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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, 2010**

**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, 2010, together with the comparative figures for the previous year are as follows:

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31ST MARCH, 2010**

	NOTES	2010 HK\$'000	2009 HK\$'000
Turnover			
– Gross proceeds	3	<b>314,358</b>	145,121
Revenue	3	<b>239,750</b>	92,670
Property sale and rental income		<b>64,266</b>	25,751
Golf and leisure income		<b>48,896</b>	44,058
		<b>113,162</b>	69,809
Cost of sales		<b>(62,561)</b>	(25,726)
Gross profit		<b>50,601</b>	44,083
Income from loan financing		<b>14,758</b>	21,772
Net gain (loss) on financial instruments		<b>170,663</b>	(169,337)
Other income		<b>28,773</b>	33,995
Increase in fair value of investment properties under development		<b>39,749</b>	–
Reversal (recognition) of impairment losses on property interests	4	<b>92,591</b>	(146,712)
Impairment loss recognised on advance to a jointly controlled entity		<b>(11,022)</b>	–
Administrative expenses		<b>(148,135)</b>	(133,113)
Finance costs	5	<b>(124,063)</b>	(108,357)
Share of results of a jointly controlled entity		<b>95</b>	(212)
Share of results of associates		<b>(11,050)</b>	(4,404)
Profit (loss) before taxation		<b>102,960</b>	(462,285)
Taxation	6	<b>(108)</b>	469
Profit (loss) for the year	7	<b>102,852</b>	(461,816)

\* For identification purpose only

	<i>NOTE</i>	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Profit (loss) for the year attributable to:			
Owners of the Company		<b>102,852</b>	(461,816)
Minority interests		—	—
		<u>102,852</u>	<u>(461,816)</u>
<b>Earnings (loss) per share</b>	8		
– Basic and diluted (HK dollar)		<u>0.22</u>	<u>(1.20)</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST MARCH, 2010**

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Profit (loss) for the year	<u>102,852</u>	<u>(461,816)</u>
<b>Other comprehensive income</b>		
Net gain (loss) on fair value changes of available-for-sale investments	<b>12,482</b>	(44,413)
Reclassification adjustments on:		
– impairment losses on available-for-sale investments	–	53,037
– exchange difference relating to deemed disposal of subsidiaries	(117)	–
– disposal of available-for-sale investments	(3,836)	4,299
Exchange differences arising on translation of foreign operations	<u>(144)</u>	<u>2,202</u>
Other comprehensive income for the year	<u>8,385</u>	<u>15,125</u>
Total comprehensive income (expense) for the year	<u><b>111,237</b></u>	<u>(446,691)</u>
Total comprehensive income (expense) for the year attributable to:		
Owners of the Company	<b>111,237</b>	(446,691)
Minority interests	<u>–</u>	<u>–</u>
	<u><b>111,237</b></u>	<u>(446,691)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31ST MARCH, 2010**

	<i>NOTE</i>	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>184,681</b>	186,224
Prepaid lease payments of leasehold land		<b>20,291</b>	20,822
Premium on prepaid lease payments of leasehold land		<b>108,821</b>	111,558
Investment properties under development		<b>232,000</b>	–
Properties under development		–	189,000
Available-for-sale investments		<b>44,869</b>	37,892
Interests in joint ventures		<b>57,370</b>	44,759
Interests in associates		<b>305,092</b>	134,809
Unsecured loans and interest due from associates		<b>1,098,195</b>	1,073,982
Debt portion of convertible bonds		<b>41,802</b>	36,320
Deposits and expenses paid for acquisition of a land use right		<b>47,275</b>	47,275
Deposits and expenses paid for acquisition of subsidiaries		<b>362,191</b>	47,244
Other loan receivables		<b>3,775</b>	–
Pledged bank deposit		<b>24,700</b>	–
		<hr/> <b>2,531,062</b> <hr/>	<hr/> 1,929,885 <hr/>
<b>Current assets</b>			
Inventories		<b>2,902</b>	3,143
Properties held for sale		<b>901,222</b>	539,388
Debt portion of convertible bonds		<b>1,627</b>	727
Financial assets at fair value through profit or loss		<b>149,491</b>	176,552
Debtors, deposits and prepayments	9	<b>227,840</b>	503,148
Other loan receivables		<b>208,246</b>	208,727
Prepaid lease payments of leasehold land		<b>530</b>	530
Amounts due from associates		<b>7,875</b>	2,172
Unsecured loan and interest due from a related company		–	48,437
Pledged bank deposits		<b>17,500</b>	44,626
Bank balances and cash		<b>160,661</b>	124,035
		<hr/> <b>1,677,894</b> <hr/>	<hr/> 1,651,485 <hr/>

	<i>NOTE</i>	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
<b>Current liabilities</b>			
Creditors, deposits and accrued charges	<i>10</i>	<b>133,113</b>	72,047
Amounts due to a minority shareholder of a subsidiary		<b>244</b>	395
Tax payable		<b>12,294</b>	11,856
Convertible note payables – due within one year		<b>533,342</b>	7,174
Obligations under finance leases – due within one year		<b>75</b>	90
Bank borrowings – due within one year		<b>13,652</b>	82,830
		<u><b>692,720</b></u>	<u>174,392</u>
<b>Net current assets</b>		<u><b>985,174</b></u>	<u>1,477,093</u>
<b>Total assets less current liabilities</b>		<u><b>3,516,236</b></u>	<u>3,406,978</u>
<b>Non-current liabilities</b>			
Convertible note payables – due after one year		<b>902,974</b>	1,328,913
Obligations under finance leases – due after one year		<b>167</b>	282
Bank borrowings – due after one year		<b>464,067</b>	40,658
Deferred tax liabilities		<b>27,205</b>	27,889
		<u><b>1,394,413</b></u>	<u>1,397,742</u>
		<u><b>2,121,823</b></u>	<u>2,009,236</u>
<b>Capital and reserves</b>			
Share capital		<b>4,709</b>	4,709
Reserves		<b>2,109,929</b>	1,997,342
		<u><b>2,114,638</b></u>	<u>2,002,051</u>
Equity attributable to owners of the Company		<b>7,185</b>	7,185
Minority interests		<u><b>2,121,823</b></u>	<u>2,009,236</u>

Notes:

## 1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRS(s)**”), Hong Kong Accounting Standards (“**HKAS(s)**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). In addition, the consolidated financial statements include applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Hong Kong Companies Ordinance.

## 2. PRINCIPAL 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.

### *Adoption of new and revised Hong Kong Financial Reporting Standards effective in current year*

In the current year, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations (“**new and revised HKFRSs**”) issued by the HKICPA.

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

### *HKAS 1 (Revised 2007) Presentation of Financial Statements*

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

### *HKFRS 8 Operating Segments*

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group’s reportable segments (see note 3) and change in the basis of measurement of segment profit or loss.

### *Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 Financial Instruments: Disclosures)*

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk.

The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

### *Amendment to HKAS 40 Investment Property*

HKAS 40 has been amended to include within its scope properties under construction or development for future use as investment properties and to require such properties to be measured at fair value (where the fair value is reliably determinable). The Group has applied the amendment to HKAS 40 prospectively from 1st April, 2009 in accordance with the relevant transitional provision. As a result of the application of the amendment, the Group’s properties under development for future use as investment properties that include the leasehold land and building element have been reclassified from properties under development to investment properties and are subsequently re-measured to their fair values as at 31st March, 2010, with the fair value gain of HK\$39,749,000 being recognised in profit or loss for the year ended 31st March, 2010. The carrying amount of the properties under development as at 1st April, 2009 approximates to its fair value on that date. As at 31st March, 2010 the impact has been to decrease properties under development by HK\$189,000,000, to increase investment properties by HK\$228,749,000 and no impact for the profit or loss.

In addition, the Group has applied the following accounting policy during the current year for its investment properties.

### **Investment properties**

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenses. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the year in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction. Starting from 1st April, 2009, investment properties under construction are measured at fair value at the end of the reporting period. Any difference between the fair value of the investment properties under construction and their carrying amounts is recognised in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the asset is derecognised.

### ***New and revised HKFRSs issued but not yet effective***

The Group has not early applied any new or revised standards, amendments or interpretations that have been issued but are not yet effective. The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1st April, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. HKFRS 9, which will be effective from 1st April, 2013, might affect the classification and measurement of the Group's financial assets. The directors of the Company (the "**Directors**") anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements of the Group.

## **3. SEGMENT INFORMATION**

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

In previous year, the Group's primary reporting format was business segments comprising five segments, namely property development, property investment, golf and leisure, securities investment and finance. However, for the property operations, the CODM reviews the financial information of the property development and investment projects altogether. Therefore, the property operations (including property development and property investment) are considered as one reportable segment. The principal locations of the Group's property projects as at 31st March, 2010 are the People's Republic of China (the "**PRC**"), Hong Kong and Macau.

The Group's operating segments under HKFRS 8 are therefore 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	– loan financing services

Information regarding these segments is reported below. Amounts reported for the prior year have been restated to conform to the requirements of HKFRS 8.

### Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

*For the year ended 31st March, 2010*

	Turnover HK\$'000	Revenue HK\$'000	Operating profit (loss) HK\$'000	Share of results of associates HK\$'000	Share of results of a jointly controlled entity HK\$'000	Finance costs HK\$'000	Profit (loss) before taxation HK\$'000
Property	57,948	57,948	138,201	(11,050)	95	(12,666)	114,580
Golf and leisure	55,214	55,214	(18,519)	–	–	(2,010)	(20,529)
Securities investments	186,438	111,830	169,764	–	–	(2)	169,762
Finance	14,758	14,758	20,886	–	–	–	20,886
<b>SEGMENT TOTAL</b>	<b>314,358</b>	<b>239,750</b>	<b>310,332</b>	<b>(11,050)</b>	<b>95</b>	<b>(14,678)</b>	<b>284,699</b>
Corporate expenses	–	–	(72,354)	–	–	(109,385)	(181,739)
<b>GROUP TOTAL</b>	<b>314,358</b>	<b>239,750</b>	<b>237,978</b>	<b>(11,050)</b>	<b>95</b>	<b>(124,063)</b>	<b>102,960</b>

*For the year ended 31st March, 2009*

	Turnover HK\$'000	Revenue HK\$'000	Operating profit (loss) HK\$'000	Share of results of associates HK\$'000	Share of results of a jointly controlled entity HK\$'000	Finance costs HK\$'000	Profit (loss) before taxation HK\$'000
Property	20,349	20,349	(131,951)	(4,404)	(212)	(4,607)	(141,174)
Golf and leisure	49,460	49,460	(8,273)	–	–	(2,263)	(10,536)
Securities investments	53,540	1,089	(171,064)	–	–	(28)	(171,092)
Finance	21,772	21,772	26,989	–	–	–	26,989
<b>SEGMENT TOTAL</b>	<b>145,121</b>	<b>92,670</b>	<b>(284,299)</b>	<b>(4,404)</b>	<b>(212)</b>	<b>(6,898)</b>	<b>(295,813)</b>
Corporate expenses	–	–	(65,013)	–	–	(101,459)	(166,472)
<b>GROUP TOTAL</b>	<b>145,121</b>	<b>92,670</b>	<b>(349,312)</b>	<b>(4,404)</b>	<b>(212)</b>	<b>(108,357)</b>	<b>(462,285)</b>



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 result. 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	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Property	<b>3,025,426</b>	2,083,866	<b>472,195</b>	92,389
Golf and leisure	<b>352,867</b>	342,610	<b>163,126</b>	132,531
Securities investments	<b>194,360</b>	214,444	<b>1,488</b>	2,718
Finance	<b>342,569</b>	357,817	<b>20</b>	20
	<b>3,915,222</b>	2,998,737	<b>636,829</b>	227,658
Bank balances and cash and pledged bank deposits	<b>202,861</b>	168,661	–	–
Refundable earnest monies	<b>74,070</b>	388,461	–	–
Convertible note payables	–	–	<b>1,436,316</b>	1,336,087
Unallocated	<b>16,803</b>	25,511	<b>13,988</b>	8,389
Total	<b>4,208,956</b>	3,581,370	<b>2,087,133</b>	1,572,134

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

- all assets are allocated to operating segments other than property, plant and equipment, certain debtors, deposits and prepayments of the corporate offices, pledged bank deposits and bank balances and cash; and
- all liabilities are allocated to operating segments other than convertible note payables, deposits and accrued charges of the corporate offices.

## Geographical information

The Group's information about its non-current assets, comprising property, plant and equipment, prepaid lease payments of leasehold land, premium on prepaid lease payments of leasehold land, investment properties under development, properties under development, interests in joint ventures and interests in associate by geographical location of the assets are detailed below:

	Carrying amount of non-current assets	
	2010 HK\$'000	2009 HK\$'000
Geographical regions:		
PRC	433,921	324,642
Hong Kong	240,928	198,092
Macau	191,261	134,809
Total	<u>866,110</u>	<u>657,543</u>

## Information about major customers

Revenue from customers of property segment of the corresponding years contributing over 10% of the total sales of the Group:

	2010 HK\$'000	2009 HK\$'000
Customer A	45,147	N/A <sup>1</sup>
Customer B	N/A <sup>1</sup>	11,356
	<u>45,147</u>	<u>11,356</u>

<sup>1</sup> The corresponding revenue of the customer did not contribute over 10% of the total sales of the Group for the relevant year.

## 4. REVERSAL (RECOGNITION) OF IMPAIRMENT LOSSES ON PROPERTY INTERESTS

	2010 HK\$'000	2009 HK\$'000
Reversal (recognition) of impairment losses on:		
– properties under development	–	(54,121)
– properties held for sale	92,591	(92,591)
	<u>92,591</u>	<u>(146,712)</u>

## 5. FINANCE COSTS

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Effective interest on convertible note payables	<b>109,265</b>	101,414
Interest on bank and other borrowings wholly repayable within five years	<b>14,772</b>	6,919
Interest on obligations under finance leases	<b>26</b>	24
	<u><b>124,063</b></u>	<u>108,357</u>

## 6. TAXATION

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax	<b>124</b>	229
	<u><b>124</b></u>	<u>229</u>
Underprovision (overprovision) in prior years:		
Hong Kong Profits Tax	<b>668</b>	(13)
Deferred tax:		
Current year	<b>(684)</b>	(685)
	<u><b>108</b></u>	<u>(469)</u>

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

The tax credit represents deferred tax credit on accelerated tax depreciation for both years. No tax is payable on profit for the year for some of the subsidiaries arising in Hong Kong since the assessable profit is wholly absorbed by tax losses brought forward.

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

## 7. PROFIT (LOSS) FOR THE YEAR

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Profit (loss) for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	12,015	11,507
Release of prepaid lease payments of leasehold land	525	525
Amortisation of premium on prepaid lease payments of leasehold land	2,737	2,736
Equity-settled share-based payments expenses to employees	450	1,465
Loss on disposal of property, plant and equipment	99	171
Cost of inventories recognised as an expense (including (reversal) recognition of impairment losses on properties held for sale of HK\$92,591,000)	<u>(37,513)</u>	<u>107,416</u>

## 8. EARNINGS (LOSS) PER SHARE

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

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
<b>Earnings (loss):</b>		
Profit (loss) for the year attributable to owners of the Company and earnings (loss) for the purpose of basic and diluted earnings (loss) per share	<u>102,852</u>	<u>(461,816)</u>
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	<u>470,917,854</u>	<u>383,880,132</u>

The weighted average number of ordinary shares for the purpose of basic earnings per share in 2009 has been adjusted for the rights issue and share consolidation.

The calculation of diluted loss per share in 2009 has not assumed the exercise of the share options and warrants and the conversion of the convertible notes as these potential ordinary shares are anti-dilutive during 2009.

The calculation of diluted earnings per share in 2010 has not assumed the exercise of the share options and warrants and the conversion of the convertible notes because the exercise price or the conversion prices of those instruments was higher than the average market price of the Company's shares during 2010.

## 9. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade debtors of approximately HK\$1,511,000 (2009: HK\$5,412,000).

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 reporting period:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Trade debtors aged:		
0-60 days	594	864
61-90 days	173	431
Over 90 days	<u>744</u>	<u>4,117</u>
	<u>1,511</u>	<u>5,412</u>

## 10. CREDITORS, DEPOSITS AND ACCRUED CHARGES

Included in creditors, deposits and accrued charges are trade payables of approximately HK\$2,212,000 (2009: HK\$2,009,000).

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

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Trade creditors aged:		
0-60 days	<b>823</b>	763
61-90 days	<b>532</b>	447
Over 90 days	<b>857</b>	799
	<hr/> <b>2,212</b> <hr/>	<hr/> 2,009 <hr/>

## FINAL DIVIDEND

The Board does not recommend the payment of final dividend in respect of the year ended 31st March, 2010 (2009: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

Turnover for the year ended 31st March, 2010 was approximately HK\$314.4 million, a strong growth of HK\$169.3 million when compared to last year (HK\$145.1 million), mainly due to significant increase in proceeds from the sale of securities and properties during the year. Gross profit improved accordingly from HK\$44.1 million last year to approximately HK\$50.6 million for current year.

Income from loan financing amounted to HK\$14.8 million for the year, reduced from HK\$21.8 million last year mainly due to the repayment of other loan receivables and loans due from related companies during the year.

The Group's property investment in Hong Kong has benefited from the robust performance of the local property sector in 2009, amid low mortgage interest rates and expectation of inflation. During the year, the Group has recognised increase in fair value of investment properties of HK\$39.7 million and reversal of impairment losses on properties held for sale of HK\$92.6 million for the year. Besides, the Group's securities investment also benefited from the rebound of the stock markets since the second quarter of 2009. The Group has realised certain investments in financial instruments and has recorded a net gain of approximately HK\$170.7 million. Altogether, the Group achieved a profit of HK\$102.9 million for the year ended 31st March, 2010 showing a strong turn-around from the loss of HK\$461.8 million last year.

## *Property*

### *Macau:*

In April 2010, Empresa De Fomento Industrial E Comercial Concórdia, S.A. (“**Concordia**”), in which the Group has an effective interest of 35.5%, launched the presale of the first phase of its development in Cotai South, Macau, named the “One Oasis”. One Oasis includes five residential towers with saleable gross floor area of approximately 1.3 million sq. ft. and a state-of-the-art clubhouse facility. The presale was met with good market response and available units were nearly sold out at an encouraging average price of about HK\$4,000 per sq. ft. which secured a substantial profit contribution to the Group to be recognised upon its completion. The special units in these towers will be marketed in September this year and the next 5 blocks immediately thereafter. Construction works are in smooth progress with completion of the first phase expected in mid-2012.

In December 2009, the Group entered into an agreement to dispose of all its interest in 44 residential units at Zhu Kuan Mansion for approximately HK\$132.1 million. Subsequently, another 3 units together with 3 car parking spaces at Pearl on the Lough have been sold during the year. These disposals together contributed a reasonably good profit for the Group. The remaining portfolio of property inventory in Macau, which consists 12 residential units and 12 car parking spaces are still available for sale.

### *HK:*

During the year, the Group has completed the acquisition of the interests over 90% in property interests at Nos. 35, 37, 39-39A, 39B and 39C Tung Lo Wan Road and the whole block interests at No. 33 Tung Lo Wan Road. Together with the prior acquisitions of the interests in over 90% property interests at No. 7 Moreton Terrace and the whole block interests at Nos. 19-21 Shelter Street, the Group intends to redevelop these properties on an amalgamated site area of about 11,700 sq. ft. into a block of deluxe residential high-rise and a block of hotel/commercial complex (the “**Causeway Bay Project**”). Up to the date of this announcement, the Group has successfully secured the acquisition of all the remaining units.

Foundation works at 703 and 705, Nathan Road (the “**Nathan Road Project**”), in which the Group has entire interest, are actively in progress. The site will be developed into a Ginza-style retail, food and beverage complex with gross floor area of approximately 30,000 sq. ft. Completion of the new building is expected in mid-2011.

*PRC:*

In November 2009, the Group has entered into an agreement to form a joint venture company (the “**JVC**”) in which the Group has 45% equity interest. The JVC is principally engaged in the development and management of a hot spring and resort project (the “**Guiyang Project**”) in Guiyang City, the People’s Republic of China (the “**PRC**”). The JVC has secured to obtain through public listing and bidding process the state-owned land use rights certificates of parcels of land in Wudang District, Guiyang City, Guizhou Province, the PRC with site area of approximately 697,746 m<sup>2</sup> (the “**Guiyang Land**”). The Guiyang Land can be developed for residential, commercial, cultural, recreational and resort uses and the preliminary maximum plot ratio is in the range of 1.0 to 1.5.

In December 2009, the Group entered into two sale and purchase agreements (the “**Agreements**”) to acquire Newskill Investments Limited (“**Newskill**”). On completion, the Group, through Newskill and its subsidiaries, will own a parcel of land (the “**JY1 Land**”) situated at the junction of Zhongshan Wu Road (中山五路) and Education Road (教育路) in Yuexiu District (越秀區), one of the prime shopping and commercial districts in Guangzhou, the PRC. The gross site area of the JY1 Land is 9,710 m<sup>2</sup> and is planned to be developed into a high-class shopping arcade with 4 basement floors and 7-storeys above ground with gross floor area of about 64,514 m<sup>2</sup>. The consideration for the acquisition is HK\$960 million.

The title transfer of the parcel of land at Hengqin, Zhuhai, located right on the waterfront across from Cotai, Macau is still pending upon lifting of moratorium for land transfer within the Hengqin area. The site area is approximately 26,000 m<sup>2</sup> with plot ratio of 1.6 which permitted uses under prevailing town planning guidelines included commercial, residential, hotel and retail.

In February 2010, the Group has entered into an agreement for the formation of a joint venture, in the name of 三亞創新休閒產業投資有限公司 (“**三亞創新**”) in which the Group has 45% interest. The principal activity of 三亞創新 is to explore investment opportunity in Sanya Innovative New City Recreational Park and Marina, which is located at bayou of River NingYuan (around 40 kilometers from Sanya City), for the development of property, marina and leisure businesses. As at the date of this announcement, there is good progress in the negotiation with the relevant government authorities in relation to the leasing and/or acquisition of land parcel designated for this purpose.

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

<b>Location</b>	<b>Usage</b>	<b>Group's interest (%)</b>	<b>Attributable Gross Floor Area (sq. ft.)</b>
Concordia Land situated at Estrada de Seac Pai Van, Macau	Residential/ Commercial/ Hotel	35.5	2,250,000
12 residential units and 12 car parking spaces at Pearl on the Lough, Iiha da Taipa, junto à Estrada Nordeste da Taipa Aterro da Baía de Pac On, Macau	Residential	100	29,000
Nathan Road Project situated at 703 and 705, Nathan Road, Mongkok, Kowloon, Hong Kong	Retailing	100	30,000
Causeway Bay Project comprising:			
– No. 7 Moreton Terrace, Causeway Bay, Hong Kong	Hotel/ Commercial	100	31,000
– Nos. 19-21 Shelter Street, Causeway Bay, Hong Kong	} Residential	100	91,000
– No. 33 Tung Lo Wan Road, Causeway Bay, Hong Kong			
– Nos. 35, 37, 39-39A, 39B and 39C Tung Lo Wan Road, Causeway Bay, Hong Kong			
Guiyang Land situated at Wudang District, Guiyang, Guizhou, the PRC	Residential/ Commercial/ Cultural/ Recreational/ Resort	45	3,300,000

### ***Golf and Leisure***

Turnover from golf and leisure business during the year was HK\$55.2 million (2009: HK\$49.5 million) with a segmental loss of HK\$20.5 million (2009: HK\$10.5 million).



The local government authority has in principle consented to the Group's development plan of members' village within Sun Valley Golf Resort of about gross floor area of 76,700 m<sup>2</sup>. Together with prior approval for the development of the enlarged hotel development plan of gross floor area of approximately 66,800 m<sup>2</sup>, the aggregate gross floor area is about 143,500 m<sup>2</sup>. Detailed development plan has further been submitted to the local government authorities for the construction of about 250 spa villas to provide its members with exclusive lodging facilities. Model flats are being built and presale of golf memberships accompanied with the exclusive usage right of spa villas is in the planning stage (the "Sanya Golf Project"). A number of investors have been attracted by the investment potential of the Sun Valley Golf Resort and been lobbying with the Group for joint development. On 21st July 2010, the Group has entered into an agreement to dispose of 65% of the Group's interest in Sun Valley Golf Resort for a cash consideration of approximately HK\$746.0 million which is expected to contribute to the Group a substantial profit of around HK\$490.9 million upon completion scheduled early 2011.

After the disposal of the entire interest in the Lotus Hill Golf Resort, the Group remains as the lessee of the golf resort as well as a partner to the development of villas therein. The development, through the joint venture, of 28 villas within the golf resort is progressing well. In November 2009, a selling agency agreement on a fully underwritten basis has been entered into which has secured a reasonable profit from the joint venture to the Group.

### ***Securities Investment***

To take advantage from the rebound in the securities market during the year, the Group realised considerable gain from the partial disposal of its securities investment. During the year, turnover and segmental profit from securities investment were HK\$186.4 million (2009: HK\$53.5 million) and HK\$169.8 million (2009: a segmental loss of HK\$171.1 million) respectively. As at 31st March, 2010, the Group had available-for-sale investments and financial assets at fair value through profit or loss in an aggregate sum of HK\$194.4 million, mainly comprised shares listed in Hong Kong and Singapore.

### ***Financing***

During the year, the Group had interest income from convertible bonds, a related company and other loan receivables of HK\$21.1 million. As at the year end date, debt portion of convertible bonds and other loan receivables of the Group amounted to HK\$43.4 million and HK\$212.0 million respectively.

## **FINANCIAL REVIEW**

The Group maintains a prudent funding and treasury policy with regard to its overall business operations. In addition to the convertible note payables, a variety of credit facilities is maintained to satisfy its commitments and working capital requirements.

During the year, the Group has obtained additional bank and other borrowings of approximately HK\$492.6 million, mainly to finance the development of the Nathan Road Project, the Causeway Bay Project and refinance certain debts upon their maturities. As at the year end date, total borrowings from financial institutions amounted to HK\$477.7 million, of which HK\$464.1 million is repayable after one year. The Group's gearing ratio at the year end

date was 0.81 (2009: 0.64), determined as the proportion of the Group's bank borrowings and convertible note payables (after deducting the pledged bank deposits and the bank balances and cash of HK\$202.9 million) to the Group's shareholders' funds of HK\$2,114.6 million.

The Group's borrowings from financial institutions 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.

To further strengthen the Group's financial resources and liquidity position, the Company had completed the placing of 94,000,000 new ordinary shares of HK\$0.01 each at HK\$1.60 each ("**Placing**") in June 2010. The net proceeds of approximately HK\$146.1 million were retained as general working capital for business development.

## **NUMBER OF EMPLOYEES AND REMUNERATION POLICIES**

As at the year end date, the number of employees of the Group was 557 (2009: 553). 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 cover, share options and retirement schemes. On 29th March, 2010, the Company had granted share options with an exercise price of HK\$2.22 per share to certain directors, senior management and employees of the Group pursuant to the terms and conditions of the share option scheme adopted by the Company on 26th August, 2002 (the "**2002 Scheme**").

## **OUTLOOK**

Since 2005, the Group has been focusing its core activity on property businesses with Concordia and Sun Valley Golf Resort being the first two development projects acquired. This investment strategy has proven to be a huge success as evident in the presale of One Oasis recently as well as the partial disposal of 65% interest in Sun Valley Golf Resort, which have secured substantial profits for the Group. Further gains on Concordia are anticipated to be recognised over time in the future as their subsequent phases are launched against the backdrop of global economic recovery and steady growth of the Mainland's economy. Based on the Group's prevailing plan over its project portfolio, the developments of further phases of the Concordia, the Causeway Bay Project, the Nathan Road Project, the Sanya Golf Project and phase 1 of the Guiyang Project will be completed over the coming years, by the time which the Group can undoubtedly take full benefit in the next economy cycle upswing. For other properties held for sale, the Group has been taking steps to cash in on the investments. The Group will continue with this investment strategy to search for quality properties by taking a prudent approach with primary focus on enhancing the synergistic value of its existing portfolio.

Despite the recent property market cooling measures including the tightening of real-estate financing adopted by the PRC government as efforts to cool down the soaring housing prices, it is expected that, being one of the fastest growing economies in the world, property demand in the PRC will continue to grow in the middle to long run. Investors, on the whole, prefer property as their core investments due to the record low interest rates, low public confidence in financial products as well as early signs of economic recovery worldwide. Coupled with the fact that there will only be limited new supply of properties in prime locations in Hong Kong and Macau in the foreseeable future, the Group is in an advantageous position to bring into fruition value for its shareholders. Barring unforeseen circumstances, the Group is confident in capturing future capital gains from its investment portfolio.

## **PLEDGE OF ASSETS**

As at 31st March, 2010, the Group's general credit facilities granted by banks and financial institutions were secured by pledges of the Group's investment properties of HK\$232.0 million, properties held for sale in an aggregate value of HK\$803.8 million, bank deposits of HK\$42.2 million and property, plant and equipment of HK\$0.2 million.

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

During the year ended 31st March, 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **SECURITIES IN ISSUE**

On 28th January, 2010 and 2nd February, 2010, the Company issued and allotted a total of 2,113 new ordinary shares of HK\$0.01 each (the "**Shares**") at the adjusted exercise price of HK\$2.625 per Share upon exercise of the subscription rights attaching to the adjusted warrants issued pursuant to the rights issue by the Company (the "**Warrants**") on 5th August, 2008. The subscription rights attaching to the outstanding Warrants which have not been exercised were expired on 4th February, 2010 in accordance with the terms and conditions of the instrument dated 5th August, 2008 constituting the Warrants.

On 1st December, 2009, 31,720 adjusted share options (the "**Options**") granted under the 2002 Scheme at the adjusted exercise price of HK\$10.55 per Share were lapsed upon resignation of an employee of the Company. On 29th March, 2010, a total of 3,666,832 adjusted Options at the adjusted exercise price of HK\$10.55 per Share were cancelled and the Company granted an aggregate of 21,890,000 Options at an initial exercise price of HK\$2.22 (subject to adjustment) per Share.

As at 31st March, 2010, there were 470,919,597 Shares in issue and a total of the 21,890,000 Options granted by the Company at an initial exercise price of HK\$2.22 (subject to adjustment) per Share which remain outstanding. In addition, the Company has issued (i) zero coupon convertible notes due 2010 in the aggregate outstanding principal amount of HK\$471,050,000 at the adjusted conversion price of HK\$5.675 per Share on 11th August, 2005; (ii) zero coupon convertible notes due 2010 in the aggregate outstanding principal amount of HK\$17,476,177 at the adjusted conversion price of HK\$5.675 per Share on 8th June, 2006; and (iii) 1% convertible notes due 2011 in the aggregate outstanding principal

amount of HK\$906,000,000 at the adjusted conversion price of HK\$9.025 per Share on 15th June, 2006 respectively, all of which remain outstanding.

Save as disclosed above, there was no movement in the issued share capital of the Company during the year ended 31st March, 2010.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

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, 2010, complied with the code provisions of the Code on Corporate Governance Practices (the "**Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

## **AUDIT COMMITTEE**

The principal duties of the audit committee of the Company (the "**Audit Committee**") include reviewing the interim and final results of the Company and its subsidiaries (the "**Group**") prior to recommending them to the board (the "**Board**") of directors of the Company (the "**Directors**") for its approval, appointing and reviewing the relationship with the external auditors of the Company, reviewing the Group's financial information and the Group's financial reporting system and internal control procedures. The Audit Committee, with specific written terms of reference in line with the provisions of the Code, currently comprises three independent non-executive Directors, namely, Mr. Wong Chi Keung, Alvin (chairman of the Audit Committee), Mr. Qiao Xiaodong and Mr. Kwok Ka Lap, Alva.

The figures in respect of this final results announcement for the year ended 31st March, 2010 have been reviewed by the Audit Committee.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st March, 2010 as set out in this 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**”) as 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, 2010.

## **ANNUAL GENERAL MEETING**

The annual general meeting (the “**AGM**”) of the Company will be held at 11:00 a.m. on Wednesday, 8th September, 2010, at Shop B27, Basement, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong. A circular containing the notice of the AGM and information regarding, inter alia, the re-election of the retiring Directors, the 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 refreshment of the scheme mandate limit will be despatched to the shareholders of the Company (the “**Shareholders**”) and, for information only, the holders of the convertible notes of the Company in due course.

## **PUBLICATION OF FINAL RESULTS 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, 2010 will be despatched to the Shareholders and, for information only, the holders of the convertible 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, 22nd July, 2010

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. Lai Tsan Tung, David  
Mr. Chan Yiu Lun, Alan

*Non-executive Director:*

Mr. Ma Chi Kong, Karl

*Independent non-executive Directors:*

Mr. Qiao Xiaodong (*Vice Chairman*)  
Mr. Wong Chi Keung, Alvin  
Mr. Kwok Ka Lap, Alva

*The full version of this announcement can also be viewed on the Company's website:  
[www.itcproperties.com](http://www.itcproperties.com).*