.0% driven by the resilient gaming and tourism sectors. In October 2012, the Macau government has implemented further tightening measures including the Buyer's Stamp Duty (the "BSD") on non-permanent residents. The property market, in particular the second hand market, has been quiet down but the property price remains strong with some increases. The implementation of the new enactment regulating the presale of unfinished flats shall direct development of the property market into a healthy manner and improve the confidence of local and overseas buyers. The Group, through Concordia, is optimistic about the property market in Macau in the medium and long term and plans to capture the opportunity brought along by the expected increase in household income and intensified demand for quality homes by launching the presale of remaining phases of residential towers at One Oasis in due course.

The imposition of the BSD on non-permanent residents and corporate buyers, the increase in the charging rates and extension of holding period for the assessment of the Special Stamp Duty (the “SSD”) in Hong Kong during the year under review has somewhat brought a halt to the steaming hot residential market and to some extent the non-domestic property market. The enforcement of the new law regulating the sales arrangement and transactions of first-hand residential properties in April 2013 has further frozen the supply by developers. Investors will be more cautious and take a wait and see attitude towards the property market. While the BSD and the SSD will be effective in curbing short-term and foreign demand, with housing supply still lagging behind, low interest rate environment in the coming years and steady local demand, the Group remains positive about the local property market. However, the group will be cautious in committing new property investments in Hong Kong.

As disclosed in the announcement of the Company dated 11th April, 2013, convertible note payables held by Selective Choice Investments Limited, an indirect wholly-owned subsidiary of ITC Corporation Limited, and Ms. Ng Yuen Lan, Macy of carrying value at 31st March, 2013 in aggregate of HK\$351.4 million had been converted into approximately 167.2 million shares of the Company which on one hand reduced the liabilities and on the other hand strengthened the capital base on the Group. The coming completion of the sale of the Nathan Road Property shall further enhance the liquidity and reduce the gearing of the Group. Barring unforeseen circumstances, the Group is confident in getting over the challenges ahead and capturing future gains from its investment portfolio.

PLEDGE OF ASSETS

As at 31st March, 2013, the Group’s general credit facilities granted by banks and financial institutions were secured by pledges of the Group’s investment properties of HK\$1,001.0 million, properties held for sale of HK\$72.2 million, and property, plant and equipment of HK\$222.6 million.

CONTINGENT LIABILITIES

As at 31st March, 2013, the Company provided a corporate guarantee for loan facilities of HK\$625.0 million (31st March, 2012: HK\$625.0 million) granted to certain jointly controlled entities, which the Group owned 50% interest. The total loan outstanding for the loan facilities as at 31st March, 2013 was HK\$367.4 million. A 50% counter-indemnity was obtained from the ultimate holding company of the shareholders of the remaining 50% of the jointly controlled entities in relation to the corporate guarantee provided. In addition, the Company provided a corporate guarantee to the extent of HK\$70.9 million to a bank in respect of banking facilities granted to an associate, in which the Group owned 30% interest.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year ended 31st March, 2013.

SECURITIES IN ISSUE

The share option scheme of the Company adopted on 26th August, 2002 (the “**2002 Share Option Scheme**”) was terminated and the new share option scheme of the Company (the “**New Share Option Scheme**”) was adopted at the annual general meeting of the Company held on 17th August, 2012. No share options had been granted under the New Share Option Scheme.

As a result of the payment of a final dividend of HK10 cents per share for the year ended 31st March, 2012, the initial conversion price of the 3.25% convertible notes due on 25th November, 2013 and 10th December, 2013 respectively (the “**Convertible Notes**”) has been adjusted from HK\$2.200 per share to HK\$2.102 per share with effect from 28th August, 2012.

During the year ended 31st March, 2013, (i) 16,590,904 new shares were issued by the Company upon conversion of the Convertible Notes in the aggregate principal amount of HK\$36,500,000 at the initial conversion price of HK\$2.200 per share; (ii) 18,078,016 new shares were issued by the Company upon conversion of the Convertible Notes in the aggregate principal amount of HK\$38,000,000 at the adjusted conversion price of HK\$2.102 per share; (iii) 2,580,000 new shares were issued by the Company upon exercise by holders of share options at the exercise price of HK\$2.220 per share; and (iv) 256,000 share options were lapsed upon resignation of the employees of the Group.

As at 31st March, 2013, (i) there were 405,788,912 shares in issue; (ii) a total of 16,010,000 share options granted by the Company at an initial exercise price of HK\$2.220 per share (subject to adjustments) remained outstanding; and (iii) the Convertible Notes in an aggregate principal amount of HK\$543,550,000 at the adjusted conversion price of HK\$2.102 per share (subject to adjustments) remained outstanding.

Save as disclosed above, there was no movement in the securities in issue of the Company during the year ended 31st March, 2013.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The Company has, throughout the year ended 31st March, 2013, complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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 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. Wong Chi Keung, Alvin (chairman of the Audit Committee), Hon. Shek Lai Him, Abraham, *SBS, 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, 2013.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st March, 2013 as set out in this final results announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this final results 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**”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Specific enquiry has been made with all Directors and the Directors have confirmed that they have complied with the required standard set out in the Model Code during the year ended 31st March, 2013.

ANNUAL GENERAL MEETING

The annual general meeting (the “AGM”) of the Company will be held on Thursday, 15th August, 2013. A circular containing the notice of the AGM and information regarding, *inter alia*, the re-election of the retiring Directors, the grant of the proposed general mandates to issue new shares (the “Issue Mandate”) and to repurchase shares (the “Repurchase Mandate”) to the Directors, the extension of the Issue Mandate by adding to it the aggregate number of the issued shares repurchased by the Company under the Repurchase Mandate and the refreshment of the share option scheme mandate limit will be despatched to the Shareholders and, for information only, the holders of the convertible notes and loan notes of the Company in due course.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the respective websites of the Stock Exchange and the Company. The annual report of the Company for the year ended 31st March, 2013 will be despatched to the Shareholders and, for information only, the holders of the convertible notes and loan notes of the Company 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 this past year.

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

Hong Kong, 25th June, 2013

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

Independent non-executive Directors:

Hon. Shek Lai Him, Abraham, SBS, JP (*Vice Chairman*)
Mr. Wong Chi Keung, Alvin
Mr. Kwok Ka Lap, Alva

*Full version of this announcement can also be viewed on the Company’s website:
www.itcproperties.com.*