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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)

(Warrant Code : 490)

FINAL RESULTS

FOR THE YEAR ENDED 31ST MARCH, 2009

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, 2009, together with the comparative figures for the previous year are as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2009

	NOTES	2009 HK\$'000	2008 HK\$'000
Continuing operations			
Turnover			
– Gross proceeds	3	<u>145,121</u>	<u>600,844</u>
Revenue	3	<u>92,670</u>	<u>181,944</u>
Property sale and rental income		25,751	81,792
Golf and leisure income		<u>44,058</u>	<u>62,622</u>
		69,809	144,414
Cost of sales		<u>(25,726)</u>	<u>(67,511)</u>
Gross profit		44,083	76,903
Income from loan financing		21,772	31,789
Net (loss) gain on financial instruments		(169,337)	76,382
Other income		33,995	73,206
Administrative expenses		(133,113)	(141,959)
Finance costs	4	(108,357)	(109,933)
Impairment losses on property interests	5	(146,712)	(45,000)
Loss on disposal of an associate		–	(39,486)
Loss on disposal of subsidiaries		–	(19,073)
Share of result of a jointly-controlled entity		(212)	–
Share of results of associates		<u>(4,404)</u>	<u>(25,047)</u>
Loss before taxation		(462,285)	(122,218)
Taxation	6	<u>469</u>	<u>(3,475)</u>
Loss for the year from continuing operations		(461,816)	(125,693)

* For identification purpose only

	<i>NOTES</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Discontinued operations			
Loss for the year from discontinued operations		—	(18,665)
Loss for the year	7	<u>(461,816)</u>	<u>(144,358)</u>
Attributable to:			
Equity holders of the Company		(461,816)	(141,853)
Minority interests		—	(2,505)
		<u>(461,816)</u>	<u>(144,358)</u>
Loss per share	8		
From continuing and discontinued operations:			
– Basic and diluted (HK dollar)		<u>(1.20)</u>	<u>(0.74)</u>
From continuing operations:			
– Basic and diluted (HK dollar)		<u>(1.20)</u>	<u>(0.64)</u>

CONSOLIDATED BALANCE SHEET
AT 31ST MARCH, 2009

	<i>NOTE</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		186,224	178,543
Prepaid lease payments of leasehold land		20,822	20,808
Premium on prepaid lease payments of leasehold land		111,558	114,294
Properties under development		189,000	240,853
Available-for-sale investments		37,892	94,570
Interest in a joint venture		44,759	14,745
Interests in associates		134,809	135,503
Unsecured loans and interest due from associates		1,073,982	1,077,690
Debt portion of convertible bonds		36,320	51,120
Derivatives embedded in convertible bonds		–	4,865
Deposits and expenses paid for acquisition of a land use right		47,275	47,275
Deposits and expenses paid for acquisition of subsidiaries		47,244	–
		<hr/> 1,929,885 <hr/>	<hr/> 1,980,266 <hr/>
Current assets			
Inventories		3,143	2,161
Properties held for sale		539,388	252,903
Debt portion of convertible bonds		727	–
Financial assets at fair value through profit or loss		176,552	11,957
Debtors, deposits and prepayments	9	503,148	514,795
Other loan receivables		208,727	243,133
Prepaid lease payments of leasehold land		530	517
Amounts due from associates		2,172	2,154
Unsecured loans and interest due from related companies		48,437	58,251
Pledged bank deposits		44,626	51,818
Bank balances and cash		124,035	243,038
		<hr/> 1,651,485 <hr/>	<hr/> 1,380,727 <hr/>

	<i>NOTE</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Current liabilities			
Creditors, deposits and accrued charges	<i>10</i>	72,047	70,392
Amounts due to minority shareholders of subsidiaries		395	890
Tax payable		11,856	13,252
Convertible note payables – due within one year		7,174	7,284
Obligations under finance leases – due within one year		90	49
Bank borrowings – due within one year		82,830	113,996
		<u>174,392</u>	<u>205,863</u>
Net current assets		<u>1,477,093</u>	<u>1,174,864</u>
Total assets less current liabilities		<u>3,406,978</u>	<u>3,155,130</u>
Non-current liabilities			
Convertible note payables – due after one year		1,328,913	1,236,559
Obligations under finance leases – due after one year		282	173
Bank borrowings – due after one year		40,658	39,647
Deferred tax liabilities		27,889	28,574
		<u>1,397,742</u>	<u>1,304,953</u>
		<u>2,009,236</u>	<u>1,850,177</u>
Capital and reserves			
Share capital		4,709	30,955
Reserves		1,997,342	1,812,043
		<u>2,002,051</u>	<u>1,842,998</u>
Equity attributable to equity holders of the Company		2,002,051	1,842,998
Minority interests		7,185	7,179
		<u>2,009,236</u>	<u>1,850,177</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, which are measured at fair values.

In the current year, the Group has applied, for the first time, the following amendments and interpretations issued by the HKICPA, which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – INT 12	Service Concession Arrangements
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

3. SEGMENT INFORMATION

Business segments

For management purposes, the Group is currently organised into five operating divisions. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

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

The Group was also involved in trading of motorcycles and manufacturing and trading of medicine and health products previously. These operations were discontinued in prior year.

Consolidated income statement*For the year ended 31st March, 2009*

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Golf and leisure <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Finance <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
TURNOVER								
- Gross proceeds	706	25,045	44,058	53,540	21,772	145,121	-	145,121
REVENUE								
External sales	706	25,045	44,058	1,089	21,772	92,670	-	92,670
Inter-segment sales (<i>Note</i>)	-	-	-	-	26,107	26,107	(26,107)	-
Total	706	25,045	44,058	1,089	47,879	118,777	(26,107)	92,670
SEGMENT RESULTS								
	(68,512)	(91,817)	(5,833)	(169,794)	20,338	(315,618)		(315,618)
Unallocated corporate income						29,955		29,955
Unallocated corporate expenses						(63,649)		(63,649)
Finance costs						(108,357)		(108,357)
Share of result of								
a jointly-controlled entity	(212)	-	-	-	-	(212)		(212)
Share of results of associates	(4,404)	-	-	-	-	(4,404)		(4,404)
Loss before taxation						(462,285)		(462,285)
Taxation						469		469
Loss for the year						(461,816)		(461,816)

Note: Inter-segment sales were charged at terms determined and agreed between group companies.

Consolidated balance sheet*At 31st March, 2009*

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Golf and leisure <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Finance <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS						
Segment assets	306,108	544,820	306,337	251,491	320,702	1,729,458
Interest in a joint venture	44,759	-	-	-	-	44,759
Interest in associates	134,809	-	-	-	-	134,809
Unsecured loans and interest due from associates	1,073,982	-	-	-	-	1,073,982
Unallocated corporate assets						598,362
Consolidated total assets						3,581,370
LIABILITIES						
Segment liabilities	1,202	5,045	41,071	820	20	48,158
Unallocated corporate liabilities						1,523,976
Consolidated total liabilities						1,572,134

Consolidated income statement
For the year ended 31st March, 2008

	Continuing operations							Discontinued operations				Total Consolidated HK\$'000
	Property develop- ment HK\$'000	Property invest- ment HK\$'000	Golf and leisure HK\$'000	Securities invest- ment HK\$'000	Finance HK\$'000	Segment total HK\$'000	Elimination HK\$'000	Total HK\$'000	Motor- cycles HK\$'000	Medicine and health products HK\$'000	Total HK\$'000	
TURNOVER												
– Gross proceeds	2,500	79,292	62,622	424,641	31,789	600,844	–	600,844	17,567	115,741	133,308	734,152
REVENUE												
External sales	2,500	79,292	62,622	5,741	31,789	181,944	–	181,944	17,567	115,741	133,308	315,252
Inter-segment sales (Note)	–	–	–	–	25,842	25,842	(25,842)	–	–	–	–	–
Total	2,500	79,292	62,622	5,741	57,631	207,786	(25,842)	181,944	17,567	115,741	133,308	315,252
SEGMENT RESULTS	(2,136)	27,906	(56,461)	59,141	7,469	35,919		35,919	(1,359)	1,747	388	36,307
Unallocated corporate income						39,018		39,018	–	689	689	39,707
Unallocated corporate expenses						(58,762)		(58,762)	–	–	–	(58,762)
Unallocated finance costs						(54,787)		(54,787)			(613)	(55,400)
Loss on disposal of an associate	–	(39,486)	–	–	–	(39,486)		(39,486)	–	–	–	(39,486)
Loss on disposal of subsidiaries	–	–	(19,073)	–	–	(19,073)		(19,073)	–	–	–	(19,073)
Share of results of associates	(30,047)	5,000	–	–	–	(25,047)		(25,047)	–	–	–	(25,047)
Loss before taxation and gain (loss)												
on disposal of discontinued operations						(122,218)		(122,218)			464	(121,754)
Taxation						(3,475)		(3,475)			(558)	(4,033)
Gain (loss) on disposal of discontinued operations						–		–	6	(18,577)	(18,571)	(18,571)
Loss for the year						(125,693)		(125,693)			(18,665)	(144,358)

Note: Inter-segment sales were charged at terms determined and agreed between group companies.

Consolidated balance sheet

At 31st March, 2008

	Continuing operations					Discontinued operations				Total Consolidated HK\$'000
	Property develop- ment HK\$'000	Property invest- ment HK\$'000	Golf and leisure HK\$'000	Securities invest- ment HK\$'000	Finance HK\$'000	Total HK\$'000	Motor- cycles HK\$'000	Medicine and health products HK\$'000	Total HK\$'000	
ASSETS										
Segment assets	322,814	274,111	320,619	162,513	322,178	1,402,235	-	-	-	1,402,235
Interest in a joint venture	14,745	-	-	-	-	14,745	-	-	-	14,745
Interest in associates	135,503	-	-	-	-	135,503	-	-	-	135,503
Unsecured loans and interest due from associates	1,077,690	-	-	-	-	1,077,690				1,077,690
Unallocated corporate assets						730,820				730,820
Consolidated total assets						<u>3,360,993</u>				<u>3,360,993</u>
LIABILITIES										
Segment liabilities	885	5,168	58,250	920	36	65,259	-	-	-	65,259
Unallocated corporate liabilities						1,445,557				1,445,557
Consolidated total liabilities						<u>1,510,816</u>				<u>1,510,816</u>

Geographical segments

The Group's operations are principally located in Macau, Hong Kong and the People's Republic of China (the "PRC"). The Group's administrative functions are carried out in Macau, Hong Kong and the PRC.

The following table provides an analysis of the Group's revenue by geographical market, based on location of customers, irrespective of the origin of the goods:

	Revenue by geographical market	
	2009 HK\$'000	2008 HK\$'000
Hong Kong	24,605	188,549
PRC	49,459	89,657
Macau	11,356	15,260
Others	7,250	21,786
	<u>92,670</u>	<u>315,252</u>

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Segment assets				
Macau	1,308,034	1,375,889	–	–
Hong Kong	1,001,926	607,606	4,624	710
PRC	376,827	374,277	6,532	37,685
Others	78,386	122,153	–	–
	2,765,173	2,479,925	11,156	38,395
Other corporate assets	816,197	881,068	4,688	918
	3,581,370	3,360,993	15,844	39,313

4. FINANCE COSTS

	Continuing operations		Discontinued operations		Consolidated	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Effective interest on convertible note payables	101,414	97,681	–	–	101,414	97,681
Interest on bank borrowings wholly repayable within five years	6,919	11,416	–	613	6,919	12,029
Interest on obligations under finance leases	24	8	–	–	24	8
Interest on unsecured loans from:						
Minority shareholders of subsidiaries	–	734	–	–	–	734
Related companies	–	94	–	–	–	94
	108,357	109,933	–	613	108,357	110,546

5. IMPAIRMENT LOSSES ON PROPERTY INTERESTS

	Continuing operations	
	2009 HK\$'000	2008 HK\$'000
Impairment losses on:		
– prepaid lease payments of leasehold land and premium on prepaid lease payments of leasehold land	–	45,000
– properties under development	54,121	–
– properties held for sale	92,591	–
	146,712	45,000

6. TAXATION

	Continuing operations		Discontinued operations		Consolidated	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Current tax						
Hong Kong Profits Tax	–	1,509	–	–	–	1,509
PRC Enterprise Income Tax	<u>229</u>	<u>833</u>	<u>–</u>	<u>558</u>	<u>229</u>	<u>1,391</u>
	<u>229</u>	<u>2,342</u>	<u>–</u>	<u>558</u>	<u>229</u>	<u>2,900</u>
Overprovision in prior year						
Hong Kong Profits Tax	<u>(13)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(13)</u>	<u>–</u>
Deferred tax						
Current year	<u>(685)</u>	<u>1,133</u>	<u>–</u>	<u>–</u>	<u>(685)</u>	<u>1,133</u>
	<u>(469)</u>	<u>3,475</u>	<u>–</u>	<u>558</u>	<u>(469)</u>	<u>4,033</u>

On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profits for the year. No tax is payable on the 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. LOSS FOR THE YEAR

	Continuing operations		Discontinued operations		Consolidated	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Loss for the year has been arrived at after charging:						
Depreciation of property, plant and equipment	11,507	15,688	–	1,881	11,507	17,569
Release of prepaid lease payments of leasehold land	525	2,283	–	10	525	2,293
Amortisation of premium on prepaid lease payments of leasehold land	2,736	2,914	–	–	2,736	2,914
Equity-settled share-based payments expenses to employees	1,465	2,498	–	–	1,465	2,498
Loss on disposal of property, plant and equipment	171	110	–	17	171	127
Cost of inventories recognised as an expense including impairment loss on properties held for sale of HK\$92,591,000 (2008: Nil)	<u>107,416</u>	<u>55,690</u>	<u>–</u>	<u>90,121</u>	<u>107,416</u>	<u>145,811</u>

8. LOSS PER SHARE

(a) For continuing and discontinued operations

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Loss:		
Loss for the year attributable to the equity holders of the Company and loss for the purpose of basic and diluted loss per share	<u>(461,816)</u>	<u>(141,853)</u>
	2009	2008
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (<i>Note</i>)	<u>383,880,132</u>	<u>192,654,235</u>

Note: The weighted average number of ordinary shares for both years has been adjusted for the effect of rights issue and capital reorganisation during the year.

(b) From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the ordinary equity holders of the Company is based on the following data:

Loss is calculated as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Loss:		
Loss for the year attributable to the equity holders of the Company	(461,816)	(141,853)
Less: loss for the year from discontinued operations	<u>–</u>	<u>(18,596)</u>
Loss for the purpose of basic and diluted loss per share from continuing operations	<u>(461,816)</u>	<u>(123,257)</u>

The denominators used are the same as those detailed above for both basic and diluted loss per share.

(c) From discontinued operations

Basic and diluted loss per share from discontinued operations was HK\$0.1 per share for the year ended 31st March, 2008, based on the loss for the year ended 31st March, 2008 from discontinued operations attributable to the equity holders of the Company of HK\$18,596,000 and the denominator detailed above for both basic and diluted loss per share.

The calculation of diluted loss per share for both years has not assumed the exercise of the share options and warrants (for the year ended 31st March, 2009) and the conversion of convertible notes as these potential ordinary shares are anti-dilutive during both years.

9. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade debtors of approximately HK\$5,412,000 (2008: HK\$27,685,000).

The Group allows credit period of 90 days to its trade customers. The following is an analysis of the ageing of trade debtors net of allowance for doubtful debts at the balance sheet date:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
0 – 60 days	864	16,977
61 – 90 days	431	124
Over 90 days	4,117	10,584
	<u>5,412</u>	<u>27,685</u>

10. CREDITORS, DEPOSITS AND ACCRUED CHARGES

Included in creditors, deposits and accrued charges are trade payables of approximately HK\$2,009,000 (2008: HK\$2,135,000).

The following is an analysis of the ageing of trade creditors at the balance sheet date:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
0 – 60 days	763	1,420
61 – 90 days	447	355
Over 90 days	799	360
	<u>2,009</u>	<u>2,135</u>

FINAL DIVIDEND

The Board does not recommend the payment of final dividend in respect of the year ended 31st March, 2009 (2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's turnover from continuing operations for the year ended 31st March, 2009 was approximately HK\$145.1 million, showing a reduction of HK\$455.7 million from the comparative figure of HK\$600.8 million mainly due to significant reduction in proceeds from the sale of securities during the year. The gross profit decreased from HK\$144.4 million last year to approximately HK\$69.8 million for current year.

Income from loan financing amounted to HK\$21.8 million for the year, showing a decrease as compared with HK\$31.8 million last year mainly because of the disposal of a loan due from an associate last year.

Since Concordia (as defined below) in current year capitalised all its borrowing cost as part of the cost for its property development, the Group's interest income from the shareholder's loan to Concordia, which is included in other income, was eliminated on equity accounting for the results of Concordia. Correspondingly, the share of loss of Concordia as an associate also reduced as compared with last year.

The Group recorded a loss for the year of HK\$461.8 million, as compared to HK\$144.4 million last year, mainly due to the following unrealised losses provided in the income statement:

1. The US financial turmoil has been hammering the world-wide economy in all aspects including the stock markets in the second half of the year. The drastic price deterioration of listed securities caused the Group to record a loss on financial instruments of HK\$169.3 million, HK\$167.5 million of which represented unrealised loss due to drop in market price at year end, as compared with a net gain of HK\$76.4 million earned for last year.
2. The sentiment of the property market has been greatly affected by the financial turbulence and pessimistic outlook of the economy. Both transaction volume and price of properties in Hong Kong in general experienced a sharp decline during the second half of the year. As a result, impairment losses of HK\$54.1 million and HK\$92.6 million respectively on the properties under development and properties held for sale were incurred at the balance sheet date.

Property Development and Investment

Macau:

Empresa De Fomento Industrial E Comercial Concórdia, S.A. (“**Concordia**”), of which the Group has an effective interest of 35.5%, has taken the last couple of years to complete all formalities with the Macau Government Authority enabling Concordia to develop the newly re-aligned lots into over 4,000 luxury residential units and 80 villas, state-of-the art clubhouse facilities. An ultra-luxury hotel occupying 800,000 sq. ft. catered for Japanese tourists together with shopping facilities and Hip Food and Beverage outlets will be included as Phase I development which is scheduled to be completed towards the end of 2011.

Marketing of the 1,356 residential units in Phase I will start around Christmas 2009.

In May 2008, the Group sold another residential unit and car parking space at Pearl on the Lough at a profit. The remaining portfolio of property inventory in Macau consists of 44 residential units at Zhu Kuan Mansion tastefully upgraded to a high standard, 15 residential units and 15 car parking spaces at Pearl on the Lough. The units will be relaunched for sale or lease once market conditions turn more favourable.

HK:

In September 2008, the Group acquired the entire interests in Keen Step Corporation Limited, which possesses over 90% property interests at No. 7 Moreton Terrace. In December 2008, the Group has further acquired the entire interest in Pine Cheer Limited, which possesses the whole block interests at Nos. 19–21 Shelter Street. Subsequent to year end, in June 2009, the Group has completed the acquisition of the entire interests in Fortress Jet International Limited and Sino Able Investments Limited, which possess over 90% 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, respectively. The Group currently intends to redevelop these properties on an amalgamation basis as up-market food and beverage outlets and hotel (the “**Causeway Bay Project**”).

The 2 adjacent blocks of building located at 703 and 705, Nathan Road (the “**Nathan Road Project**”), in which the Group has entire interest, have been evacuated and demolition is in progress. The site will be developed into a ginza-style retails, food and beverage complex with aggregate gross floor area of approximately 29,000 sq. ft. which completion is expected toward the end of 2010.

During the current year, 1 unit at Talon Tower on Connaught Road West was sold at a profit. As at 31st March, 2009, there were 6 residential units and 1 commercial unit remained unsold.

PRC:

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 imposed by local government. The site area is approximately 26,000 m² with plot ratio of 1.6 which permitted uses under prevailing town planning guidelines are commercial, residential, hotel and retail.

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

Location	Usage	Group's interest (%)	Attributable Gross Floor Area (sq. ft.)
Concordia land situated at Estrada de Seac Pai Van, Macau	Residential/ Commercial/ Hotel	35.5	2,250,000
44 residential units at Edifício Comercial Zhu Kuan Mansion, Avenida Xian Xing Hai nos. 81-121, Rua de Londres nos. 148-254, Avenida do Governador Jaime Silvério Marques, Macau	Residential	100	57,400
15 residential units and 15 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	37,000
Nathan Road Project situated at 703 and 705, Nathan Road, Mongkok, Kowloon, Hong Kong	Retailing	100	29,000
Causeway Bay Project comprising:			
- Nos. 19-21 Shelter Street, Causeway Bay, Hong Kong	Hotel/ Office/ Shops	$\left. \begin{array}{c} 100 \\ \text{Over } 90 \\ \text{Over } 90 \\ 100 \end{array} \right\}$	157,300
- No. 7 Moreton Terrace, Causeway Bay, Hong Kong			
- Nos. 35, 37, 39-39A, 39B and 39C Tung Lo Wan Road, Causeway Bay, Hong Kong			
- No. 33 Tung Lo Wan Road, Causeway Bay, Hong Kong			

Golf and Leisure

The turnover from the golf and leisure business during the year was HK\$44.1 million (2008: HK\$62.6 million) with a segmental loss of HK\$5.8 million (2008: HK\$56.5 million, inclusive of HK\$45 million impairment losses on prepaid lease payments of leasehold land and premium on prepaid lease payments of leasehold land). The gloomy economic climate has adversely affected the golf resort operation during the second half of the year which was the peak season for the Sun Valley Golf Resort in Sanya. However, the Group had been able to contain its loss by implementation of various cost-control measures.

The Group is currently carrying out the construction of members' village, initially of around 50 villas within the Sun Valley Golf Resort to provide its members a pleasant accommodation for their get-away holidays. Simultaneously, around 300 new membership will be promoted which holders can enjoy these members' village on a timeshare basis. In addition, the enlarged hotel development plan of approximately 66,800 m² including 28 units of deluxe villas, 3 hotel buildings, a conference centre, a resort facility building and a driving range within the Sun Valley Golf Resort (the "**Sanya Hotel Project**") has been formally approved by the authority. Development works will start in due course.

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 villas development is progressing as scheduled and over 40 villas are built which sale is expected in the second half of 2009.

Securities Investment

The dire financial tsunami and bearish sentiments overcast the global financial market in the second half of the year and as a result, the Group's securities investment activities have inevitably been affected significantly and adversely. During the year, turnover and segmental loss from securities investment were HK\$53.5 million (2008: HK\$424.6 million) and HK\$169.8 million (2008: a segmental profit of HK\$59.1 million) respectively. As at 31st March, 2009, the Group had available-for-sale investments and financial assets at fair value through profit or loss in an aggregate sum of HK\$214.4 million, mainly comprised shares listed in Hong Kong and Singapore.

Financing

During the year, the Group had interest income from convertible bonds, related companies and other loan receivables of HK\$27.3 million. As at 31st March, 2009, debt portion of convertible bonds, unsecured loan and interest due from related companies and other loan receivables of the Group amounted to HK\$37 million, HK\$48.4 million and HK\$208.7 million respectively.

FINANCIAL REVIEW

To further strengthen the Group's capital base, the Company had completed the rights issue in August 2008, pursuant to which 9,286,554,078 new ordinary shares were issued at a subscription price of HK\$0.07 each on the basis of three rights shares for every share held. The net proceeds of approximately HK\$626.9 million were raised for general working capital. After the rights issue, there were about 12,382 million shares issued by the Company. In March 2009, the Company completed the capital reorganisation which, among other things, included a 25-to-1 share consolidation such that the issued ordinary shares of the Company have been reduced to about 471 million. The capital reorganisation had no financial effect on the Group.

The Group adopts 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 so as to meet its working capital requirements.

As at 31st March, 2009, total borrowings from financial institutions amounted to HK\$123.5 million, of which HK\$40.7 million was repayable after one year. The net gearing ratio of the Group, calculated with reference to the bank borrowings of HK\$123.5 million and the fair value of the liability component of convertible note payables of HK\$1,336.1 million, offsetting with the pledged bank deposits and the bank and cash balances of HK\$168.6 million, and the Group's shareholders' funds of HK\$2,002.1 million, was 0.64 as at 31st March, 2009, as compared to 0.6 as at 31st March, 2008.

About HK\$89.4 million of the borrowings from financial institutions were interest-bearing with variable rates while interest of the remaining loan balances was calculated on fixed rates. The management anticipates that interest rate remains stable in the capital market and therefore no hedge is to be made against any unfavourable fluctuation in interest rate. Most of the assets and liabilities of the Group were denominated in Hong Kong dollars, Renminbi and Macau Pataca, and hence the Directors considered that the Group was not subject to any material adverse exchange rate exposure.

NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

As at 31st March, 2009, the number of employees of the Group was 553 (2008: 1,003). 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.

OUTLOOK

The Group will continue its investment strategy to look for quality properties by taking a more prudent approach with primary focus on enhancing the synergistic value of its existing portfolio. Based on the prevailing plan, the developments of the Concordia land, the Causeway Bay Project, the Nathan Road Project and the Sanya Hotel Project will be completed over the coming years. By the time of their respective completion, it is anticipated that the Group can take full benefit in the next economy cycle up-swing. For other properties held for sale, after taking into account the existing market condition, the management considers that their carrying value is reasonable which may be sold when there are suitable opportunities.

The effect of the quantitative easing policies implemented by the governments of the PRC, the United States of America and most European countries gradually emerge during the first half of 2009 and there is a better sentiment over the economy in the foreseeable future. There is a general belief that the Greater China region will be the first to recover from the financial tsunami. Given that the interest rate remains at record low and public confidence in financial products need certain time to rebuild, investors in general prefer property as their core investments. The property market in Hong Kong has stabilised from the recent meltdown with improvements in both transaction volume and price. In view that all properties in its portfolio, which are located in Macau, Hong Kong and the PRC, were acquired at reasonable costs with superb intrinsic value, the Group is optimistic in capturing future capital gains from these investments when the market further recovers.

PLEDGE OF ASSETS

As at 31st March, 2009, the Group's general credit facilities granted by banks and financial institutions were secured by pledges of the Group's properties held for sale in an aggregate value of HK\$223.5 million, bank balances of HK\$44.6 million, property, plant and equipment of HK\$0.4 million and financial assets at fair value through profit or loss of approximately HK\$1.1 million.

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

During the year ended 31st March, 2009 and before the Capital Reorganisation (as defined in the section headed "Securities in Issue" below) taken place on 16th March, 2009, the Company had repurchased a total of 609,135,000 ordinary shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") at an aggregate consideration of HK\$26,532,055, representing an average price of approximately HK\$0.044 paid for each share repurchased. The highest and lowest prices per share paid for such repurchases were HK\$0.058 and HK\$0.033 respectively. All these shares were cancelled.

Save as disclosed above, 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, 2009.

SECURITIES IN ISSUE

On 5th August, 2008, the Company issued a total of 9,286,554,078 new ordinary shares at a subscription price of HK\$0.07 per share pursuant to the rights issue on the basis of three rights shares (with warrants in the proportion of four warrants for every fifteen rights shares subscribed) for every share held (the "**Rights Issue**"). As a term and condition of the Rights Issue, the Company issued a total of 2,476,414,328 warrants to the subscribers of the rights shares conferring the rights to the holders thereof to subscribe in cash for 2,476,414,328 warrant shares at an initial exercise price of HK\$0.105 per warrant share (the "**Warrants**"). A total of 92 Warrants with fractional entitlement were not issued to the subscribers but have been issued and retained for the benefit of the Company as disclosed in the Company's announcement dated 1st August, 2008.

With reference to the announcement of the Company dated 1st August, 2008, as a result of the Rights Issue, the conversion price of both the zero coupon convertible notes due 2010 in the aggregate outstanding principal amount of HK\$471,050,000 issued by the Company on 11th August, 2005 (the "**First 2010 Convertible Notes**") and the zero coupon convertible notes due 2010 in the aggregate outstanding principal amount of HK\$17,476,177 issued by the Company on 8th June, 2006 (the "**Second 2010 Convertible Notes**") has been adjusted from HK\$0.44 per share to HK\$0.227 per share while the conversion price of the 1% convertible notes due 2011 in the aggregate outstanding principal amount of HK\$906,000,000 issued by the Company on 15th June, 2006 (the "**2011 Convertible Notes**"), has been adjusted from HK\$0.70 per share to HK\$0.361 per share, all of which took effect retroactively on 12th July, 2008.

With reference to the announcement of the Company dated 12th August, 2008, as a result of the Rights Issue, the exercise price of the outstanding share options granted by the Company pursuant to the share option scheme adopted on 26th August, 2002 (the “**Options**”) has been adjusted from HK\$0.50 per share to HK\$0.315 per share for the Options granted on 15th August, 2006 and from HK\$0.67 per share to HK\$0.422 per share for the Options granted on 27th July, 2007. In addition, the aggregate of 25,300,000 outstanding Options granted by the Company on 15th August, 2006 exercisable during the exercise period from 15th August, 2006 to 14th August, 2008 has been adjusted to 40,125,800 outstanding Options and the aggregate of 61,700,000 outstanding Options granted by the Company on 27th July, 2007 exercisable during the exercise periods from 27th July, 2008 or 27th July, 2009 (as the case may be) to 26th July, 2011 have been adjusted to 97,856,200 outstanding Options.

On 14th August, 2008, a total of the 40,125,800 adjusted Options at the adjusted exercise price of HK\$0.315 per share were lapsed on maturity. During the period from 14th August, 2008 to 13th March, 2009, a total of the 5,392,400 adjusted Options at the adjusted exercise price of HK\$0.422 per share were lapsed upon resignation of a director and certain employees of the Company.

With reference to the announcement of the Company dated 13th March, 2009, as a result of the reorganisation of the share capital of the Company involving every twenty five issued shares of HK\$0.01 each consolidated into one consolidated share (the “**Consolidated Share**”) of HK\$0.25 and the paid-up capital of each Consolidated Share reduced from HK\$0.25 to HK\$0.01 by cancelling HK\$0.24 (the “**Capital Reorganisation**”), the conversion prices of the First 2010 Convertible Notes, the Second 2010 Convertible Notes and the 2011 Convertible Notes have been adjusted from HK\$0.227 per share, HK\$0.227 per share and HK\$0.361 per share respectively to HK\$5.675 per share, HK\$5.675 per share and HK\$9.025 per share respectively while the maximum numbers of shares to be issued upon the full conversion of the First 2010 Convertible Notes, the Second 2010 Convertible Notes and the 2011 Convertible Notes have been adjusted from 2,075,110,125 shares, 76,987,563 shares and 2,509,695,282 shares respectively to 83,004,399 shares, 3,079,502 shares and 100,387,795 shares respectively. Moreover, the exercise price of the Options granted on 27th July, 2007 has been adjusted from HK\$0.422 per share to HK\$10.55 per share while the maximum number of shares which may be issued upon exercise of such Options has been adjusted from 92,463,800 shares to 3,698,552 shares as a result of the Capital Reorganisation. In addition, the subscription price of the Warrants has been adjusted from HK\$0.105 per share to HK\$2.625 per share while the subscription rights of one warrant has been adjusted from 1 share to 0.04 share while the maximum number of shares to be allotted and issued upon exercise of the subscription rights attaching to the warrants has been adjusted from 2,476,414,420 shares to 99,056,576 shares as a result of the Capital Reorganisation.

As at 31st March, 2009, there were 470,917,484 ordinary shares in issue, a total of the 3,698,552 adjusted Options at the adjusted exercise price of HK\$10.55 per share and the 99,056,576 adjusted Warrants at the adjusted exercise price of HK\$2.625 per share remain outstanding.

Save as disclosed above, there was no movement in the issued share capital of the Company during the year ended 31st March, 2009.

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 maximize the shareholders' values and interests as well as to enhance the stakeholders' transparency and accountability.

The Company has, throughout the year ended 31st March, 2009, 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 Group's interim and final results prior to recommending them to the Board for its approval, appointing external auditors and reviewing the relationship with the external auditors 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 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, 2009 have been reviewed by the Audit Committee.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31st March, 2009 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 OF LISTED ISSUERS

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 of the Company 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, 2009.

ANNUAL GENERAL MEETING

The annual general meeting (the “AGM”) of the Company will be held at 11:00 a.m., on Wednesday, 9th September, 2009, 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, re-election of retiring directors, general mandates to issue new shares and to repurchase shares and refreshment of the scheme mandate limit will be despatched to the shareholders and, for information only, the holders of the Warrants and the convertible notes of the Company in due course.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This final results announcement is published on the website of the Stock Exchange. The annual report of the Company for the year ended 31st March, 2009 will be despatched to the shareholders and, for information only, the holders of the Warrants and the holders of the convertible notes of the Company and will be published on the website of the Stock Exchange 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 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, 24th July, 2009

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. 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.